

Spoiler Alert

**Operational KPIs to improve shrink
management and drive waste reduction**



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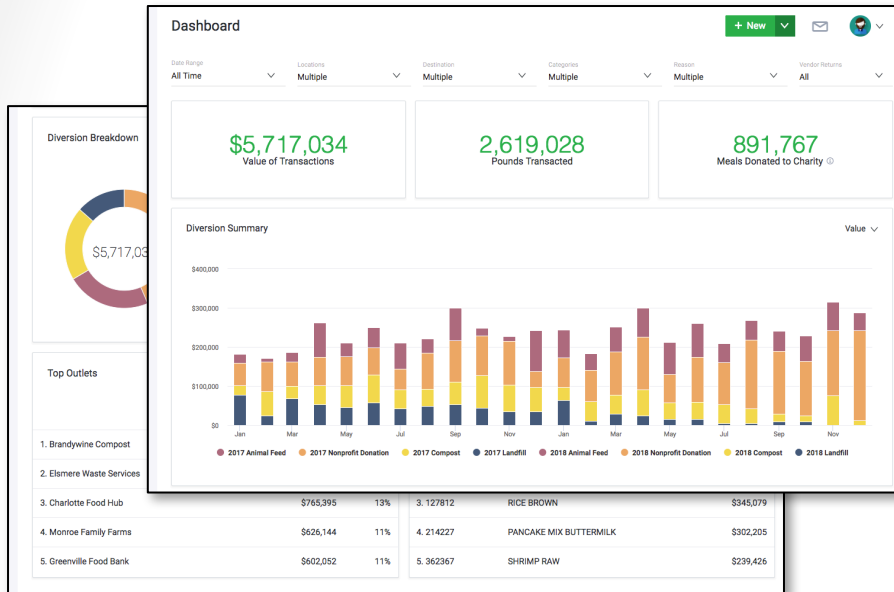
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Spoiler Alert

Quick introduction



- **Technology complement** to a company's existing shrink reduction, food recovery and waste diversion efforts
- Provides **real-time management** of food donations, discounted sales, and organics byproducts
- Aggregates **financial, economic and social impact data** used to drive bottom line performance and track progress of sustainability initiatives
- Is used to solidify and communicate **commitment to sustainable practices** to key stakeholders



**Based in Boston;
Born out of MIT in 2015**



**Software, operations
& sustainability expertise**



**Supporting leaders in food
distribution and e-commerce**



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Today's agenda

1

**Food Waste
Commitments**

2

**KPIs for Waste
Reduction**

3

**Takeaways
and Q+A**



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Waste Goal Definitions

Three common frameworks for setting reduction targets

Zero Waste

Diverting 90% of all discarded materials from landfills, incinerators, and the environment

Industry Examples:



Zero Waste to Landfill

Achieving at least 99% of generated waste diverted from the landfill

Industry Examples:



Zero Edible Waste

Rescuing 100% of edible food that is safe for humans and connecting it with human consumers

Industry Examples:



Corporates commit to reduce food waste

The world's largest food companies are taking aggressive, public actions to reduce food waste





KPIs for Shrink Management

Absolute and normalized metrics

Embed business drivers and/or growth rates into goal scope

ABSOLUTE:

ZERO

**waste by 2025
(total tons)**

NORMALIZED:

20%

**decrease by 2020
(tons per \$ sales)**



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Key Performance Indicators (KPIs)

For finished goods, food products, and organic byproducts

**Shrink
Rate**

**Diversion
Rate**

**Recovery
Rate**



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Shrink Rate: Definition

Product that a company doesn't sell despite best wishes and intentions

$$\text{Shrink \%} = \frac{\text{Total Unsold Inventory}}{\text{Total Sales}}$$

REASONS FOR SHRINK

- Warehouse or distribution damages
- Expired, spoiled, or soon-to be past date product
- Food safety
- Off spec or discontinued items



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Shrink Rate: Interpreting Results

Insights into product disposition can better enable root cause analysis.

