

# Product Donation



*The Changing World of Unsaleables*

*July 11 - 14, 2006*

*Charleston Place*

*Charleston, South Carolina*



# Product Donation Panel



**Eric Davis**  
*Manager of Retail Programs*



**Margaret Hamlett**  
*Manager, Returns Management*



**Laura Trappe**  
*Manager - Unsaleables/Liquidations*



**Ted Lechner**  
*Reverse Distribution*



**Bruce Trippet**  
*Director of Operations, Distribution*

# Donation Best Practices

## *Agenda*

- ◆ **Manufacturer Donation Trends**
- ◆ **Retail Donation Trends**
- ◆ **Types of products that can be donated**
  - **Perishables & Non-Food product**
- ◆ **Bill Emerson Good Sam Act**
- ◆ **Tax Benefits**

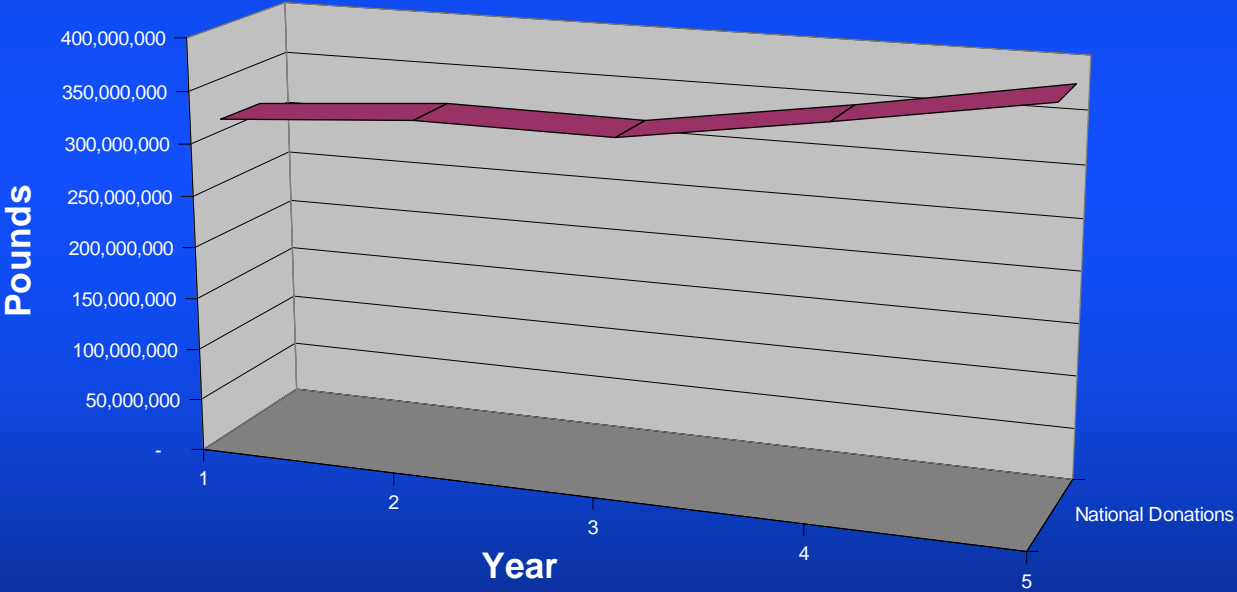
# Donation Trends - Manufacturer

## Where the numbers come from

- **Manufacturer donations tracked through national office**
  - **Includes donations from national donors submitted nationally and locally**
  - **Excludes produce donations**

