

# Baldor Speciality Foods: How one company has built sustainability initiatives that drive meaningful reductions in food waste

AN INTERVIEW WITH

**Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.**

Baldor is a foodservice, retail and wholesale specialty food distributor of fresh, seasonal produce and specialty non-produce food products sourced from local farms, nationally and around the world. Thomas McQuillan joined Baldor in 2015 and became the company's Director of Food Service Sales and Sustainability, leading the company to record sales in 2018. He pioneered the company's SparCs initiative which repurposes and upcycles the company's fresh-cut leftover food products from production into food for humans and animals, diverting usable food from landfills and has also launched many other successful sustainability initiatives. Amy Ahearn, Associate Director, Acumen, and Alexandria Coari, Capital and Innovation Director, ReFED, spoke with Thomas about how he's been able to successfully roll out so many sustainability programs, the strategies he's seen to successfully eliminate food waste, and ideas he has for how nonprofits can work together with food service providers and retailers to eliminate waste.



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## AN INTERVIEW WITH

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**AMY AHEARN:** *What is your role at Baldor? And what brought you to this work? Why did you get so interested in this issue of food waste?*

**THOMAS MCQUILLAN:** I am Vice President of Strategy, Culture and Sustainability. I joined the company in 2015 as a Special Assistant to the President working on a whole host of projects. Baldor owns a food processing facility called Fresh Cuts where we process about a 1.2 million pounds of produce per week. In that production facility I noticed that there was a lot of remaining food that was making its way into our sanitation area. I was very curious about why we weren't capturing this food and trying to do something with it. I'm talking about things like carrot peels and celery butts and the core of romaine lettuce.

I started talking to people in the company and trying to get their perspective. There was broad agreement that the outer

leaves of romaine lettuce get discarded and the bit of the celery that doesn't have a use, and carrot peels. I started asking questions like: *Why do the carrots get peeled? What's wrong with the peel? Once you clean the carrot, why can't you eat that?*

That set me on a journey, with the permission of the President of Baldor, Michael Muzyk, to look at solutions for all this food. Quite frankly, I thought my job was going to be super easy: I was going to find a composter and that would be the end of it, but I started to educate myself about the value that this food could both bring to our company, to our customer base, and to other human beings and animals. I started finding solutions to sell this product for chefs to use. For example, you could use the carrot peel to make a carrot cookie, or we could accumulate 900 pounds of different vegetables and sell it to farmers to feed their animals. We did both. That set us on our course to get to zero organic waste to landfill from Fresh Cuts because we recognize that all of this food product has value.



## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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**ALEXANDRIA COARI:** *How much does Baldor focus on food donation versus composting or secondary processing?*

THOMAS: Food donation is managed separately. We identify products that are not sellable, but consumable and we have built some very good relationships with food donation organizations like City Harvest, The Food Bank for New York City and Pat's Outreach Ministry. Every day one of these partners picks up several pallets of food that may not meet the specifications of our customers or our quality assurance team but the food is perfectly edible and makes its way to the food insecure in our community. At this point, we are donating upwards of 2 million pounds of food per year as a company.

**AMY:** *Can you describe some of the major sustainability initiatives you've brought to Baldor? I know SparCs is one of them and working with imperfect produce. Can you highlight what some of those initiatives are and how they came about?*

THOMAS: The SparCs ('scraps' spelled backwards) initiative refers to all this produce that is generated in Fresh Cuts that we didn't traditionally sell, like the carrot peel. The whole genesis of SparCs

was to create a name for food that we once wanted to see as waste, or garbage, or trim, or byproduct. We found all of those names and characterizations to be unacceptable. We came up with our own name so that we could start to change the narrative. What we're talking about here is food products. Maybe in the past we looked at it differently, but it is food and needs to be treated as food all the time.

You also mentioned imperfect produce. This is a super exciting program where we deliberately work with farmers to help them glean a greater portion of the products that they grow and get this food to market. Invariably, we're talking about products that are in the packing house already, but that the farmer may not have an outlet for. In some instances, it's due to blemishes and size. But other times they just have excess harvest so we want to create a market for that product for the farmer and to glean the greatest value of all food that is grown. We're really eager to figure out solutions to get more of that ugly or imperfect produce to the food insecure in our community. That's the next phase of the imperfect produce program. In 2018, we sold 190,000 pounds of imperfect produce, and our goal this year is to sell one million pounds.

## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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*AMY: When you're designing sustainability initiatives for Baldor, what are the criteria you use to develop these programs? How do you sell them internally to the business?*

THOMAS: It's really important to get the thought leaders of the company together to first understand what other companies are doing because you don't need to recreate the wheel.

There are three pillars to always think about. They are an important litmus test for all sustainability initiatives. The first is how we generate economic value by more efficiently managing our assets. Will the asset be discarded, donated, or composted? What's the economic impact? The second one is: what is the environmental impact of our decision? And the third is, what is our moral obligation to provide nutrition to the less fortunate? Those are the three pillars, and you know, invariably, good sustainable solutions check all three boxes.

