California Almond Supply: Ensuring its Future
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Jerry Hagstrom
Hagstrom Report
Values, Trust and Science
Building Public Support in an Age of Radical Transparency and Unbridled Social Media

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Freedom to Operate
Social License
**Definition:** The privilege of operating with minimal formalized restrictions (legislation, regulation, or market requirements) based on maintaining public trust by doing what’s right.

**Public Trust:** A belief that activities are consistent with social expectations and the values of the community and other stakeholders.
The Social License To Operate

Flexible
Responsive
Lower Cost

Social License
• Ethics
• Values
• Expectations
• Self regulation

Rigid
Bureaucratic
Higher Cost

Social Control
• Regulation
• Legislation
• Litigation
• Compliance

Tipping Point
Single triggering event
Cumulative impact
Groundwater Contamination

KMPH Special Report: What’s Really In Your Water?

The Problem Is Clear: The Water Is Filthy

Study sets off flurry of new concerns and regulations aimed at farmers
“Today’s consumer is aware their health is in the hands of commercialized businesses that may not have your best interest at heart.”
Natural Resource Availability

Western Growth Trends: Pressure on People and Resources

California’s Water: A Crisis We Can’t Ignore.

“Water scarcity, population growth, energy competition, and a growing urban-rural divide pose enormous challenges to the human and natural resources of the West.”
FEED YOUR CHILDREN WELL
MY FIGHT AGAINST CHILDHOOD OBESITY
BY MICHELLE OBAMA

The Dinner Divide
HOW OUR FOODIE OBSESSION IS DRIVING AMERICANS APART
BY LISA MILLER

FOOD, INC.

FORGET ORGANIC. EAT LOCAL

Want to Save the Planet?
MAKE A GREENER BURGER*

*And 9 Other Radical Solutions

POLITICIANS AND BIG BUSINESS ARE PUSHING IDEAS LIKE CORN BIOFUELS AS ALTERNATIVES TO OIL. ALL THEY'RE ACTUALLY DOING IS DRIVING UP FOOD PRICES AND MAKING GLOBAL WARMING WORSE — AND YOU'RE PAYING FOR IT.
Earning and Maintaining the Social License
(Sapp/CMA)
Trust
Earning and Maintaining the Social License (Sapp/CMA)

Trust research was published in December, 2009 – Journal of Rural Sociology
What Drives Consumer Trust?

Shared values are 3-5X more important in building trust than demonstrating competence

Trust research was published in December, 2009 – *Journal of Rural Sociology*
“They don’t care how much you know until they know how much you care.”

- Theodore Roosevelt
Sustainable Balance

Economically Viable
- ROI
- Demand
- Cost Control
- Productivity
- Efficiency
- Profitability

Scientifically Verified
- Data Driven
- Repeatable
- Measurable
- Specific
- Objectivity

Ethically Grounded
- Compassion
- Responsibility
- Respect
- Fairness
- Truth
- Value Similarity

Knowledge

Feelings
Belief

Sustainable Systems
Roughly 40% believe the food system is on the wrong track.

- 31% Wrong Track
- 30% Right Direction
- 39% Unsure
California Consumer Concerns About Life and Current Events
6 out of 7 Most Concerning Life Issues are Beyond the Consumer’s Direct Control

- Highest concern was for having enough food to feed people in developing countries (31%)
- Lowest concern was for having enough food to feed people outside U.S. (31%)

Earlier Adopters were more concerned about most issues than later adopters

- Food System Concerns*:
  - Imported Food Safety (55%)
  - Food Safety (53%)
  - Crop Chemical Residue (52%)
  - Enough to Feed U.S. (48%)
  - Environmental Sustainability in Farming (47%)
  - Humane Treatment of Farm Animals (45%)
  - Enough to Feed People Outside U.S. (31%)

*Top Box ratings (8-10)
Levels of Concern About the Food System are Growing Faster than Other Concerns

Change in Top Concerns 2011-2012

- U.S. Economy (+2%)
- Rising Health Care Costs (+2%)
- Rising Cost of Food (+2%)
- Rising Energy Costs (+1%)

- U.S. Unemployment (-1)
- Personal Financial Situation (-1)

Change in Food System Concerns 2011-2012

- Safety of Imported Food (+4%)
- Food Safety (+5%)
- Enough to Feed U.S. (+2%)
- Humane Treatment of Farm Animals (+2%)
- Enough to Feed OUS (+2%)
- Environmental Sustainability in Farming (+5)
Actions Taken by California Consumers When Questions Arise About Food Safety
Consumers Search Online for Info and Talk to Family and Friends when Food Safety Question Arises

<table>
<thead>
<tr>
<th>Action Taken (Top Mentions)</th>
<th>% Likely*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for more info online</td>
<td>46%</td>
</tr>
<tr>
<td>Tell friends and family</td>
<td>43</td>
</tr>
<tr>
<td>Look online at independent expert web site</td>
<td>38</td>
</tr>
<tr>
<td>Look online at traditional news media web site</td>
<td>42</td>
</tr>
<tr>
<td>Immediately stop buying product until learn more</td>
<td>38</td>
</tr>
<tr>
<td>Seek info from friends and family</td>
<td>34</td>
</tr>
<tr>
<td>Look online at product mfg. web site</td>
<td>35</td>
</tr>
<tr>
<td>Look online at government web site</td>
<td>34</td>
</tr>
<tr>
<td>Look online at advocacy web site</td>
<td>33</td>
</tr>
</tbody>
</table>

*Top Box ratings (8-10)

Most likely actions

1. Search for more info online
2. Look online at independent expert web sites
3. Tell friends and family
4. Look online at traditional news media web site
Transparency No Longer Optional

Someone is watching everything you do all the time
An Age of Radical Transparency

- Employees, consumers, customers, bloggers, social media food communities, activists, NGOs and others can all directly influence the public conversation about almonds at the speed of Twitter.

- The question is no longer, “will you be transparent?” but “how will you manage your reputation in an age of radical transparency?”
Today’s Integrated System

ISSUE

Producer Processor Distributor

SOCIAL MEDIA

NGOs

Grocery Restaurants Brands

SOCIAL MEDIA

SOCIAL MEDIA
Creating Alignment

Character

Communication

Actions

What you do and say defines who you are

Radical transparency demands authentic alignment
Integrated Trust Model

- **Internal Principle Driven**
  - Ethical Standards/Conduct
  - Shared Values/Goals

- **Identifying, Clarifying & Meeting Expectations**
  - Stakeholder Engagement
  - Engaging Influential Others

- **External Manifestation**
  - Best Practices
    - Certification
    - Continuing Education

**Building Confidence Value Similarity**

**Demonstrating Competence “Proving It”**

Influential Others
- Customers
- Policy Makers
- Opinion Leaders
- Media
- NGOs
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Questions