# Donation Trends - Manufacturer

## National Donations



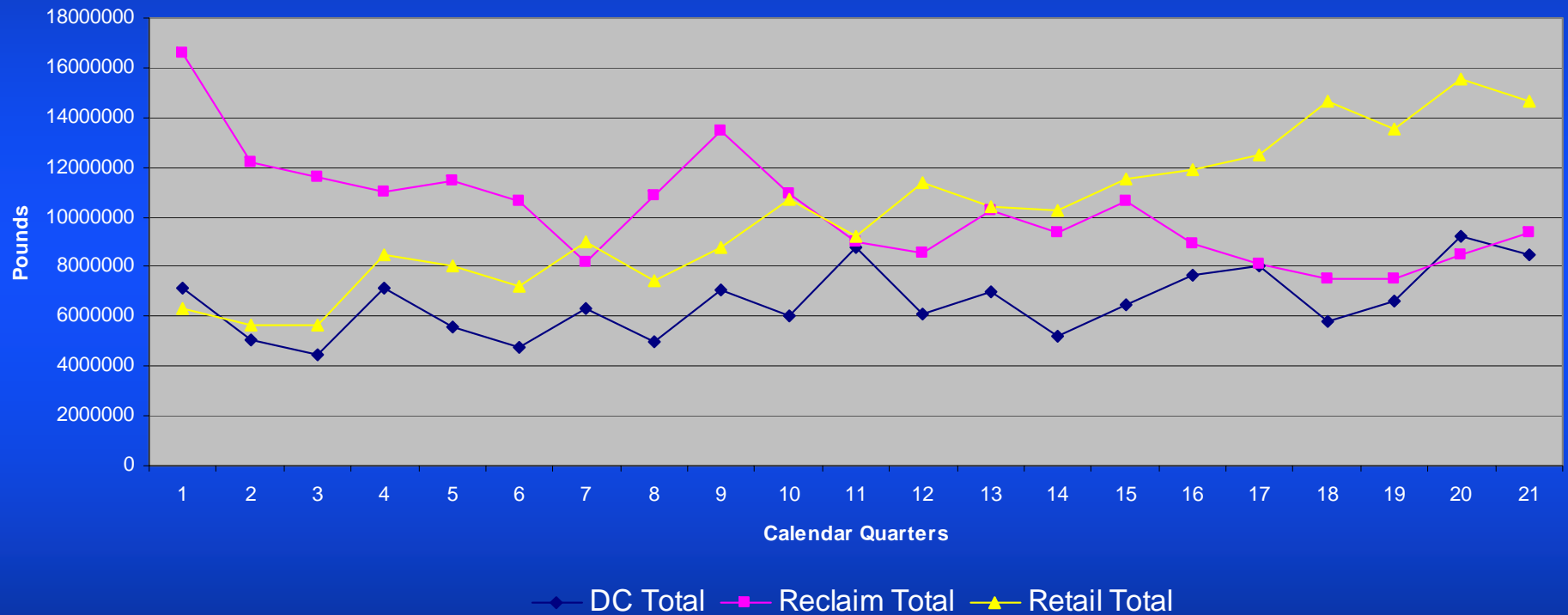
## Donation Trends - Retail

### Where the numbers come from

- Donations for five retail grocery companies tracked at national level
- Food Banks break out donations into three categories
  - Reclamation – anything picked up from a reclamation center
  - DC – non-perishable and perishables picked up from a distribution center
  - Retail – perishable and non-perishables pick up at the retail store

# Donation Trends - Retail

## Donation Pounds Location



Quarter 21 = 1<sup>st</sup> Quarter 2006 Calendar Year



## What Can Be Donated?

- ◆ Close-to-code
- ◆ Out-of-code with extended shelf-life recommendations
- ◆ Mislabeled and unlabeled
- ◆ Off-spec items
- ◆ Bulk test product inventory
- ◆ Seasonal items
- ◆ Promotional items
- ◆ Reformulations
- ◆ Private-label
- ◆ Production overruns
- ◆ Discontinued products
- ◆ Salvage
- ◆ Customer returns/refusal
- ◆ Household cleaning items
- ◆ Household and personal paper products
- ◆ Foodservice-size items
- ◆ **Produce**
- ◆ **Prepared and perishable foods**
- ◆ **Frozen refrigerated**
- ◆ **Health and beauty aids**
- ◆ **Over-the-counter items**
- ◆ **Pet Food, General Merchandise**

# Perishables

A growing number of perishables are being donated each year

- Frozen and refrigerated retail and food service products
- Meat and poultry - fresh and frozen
- Prepared meals that have not been served
- Dairy and egg products
- Produce

Safe to donate

- Verify that recipient can transport, store and distribute at proper temperature

# HBC, OTC & Pet Food

## Health & Beauty

- Most Hunger Organizations have an outlet, large quantities may need to be broken down