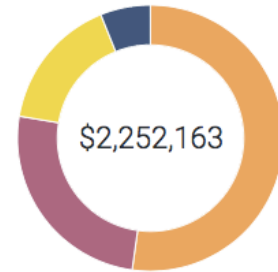
Food Loss and Waste

Food and associated inedible parts that have been removed from the supply chain.

What are the root causes for product ending up at these particular destinations?

Diversion Breakdown

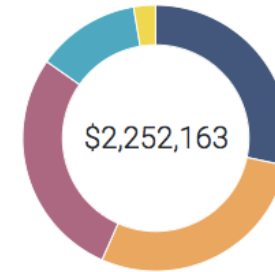
Cost ▾



Nonprofit Donation	\$1,175,822
Animal Feed	\$572,778
Compost	\$366,355
Landfill	\$137,209

Product Mix

Cost ▾



Produce	\$637,914
Meat & Seafood	\$637,302
Dry Goods & Pasta	\$633,821
Dairy & Eggs	\$283,143
Frozen Items	\$59,983

Top Outlets

Cost ▾

1. Charlotte Food Hub	\$304,618	14%
2. Monroe Family Farms	\$269,526	12%
3. Queen City Food Rescue	\$260,001	12%
4. Brandywine Compost	\$255,843	11%
5. Wilmington Food Rescue	\$216,874	10%

Top 5 Items Tracked

By Cost ▾

1. 461127	PINEAPPLE CHUNK	\$207,015
2. 226572	FLOUR ALMOND GLUTEN FREE	\$158,449
3. 522852	APPLE RED DEL FRESH	\$143,610
4. 127812	RICE BROWN	\$139,983
5. 350022	LAMB GROUND	\$90,184



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Diversion Rate: Definition

Product that is diverted from the landfill to a higher and better use

$$\text{Diversion \%} = \frac{\text{Volume Diverted from Landfill}}{\text{Total Unsold Inventory}}$$

Included



Not Included



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Diversion Rate: Benefits

Zero waste initiatives enable financial improvements and stakeholder engagement



**Waste Fee
Reductions**



**Customer & Employee
Engagement**



**Public
Recognition**



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Diversion Rate: Considerations

Are all diversion outlets created equally?

Are these outlets...

Equal?

Or not Equal?



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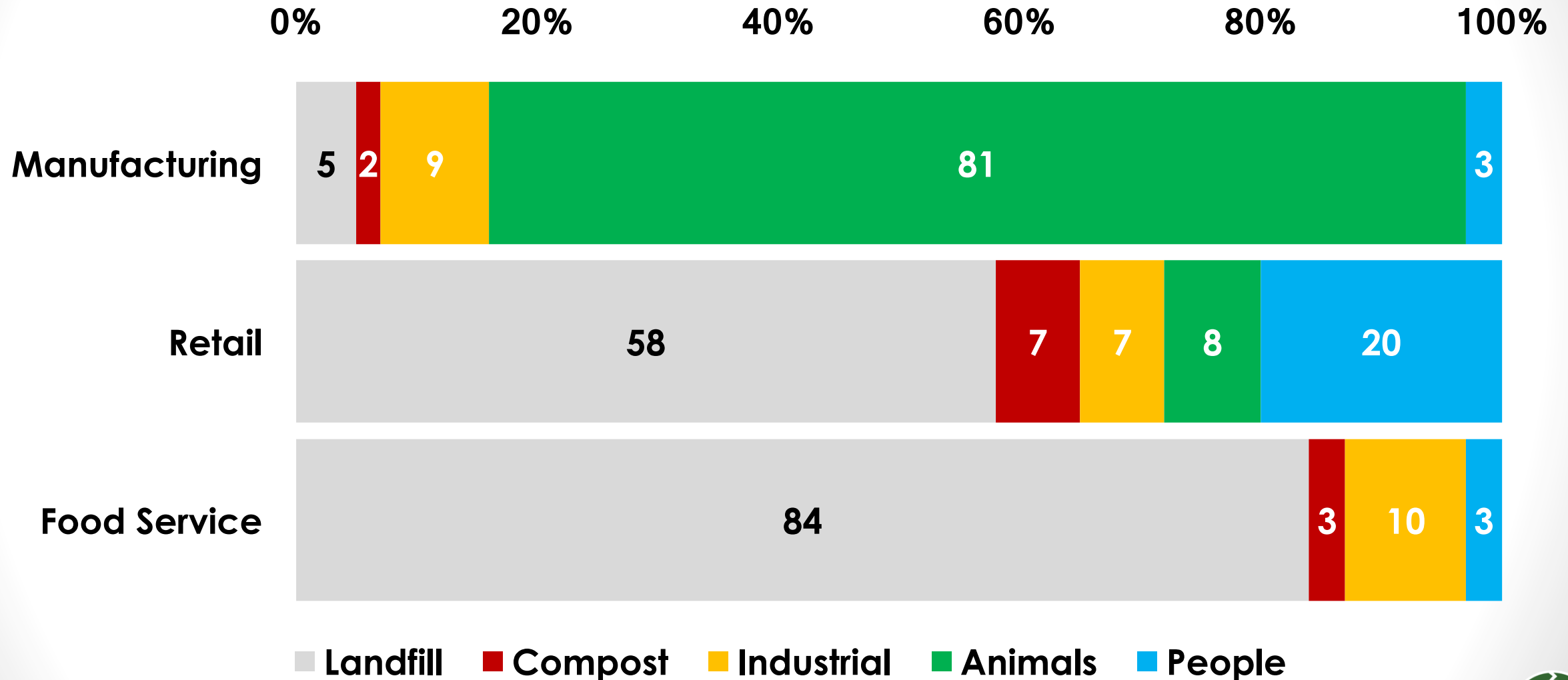
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Food loss across industries

