

Interview with Starbucks VP of Global Responsibility, Ben Packard

By [Lesley Lammers](#) | April 18th, 2011

With today's launch of Starbucks' tenth annual Global Responsibility Report for 2010, Ben Packard spoke with me about what the company has accomplished this year and what challenges lie ahead in achieving their environmental stewardship, community involvement and ethical sourcing targets. To view the interactive report, visit: <http://www.starbucks.com/responsibility>

Lesley Lammers: Thanks for taking the time to speak with me today. I was hoping you could start out by telling readers a little bit about what led you to work on sustainability at Starbucks and give a sense of what your current position as Vice President of Global Responsibility entails?

Ben Packard: I've been working in and around this field for about 20 years. Coming out of college, I wanted to work in the environmental field and worked for a non profit first and then for a public private commission in the Seattle area looking at market developments around recycling in early 1990s. From that I joined a start-up plastics recycling company and helped grow that company for about five years. Then I went back to school and did a joint MBA/environment management certification program at the University of Washington and was fortunate in 1998 to join Starbucks as the Environmental Affairs Manager and in that time my responsibilities changed and grew over time to then lead as the Director of Environmental Programs and now serve as the Vice President of Global Responsibility, which in Starbucks means not only the environmental portfolio but also the ethical sourcing and all of our efforts around transparent reporting of our progress in this area.

But to back up I think I've -been very lucky in that my passion coming out of college was to work on environmental issues and that I was able to learn through various experiences how I think the private sector can be a really important force for addressing really critical issues facing the planet. I went back to business school and was very lucky to land in a place like Starbucks where it was not like where I was before in an environmental niche company, but actually a company that looks proactively and strategically at environmental issues.

LL: What would you say are the major highlights of what Starbucks has accomplished this year that stand out the most in your mind?

BP: Well, I'd say two things. Back in 2008, we set some pretty ambitious goals around sourcing, community and environmental work. The two areas where in 2010 where I think we made great strides on, one was renewable energy where we had set a goal to purchase 50 percent and we exceeded that to 58 percent, making us one of the largest purchasers — the fourth largest private purchaser — of renewable energy in the U.S. That's significant in a lot of ways. But secondly, our efforts in community to activate young people to be active and take action in their own community through our youth action grants blew away our goal already of 50,000 just in 2010. So those would be the highlights for me.

LL: Tell us about the forest carbon program you are now piloting in Chiapas, Mexico and Sumatra, Indonesia

BP: If you don't mind I might back up a little bit to explain why we are doing those programs in Chiapas and Sumatra. The issue of climate change is something we've been watching for quite a while, trying to understand not only how is it going to affect us, less from a regulatory standpoint but more from a resiliency of our supply chain and the 25 million people who depend on the coffee supply chain for their livelihoods. We started looking at some of the [IPCC](#) reports that were indicating that certain areas where coffee comes from would see drastic changes in rainfall, in temperatures, in timing of rainfall which is critical in coffee growing communities and we really started to look not only at supply chain issues, but what's our contribution to the problem and what is the leverage we can pull to actually address it and then come back to continuing to monitor what we are doing, what the impact is of our own business.

So the work that we're doing, and to answer your question specifically, in Chiapas is critical because if you look at the total greenhouse gas emissions of the planet every year, forestry or deforestation represents 20 percent of all greenhouse gas emissions. And as we work closer with [Conservation International](#), who we've been working with for the last 13 years now, we came to the conclu-



sion that helping small farmers not only protects and avoids deforestation which is probably the most important thing any of us can do aside from changing massive energy infrastructure and transportation systems, forestry is probably the most immediate issue that can be addressed as a society, as a global society around facing this issue. So we think we were inspired by Conservation International to figure out how coffee farmers could basically become part of the climate solution in their own way.

