

Protecting our Freedom to Operate

How do we earn and maintain the social license we need to protect our freedom to operate?

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Washington Post - Mensa Invitational



Washington Post - Mensa Invitational

Intaxication



Washington Post - Mensa Invitational

Intaxication

Euphoria at getting a tax refund, which lasts until you realize it was your money to start with.



Washington Post - Mensa Invitational

Bozone (n.)



Washington Post - Mensa Invitational

Bozone (n.)

The substance surrounding stupid people that stops bright ideas from penetrating. The Bozone layer, unfortunately, shows little sign of breaking down in the near future.



Washington Post - Mensa Invitational

Reintarnation



Washington Post - Mensa Invitational

Reintarnation

Coming back to life as a hillbilly.



Washington Post - Mensa Invitational

Decafalon (n.)



Washington Post - Mensa Invitational

Decafalon (n.)

The grueling event of getting through the day consuming only things that are good for you.



Washington Post - Mensa Invitational

Caterpallor (n.)



Washington Post - Mensa Invitational

Caterpallor (n.)

The color you turn after finding half a worm in the fruit you're eating.



The Challenge Ahead

- Producing food for the 99% of Americans who count on us for one of the necessities of life is a noble pursuit.
- How do we earn and maintain the social license we need to feed 400 million Americans and 2.7 billion more people around the world in 20 years?



**Freedom to
Operate**

Social License

Social License

Definition: Operating with minimal formalized restrictions (legislation, regulation) based on maintaining public trust and the belief that activities are consistent with social expectations and the values of the community and other stakeholders.



Earning and Maintaining the Social License

(Sapp/CMA)

Social License



Freedom to Operate



Trust

**Influential
Others**

Competence

Confidence

Newsweek

The Green Machine

*"We didn't change
to conform to the world.
The world came in
our direction."*

-John Mackey, CEO
Whole Foods



NO Tmilk

Dean Foods says no more cloned cow's milk

Nation's biggest milk company: Customers,
consumers do not want it

AP Associated Press , Feb 23, 2007

BON APPÉTIT
MANAGEMENT COMPANY

New "Low Carbon Diet"
aims to take bite out of
global warming

April 17, 2007

An Inconvenient Tooth: Food Is Major Contributor to Climate Change

THE WALL STREET JOURNAL

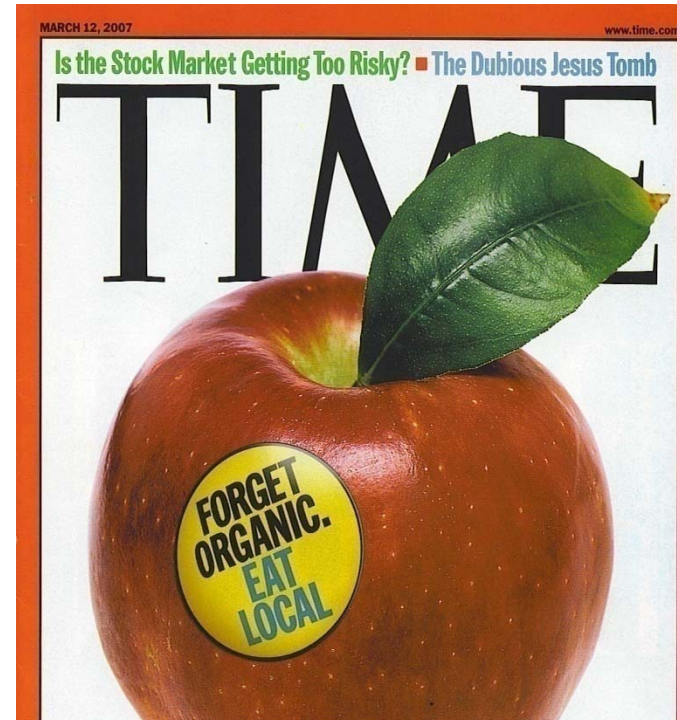
© 2005 Dow Jones & Company. All Rights Reserved

January 25, 2007

Smithfield to Phase Out Crates

Big Pork Producer Yields
To Activists, Customers
On Animal-Welfare Issue

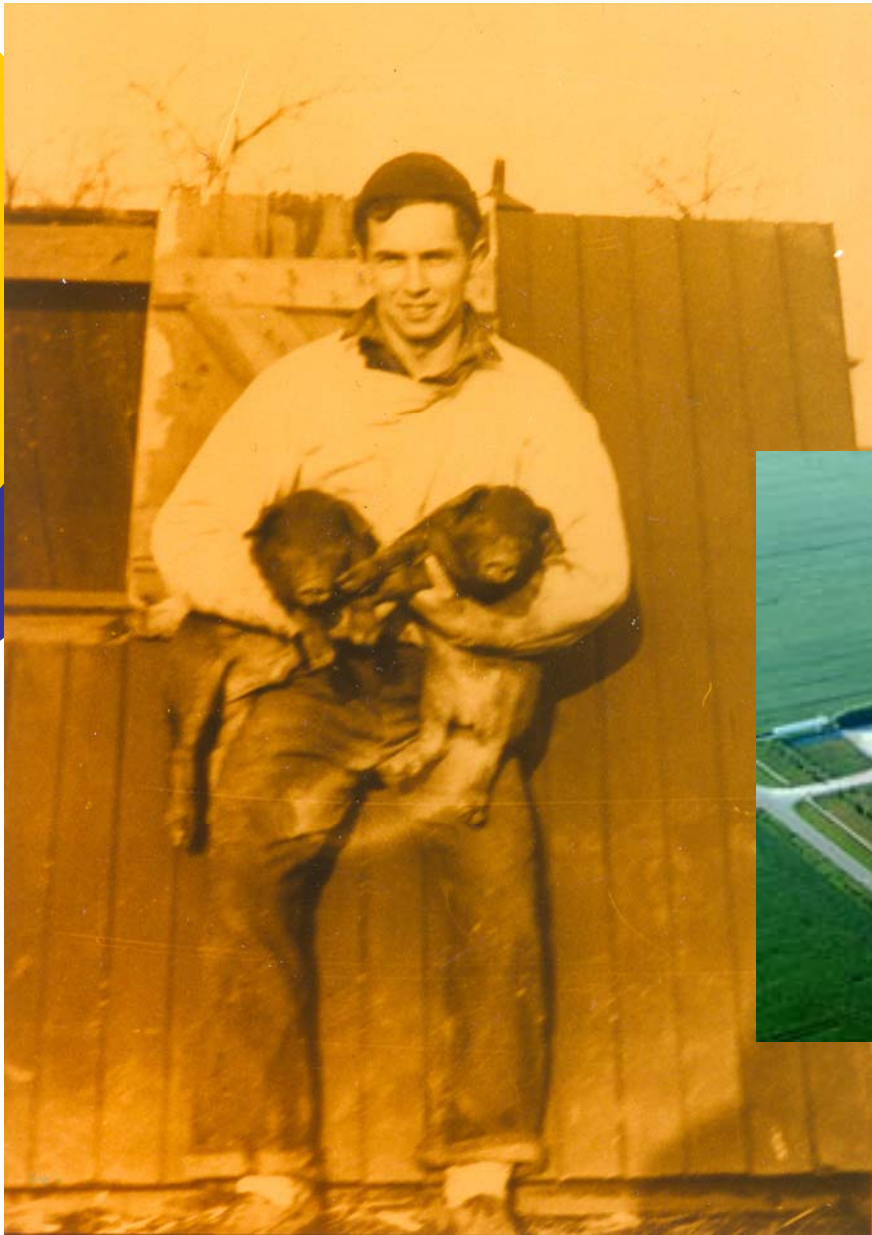
By LAUREN ETTER
January 25, 2007; Page A14



