

## **Dollars and Change Podcast: How Clif Bar Delivers Impact with Roma McCaig, Senior Vice President of Impact & Communications at Clif Bar**

Roma McCaig, Senior Vice President of Impact & Communications at Clif Bar, joins host and Vice Dean of the Wharton Social Impact Initiative Katherine Klein to discuss how Clif Bar's business model produces a virtuous cycle where productive growth delivers positive impact. McCaig outlines the company's plans to cut carbon emissions, discusses their support of organic food science research, and talks about ways to create a restorative food system. Compostable packaging and plant-based pet treats are just a few of the company's upcoming sustainability innovations.

Transcript:

D&C: Welcome to *Dollars and Change*. I'm Katherine Klein, Vice Dean for Social Impact at Wharton. This is our first podcast episode for 2022, and I'm really excited to talk today with Roma McCaig. Roma joined Clif Bar and Company recently, last May, as the Senior Vice President of Impact and Communications. And in this role, she's overseeing sustainability strategy, community initiatives, corporate brand, and employee communications. A big impact role, a big communications role at Clif Bar. So welcome to the program. Great to have you with me.

McCaig: Thanks so much, Katherine. It's great to be here.

D&C: Great to be here. I was recalling that you and I met in Rwanda, in the course I teach in Rwanda. We met five years ago. So it's wonderful to be reconnecting with you. And I've got to say, it's been really fun as we've been preparing for this interview, to dig into Clif Bar. So I'll just set a little bit of context, and we'll talk about why you made this move, and what Clif Bar is doing. So, I imagine many of our listeners know Clif Bar as that energy bar company. The company was founded 30 years ago. It was founded by Gary Erickson and Lisa Thomas. Gary Erickson—lots of good stories about the company founding. He had gone on a 175-mile bike ride—oh my lord—and thought, "I need better energy bars than I have," and set out to create them.

And there's also a fantastic story about Gary—again, one of the company's co-founders in 2001—so, the company is, at that point, about ten years old. And Quaker Oats makes a bid to buy the company for \$120 million. Gary is initially, you know, pretty much all set to agree, and then has cold feet and thinks—you know, his gut response is, "If I sell the company, we can't pursue the purpose and the mission that I have built into this company, and I want to maintain," and walks away from \$120 million. Also has to buy out his partner, who had wanted to make the \$120 million deal. So this is a big commitment, and it's been part of the company's legacy in ways that, frankly, I didn't really understand. So maybe that does speak to the communications role that you're taking on, Roma.

So, I'm going to pause there. We can say more about the company. I guess maybe I'll just say that the company remains privately held, a family and employee-owned company with about 1100 employees. So let's leave that introduction there. You'll elaborate, I'm sure. But tell us why you made this move. Where had you been, and why did you make the move to Clif Bar?

McCaig: Sure. So, just a little bit about my journey, I guess. I had spent 20 years in roles where I was driving change through the communications seat, in health care, in tech, in CPG. And after sitting at a lot of leadership tables being the communications support person at the table, I said, "You know what? I really want to be the person driving the change, leading the change, not supporting the change."

So I made a pivot to strategy and operations. And that is what led me to go to Wharton to get my MBA. And I will say, I really fell into sustainability and social impact. It wasn't something that was kind of on my radar. And it was when I was at Campbell's Soup Company. I had been leading procurement strategy and operations, and our Chief Procurement Officer asked me to take on this thing called responsible sourcing. And for me, it was so fascinating, because the commitments we'd made as a company around animal welfare and fair labor practices were things that me personally, were very important to me. Things that I valued. But I didn't realize along my career, that this was actually something that I could make a bigger difference around.

And so when I saw this opportunity in procurement, I put on my strategy and ops hat. And I said, "Okay. How do we make sure we actually deliver on these commitments, and we actually do make a difference?" And it really meant integrating into operations. Integrating into our strategic plan, our financial investments, our annual operating plan, and our practices and systems, in order to actually get this work done. And so with that, I went on to architect Campbell's first ESG strategy— environmental, social, and governance strategy— where we aligned on 14 focus areas.