Adapted from Food Waste Reduction Alliance



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Recovery Rate: Definition

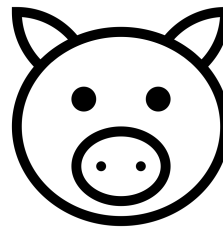
Product recovered for human consumption

$$\text{Recovery \%} = \frac{\text{Discounted Sales} + \text{Donations}}{\text{Total Unsold Inventory}}$$

Included

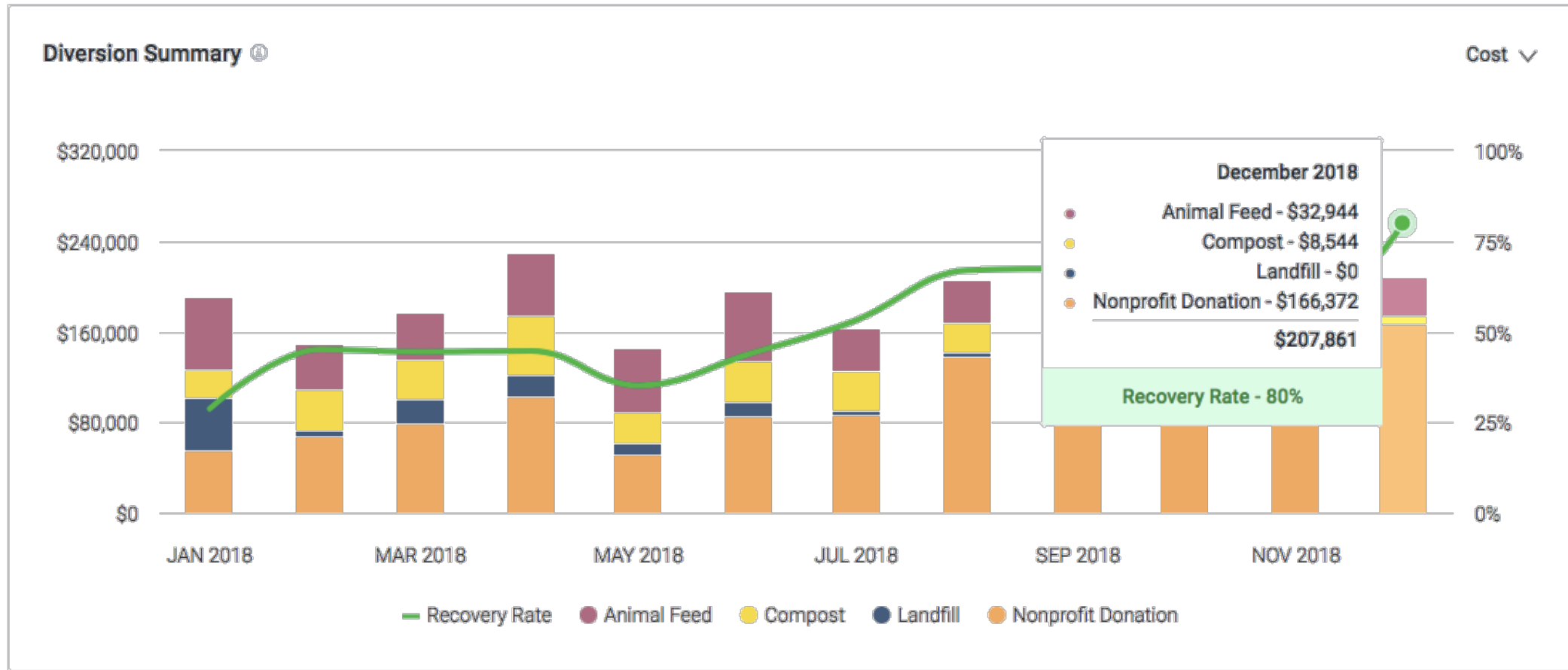


Not Included



Recovery Rate: Benefits

Prioritizing recovery rates leads to the highest ROI for a business



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Recovery Rate: Examples

Tesco, HelloFresh, and CA are leaders talking openly about recovery rates

The screenshot shows the California Legislative Information website. At the top, there is a navigation bar with links: skip to content, home, accessibility, FAQ, feedback, login. Below this is a search bar labeled "Quick Search:" with a dropdown menu for "Bill Number" and a "go" button. A secondary navigation bar includes links: Home, Bill Information, California Law, Publications, Other Resources, My Subscriptions, My Favorites. Below this is a breadcrumb trail: Bill Information >> Bill Search >> Text. The main content area displays "SB-1383 Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills. (2015-2016)". To the right of the title are links for PDF, Add To My Favorites, and a version dropdown menu set to "09/19/16 - Chaptered" with a "Go" button and a print icon.