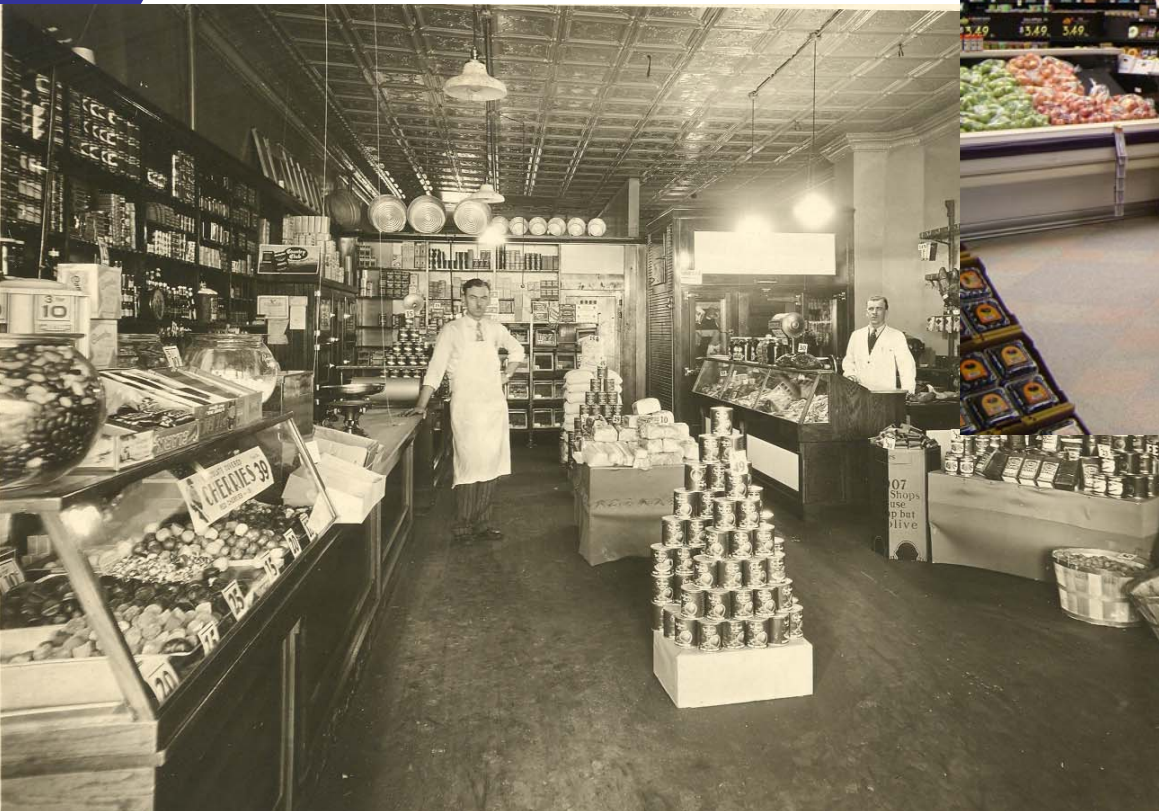
Times Have Changed



Times Have Changed



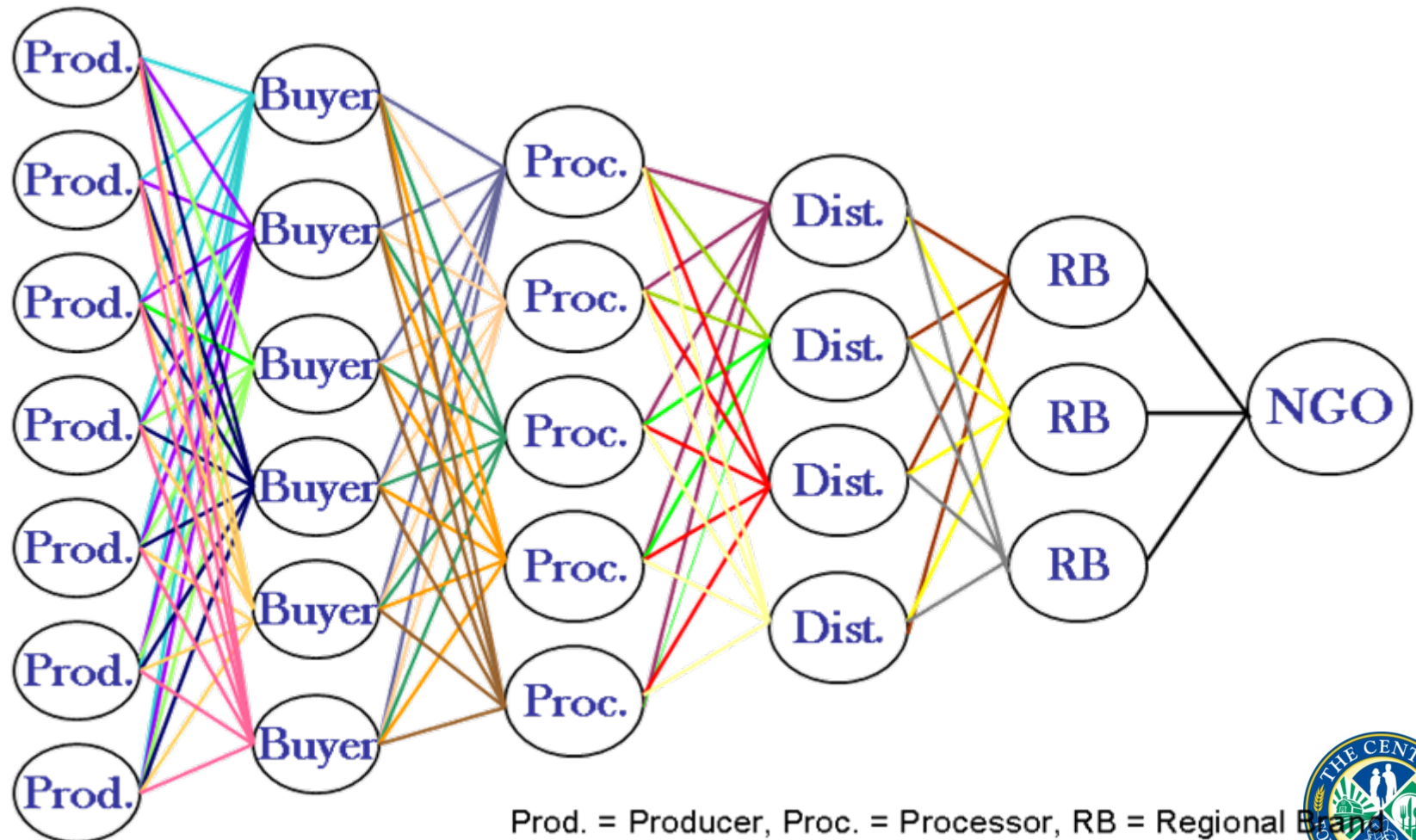
Times Have Changed



Times Have Changed



Agrarian Model



Prod. = Producer, Proc. = Processor, RB = Regional Brand





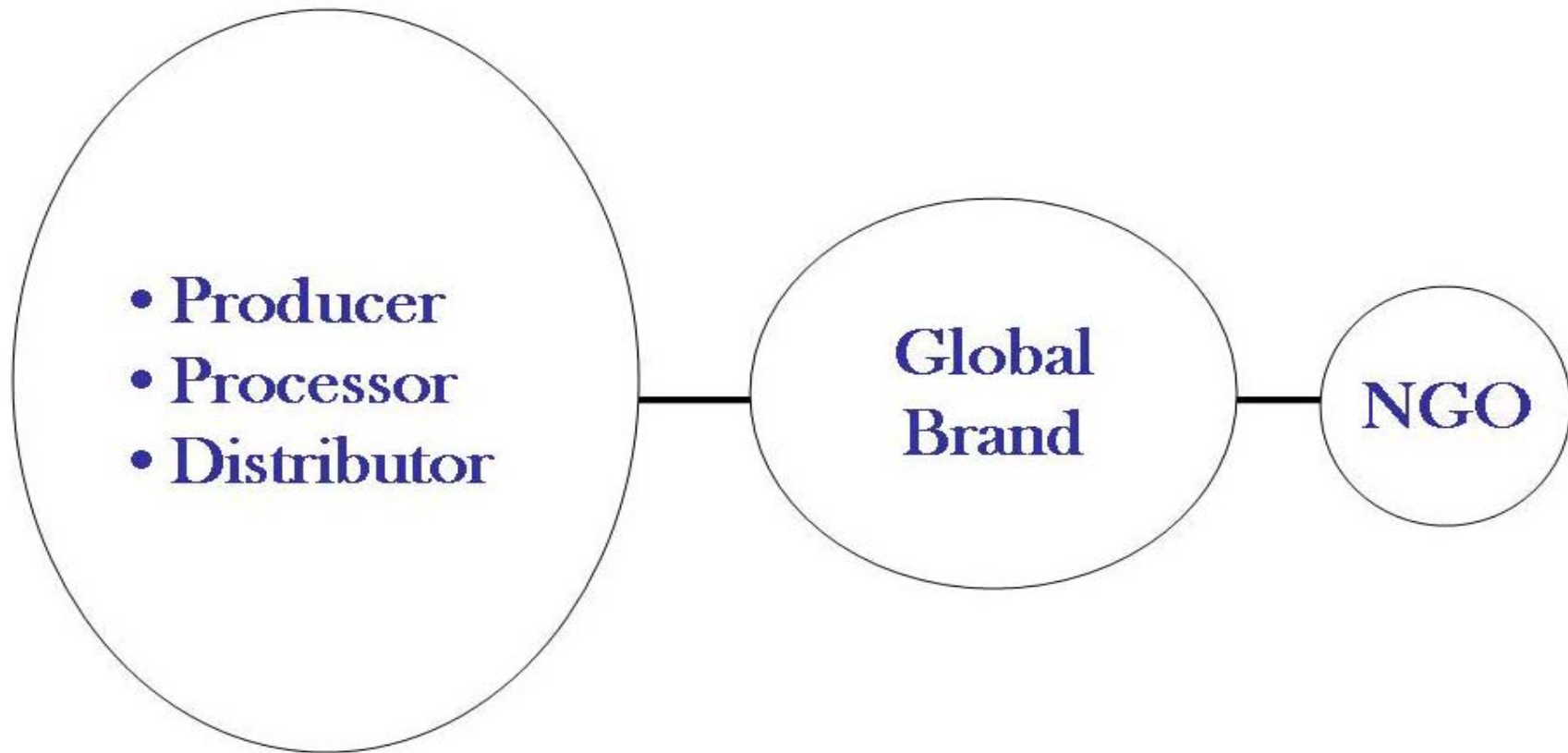
Times have changed

- In the U.S. Today...

- The top ten food retailers sell more than 75% of food.
- The top ten chicken companies produce 79% of chicken.
- The top 50 dairy cooperatives produce 79% of the milk.
- The top 60 egg companies produce 85% of eggs.
- The top 20 pork producers produce more than 50% of pork. (Two percent of pork producers produce 80%)
- The top 10 pork packers process 87% of pork.
- The top four beef packers process more than 80% of beef.



Industrial Model



The Center for Food Integrity

A New Model for Building Trust and Securing our Social License to Operate



CFI Mission

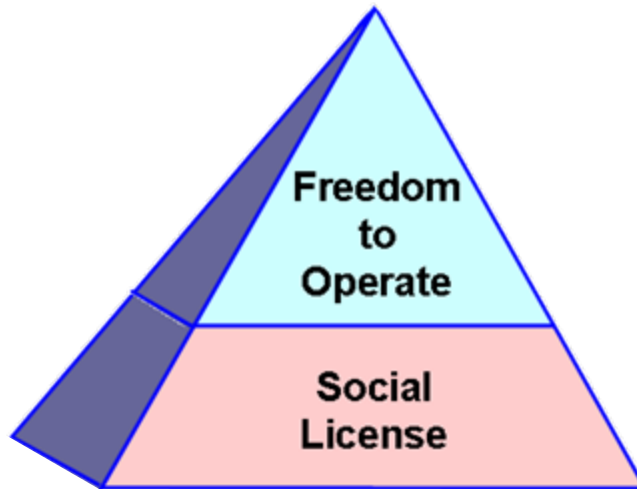
To build consumer trust and confidence in the contemporary U.S. food system by sharing accurate, balanced information, correcting misinformation, modeling best practices and engaging stakeholders to address issues that are important to consumers





CFI Model

Protecting Freedom to Operate by Building Trust



CFI Model

Protecting Freedom to Operate by Building Trust

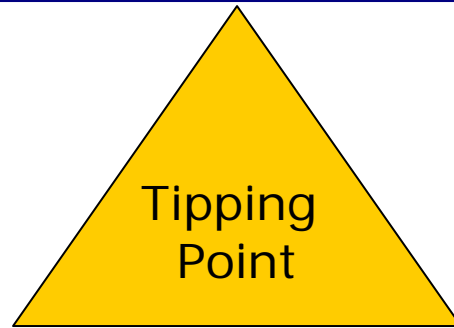
The Social License To Operate

**Flexible
Responsive
Lower Cost**

Social License

- Ethics
- Values
- Expectations
- Self regulation

High Trust
Complete
Autonomy



Single triggering event
Cumulative impact

**Rigid
Bureaucratic
Higher Cost**

Social Control

- Regulation
- Legislation
- Litigation
- Compliance

Low Trust
Prohibition

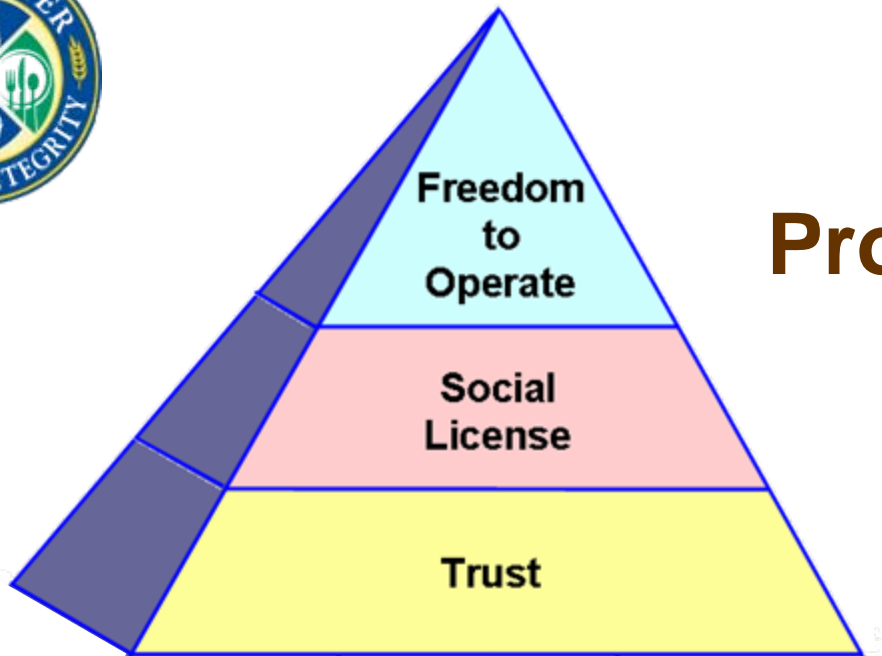


Professions Have Sustained Their Social License Over Time

<u>Professional Attribute</u>	<u>Related Element of Trust Model</u>
1. Ethical Standards	Confidence – Value Similarity
2. Code of Conduct	Confidence – Value Similarity
3. Accountability to Stakeholders	Confidence, Influential Others
4. Best Practices	Competence
5. Certification	Competence
6. Continuing Education	Competence

