

FOOD WASTE CASE STUDY: EMPOWER CITIES TO PREVENT, RESCUE, AND RECYCLE

DAILY TABLE: RESCUING FOOD AND CREATING BETTER ALTERNATIVES FOR LOW-INCOME FAMILIES

A NONPROFIT BUSINESS MODEL THAT ADDRESSES FOOD WASTE AND HEALTHY FOOD ACCESS



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LOCATION:
Dorchester, MA

DATE STARTED:
June 2015

LEAD ORGANIZATION NAME:
Daily Table

ORGANIZATION TYPE:
Daily Table is a nonprofit grocery store with a mission to provide nutritious and affordable meals for low-income families

STRATEGY IN A NUTSHELL:
Daily Table uses excess food from growers, manufacturers, distributors, and supermarkets to provide healthy food and a positive customer experience at affordable prices

PARTNER ORGANIZATIONS:
Farms, grocery stores, food suppliers, manufacturers, restaurants, and local chefs (to prepare meals)

ORGANIC WASTE DIVERTED FROM LANDFILL:
1,325,000 lbs. of food rescued/year

GHG EMISSIONS AVOIDED:
2,226 metric tons CO₂ as of August 2017

EMBEDDED WATER SAVED:
600,000 nutritional servings per month

THE CHALLENGE AND OPPORTUNITY

In the United States, one in eight Americans, or roughly 42 million people, are food insecure, that is, they lack reliable access to a steady supply of food.¹ This can contribute to a range of health issues, such as obesity and diabetes.² Meanwhile, up to 40 percent of food in the United States goes uneaten, and much of that is fresh and healthy food. Across the country, insufficient infrastructure and resources can make it challenging to get this surplus food to those that need it the most.

To address these challenges, Daily Table, a nonprofit grocery store based in the low-income neighborhood of Dorchester, Massachusetts developed a new nonprofit business model. Run by former Trader Joe's President Doug Rauch, Daily Table set out to use excess food from growers, manufacturers, distributors, and supermarkets to provide healthy food and a positive customer experience at affordable prices.

Daily Table is designed to “help address the challenges of hunger and obesity by providing residents with tasty, convenient, healthy, affordable food in a manner that engenders dignity while being economically sustainable.”³ It aims to develop an economically self-sustaining model in which revenue from operations covers costs over the long term, after a startup phase supported by philanthropy.

RECIPE FOR SUCCESS

After a successful career leading Trader Joe's grocery chain, Doug Rauch was ready to begin a new chapter. Rauch knew that grocery stores often threw away large quantities of perishable items like fresh produce, dairy, and meat, even when these items were still perfectly healthy to eat. He also recognized the growing problem of many low-income families lacking access to healthy food. Armed with in-depth retail knowledge and a passion to create positive change, Rauch set about developing a model for a community-focused, highly efficient grocery store.

In 2011, Rauch conducted focus groups with community leaders and residents, who provided him with valuable feedback.

“People wanted a dignified answer to their food insecurity,” said Rauch. “They don't want a store just for the poor. They want a normal life and to buy things [that they need]. They want to be able to provide for their families.”⁴

These insights helped inform a range of critical decisions, including the store's offerings, location, and community engagement strategy.

With this feedback in mind, Daily Table decided to offer both ready-to-eat balanced meals (prepared in its on-site kitchen) and a selection of produce, bread, dairy, and other healthy grocery items. It priced the prepared meals to compete with fast-food options so families are able to eat healthier within their budget and time constraints. Rauch points out that at Daily Table, a family can get the recommended amount of nutrients within its Supplemental Nutrition Assistance Program (SNAP) allotment and within the time constraints of a typical working poor family.⁵

To ensure an ample and reliable supply of fresh groceries, Daily Table has developed an extensive network of food suppliers that donate surplus food, which is then offered to customers at significantly lower prices than at typical grocery stores. This involves coordinating large-scale donations from grocery stores, food suppliers, manufacturers, restaurants, and growers.