The screenshot shows the Tesco PLC website. At the top, the Tesco logo is followed by the stock price "256.00p" and the date "19 Jun 2018 at 17:09". A search bar is also present. Below the header is a navigation bar with links: About us, Investors, News, Little Helps Plan, Careers. The main content area features a large image of a woman in a Tesco uniform holding a bunch of green onions. Below the image is a blue box with the text "Food Waste" and "At Tesco, we have no time for waste. We think it's simply not right that good food goes to waste". To the right of the image is a black bin with the "FareShare" logo and the text "Fighting hunger. Tackling food waste".

The screenshot shows the HelloFresh website. At the top, the text "NEED TO KNOW" is displayed. Below this is a large image of HelloFresh meal kits. Below the image is a green box with the text "COLLECTION AND TRANSFER > WASTE REDUCTION". Below this is a white box with the text "HelloFresh, Spoiler Alert Announce Results of Ongoing Partnership". Below the white box is a paragraph of text: "The duo has decreased landfill-bound organic waste by 65 percent and waste hauling pickups by 44 percent."

Tie Together

KPIs are interconnected and should be looked at holistically

$$\text{Shrink \%} = \frac{\text{Total Unsold Inventory}}{\text{Total Sales}}$$

$$\text{Diversion \%} = \frac{\text{Volume Diverted from Landfill}}{\text{Total Unsold Inventory}}$$

$$\text{Recovery \%} = \frac{\text{Discounted Sales} + \text{Donations}}{\text{Total Unsold Inventory}}$$