## Over-the-Counter

- Quantities and dates are determining factors
- PSE products require DEA certification

## Pet Food & Products

- Better targeted at animal related nonprofits
- Some hunger organizations will accept and route to agencies with pet needs

## Supply & Demand

- ◆ **Hunger Relief agencies are affected by supply & demand**
- ◆ **Fresh Bread**
  - **Day old Bread is readily available in most communities**
- ◆ **Chicken (Wings & Thighs)**
  - **Exports of dark meat down**
  - **Hard to handle packaging (40 lb lugs)**
- ◆ **Beverages**
  - **Energy Drinks**

## Bill Emerson Good Sam Act

Protects you from civil and criminal liability should the product donated in good faith later cause harm to the needy recipient

- Federal Act covering all 50 states
- Covers food and grocery product donated in good faith



## Bio Terrorism Act

- ◆ Charitable food establishments, such as food banks, stand in place of the consumer and FDA will treat them as consumers for purposes of this final rule. Therefore, grocery stores, catering facilities, and others giving a charitable donation of food to a food bank, soup kitchen, or other similar charitable entity are not required to keep records of the immediate subsequent recipients of the food, and the charitable food establishment does not need to keep records of the immediate previous sources of that food or the immediate subsequent recipients of that food.
- ◆ If food is returned to the manufacturer, or sold to another nonconsumer, the reclamation center must keep records of the immediate subsequent recipients of food, to the extent this information is reasonably available.

# Non-profit Due Diligence

## Verify your non-profit's credentials

- American institute of Philanthropy, [charitywatch.org](http://charitywatch.org)
- Chronicle of Philanthropy, [philanthropy.com](http://philanthropy.com)
- BBB Wise Giving Alliance Standards, [www.give.org](http://www.give.org)
- Board of Directors sets and monitors Executive limitations, Sarbanes-Oxley Act
- Review organizations handling and storage guidelines
- When possible audit transportation, storage and distribution practices first hand