However, even with an extensive supplier network, Daily Table still faced potential shortages on some days for certain staple items, like milk and eggs. To ensure consistent service for customers, Daily Table incorporated purchased food into its business model, finding opportunities to purchase food at deeply discounted rates to keep products affordable.

From the outset, the Daily Table model was designed to facilitate replication. By covering its operating costs through grocery sales, Daily Table aims to break even consistently, enabling long-term sustainability for the store. Building on the continued progress of the Dorchester store, Daily Table will open a second store in Roxbury, Massachusetts in November 2017. This store will use the Dorchester store's existing kitchen facilities, which allows Daily Table to spread fixed costs while bringing the same healthy meals to an additional underserved neighborhood. Looking ahead, Daily Table is planning an expansion strategy that will potentially include other U.S. cities, such as Los Angeles, New York, Detroit, San Francisco, and Baton Rouge.

KEY SUCCESS FACTORS

START WITH THE END IN MIND. Daily Table's objective is to provide low-income communities with access to affordable, healthy food as well as to prevent food from going to waste. These objectives drove many fundamental decisions in the design and rollout of its business model. For example, early on, Rauch explored an exclusive partnership with Whole Foods Market that would have meant Daily Table's stores were located near existing Whole Foods markets. However, since most Whole Foods markets are not in underserved areas, this would limit Daily Table's ability to achieve a key part of its mission.

As a result, Daily Table chose to partner with a broad range of suppliers. This decision allowed Rauch to choose the first store location based on where he saw the greatest need and opportunity for impact. Rauch ended up choosing Codman Square in Dorchester, a low-income area with many fast-food options, but few affordable healthy alternatives. This choice also allowed Daily Table to partner and colocate with a nonprofit community health center.

ENGAGE THE LOCAL COMMUNITY. By reaching out early to the local community, Rauch was able to build a store that was welcomed by the community and is responsive to its needs and interests. This outreach informed Daily Table's product selection and efforts to recruit staff and partners from the community. Daily Table also invited local business, civic, health, education, faith, and community leaders to join its Community Advisory Council to act as both ambassadors and advisors.⁶

FOCUS ON CUSTOMER NEEDS AND THE CUSTOMER EXPERIENCE. Daily Table is designed around customer experience and customer needs. According to Rauch, community engagement efforts revealed the key insights that, “Poverty is not just economic. It's also a poverty of time and sometimes it is also poverty of knowledge and resources and knowing what to do with

things.” These insights informed Daily Table’s operations, such as the inclusion of an on-site kitchen that prepares ready-to-eat meals.

ESTABLISH AN ECONOMICALLY SELF-SUSTAINING BUSINESS MODEL.

Daily Table generates enough revenue to cover most of its operating costs and to significantly reduce its reliance on monetary donations. While philanthropic support was critical for starting the venture, Daily Table aims to break even, allowing it to replicate and increase its scale over time.

FOCUS ON COMMUNITY HEALTH. As a mission-driven, nonprofit, Daily Table is committed to providing a dignified customer experience, promoting a healthy diet, and ultimately, helping to improve the overall health of community residents. To help achieve these commitments, Daily Table established a Nutrition Task Force that includes experts from the Harvard T.H. Chan School of Public Health, the Boston Organization of Nutritionists & Dietitians of Color, and other local health organizations.⁷ This task force sets guidelines for salt, sugar, fat, fiber, and other health factors (which are even more stringent than U.S. Department of Agriculture guidelines). These guidelines inform decisions about the types of food that Daily Table will accept and sell. For example, Daily Table does not accept donations of (and does not sell) highly processed or sugary foods, such as cookies.

ESTABLISH QUALITY-CONTROL PROCESSES TO ENSURE FOOD QUALITY AND SAFETY. Daily Table has established robust quality-control measures to ensure food safety. The organization has also invested in high-quality infrastructure, such as a blast freezer, refrigerated trucks, and temperature control blankets, to ensure food freshness and safety.

SUPPORTING ROLES FOR CITIES

Cities and states can play an important role in supporting organizations such as Daily Table that address food insecurity. In particular, cities can help create incentives to increase food donations from the business sector.