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Executive Summary

Three key takeaways from today's webinar

1. Monitored KPIs → Inform actions taken

2. Quality of data, tracking → Measure progress

3. Systems and tools → Likelihood of success



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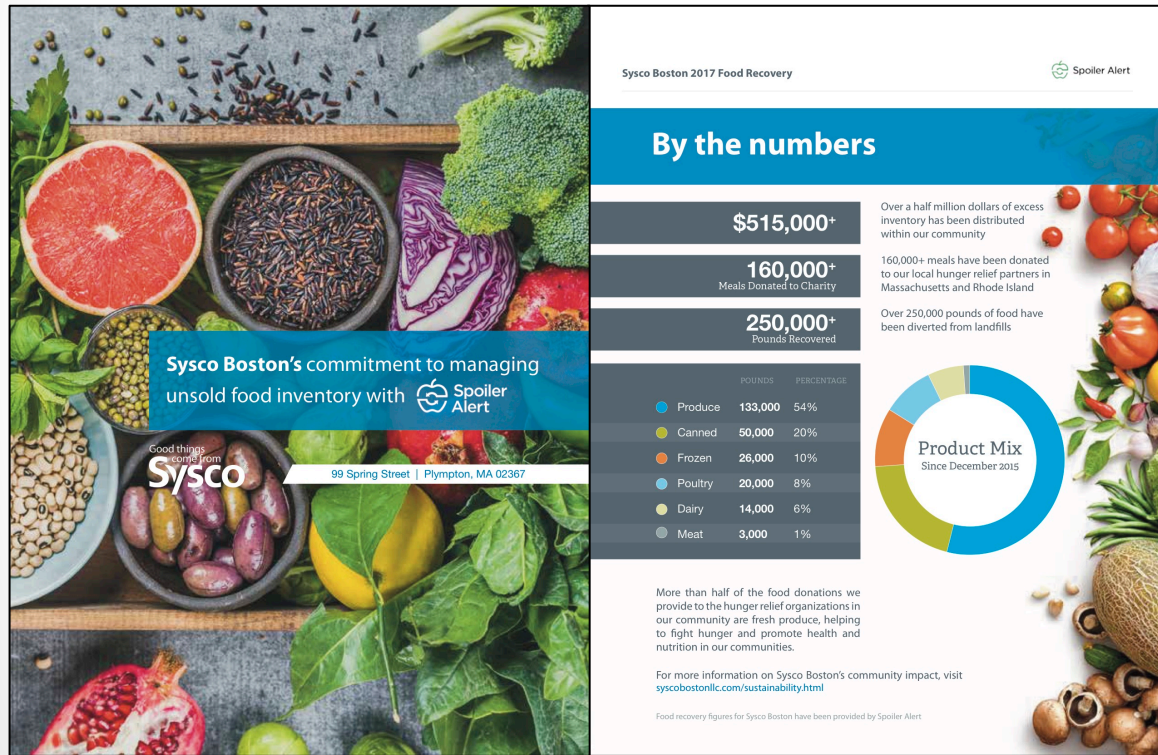


Case Study: HelloFresh



Case Study: Sysco

A Sales & Marketing Collateral (Custom CSR Report)



B Video Features (Facebook - 300K views)



Resources


Available at spoileralert.com

Food Waste Materials

E-Book:
Beginner's Guide
to Food Waste





Website:
www.spoileralert.com





Increase profitability with



Spoiler Alert

Unsold inventory impacts many areas of your business, including profit margins. Now, companies can leverage Spoiler Alert's technology and services to create both top-line and bottom-line benefits.

	DISCOUNTED SALES Quickly tap into a reliable network of secondary sales outlets.
	SHRINK REDUCTION Identify trends and opportunity areas to reduce shrink overtime.
	WASTE FEE REDUCTION Reduce waste hauling frequency and improve recycling rates.
	DONATION TAX BENEFITS Collect all documentation to claim enhanced tax deductions.

FINANCIAL IMPACTS		
	Revenue	↑
	Cost of Goods	↓
	Gross Income	↑
	Operating Expenses	↓
	Operating Income	↑
	Tax Deductions	↑
	Taxes Paid	↓
	Net Income	↑

Our customized, value-based approach ensures a positive ROI from the start.
Call 617-917-4123 to learn more.

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Business Resources

E-Book:
Using Data to Reduce
Food Loss & Waste

Blog:
blog.spoileralert.com



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