The good news is 100% of our sustainability solutions produce economic value for the company. I would argue that all sustainability solutions must. Here's why: when you

think about a sustainable solution for your organization, you're basically talking about gleaming greater value out of the assets under your management, so how could that not add value to the bottom line?

*AMY: That's really helpful. If a nonprofit is thinking about those three pillars and is going to seek out a corporate partner, what are some best practices you would recommend? What do you think makes partnerships between nonprofits and retailers successful?*

THOMAS: The first thing is that both sides have to get together and look over the assets and agree upon what is donatable and have a clear plan. That means really defined standard operating procedures about what is to be captured and how it's to be handled between the corporate donor and the nonprofit. Get specific: what can the cantaloupe look like that can still be donated?

In some cases you have to educate people who may not know a lot about produce to make those decisions. A lot of time has to be invested in teaching people how to make good decisions. The last thing we want to do is have corporate partners donate food products that the donation partners can't do anything with.

## AN INTERVIEW WITH

# Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

*ALEXANDRIA: How should nonprofits be thinking of providing food recovery services in a way that creates economic value for corporate donors?*

THOMAS: Nonprofits should realize that retailers will incur costs if they don't donate their food. For example, if a retailer has a pallet of strawberries that they determine not to be sellable, but they're edible, you don't want them sitting in the warehouse overnight. If you have a donation partner, they do the work of backing up to your facility, taking the pallet, and hopefully getting those berries into the hands of the food insecure that night. The alternative to that is that we have to discard them and that means that every package of strawberries needs to be opened. And every strawberry needs to be separated out because we do not commingle any food with plastic. That's going to cost us a lot more money than putting that pallet on that truck for donation.

Let's look at it this way. When you haul something away to a transfer station or to compost, there is a cost to move that product. The truck and the driver all cost money and that has to be taken



into consideration. If you take that same pallet, and you donate it, that should be a win-win-win because you've eliminated all those other expenses related to moving that product. We always have to remember to look at the cost saving because if you transferred it for disposal, you have to pay for the disposal. If you're donating it, you also may have the opportunity to take advantage of a tax write-off.

## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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*AMY: When you look at the food recovery space, where do you think we particularly need innovation?*

THOMAS: That's such a great question. In my opinion, we need innovation to shift people's mindsets about what is a usable food asset. There has to be education on how we use food products that, in the past, we might have not used. That is where I find the most innovation needs to take place. We need to challenge chefs on how to use a romaine lettuce core and arrange it on a plate in a way that looks beautiful and is integrated in a dish. We need to get the general public to better understand how to more fully use food products and shop appropriately. They need to better understand the lifecycle of the food that we're buying so that we don't waste that food. That's what's going to have the most immediate impact on waste.

I'm not a big supporter of measuring what we waste because we shouldn't be wasting anything. Even in a school, kids need to understand that when you scrape your plate into a compost bin, that compost can help contribute to the creation of new soil and the beautiful flowers they might see on their campus. We should be planting a message early that we're not wasting that food; we're repurposing or upcycling it into our soil. Let

kids know they're a part of this solution and I believe they'll get it and they'll also treat that food differently.

*AMY: What other key myths or misconceptions need to be debunked when it comes to food waste?*

THOMAS: Imagine if we owned the whole supply chain of every product that makes it into the market, in particular, food. Would we manage those products differently? Today, you need to care about the way the farmer grew that product, the packaging they use, the transportation, the gas, the human resources. How will we purposefully manage that product to make sure we get 100% of it into the bellies of the people who need it? How do we make sure consumers recycle properly and that we deliver products to them in a box that they don't have to think about how to recycle?

We need to own the whole supply chain and think about how we help the vendors, the growers, the shippers, the distributors and the restaurateurs understand how their decision to buy this product is part of a larger solution that creates economic value and does not have a negative impact on our environment. That has to be the absolute minimum commitment that we make.

## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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You can't be an organic farmer who then decides to ship your product in a wax container and think that's okay. That's not okay. If you say you're an organic farmer, you care about what's happening to that soil. You own that paraffin plant that made that wax box and you have to seek out the alternative. Long term this will benefit everyone in the system and society generally.

*AMY: You've mentioned a lot of mindset shifts that need to happen. How do you get people and organizations to change their minds when it comes to some of these issues?*

THOMAS: We're getting to the point where we can start to communicate to the big companies and the growers and the shippers that this is what the end user wants. I just dropped off a chef at the subway from one of the best restaurants in New York City. He came to Baldor to understand how he could generate less waste in his business. He basically said: *My customers want this. How are we going to do it together? Eliminate waxed cardboard? Use recyclable crates? Etc.*

We have to work backwards. You as the consumer need to put pressure on me as the retailer or distributor to find those solutions. In turn, I will put pressure on the growers and shippers to find those solutions. That's how we're going to make this happen. The growers and shippers are going to have to understand that the days of using wax cardboard are over and we have to find solutions because the customers are demanding it. That's the only way that change is going to take place.