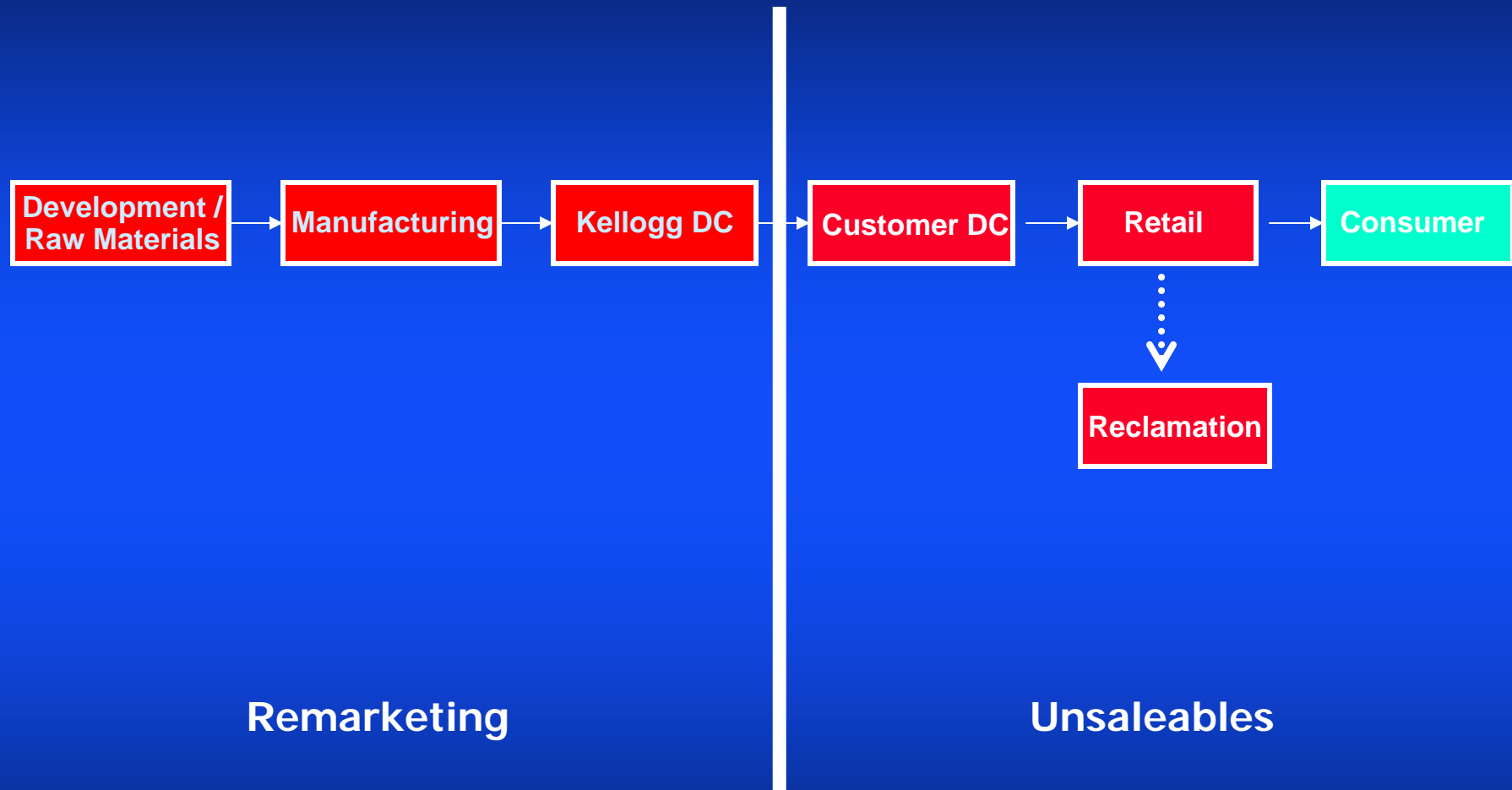
## Donation Best Practices

- ◆ Documented Donation Policy
- ◆ Centralize Donations
- ◆ Ask your non-profit before destroying
  - Unlabeled, mislabeled, damage, bulk, ingredients
- ◆ Date Extensions
- ◆ Customer Returns and Refusals
- ◆ Perishable donations

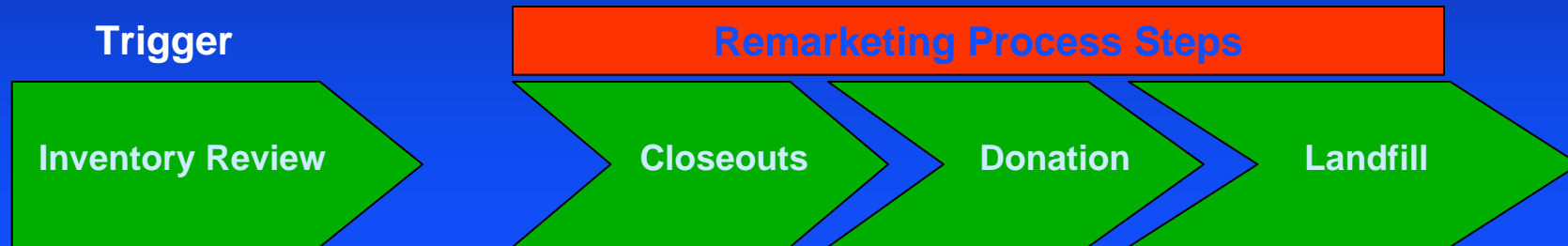
# Kellogg Remarketing & Unsaleables Best Practices



# Kellogg Remarketing / Unsaleables Process Flow



# Remarketing Process



- Excess
- Disc.
- Damage
- Age
- Seasonal

# Remarketing Coordinates Donations

- ◆ 2005 Performance
  - **30.9 Million ASH Donated Pounds**
- ◆ Handles closeout sales for all domestic Kellogg Business units:
  - **Morning Foods (NSD)**
  - **Snacks (DSD)**
  - **Food Away From Home**
  - **Warehouse Club**
  - **Frozen**
- ◆ Manages product disposition from complex network of distribution centers and plants:
  - **7 NSD facilities**
  - **49 DSD**
  - **6 Frozen**
  - **14 plants**

## Best Practices

- ◆ Centralized Management
- ◆ Weekly Donations
- ◆ Utilize ASH Donor Express
- ◆ Kellogg corporate and local commitment
- ◆ Yearly ASH Kellogg Corporate Meeting
- ◆ ASH Relationships with various Kellogg departments