There is a couple of things that they are doing – one is they are setting aside land in existing plantations or in existing small farms, not cutting those down. The other is they are deploying farming practices that are actually sequestering carbon, whether it's a shade canopy in their farming practices, soil management, or the fuel that they use to dry the coffee. But those farmers, while there is an emerging carbon market, they were not connected to the market and nor is anybody thinking on such a small scale, whether it's two, five, ten hectares at a time. So what we decided to do was figure out how to further incentivize farmers to be taking steps that reduce their own greenhouse gas emissions, but also figure out how to reward them by increasing and diversifying their incomes to connect them with emerging carbon markets.

LL: Are there other significant ways in which Starbucks is addressing the issue of climate change?

BP: Yes. Probably the most significant way, when we stepped back and did our own greenhouse gas emissions inventory, was that 80 percent of our own footprint comes from energy used to power our stores and so the work that we're doing is not insignificant to purchase renewable energy and try and reduce the amount of energy that we are using in the first place.

So if you look at our approach it's not only understanding what the impact of climate change is, it's also a matter of addressing our own contribution to it by using less energy and using better, even greener energy. And as you may have seen on our report, we have raised the bar and raised our own sights that by 2015 100 percent of the energy used in our company-owned stores will be renewable.

LL: In 2010, 7.9 percent of Starbucks' coffee purchases were fair trade certified and 100 percent of the espresso served in European stores was switched to fair trade certified. In addition, 3.6 percent of coffee purchases were certified organic. Starbucks has worked with Conservation International to create the [CAFÉ standards](#), but with consumers' growing demand for products that have the familiar, trusted certification labels of organic and fair trade, does Starbucks have plans of setting specific purchasing goals for fair trade and organic products?

BP: The goals we set are really around the 100 percent ethical sourcing by 2015 and when we say ethical sourcing, we are talking either third party certified or verified. So there is not one single system that we've committed to. We think there are aspects of all these systems that are really important. Right now you may have noticed we are at 84 percent of all our coffee, so we are well on our way to 100 percent being ethically sourced. There are aspects of the fair trade system that we are working closely in partnership with the fair trade organizations to address the applicability of fair trade on large farms.

LL: As you may be aware, an organization called [As You Sow](#), which uses shareholder advocacy to influence corporate social responsibility change, filed a shareholder proposal with Starbucks urging the company to adopt a more holistic recycling strategy that they believe needs to go beyond the currently stated goals. While only 8.1 percent of shareholders voted in favor, the major concerns expressed were that one — the company should develop recycled content goals especially for plastic and two — that Starbucks should develop container recovery goals for the glass Frappuccino bottles, Ethos bottled water, and metal double shot cans. So my question to you is with the company's plans to expand ready-to-drink products for grocery and convenient store sales, how does Starbucks intend to respond to these concerns?

BP: Just so you know, we've been in direct conversation closely with Conrad at [As You Sow](#) for many years now. In fact had I lunch with him just after the shareholders meetings to talk about what's really a shared ambition around changing the food service packaging. So we are very aligned on the efforts we are doing around putting the only company that puts 10 percent post consumer fiber in our cups. As you probably saw from our report, we are very focused on the cups as the most significant piece of our packaging. Not to say we are not going to address the issues that [As You Sow](#) has brought forward, but our current focus and our goal right now is less of a matter of difference in ambition and our shared interest in sustainability and more just a difference in our approach, because as we talk with Conrad and the team at [As You Sow](#), we are very much aligned on enacting positive change in communities and in corporate impact.

LL: Building off of that question, I'd imagine that in your position one of consumers' biggest concerns with Starbucks is the waste created from the millions of cups used by Starbucks patrons each year. The report states as a goal that the company will have a comprehensive recycling solution for paper and plastic by next year. If you could paint a picture for our readers of what that plan might look like and what obstacles stand in the company's way of meeting this goal?

BP: When we set this goal in 2008 our ambitions, our expectations were really that we were probably going to have to change the material in the cup to be able to get it recycled. What we learned though, we took a new approach for us, which was to really engage through — I don't know if you are familiar with [Peter Senge](#) and the work he is doing at MIT around sustainability and systems thinking, but we engaged Peter to help us bring together the entire value chain, the entire system of the paper cup. So everybody from the manufacturers of the liners that go on the paper to the cup manufacturers, to their competitors, to the people who sell us cups and their competitors, to other large users, our own competitors, and sort of all the way down the line — recycling industry, paper re-manufacturing, city and county officials that are responsible for establishing recycling targets and recycling goals for many influential cities and counties around the country.

