

# **Savalot's Food Bank Donations: Time for a Rethink**

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## Executive Summary

Food banks are a valuable backstop, providing access to food to millions of people every year. However, they merely treat a symptom of larger, more complex problems related to food insecurity, employment insecurity, housing insecurity, high childcare and early learning costs, and a variety of other issues.

Savalot Enterprises' regular weekly donations are invaluable to those the food bank serves; however, they do nothing to address the root causes that cause people to go there. With food bank usage on the rise, we do not recommend withdrawing the ethical, weekly surplus food donations the company provides, as this would cause significant harm.

As for the annual monetary donation, we recommend working with a variety of charities & non-profits, including the food bank, to come up with a plan or framework that can best leverage those funds, and the funds of like-minded businesses throughout the city, to tackle the root causes directly and thereby reduce the need for people to turn to the food bank.

By working together, everyone benefits.

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## Introduction

Food banks have existed since the 1980s (Sexty, 2020, p. 332). There is no indication that the need for food banks will be going away anytime soon. Phillip Veldhuis, of Savalot Enterprises, is concerned that his company's weekly donations of unsold foods and Savalot's annual monetary donation is failing to "address the underlying causes" of food insecurity and providing insufficient "assistance to those in need" (Sexty, 2020, p. 333).

## Facts

Food Banks were originally meant to be a temporary backstop for society, allowing all people, regardless of income, a way to access food and survive. Over time, temporary charities have become a necessity for many people. According to a 2018 survey, "one-in-five Canadians have used a food bank in their life" (D'Amico, 2018). With the COVID-19 pandemic continuing for its 2<sup>nd</sup> year, that number may have grown further.

To function, food banks provide individuals & businesses the opportunity to help people struggling directly. By engaging in socially responsible actions like donating to food banks, corporations are benefitted by both a tax break and a boost to their reputation (Sexty, 2020, p. 122). In this manner, corporations help backstop families & individuals that are falling prey to Canada's ongoing challenge with food insecurity (D'Amico, 2018).

## The Problem

Food banks primarily operate to treat the symptom of a larger series of complex issues including food insecurity, employment insecurity, housing insecurity, high childcare costs, and an Employment Insurance system that has been unable to keep pace with inflation (Sexty, 2020, p. 332).

## Analysis

Food banks benefit from “millions of kilograms of food” and a “substantial portion of revenues” from corporate donors (Sexty, 2020, p. 332). The actions of these donors help to treat hunger, which is a significant symptom of some of society’s more complex problems. According to the case, Savalot Enterprises provides an annual monetary donation and weekly donations of surplus edible food to “local food banks” (Sexty, 2020, p. 332). By engaging in the socially responsible activity of backstopping the country’s food supply, Savalot and companies like it are helping some of the country’s most vulnerable citizens.

### Savalot’s current donations – Are they ethical?

We can determine whether donating surplus food is ethical using a modified version of the Pagano model. The “ventilation test” is not included below as this report is, in effect, the application of that test.

|              |  |
|--------------|--|
| Is it legal? | Yes, it is legal to donate unsold food. In some countries, like France, it has been illegal for some |
|--------------|--|

|                            |  |
|----------------------------|--|
|                            | businesses to not to donate “food waste” since 2016 (Chrisafis, 2016).   |
| The benefit-cost test      | Between throwing surplus food in the compost/garbage, or donating it to the food bank, more people & families will benefit from the later option.  |
| The categorical imperative | Having donated to local food banks for quite some time, it is clear Savalot Enterprises believes food-companies should donate to food banks universally (Sexty, 2020, p. 332).   |
| The light of day test      | Phillip Veldhuis & Savalot Enterprises would not be pilloried in the press if word of their numerous & consistent donations to local food banks were publicized.   |
| Do unto others             | Although some individuals may be “reluctant or too embarrassed” (Sexty, 2020, p. 332), Veldhuis & many of the employees of Savalot should welcome surplus edible food if they were to fall on hard times and require assistance. |

(Sexty, 2020, p. 102 - modified)

SWOT analysis: Savalot Enterprises

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>• Strong history of supporting local food banks</li> <li>• Food wholesale is Savalot’s primary business</li> <li>• Savalot is operating at a profit</li> </ul>   | <ul style="list-style-type: none"> <li>• Employees are not directly involved with the Food Bank</li> <li>• The existence of surplus food means supply is consistently miscalculated, leading to higher costs of operations, smaller profits, and smaller potential for monetary donations</li> </ul>   |
| Opportunities   | Threats  |
| <ul style="list-style-type: none"> <li>• Closer examination provides the opportunity to re-evaluate, adapt if necessary, and become involved in treating some elements of the core problems that lead to food bank usage</li> <li>• Reputational benefits are possible with active &amp; socially responsible actions by the company (Sexty, 2020, p. 122)</li> </ul> | <ul style="list-style-type: none"> <li>• Surplus food donations may be misinterpreted as “dumping” (Sexty, 2020, p. 333)</li> <li>• Savalot has no control over many of the core problems, including:                             <ul style="list-style-type: none"> <li>○ High rent</li> <li>○ Lack of affordable housing</li> <li>○ Childcare costs</li> <li>○ Employment Insurance</li> </ul> </li> </ul> |

## Three Alternatives: Hold the Line, Stop Donating, or Make Changes

Phillip Veldhuis is challenged to decide on his company's future donations to the local food banks. His options are relatively straightforward. He can hold the line and continue his company's food & monetary donations. Veldhuis can cease donating to the food bank altogether. Or Savalot can change how it makes its donations, taking specific actions to address some of the root causes of food insecurity while continuing to help manage the symptoms.