All key elements of establishing trust

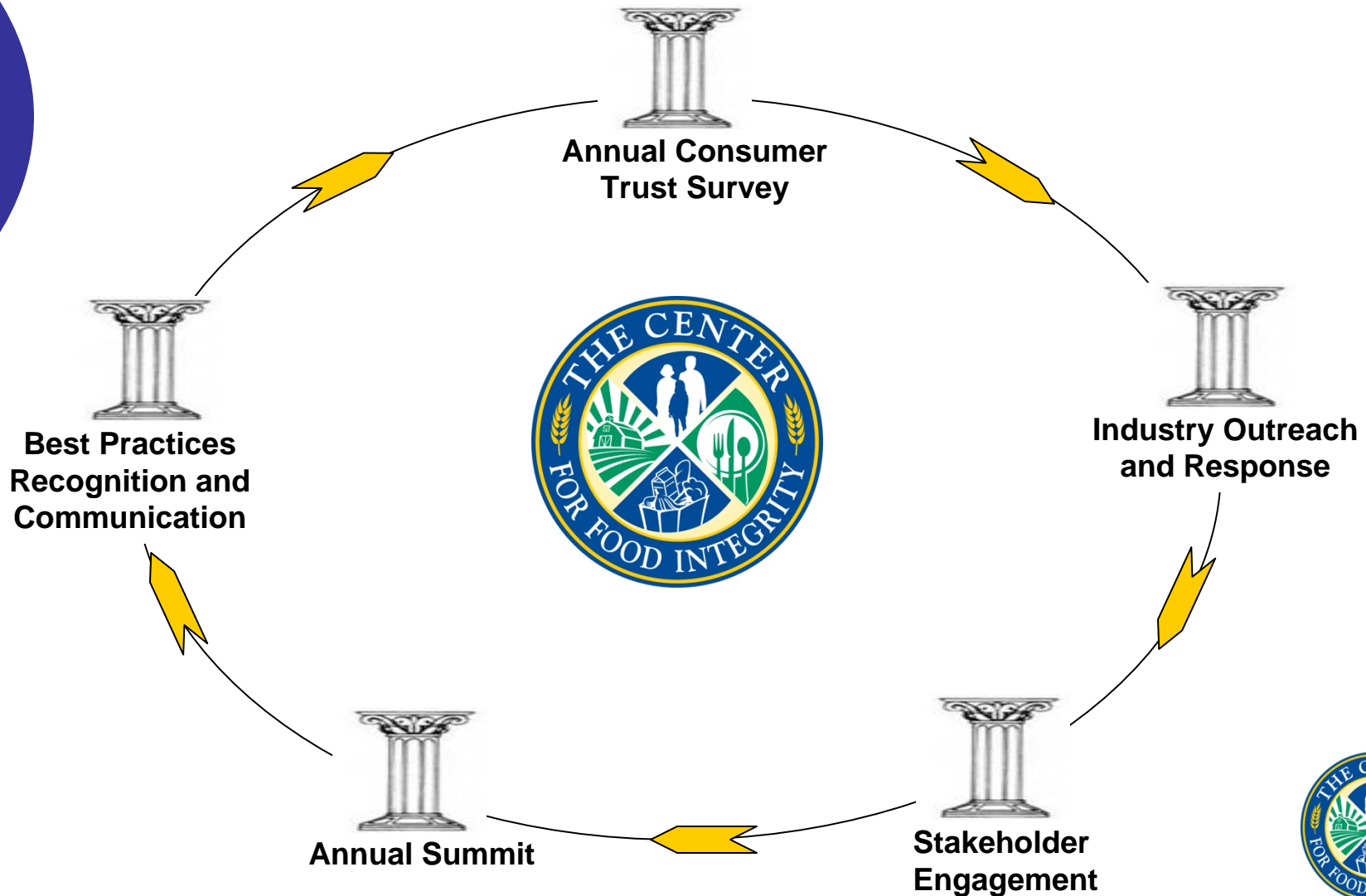




CFI Model

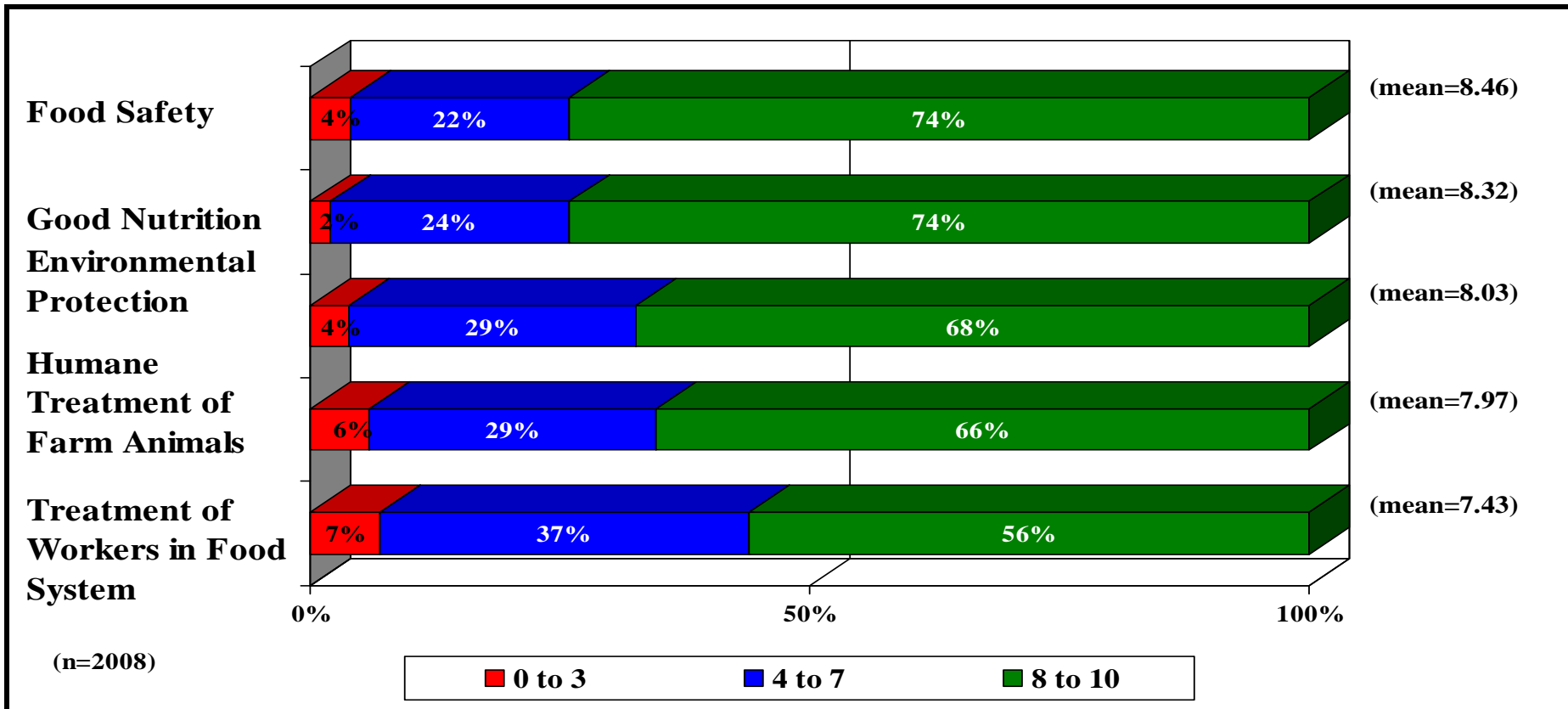
Protecting Freedom to Operate by Building Trust

Consumer Trust Improvement Cycle





Concern About Food System Issues



- Consumers indicated the highest level of concern for Food Safety and Good Nutrition, based on the percent of 8-10 ratings on the 0 to 10 scale and on mean scores.
- The food system issue with the least concern was Treatment of Workers in the Food System, based on the percent of 8-10 ratings and mean scores.



Consumer Trust in Food Safety

Segments	Responsibility	Trust
You or other persons who prepare your food at home	16.3	8.98
Farmers/producers	20.4	7.00
Grocery stores	10.7	6.23
Advocacy groups	4.9	5.56
Restaurants	10.5	5.96
Food companies/processors	20.2	5.55
Federal regulatory agencies	17.0	5.31

- Consumers hold Farmers and Food companies most responsible for food safety
- Consumers have significantly higher trust in themselves than they do in Producers and Food companies.



Consumer Trust in Good Nutrition

Segments	Responsibility	Trust
You or other persons who prepare your food at home	25.1	8.80
Doctors/dieticians	7.6	7.11
Farmers/producers	14.4	6.86
Grocery stores	7.2	5.90
Advocacy groups	3.8	5.52
Federal regulatory agencies	11.8	5.48
Food companies/processors	13.9	5.41
Restaurants	7.3	5.59
The K-12 school system	9.3	5.56

- Consumers primarily hold themselves responsible for ensuring good nutrition
- After themselves, Doctors / dieticians receive the highest levels of trust when it comes to good nutrition.



Consumer Trust in Environmental Protection

Segments	Responsibility	Trust
People like yourself	18.5	7.56
Farmers/producers	16.1	6.47
Advocacy groups	6.2	5.87
State regulatory agencies	14.4	5.58
Federal regulatory agencies	17.1	5.51
Grocery stores	7.1	5.56
Restaurants	6.9	5.38
Food companies/processors	13.7	5.02

- Consumers hold “people like themselves”, federal regulatory agencies and Farmers most responsible for ensuring environmental protection
- They trust themselves significantly greater than any other group when it comes to protecting the environment



Consumer Trust in the Humane Treatment of Farm Animals

Segments	Responsibility	Trust
People like yourself	10.5	7.49
Advocacy groups	24.7	6.71
Farmers/producers	28.9	6.14
Federal regulatory agencies	15.3	5.76
Grocery stores	4.0	5.19
Restaurants	3.8	5.07
Food companies/processors	12.8	4.66

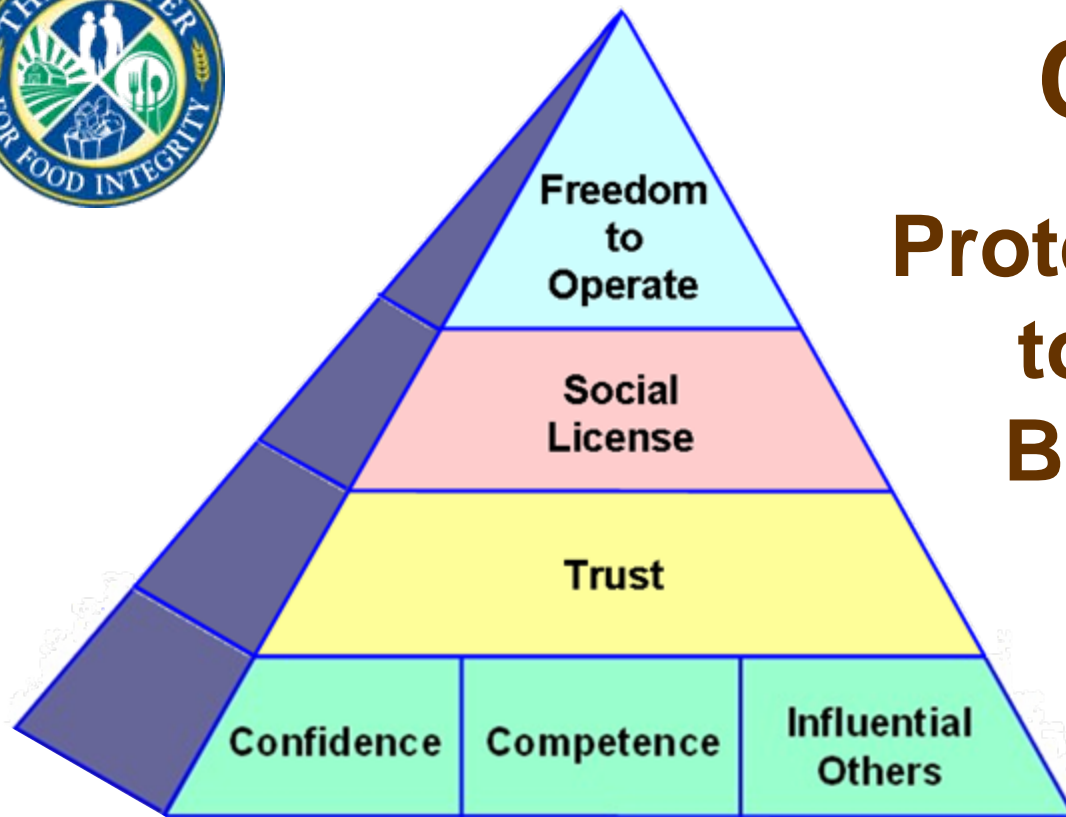
- Consumers assign Farmers and Advocacy groups with significantly more responsibility for the humane treatment of farm animals than any other groups
- Consumers trust “people like themselves” significantly more than any other group



Consumer Trust in Worker Care

Segments	Responsibility	Trust
Farmers/producers	12.5	6.39
Grocery stores	9.4	6.03
Employees	15.9	6.15
Restaurants	9.6	5.78
Labor Unions	14.3	5.85
Federal regulatory agencies	17.2	5.55
Food companies/processors	15.0	5.47
Advocacy groups	6.2	5.68

- Consumers assign the highest level of responsibility to Employees, Federal regulatory agencies, employees and Food companies for ensuring worker care
- They have a relatively moderate level of trust in all groups ability to ensure worker care