I like to look at Whole Foods and what they did for the whole retail community when they decided to create a responsibly grown label.

## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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They made it very clear to the growers the standards which they deem acceptable. That was a real pain for the growers and shippers, but they understood that this was going to be what was required of them. At the end of the day, eating responsible grown food is good for all of us.

We don't need to be consuming chemicals in our food. We want to clean up our food supply. We want to eat more healthy and nutritious food. I applaud those kinds of bold moves. We need to continue to make them together. We need to make bold proclamations about how the system is going to work differently because, as customers, we're going to demand it. Think about the organically grown movement over the past several decades. Awareness was built and now we have a large number of people and chefs that make organically grown a minimum requirement for them to purchase a product. I believe the momentum around fully utilizing the food we grow and to eliminate packaging waste has similar support in the broad community.

If you walk into a retail store that has a plastic wrapper on its organic produce, we should indicate to the produce manager that we need a different solution. We should say: "Sorry, produce manager, I will not

buy organic produce wrapped in plastic." Why would we buy organic produce and then pollute our environment with plastic? This makes no sense.

**AMY: You've been able to make the business case for pursuing a lot of these different sustainability initiatives. Some nonprofits may be more or less familiar with framing things in business terms. They're operating in many cases from a moral imperative to serve their communities. What is your advice for how nonprofits can start to approach companies and think about the partnership opportunities that might generate revenue for them?**

THOMAS: Nonprofits have to start looking concretely at the food assets they're getting donated. They need to think about whether the products they're collecting have additional value to offer. Only if they have value is it worth collecting and distributing them to the food insecure.

Let me illustrate. When was the last time you heard a food bank say "We will take that bread donation. We can use more bread." Never. It's not a good decision. No human being really needs to eat more bread. We need to eat more produce: vegetables and fruit and healthier options. Nonprofits have to go after the food assets that can create the most nutritional value for the food insecure that

## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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they serve. We don't want them spinning their wheels recovering things that don't generate nutritional value for the people who are consuming them.

So as an example, if a corporation donates a lunch that was sitting out for two hours and the lettuce is completely limp, they might feel good about donating, but it's not actually a consumable and useful food product. Instead, the lettuce should have been composted. We need to respect the fact that the food has to bring value to the end recipient. We have to make sure we put systems in place that not only capture this food, but get it to people to consume it during a timeframe that works for them.

People don't want to eat dinner at midnight, unless you're in Spain. So we need to get food as quickly as possible to people to eat in a timeframe that works for them. I think it's very important for us all to shift our focus to helping others and not necessarily focus on solving our problems only. You don't solve your sustainability issues if you get rid of remaining food at the cost of someone else. Don't ship your excess food 150 miles away. The solutions need to be nearby and they need to be done quickly. They need to be done safely. Everybody in that ecosystem needs to be in agreement as to what success will look like.



## AN INTERVIEW WITH

### Thomas McQuillan, Vice President of Corporate Strategy, Culture and Sustainability at Baldor Specialty Foods, Inc.

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**AMY:** *So what I hear you saying is that, if you're a nonprofit, you should look at the actual food assets that a donor wants to give you. Figure out how they can be distributed to people in a way that will produce the most value. Then make the business case to donors about why it makes sense for them to partner with you, and the benefits they'll also derive, but that shouldn't be at the expense of the nonprofit.*

THOMAS: Yes, everybody has to be committed. I'll give you an example. If you are a deli, and you're going to donate sandwiches every night to a homeless shelter, it's not acceptable to bag those up and put them out the front door, even 10 minutes before they're picked up. That's not an acceptable solution. You've got to come up with a solution that keeps that food safe, and keeps the recipients healthy 100% of the time. The focus has to be on the end user and how this food product creates nutritional value for them. That changes the model that exists today for a lot of nonprofits organizations that exist today because they frame it in terms of helping corporations deal with the excess food they have. That's not how to frame the solution. The framing should be: *how do we get nutritious and delicious food into the hands of the food insecure?*

You have to coach the corporate partner to no longer look at what they're donating as a liability that they're managing, rather as food

assets that they're sharing. Those are not just words; that is a shift in narrative and mindset that has to take place.

**AMY:** *Excellent advice. Any final words to share?*

THOMAS: Keep in mind that the only way we're going to be successful in this space is if we start thinking about food as a usable asset. Food should be used as a consumption item for humans or animals, to create energy and/or compost. That's it. Whatever food you have in your control, you should aim to have 100% placement as a usable food asset. That's the challenge. It's only when you purposefully use all foods, that you can actually genuinely come up with solutions that are meaningful, will have broad impact, and will actually make a dent in food insecurity. We should never allow food ever be commingled with the waste stream ever again. Only with that perspective in mind can we create meaningful solutions that will help eliminate food insecurity.

**ALEXANDRIA:** *Yes, it's really requires a mindset shift. It's not about one person coming up with a solution, it's really challenging all of us to think about food differently.*

THOMAS: Yes. We all need to start getting creative.