### Hold the Line

The first possible solution is the simplest. Savalot Enterprises can continue to donate monetarily on an annual basis and provide weekly donations of surplus food to local food banks.

As determined using the Pagano Model, the current donation method is ethical. It is also the simplest, as both employees & food banks are already familiar with the donation routines. Unfortunately, this will do nothing to alleviate the core problems that cause people to need to use the food bank, nor will it resolve the possible threat of being accused of dumping surplus food.

### Stop Donating

Savalot could cease donating to food banks entirely, instead redirecting their donations & efforts to other causes. If they also remedy their food supply miscalculations, they could increase the amount of money donating to causes that directly affect food insecurity, housing issues, and childcare costs. This could benefit a significant number of people and may decrease the number of people that rely on food banks to survive.



Unfortunately, this option will leave food banks with even less food to supply those who suffer from hunger. Additionally, as a major donor to the local food banks, if word of Veldhuis' termination of Savalot's donations were to reach the press, it would cause significant damage to the company's reputation, despite any new causes the company chooses to support.

### Make Changes

By working with the Food Bank and other local organizations, Savalot Enterprises can continue providing short term aid through its food donation while helping work toward long-term solutions by reallocating their monetary donation. The application of those long-term solutions will reduce the need for people to use the food bank, thereby decreasing or limiting the food bank's costs and offsetting the reduced direct monetary donation. To tackle the core issues, Savalot could redirect their monetary donation toward employment programs, affordable housing programs, providing early education grants, or childcare subsidies.

This option does not remove the threat of being accused of food dumping, although that is alleviated through the demonstration of also helping tackle the core issues. This option is also much more time consuming, as it will be vital to do the research to determine exactly where to redirect the annual monetary donation to have the greatest effect on the most people. Furthermore, it may take significantly longer to see any measurable effects.

## Recommendations

As Veldhuis' primary concern is that Savalot may not be doing enough "to address the underlying causes" (Sexty, 2020, p. 333) that lead to food bank usage, it is my recommendation that Savalot pursue the 3<sup>rd</sup> option and make some changes. This option allows Veldhuis to continue to support the food bank directly through his company's steady stream of surplus food donations, while working to ensure less people need to turn to the food bank.

Veldhuis should make the same annual contribution this year, but begin working with food banks, childcare, housing, and employment programs to either find or create a donation program that will more directly tackle the issues that lead to increased food bank utilization. By engaging with a larger variety of stakeholders and working together to find a solution, Savalot can help ensure its future contributions will provide the greatest impact for the greatest number of people, while also obtaining community buy-in on the company's new social responsibility direction.

This direction is not without its risks, as food banks rely on monetary donations just as much as they rely upon food donations. By removing that donation, many food bank patrons may not have access to the food and supplies that they require. Additionally, if the food bank is uncooperative in the process, determining alternate & potentially more effective routes may become more complicated, especially if word of the monetary donation cut is made public knowledge & framed in a manner that could damage Savalot's reputation.

## Implementation

With corporate monetary donations to charities typically occurring in December, and as it is currently December, Savalot Enterprises should make its regular annual donation to the food bank. Veldhuis should book a meeting with the head of the local food bank “to discuss methods for addressing the root causes of food bank usage” for just after the holiday season in January.

The first meeting should be exploratory in nature, with Savalot asking a variety of questions about local conditions that lead to food bank usage, existing organizations that address those causes, and how the food bank may suggest finding ways to help more directly.

Following the meeting, Veldhuis should reach out to those organizations and discuss how they tackle the issues that lead to increased food bank usage, and for suggestions about other organizations involved. This will build a community network of primarily non-profits & charities that are working toward similar goals from a variety of different approaches.

By late February, a meeting should be scheduled involving representatives from the local food bank and any non-profits & charities that tackle the root issues that are interested in discussing how Savalot could better direct its charitable funding to have the greatest effect.

This will likely not be resolved in a single meeting, but a framework should be developed by late April or the middle of May.

If the ultimate choice is merely a redirection of donation to a one or more charities already doing the work, Savalot can inform its employees & staff of the new direction and update their donation information, with the first donation set to arrive the following December, as per usual.

If, as is more likely, a new framework for a more comprehensive donation program is developed, Veldhuis can make a joint announcement with the various stakeholder representatives and present its new social framework. Depending on the exact nature of the framework, this could be accomplished at a simple press conference, or there could be further meetings with other businesses to bring them onboard with a larger, hosted event, serving as the place for the announcement of a variety of businesses openly supporting the formation of a new charitable foundation.

The full launch of any foundation or new social framework should occur no later than June. Although this will require Savalot to contribute earlier than typical, it will create lead-up time for some visible effects to occur prior to the winter holidays, which is when food bank demand is typically at its worst, thereby limiting the negative impacts of the transfer of monetary donation.

## Conclusion

Food banks have been around for over 35 years, and likely will not outlive their place in society any time soon. Savalot's surplus food donations to the food bank are both ethical and necessary for many people, however, their monetary donation may be better leveraged. By working with a team of different stakeholders that tackle the root causes of food bank usage, and by establishing a social donation framework or

foundation that works with other businesses to pool resources to directly tackle those issues, Savalot Enterprises can make a real difference in the lives of people who often turn to the food bank as their last resort. Veldhuis can take a leadership role bringing together people and organizations with the goal of preventing people from needing the food bank.

By working together, everyone benefits.

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