DESIGN AND IMPLEMENT POLICIES THAT ENCOURAGE FOOD DONATIONS.

In October 2014, Massachusetts enacted a regulation prohibiting businesses and institutions from disposing of more than one ton of food waste per week.⁸ Such regulations can raise awareness and generate donations of surplus food.

In addition, many potential food donors lack a clear understanding of local food safety regulations. City health

departments can streamline and clarify food donation guidelines and provide information on liability protection and tax benefits to encourage donations from businesses and institutions like colleges, hospitals, and schools. City health inspectors can be instrumental in sharing this information and educating food donors to help ensure that they donate safely.

Beneficial tax treatments are another potential strategy for encouraging businesses to donate surplus food. Currently, federal tax code only allows tax deductions for if the food is provided free to beneficiaries. Companies that donate food to Daily Table or other nonprofit food retailers are unable to claim tax benefits. To counter this challenge, cities (potentially in partnership with states) could provide local food donors with local or state-level tax credits.

Cities can also help form partnerships between public, private, and nonprofit entities to help replicate networks that deliver a truly inclusive solution within low-income communities.

EQUITY IMPACT

Provide underserved communities with better, affordable food options. Rauch explains, “Our job at Daily Table is to provide healthy meals that are no more expensive than what people are already buying.”⁹ Daily Table has taken many steps to communicate with community leaders and stakeholders to ensure that they have a voice and that the store is responsive to their needs. From co-locating with a health-focused nonprofit to establishing nutrition guidelines, Daily Table seeks to incorporate community feedback to help the traditionally underserved, such as the working poor, live healthier lives.

Hire from within the local community and provide training to advance careers. Daily Table works to contribute economic benefits to the community where it is located, committing to hire from within that community. Nearly 80 percent of new employees are from the immediate area, in the neighborhoods of Codman Square and Four Corners in Dorchester.¹⁰ Daily Table also offers its employees training in job and life skills, such as finance, communication, and resume writing. This training is intended to help “employees feel confident and capable of succeeding in a retail position elsewhere in the marketplace.”¹¹

PARTNER PROFILES

COMMUNITY GROUP PARTNERS

Codman Square Health Center
Healthworks Community
Fitness
Share Our Strength's Cooking Matters
Future Chefs
New England Center for Arts & Technology
Kit Clark Senior Services
Boys and Girls Clubs of Boston: Blue Hill Club
Dorchester YMCA
ChopChopKids

FOOD SUPPLIER PARTNERS

Alfredo Aiello Italian Foods
Al fresco all natural
American Farmer
Baldor
B & B Trading
Barney Butter
Bay State Farm Direct Flowers
Blue Marble Brands
Boston Area Gleaners
Boston Organics
Cambridge Packing Company
Cedar's Mediterranean Foods
Chelsea Produce Terminal
Chosen Foods
Cindy's Kitchen
Clark Farm
Costas Provisions
Equal Exchange
Eva's Garden

Exotic Foods
Fair Foods
Food for Free
The Food Project
The Greater Boston Food Bank
Green Mountain Creamery
Hain Celestial
Handmade Real Foods
Haymarket
Health Warrior
HP Hood
International Harvest
J. Bonafede & Sons
John Nagle Co.
Kayem Foods
The Leavitt Corporation
Marvel Foods
Monsoon Kitchens
Nashoba Brook Bakery

Newman's Own
Pain D'Avignon
Pier Fish Company
Poultry Products Northeast
Preserve
Ready Pac
Samuel Holmes
South Shore Organics
Star Foods
Stone & Skillet
Stonyfield Farm
Sysco
Victoria Gourmet
Vitasoy USA
Water Fresh Farm
Wegmans Food Markets
We Rub You
Whole Foods Market
Wright-Locke Farm
Conservancy

ENDNOTES

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- 3 <http://dailytable.org/faqs/>
- 4 Rosabeth Moss Kantor, et al., *Advanced Leadership Pathways: Doug Rauch and the Daily Table* (Harvard Business School, 2016), <http://www.hbs.edu/faculty/Pages/item.aspx?num=50773>.
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