We brought them all together and really mapped the system of the life cycle of the paper cup and realized that our greatest opportunity, the cup is recycled as it is currently constructed, and our greatest opportunity was to really connect parts of this system that weren't really in touch. What I mean by that is our ability to get those cups recycled as a function of the recycling industry wanting to have that in the first place and understanding what the cups are made of, understanding what streams those cups can go into because there was an initial reaction for many years of 'that must be a contaminant so do not put it in the paper recycling system.' We've broken down those barriers through a number of pilots that we've done over the last couple of years.

We've even done a pilot where we've taken cups and recycled them into cups. So we are working closely with the recycling industry to address this from looking at the entire system because as you probably know, the systems are different from whatever is locally recyclable can vary from town to town and a lot of times it depends on the supporting and related industries in those areas. So we definitely think we are on track about identifying a solution. We have work to do though on the rollout of that solution and we are making some progress having just rolled out in the last year in Seattle and San Francisco, and we'll be rolling out in Chicago next week with front-of-house recycling and there's some really interesting things going on in that vein.

LL: To touch on that, I wanted to ask you about the New York pilot for front-of-store recycling that ended up expanding to 86 stores in New York.

BP: Yes, we learned a lot from that. The original pilot we were testing whether or not it could go into a cardboard recycling stream and we learned that it could in small amounts. Then the test that we ran at the 80 stores in New York this past year also was testing how the consumer needs to know and have it clearly demarcated which container the cups should be going into. So we learned a lot from both of those tests about not only how to get a clean feedstock for the recycler but also downstream, how that material can be used in the secondary markets.

It's interesting though, if you'll allow me to diverge for a second, the cup is a really important customer facing activity, but the challenge here is that it doesn't represent perhaps the most significant environmental impacts that we've got. It's obviously the most visible to the customer and we fully recognize that and that's one of the reasons why we embrace it so comprehensively, but there's a lot going on in that store to reduce energy consumption, to reduce water consumption, to use environmentally friendly materials that we are also starting to engage customers with through our new store designs.

LL: Yes, I understand that the company plans on having all new stores be [LEED](#) certified.

BP: And just the use of those same strategies as we also renovate existing stores is really going to change the customer experience whether it's reusing materials in the construction of the stores or the more efficient lighting or a lot of the strategies that deployed low toxic materials in our store construction. All of that is really a much more significant environmental impact than the cups, but at the same time we are embracing this challenge which we know our customers and our partners — our employees we call our partners — care a lot about.

LL: So to piggyback on your divergence, Starbucks did not reach the goal of reducing energy consumption by 25 percent in company owned stores by 2010 and this metric has been pushed back to 2015. Can you talk about how the company plans to go about it differently this time to ensure this goal is met?

BP: It's less of a second run at as much as it is the execution of a plan. When we set this goal in 2008, we obviously couldn't have foreseen what proceeded to happen as far as the impact on our business of closing stores and the focus of the company on really transforming into a different kind of company. So the changes that we made in our store development strategy overall, that in connection with the delay that we had in the execution of the LEED for retail rollout — those two factors are really what primarily what drove our delay in being able to hit this goal.

We are aware of the changes we can make to hit this goal and we will be deploying these changes through the renovation process

over the next couple of years. Also, we're optimistic, as we've seen fairly fast lots of innovation in the technology around lighting and other things. We are optimistic we are going to see additional improvements in the equipment that could be offered to us in our supply chain. But to answer your question around what other strategies, we are going to be testing an energy management system, we are going to be testing other things in addition to driving the efficiency of the individual pieces of equipment that we can get from our suppliers.

LL: Many of the goals of Starbucks [Shared Planet](#) are based around company-owned stores, which make up about 60 percent of your operations.