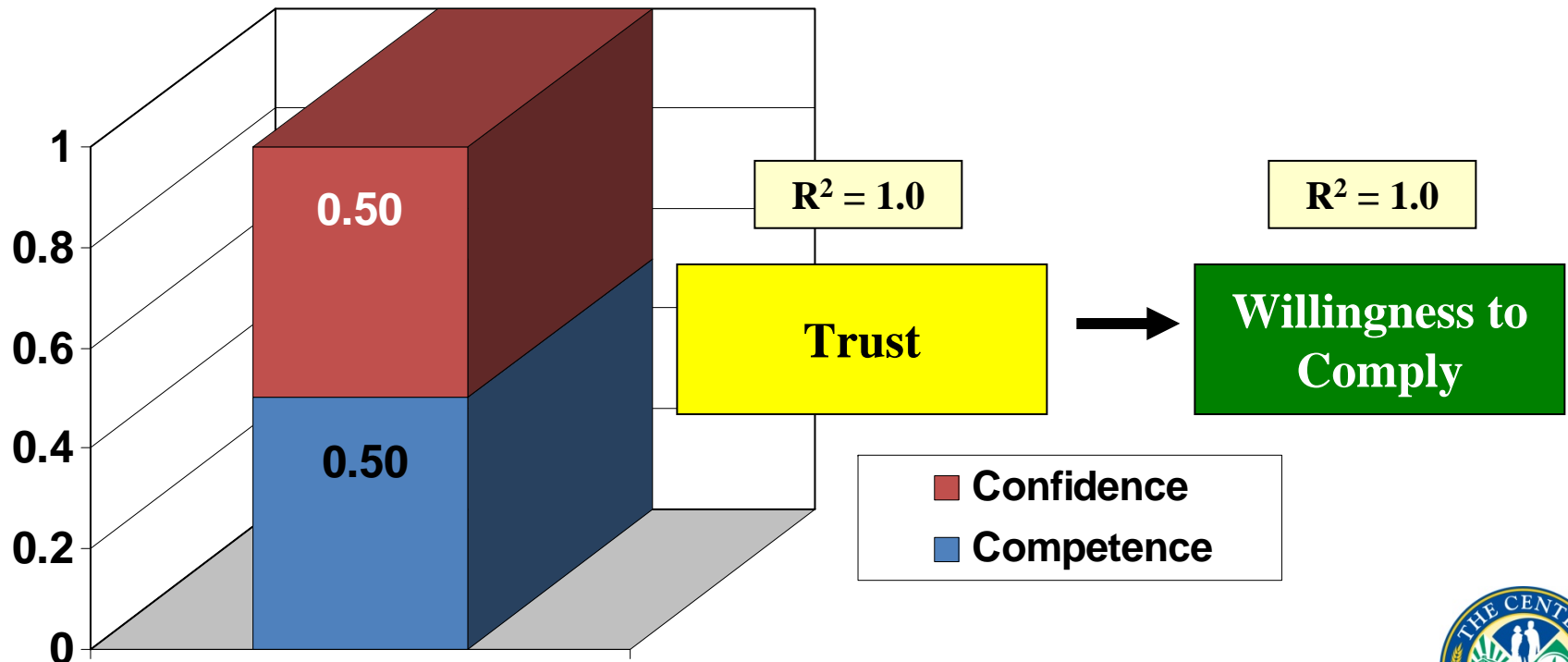


CFI Model

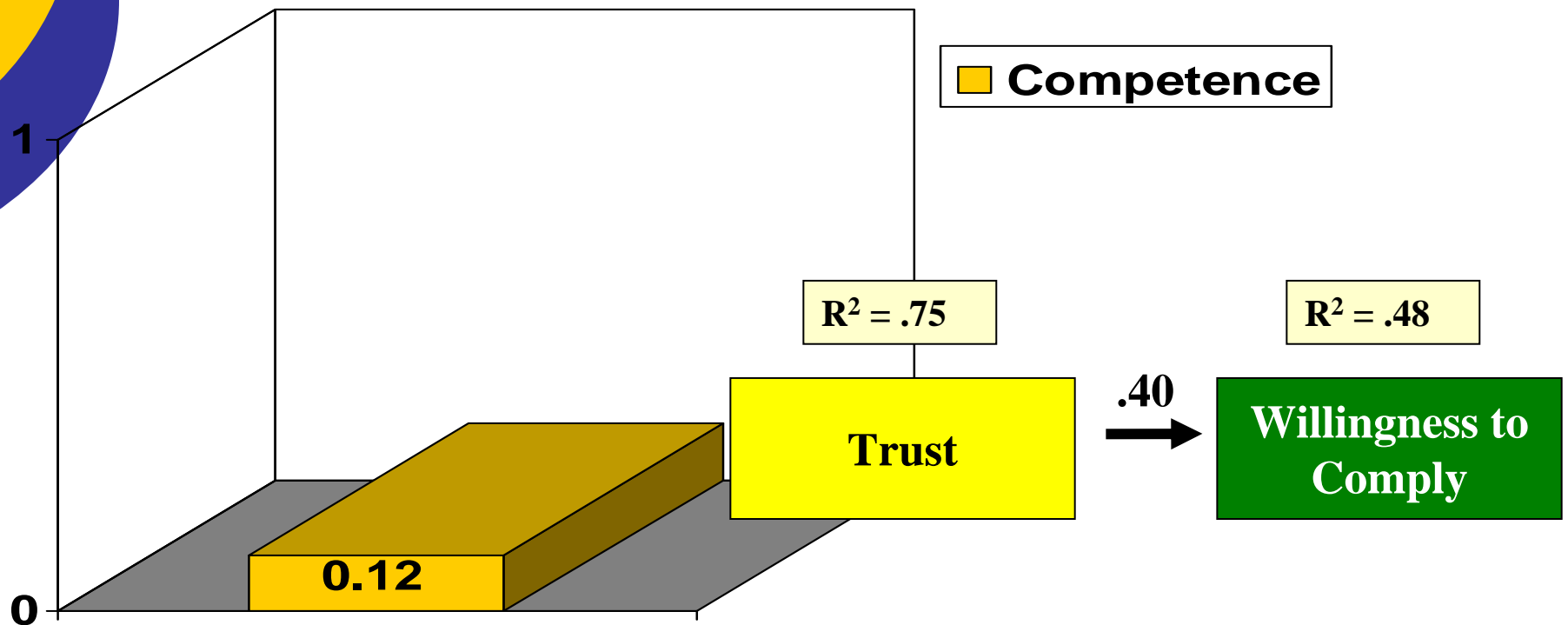
Protecting Freedom to Operate by Building Trust

Consumer Trust Modeling

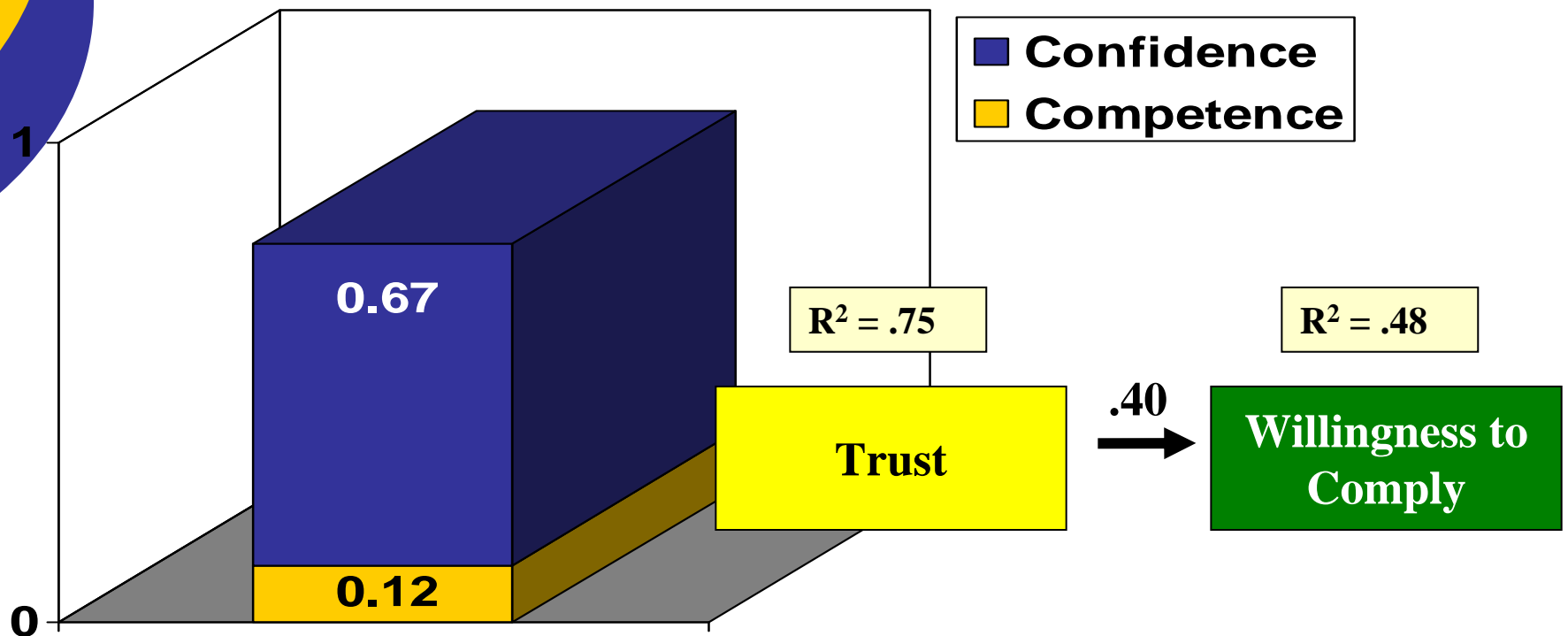
- R^2 represents the percentage of explained variance in the model
- Values greater than .30 are considered significant by sociologists
- Numbers in blocks represent the percentage of R^2 variance explained



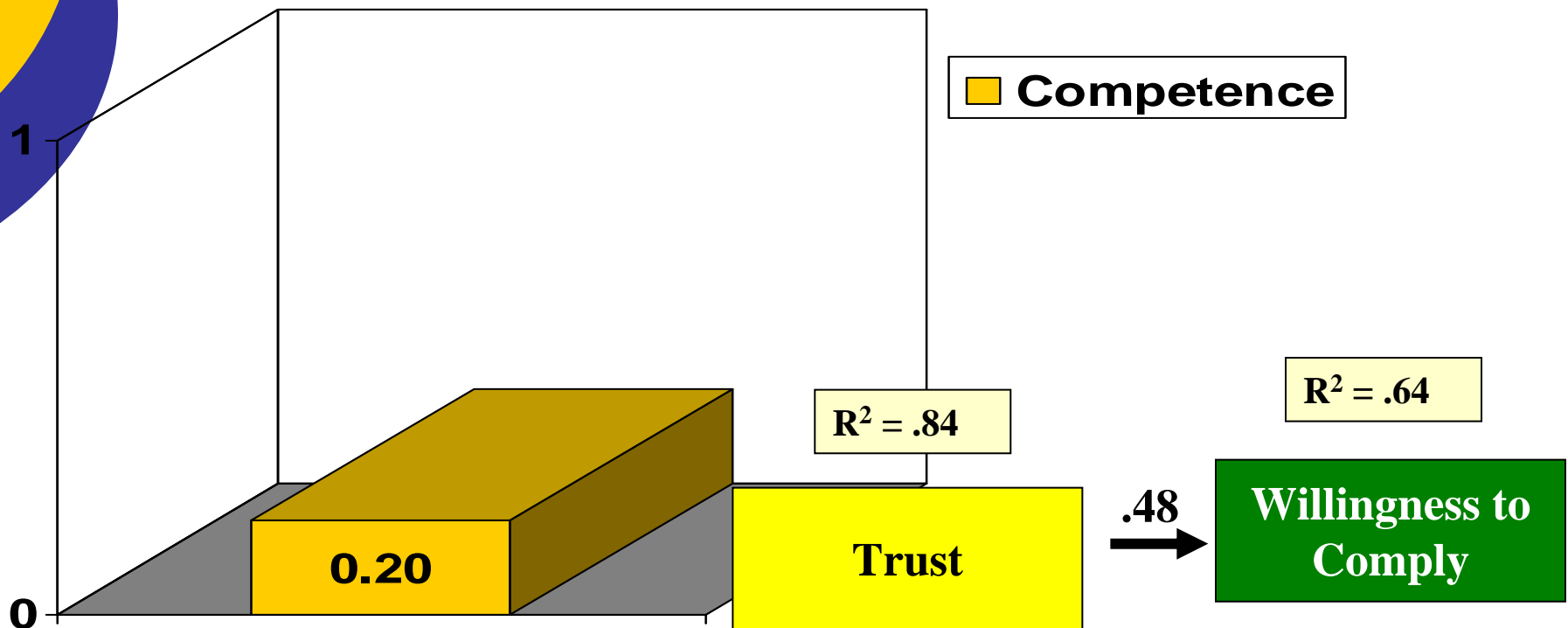
Drivers of Consumer Trust in Groups Ensuring Food Safety (Across All Groups)