# Unilever Donation Best Practices

# Unilever Donation Best Practices

## *Process Flow*

### Consolidation across all channels

- 2001 merger with Lipton and Bestfoods
- 2003 Bertolli rolls under Foods Policy
- 2005 HPC and Foods consolidation begins
- 2006 Slim-Fast rolls under Foods Policy
- Today – One Unilever Policy
- Eliminate various ways of donation management – one offs
- Prevent Write-offs vs. Donation
- Streamlined corporate donation process across all distribution centers and plants
- One point of contact to oversee donation process
  - No donations without approval of Sales Ops
  - Exception Items need to be communicated through Sales Ops
  - Limited corporate approved food bank networks where all donations are funneled through – no individual requests

# Unilever Donation Best Practices

## *Shelf Life Requirements*

### Donation Guidelines

- 2005 instituted guidelines that vary by category brand
  - Enables the DC and Food Banks additional time for pick up & consumption -- increased donation volume vs. destroy

### Food Bank Network Capabilities that ASH provides

- Coordinates and handles all background work for manufacturer donations through their food bank affiliates to ensure proper allocation of products, guidelines, agency compliance, geographic sites, etc
- Traceability in the event of a recall
- Record Keeping
- Capabilities of reworking, labeling product (i.e., chilled test run)
- Can handle refrigerated and perishable items that meet temperature control guidelines
- Can handle unfinished goods (ingredients)
- Fully Chop Compliant – eliminates cost factor to manufacturer and additional rework to ship on white wood by plants and dc's
- Partnership and Communication – “Just Ask”



# Unilever Donation Best Practices

## *Future Possibilities & Next Steps*

- ◆ “War on Waste” participation
  - 2005 HPC Initiative for both finished & unfinished goods
  - Revisit and see if there is additional potential in alternate locations post HPC and Foods merger
- ◆ Develop a plan to partner on the nutritious foods initiative
- ◆ Discuss potential opportunity for brands/marketing to participate:
  - Summer lunch program through donating product or funding
  - Brand/Cause Related specific promos
- ◆ Coordinate a “Disaster Relief Effort” plan for:
  - Quick response
  - Pre-determined category list for easy access
  - Pre-determined centralized location

# H-E-B Food Bank Assistance Program



## The beginning.....

- ◆ H-E-B culture to address hunger since 1905
- ◆ Florence Butt's son Howard delivered baskets of food along the Guadalupe River
- ◆ Tradition continues today with the leadership of Charles Butt
- ◆ H-E-B recognized as one of strongest supporters of hunger related programs in USA and Mexico

## What we do.....

- ◆ **H-E-B Food bank Assistance Program**
  - Feast of Sharing- Holiday Dinners
  - Food drives
  - South Texas Ministries
  - Disaster Relief
  - Reclamation Donations
  - Direct Plant donations
  - Retail Perishable pick up program

## What we do.....

### ◆ H-E-B Food bank Assistance Program

- Officially Established 1982
- Financial support and food donations to hunger related programs throughout Texas and Mexico
- Recognized three times at National level by
  - Texas Association of Second Harvest Food Banks
  - AMBA- Mexico's National Association of Food Banks

## The Facts.....

- ◆ 14 American Second Harvest Food Banks
- ◆ 9 AMBA- Mexico Association Food Banks
- ◆ Delivered 550 million Pounds of food
- ◆ Delivered 19,800 Trailers to Food Banks
  - Food, non Foods, Perishables, over-the-counter drugs, pastries and bread

## Rewards....

- ◆ Food Bank distribution of goods
  - 4,000 non-profits organizations
  - Serving 200 counties in Texas and 3 states in Mexico
  - 2006 donated 26.7 Million pounds

**\$31.7 million dollars**

# SUPERVALU Donations Practices

## **SUPERVALU Donations Practices**

- ◆ **Corporate Policy is to use A2H for donations from reclamation**
- ◆ **Increasing perishable donations from stores**
- ◆ **Private Label product donations**
- ◆ **A2H as a business partner (e.g., product purchases, emergencies)**