BP: 60 percent where we have direct control over those stores.

LL: So all the issues that you are working on in the stores you have direct control over, how does Starbucks tackle these same issues like energy reduction, recycling, green building and water conservation, how do you negotiate with the properties that are leased as well as food establishments where Starbucks subsidiary company, Seattle's Best, coffee is served and work with those businesses to try and achieve those same goals?

BP: That's a great question. Just to clarify, most of our stores are leased. There is a difference between a company-owned store and a joint venture. That's the distinction. So a store that you might see in a Safeway or a Barnes & Noble is actually operated by Safeway and Barnes & Noble or a store you might see in the airport is operated by HMSHost Corporation, so that's the distinction. It's less about the leasing or owning of the building. Most of the stores are leased, but it's the ownership where the store is housed. I might take you through some of the examples you raised. On the green building strategies, they are getting the same equipment and same new design palettes that we are using as we build new LEED stores so elements of that are happening in those licensed stores as well. It's the control that we have in those locations or the lack of control which is holding us back from setting targets on it. Many of those same licensees are interested in those same issues around recycling, around energy conservation, around water conservation. It lowers their operating costs and they are very interested in that as well. So while we don't have goals around measuring that piece of it, we are seeing aspects of that same strategy deployed in many of our licensees. They buy the same cups, so there's many of these strategies that are deployed through the licensing model, but we are not claiming to be able to measure and track that.

LL: So that is why it is difficult to include them in these larger goals when you don't have direct control?

BP: Yes, but it's not to say that they aren't interested in many of them.

LL: It's great to hear you aren't getting a lot of resistance from the leased locations, that they want to go green to lower their costs. So I understand that Starbucks is dedicating April as a global month of community service to celebrate the company's 40th anniversary. Can you give us an idea of what are some of these community service projects that will help you reach your goal of one million hours by 2015?

BP: Boy we've got so many. This is really exciting actually because as a company we're putting a lot of focus this month, we've put a lot of energy around maps of events. We've got a big one here in the South Seattle area. We've had events just this past week in San Francisco, Toronto. We've got a lot of great enthusiasm for it. In celebration of our 40th anniversary, we thought it was appropriate to put together a month of community service, a commitment to setting a goal of 200,000 hours just in this month of community service. And we've already seen a tremendous commitment from our partners, our partners again are employees, but we are very excited about it. We are making great strides in this area. It's something that we think is really important as we connect to communities where we are doing business.

LL: Is there an easy way for customers to find out how to get involved?

BP: Customers can connect by going online to: www.starbucks.com/communityservice and hopefully you can join us at one of these events.

LL: So we've talked about what you have accomplished this year. In looking forward, what do you see as the biggest challenges in the road ahead that you hope to address in the next year in your position?

BP: Well we just talked about one of them. Given the decline around service hours towards our million hour goal, we've put a lot of emphasis around community service engagement. And we've put an emphasis around structures and ways that we can track these hours and ways that we can keep partners connected to the work that we are doing in these communities. So that is one

area that I would bet if we are talking next year we are going to hear a very different story about our performance in this area.

The second area would be an issue we touched on around our cups and the significant milestones. You are going to see us having rolled out front of store recycling and recycling of our cups in a number of large municipalities in North America and other parts of the world over the course of fiscal 2011. And then you are going to see I think the other big piece of the significant effort we are doing to take LEED globally. No one else has got the size of the portfolio or the impact we are going to have in helping globalize this green building standard. So I think there are great strides we are making there to address our new store build-out around the world. It's going to be a pretty phenomenal story this time next year.

LL: How do personally define sustainability?

BP: I define it as — in the context of this conversation — a business's recognition and embrace of the social and environment responsibilities it has in the communities where it does business, and the understanding that those impacts do have a material impact on their business.

LL: So when you go into a Starbucks, what do you order?

BP: Well, I was in their this morning after I took a run and I took a split shot doppio, which is two shots of espresso — one regular, one decaf...in a ceramic mug of course.

LL: Of course.