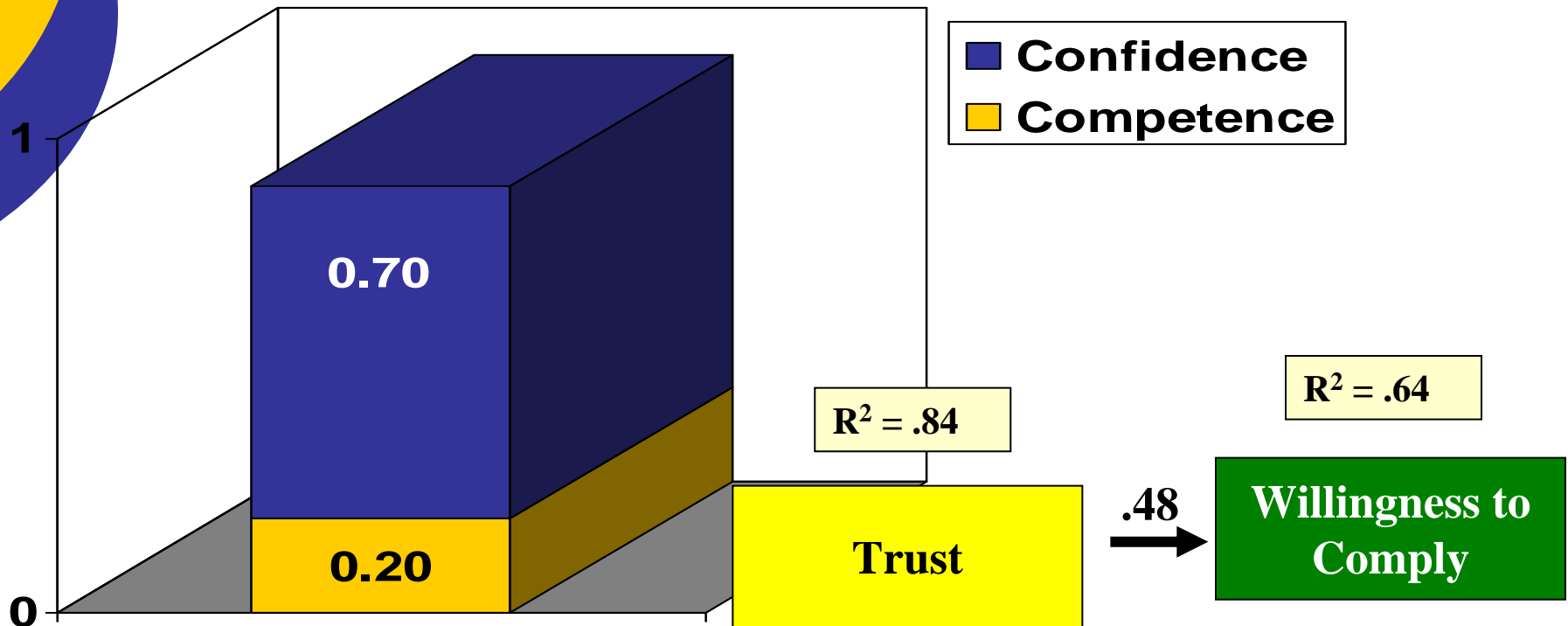
Drivers of Consumer Trust in Groups Ensuring Food Safety (Across All Groups)



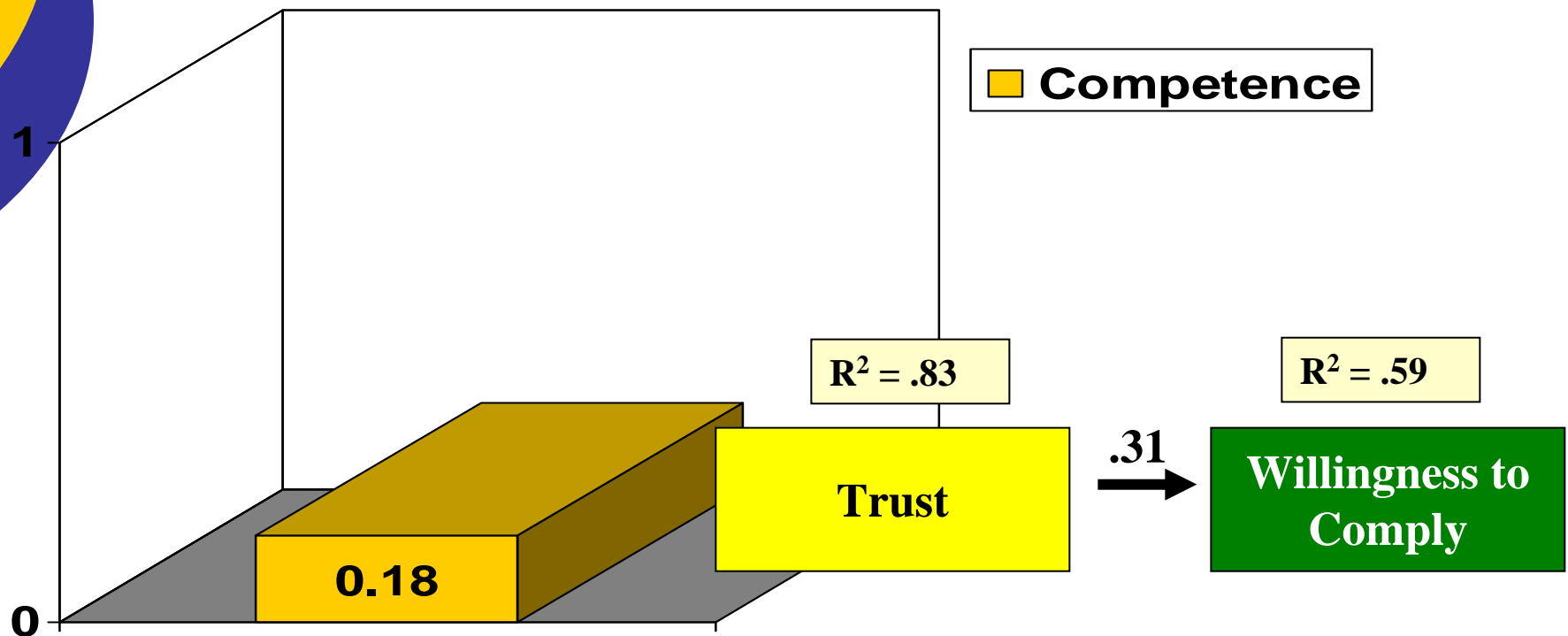
Drivers of Consumer Trust in Groups Ensuring Nutrition (Across All Groups)



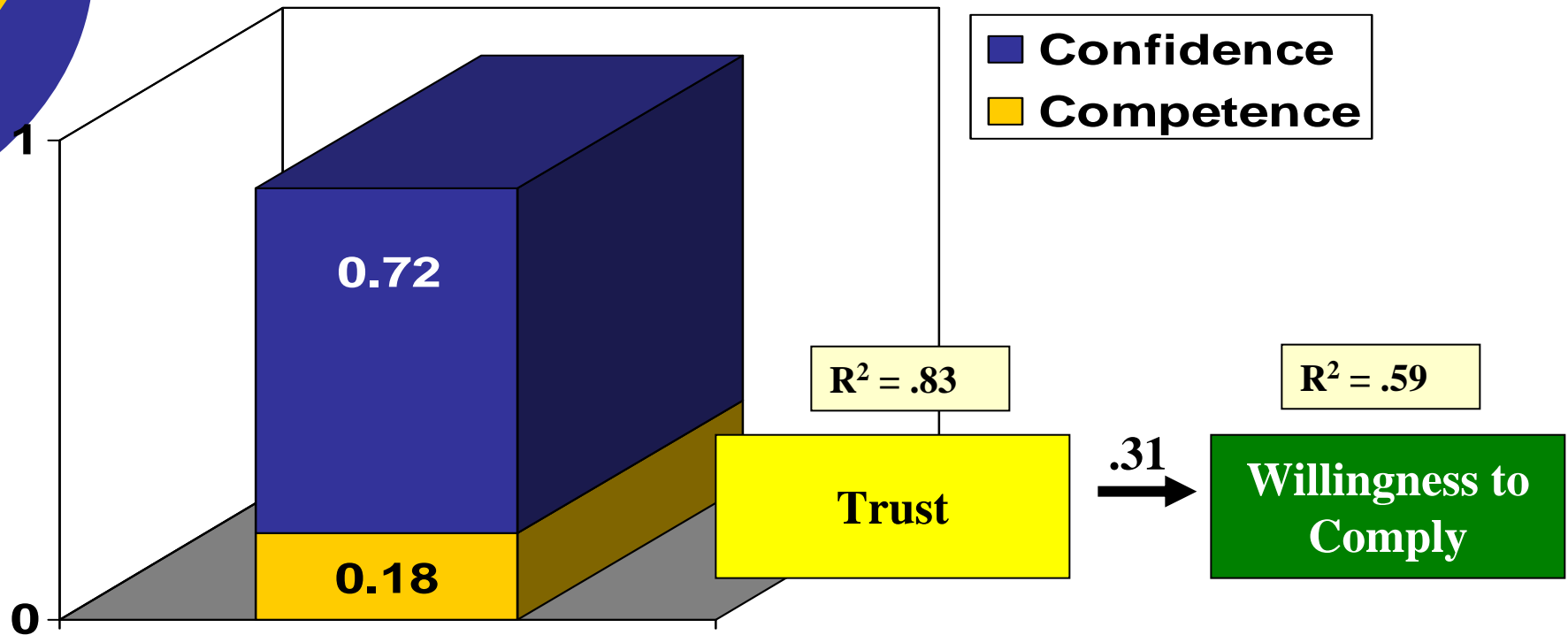
Drivers of Consumer Trust in Groups Ensuring Nutrition (Across All Groups)



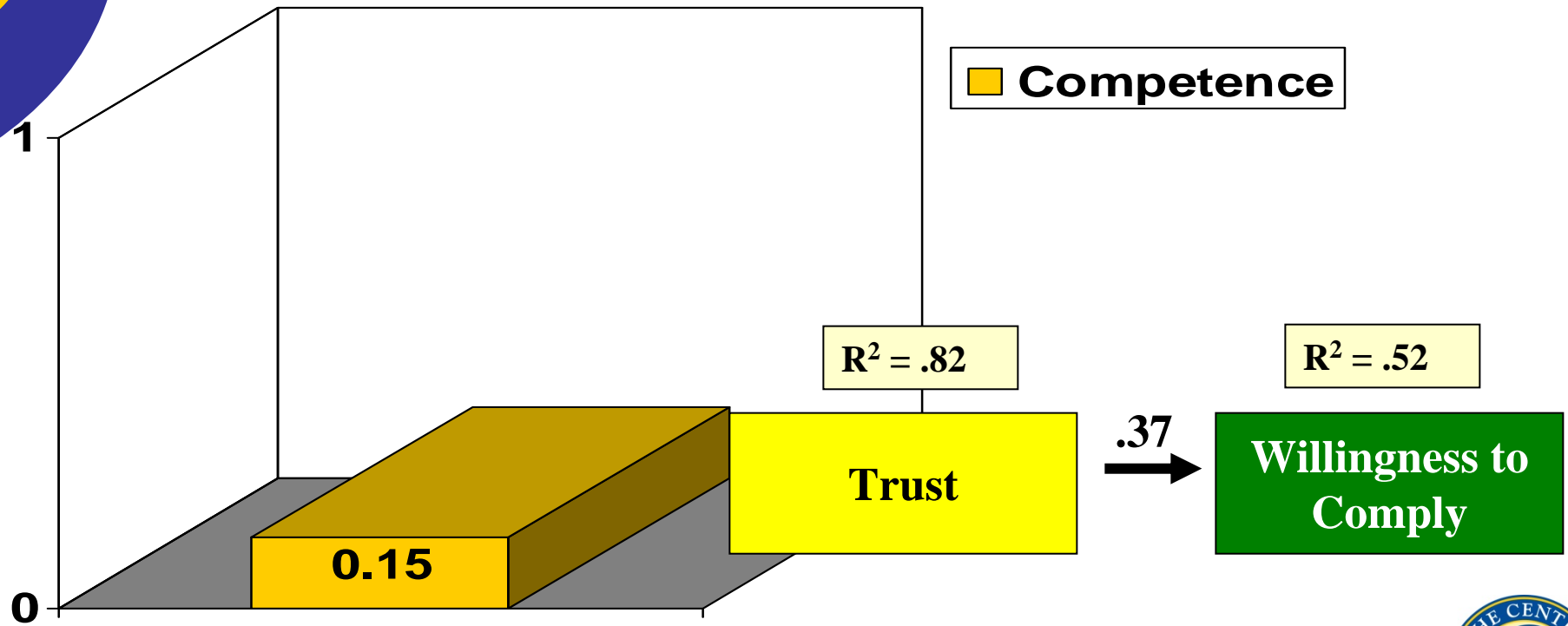
Drivers of Consumer Trust in Farmers/Producers to Protect the Environment



