FLW CAPABILITY ASSESSMENT

How to complete this assessment

This self-assessment has been designed to allow firms to measure their progress on food waste reduction through a review of tangible practices across five pillars. Track your company's performance and see how your practices stack up.

RETAILER

TARGET SETTING

GOVERNANCE

METRICS AND MEASUREMENT

OPERATIONAL IMPLEMENTATION

DONATION AND DESTINATION OPTIMISATION

TARGET SETTING

How developed is strategic thinking around food waste and how sophisticated are associated targets/goals?

What targets do you set? How granular?

BASIC PRACTICES	CURRENT 'GOOD' PRACTICES	EMERGING AND LEADING BEST PRACTICES
EXTERNAL COMMITMENTS		
❑ Publicly acknowledge importance of food waste reduction, however ambitions are unspecified/unquantified	❑ Stated pledge to reduce food waste and GHG emissions (e.g. joined the 10x20x30 initiative or have a stated goal of halving food waste by 2030)	❑ External commitments go beyond coalition goals
INTERNAL TARGETS		
❑ Internal targets set at group level	❑ Specific targets by business unit, factory/store that are backed by a transparent view between tonnage, cost and GHG impact	❑ Specific targets by line ❑ True zero waste targets (e.g. no buffer in BOMs)
❑ Best effort food waste reduction targets on internal scorecard (e.g. we pledge to reduce food waste	❑ External commitment is backed up by internal targets that meet or exceed external commitments	
❑ Combined GHG targets in place with high level plans for scope 1 and 2 GHG emissions	❑ GHG targets broken down to easily identifiable forms of waste ❑ Actionable functional KPIs in place to deliver scope 1 and 2 emissions – including impact from food waste	❑ Ambitious GHG targets broken out between waste and other carbon generators with clear KPIs providing actionable measurement ❑ Specific plans and actionable function KPIs in place to cover scope 1, 2 and 3 emissions – including impact from food waste

GOVERNANCE

Who is responsible for food waste reduction? How are they assessed?

How does the company look to influence others in their value chain?

Is the importance of reducing food waste from both a cost and a net zero perspective clear and incentivized?

BASIC	CURRENT 'GOOD PRACTICE'	LEADING/EMERGING BEST PRACTICE
❑ Sustainability lead exists ❑ Food waste is an explicit part of the sustainability agenda ❑ Sustainability team owns explicit food waste targets	❑ Joint food waste reduction targets and KPIs across the business ❑ Overarching sustainability goals are a regular agenda item in management meetings	❑ Fully integrated food waste KPIs between operations, finance, and sustainability ❑ Net zero, including the impact of food waste, is a regular agenda item in management meetings
❑ KPIs target waste reduction and/or GHG reduction as a whole, but may not target food waste reduction specifically	❑ KPIs focus on food waste reduction through productivity improvements	❑ Actionable KPIs embedded routinely in productivity plans with cross-functional ownership ❑ KPIs based on zero waste ❑ Clear linkage between food waste reduction KPIs and the P&L
❑ Some individuals within the organization are incentivized based on meeting/exceeding waste and/or emissions reduction targets	❑ Management KPIs and incentives include meeting net zero/food waste reduction commitments ❑ Individuals and teams are incentivized to measure and reduce food waste	❑ Food waste reduction KPIs and metrics are imbedded in scorecards across the organization and are a key driver of incentives
❑ Identify target areas along the value chain that require additional intervention to reduce food waste	❑ Engage in discussions with suppliers to help reduce GHG food waste and emissions along the entire value chain	❑ Track and rate suppliers based on their food waste reduction commitments and actions

METRICS AND MEASUREMENT

What do you measure and how?

BASIC PRACTICES	CURRENT 'GOOD' PRACTICES	EMERGING AND LEADING BEST PRACTICES
❑ Financial value of 'wasted' products or discounted stock sold recorded	❑ Quantified volume/financial impact of waste	❑ Quantification includes lost/recovered margin through discounting
❑ Calculation based upon Product cost tracked	❑ Product costs and operational costs (store, logistics, DC) tracked	❑ Full loss, including opportunity cost in waste assessment
❑ GHG impact of destination accounted for	❑ GHG impact of retailer operations (store, DC etc.) tracked	❑ Full GHG impact assessment including scope 3 transparency from supply chain partners.
❑ Scan-in/scan-out process tracks products at store/category level	❑ Daily SKU level waste tracking in place to spot and remedy patterns	❑ AI and/or deep analytics used to track and address waste route causes (e.g. demand forecasting, supplier engagement)

RETAILER

OPERATIONAL IMPLEMENTATION

To what extent is food waste reduction embedded into operations?

How well can you put strategy into action?

BASIC PRACTICES	CURRENT 'GOOD' PRACTICES	EMERGING AND LEADING BEST PRACTICES
❑ Waste identified when scanned-out	❑ AI used to identify opportunities to reduce price and maximize chance of sale in store	❑ AI used to identify food in DC that is unlikely to sell (redirect and mitigate downstream costs)
❑ Review terms and conditions with suppliers to mitigate waste	❑ Review quality standards to identify opportunities to limit what is classified as waste (but still fit for human consumption)	❑ Partnerships with suppliers to reexamine own brand recipe construction to reduce food waste
	❑ Repurposing food in ready meals (e.g. rotisserie chicken or bread into a salad or crouton)	❑ True cost of waste and associated drivers well understood. Actionable KPI's embedded is routinely in productivity plans with cross functional ownership
❑ Store routinely review performance and look for improvement opportunities	❑ Best practices shared amongst sites (stores and DCs) to drive performance	❑ Best practices shared both internally and between peers

RETAILER

DONATION AND DESTINATION OPTIMISATION

How is unsold product disposed? How do you ensure it is sent to the 'best' location as early in the value chain as possible?

How do you ensure unsold product makes it to the 'best location'?

BASIC PRACTICES	CURRENT 'GOOD' PRACTICES	EMERGING AND LEADING BEST PRACTICES
Keep waste out of landfills, incinerators and sewers; send waste to more environmentally preferred channels: ❑ Animal feed ❑ Composting ❑ Anaerobic digestion (energy conversion)	❑ Bring donations up the value chain and collaborating with redistribution charities	❑ Donations are pre-planned (not a side effect of having surplus food) to have the maximum societal impact
❑ Engage with local landfill as demand requires	❑ Engage communities and consumers through marketing and external relations	❑ Actionable pledges linking consumer action to specific actions and partnerships - committing to influencing food waste reduction outside of immediate control
❑ Surplus food in store is discounted or directed to charity	❑ Surplus food in DCs sent home with workers or directed to local charities	❑ AI used to identify food in DC that is unlikely to sell (redirect from DC to donations or other destinations without sending to store: maximizing the chance that food gets eaten while reducing downstream costs)

RETAILER

GETTING THE MOST OUT OF THE FLW CAPABILITY ASSESSMENT

- Take an unvarnished view of your company's capabilities – the results will be much more useful if you are a tough grader.

- Engage key SMEs and stakeholders to develop a well-rounded perspective on current state.

- Not all gaps are created equal. Carefully assess, quantify and prioritize the gaps that, if closed, will offer the most impact, the fastest.

- Once you have a prioritized plan of action across 2-3 priority waves, integrate it with your planning and resource-allocation processes.

- As you implement capability improvement, put KPIs in place that measure progress and enable credible communication on the progress made.

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Use this assessment tool and join the
CGF's Food Waste Coalition of Action