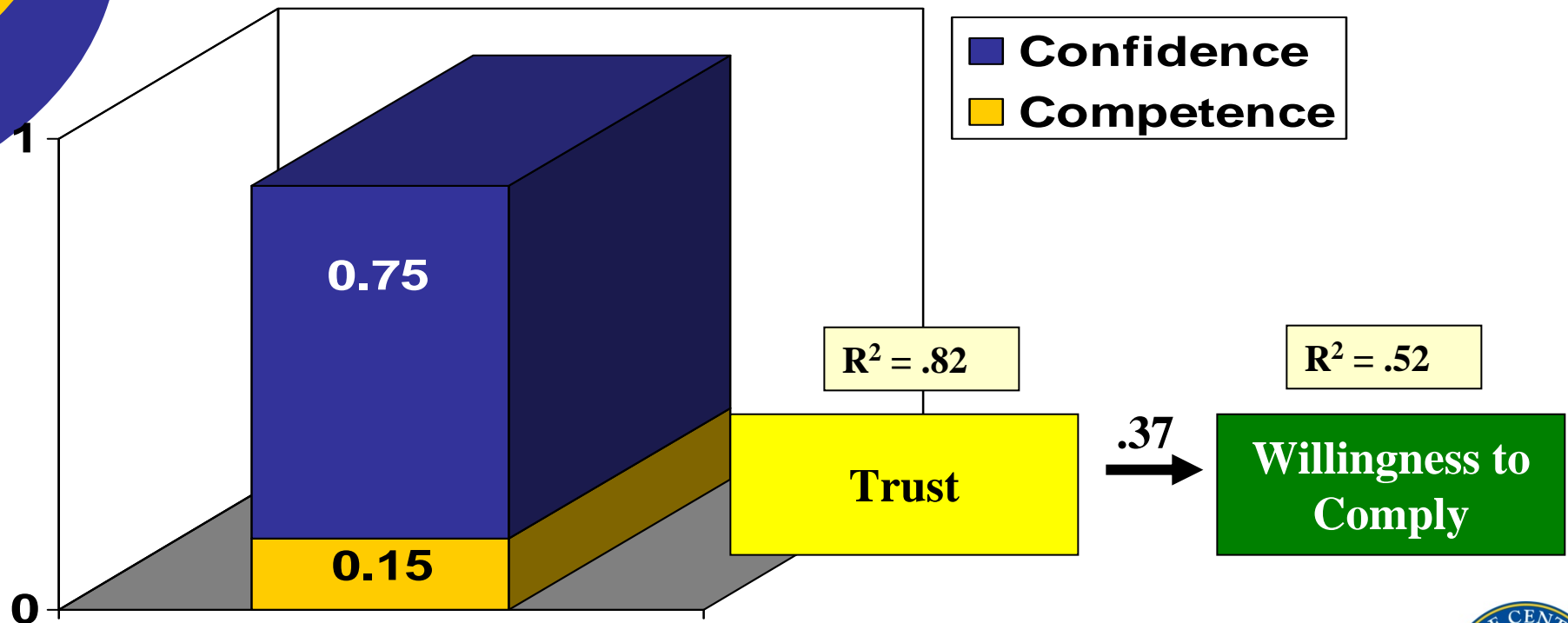
Drivers of Consumer Trust in Farmers/Producers to Protect the Environment



Drivers of Consumer Trust in Farmers/Producers to Ensure the Humane Treatment of Farm Animals

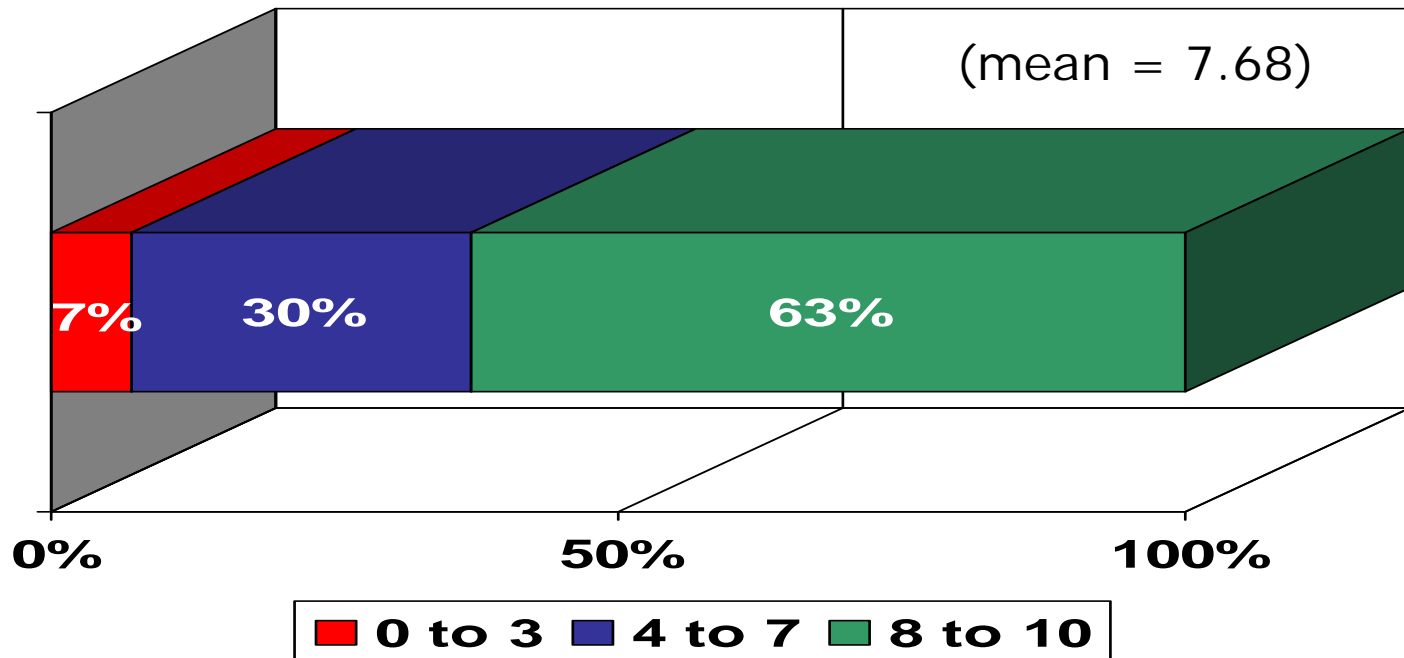


Drivers of Consumer Trust in Farmers/Producers to Ensure the Humane Treatment of Farm Animals



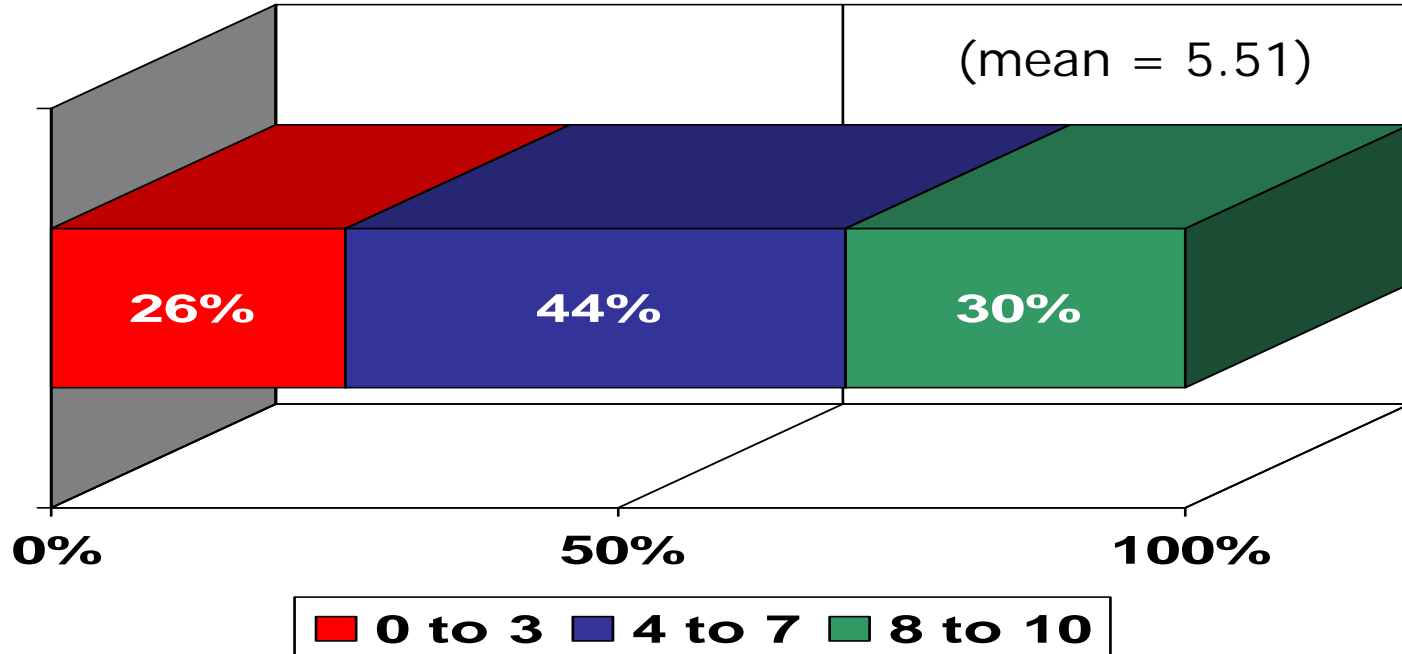
Attitudes Toward Food Supply

If farm animals are treated decently and humanely, I have no problem consuming meat, milk and eggs



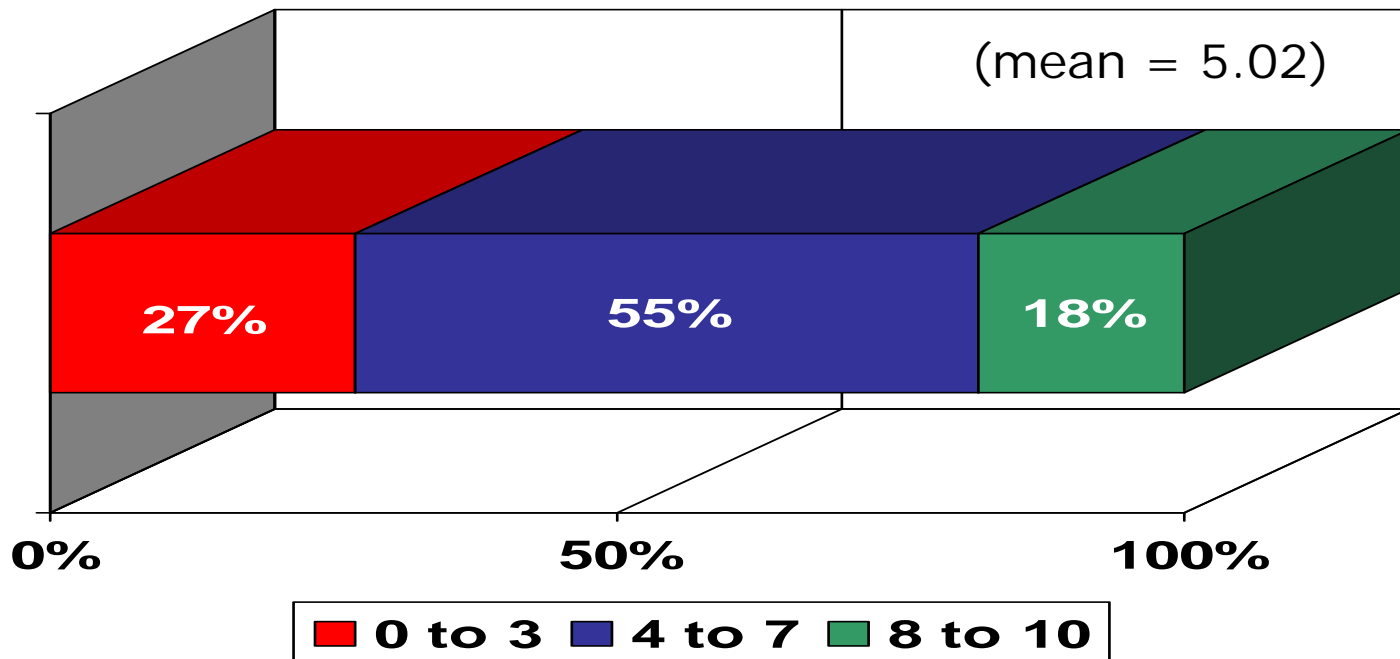
Attitudes Toward Food Supply

Farm animals that are raised for food should be treated the same way household pet owners treat their pets



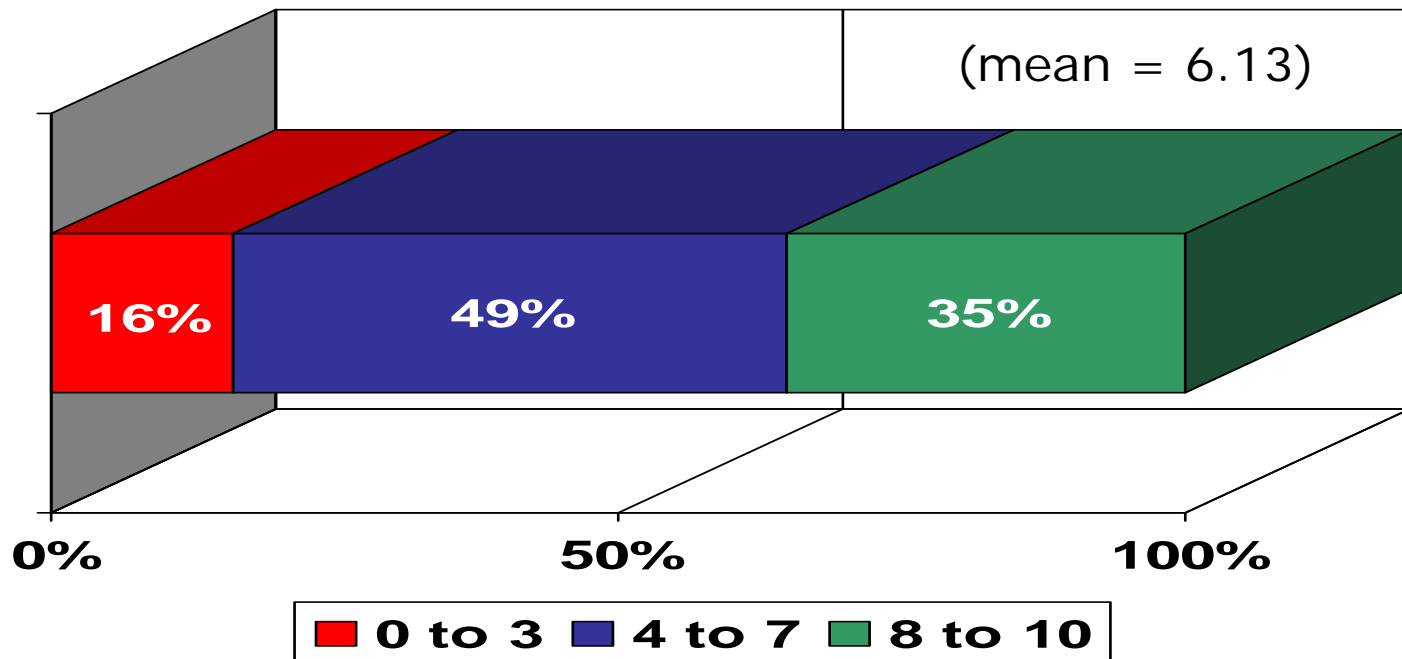
Attitudes Toward Food Supply

U.S. meat is derived from humanely treated animals



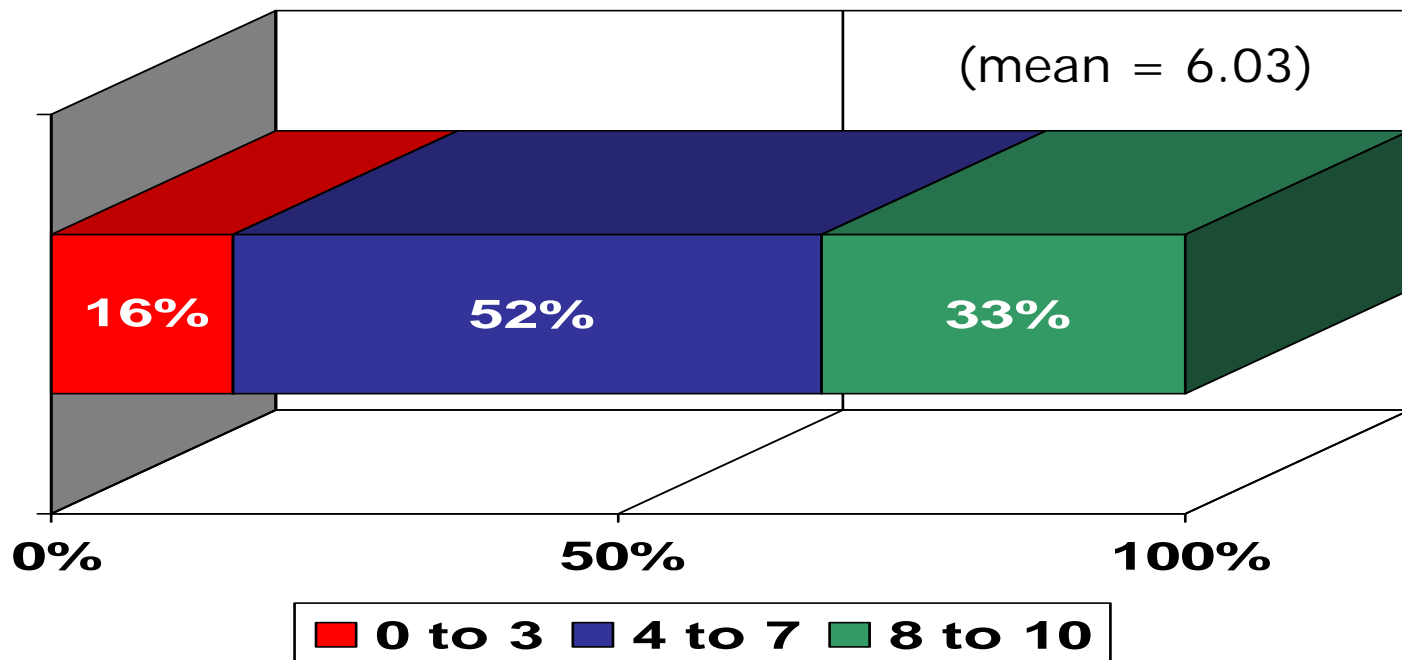
Attitudes Toward Food Supply

Food grown organically is more healthful than conventionally grown food



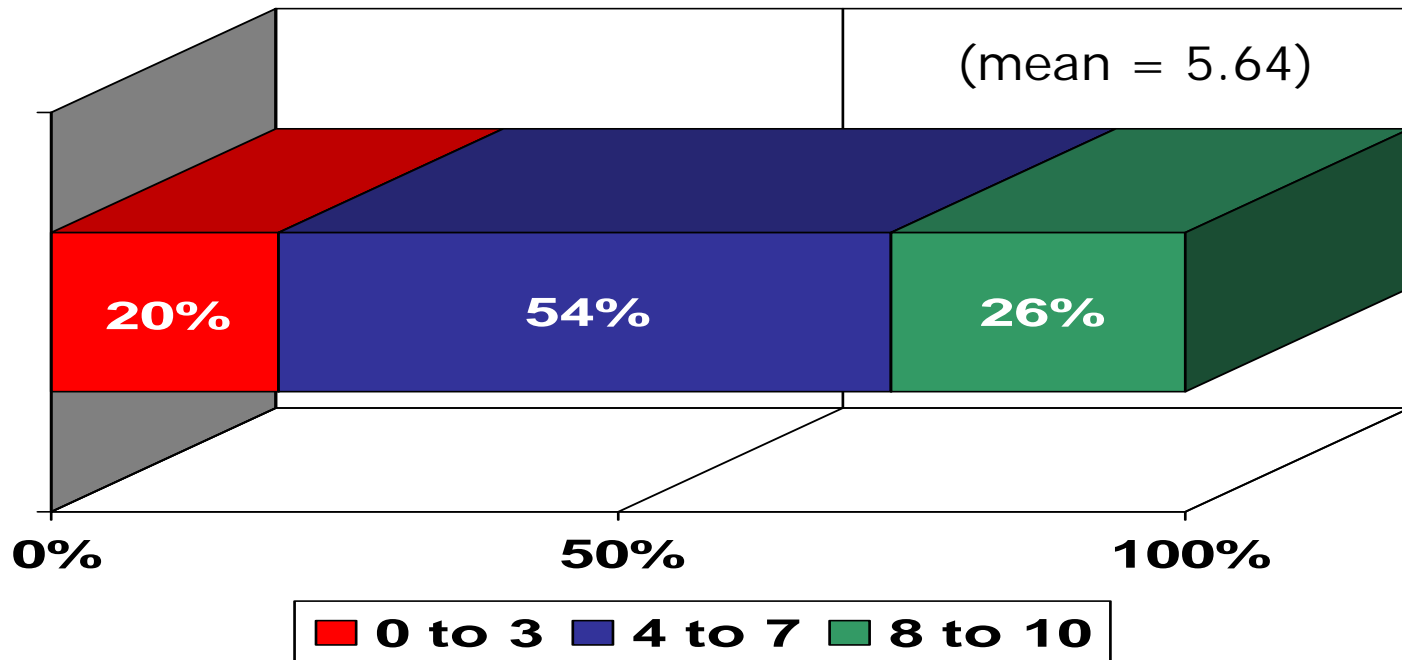
Attitudes Toward Food Supply

U.S. food is amongst the safest in the world today



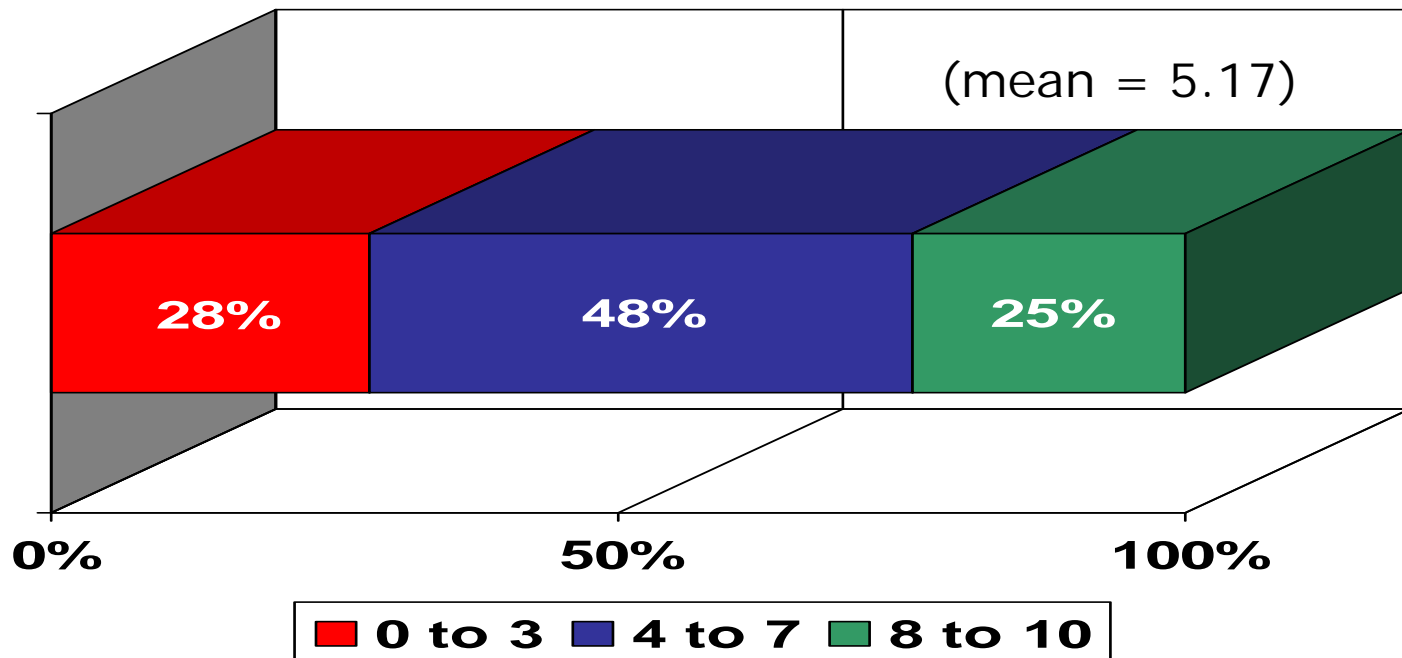
Attitudes Toward Food Supply

I am confident in the safety of food I eat



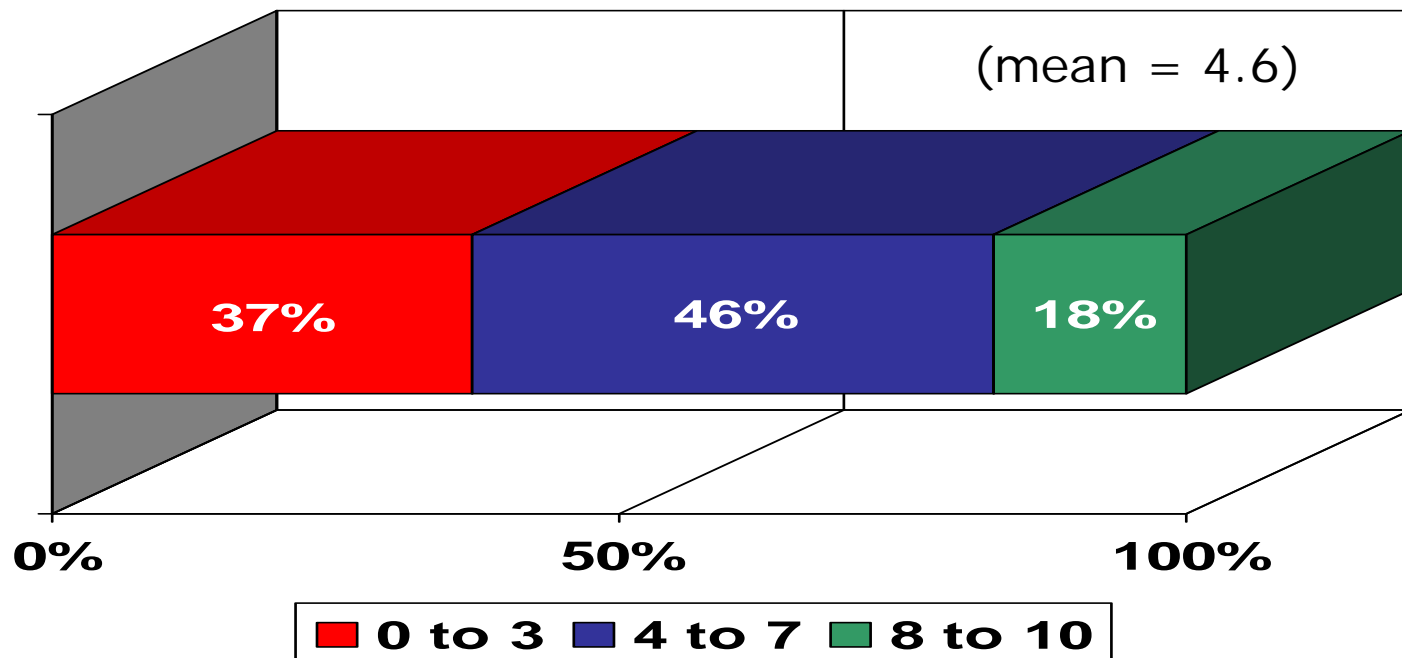
Attitudes Toward Food Supply

I am as confident in the safety of the food I eat as I was a year ago



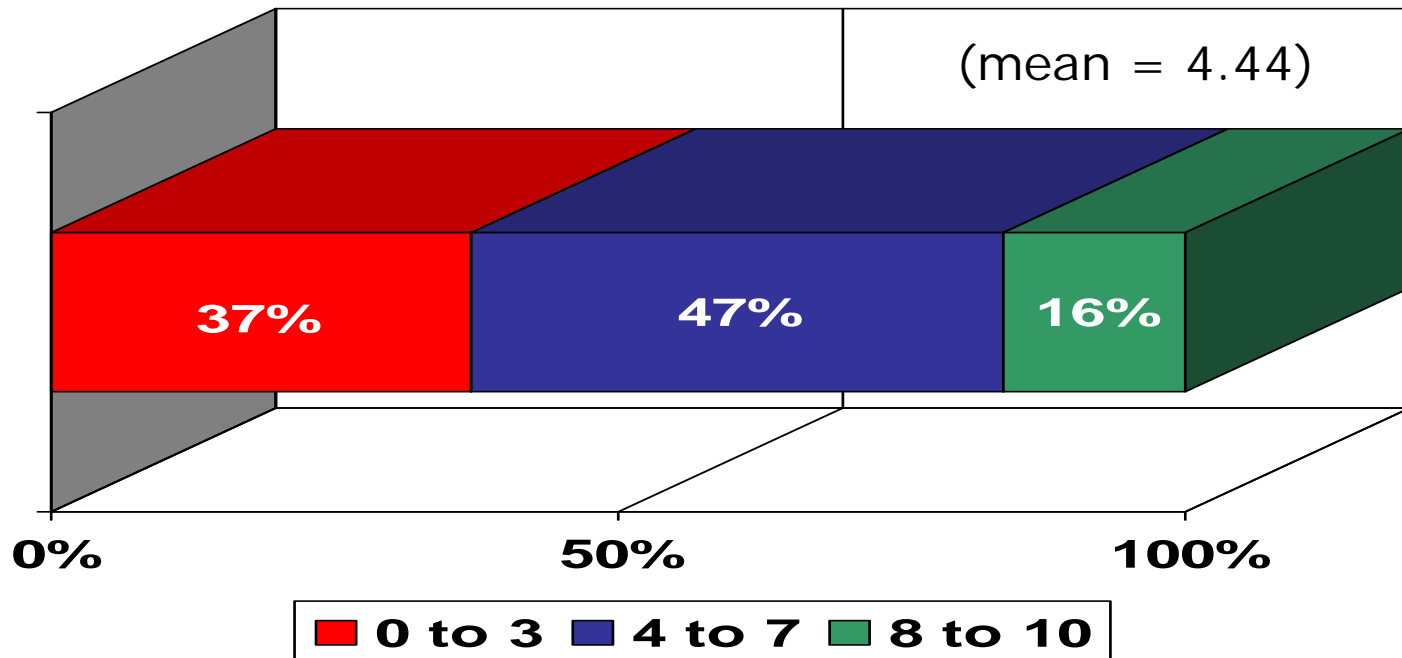
Attitudes Toward Food Supply

I have access to all of the information I want about where my food comes from, how it was produced and its safety



Attitudes Toward Food Supply

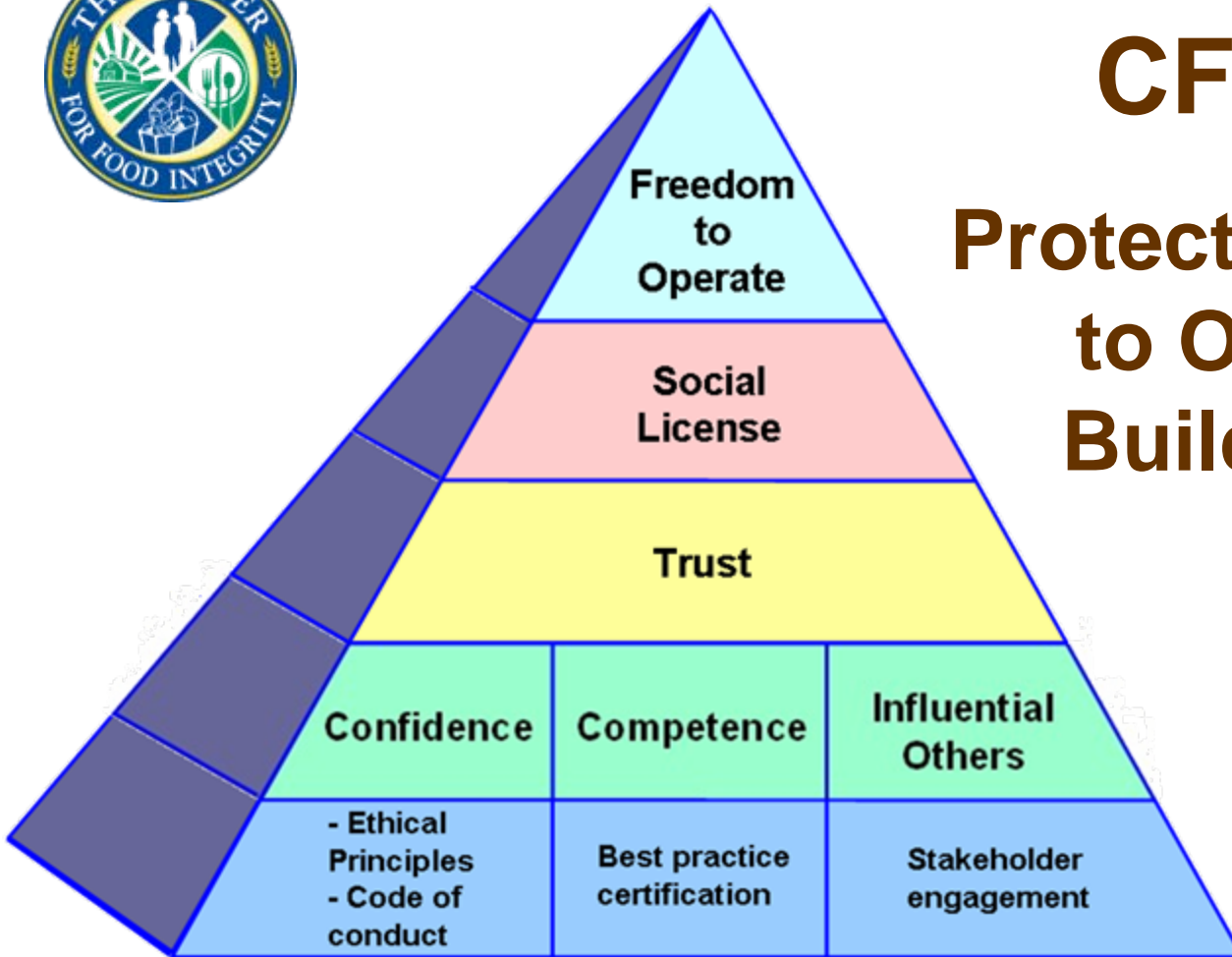
Today's food supply is safer than it was when I was growing up





CFI Model

Protecting Freedom to Operate by Building Trust



- Compassion
- Responsibility
- Respect
- Fairness
- Truth

- Self-policing
- Third party oversight

- Customers
- Opinion leaders
- Policy makers
- NGOs

Times Have Changed

“We cannot solve problems using the same thinking we used when we created them.”

- *Albert Einstein*



What can you do?

- Encourage your State Department of Agriculture and commodity groups to join the Center for Food Integrity –
 - State specific research
 - Missouri, Indiana, Iowa, Minnesota, South Carolina
- Encourage ag and food entities in your state to earn and maintain the social license we need to protect our freedom to operate





Current Members

- American Farm Bureau Federation
- Countrymark Cooperative
- Dairy Management, Inc.
- Elanco Animal Health
- Fair Oaks Dairy Farm
- Indiana Farm Bureau
- Indiana Packers Company
- Indiana Soybean Alliance
- Indiana State Department of Agriculture
- Iowa Farm Bureau
- Maple Leaf Farms
- Michigan State University
- Missouri Department of Agriculture
- Monsanto
- National Pork Board
- Novus International
- Oregon Dairy Farmers Association
- Professional Dairy Producers of Wisconsin
- Purdue University
- South Carolina Farm Bureau
- United Egg Producers
- United Soybean Board



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