And then Clif found me. And I actually knew the CIO at Clif at the time, and he reached out and said, "Hey. We have this new function, and I thought of you. And by the way, Sally Grimes is our CEO." And I knew that, because I was a huge fan of Sally's, and I had been following her career. And I thought, "Wow. It would be amazing to work someday at Clif Bar, and to work for Sally." And then I got this phone call.

And what was so cool about it was, I could take everything I'd ever done in my career, from communications to strategy development to operational efficiency and CSR and bring it all into one job. And that's what Clif offered. And I got to align that with my personal values. And I will say that today, at Clif, it's the first time in my career I actually get to bring my whole self to work.

D&C: That's fantastic.

McCaig: Which is awesome.

D&C: I want to dig into two things you've said. One, this talking about bringing your whole self, and bringing your values. It reminds me of something that I sometimes say to my students and some of our undergrads and the MBAs at Wharton, who are wondering how they're going to use their values at work, and can they do this? And part of what I sometimes say is, you know, if you stay true to your values, you will find a way to live them at work. You know. They will rear their head in the very best way. And it sounds like that's been true to you. That you had these values, and you've found a way to seize these opportunities and to make the best of them. And I think that's very powerful.

The other thing I want to ask you about is, I want to hear you tell us more about Sally Grimes. So, Sally became the CEO— took over after the founders, who've remained on the board. But she took over, stepped in in the summer of 2020. Not a great time to take over any organization. [LAUGHTER] Always a challenge. In the middle of a pandemic.

McCaig: They recruited her in the middle of a pandemic.

D&C: Yes. You know, “Come join— stay home and lead our company.” Right? And I'm curious what it was like to join a new team, and to join a new CEO. I've actually been doing some research on leadership succession, and it's a real opportunity, I think, and a challenge, to be a new leader. And I'd love to hear what you have experienced, being part of a new leadership team.

McCaig: Yeah. Well, one thing I would say is, Sally is masterful at pulling together a team and really identifying people who can work together, who can align easily. Because I think about half of our leadership team, or more, are new to Clif. And some are people that Sally knew from past lives, and some are not. I am not someone she knew from a past life. And yet, she was able to bring together a group of leaders who quickly formed a high-performing team. And we're extremely effective. We just had a board meeting today, and we came out of it with the results of it, and it was just a bunch of high fiving and kudos to each other, and just a lot of support and encouragement. And I would say it's been that way since I joined the company.

Sally is extremely decisive. She's very clear, she's very decisive. But she also leads with empathy. And she's extremely kind. And with that, she just emits that in a room. It just comes through. And she hires people who are also that way. And so we're all more than just about delivering the numbers. And that's where our five aspirations business model really comes into play, too. You have a leadership team that are all aligned with leading a company for more than just one objective, which is a financial bottom line. It's about creating a positive impact on society. And doing that creates this virtuous cycle of productive growth. And so she has found a whole team of people who all believe in that and have come from different organizations and bring unique experiences that, together, make Clif so much more powerful.

D&C: So, describe what these five aspirations are, and then let's dig into what they actually mean, beyond the rhetoric. Beyond the words.

McCaig: Yeah, absolutely. I mean, like I said, our five aspirations— they're a big reason why I'm at Clif Bar. It makes me feel good to come to work every day, knowing that we're thinking about more than just a financial bottom line when we define success. So, start with our 2030 strategy, which we call our growth game plan. It sets a bold goal to double the size of the company by 2030. And with that, we have also set a goal to double the positive impact on humanity. And we know we can do this because of our five aspirations business model. It's powerful because we manage our performance against five bottom lines. And those bottom lines being sustaining our business, sustaining our brands, sustaining our people, sustaining our planet, and sustaining our communities. And we've actually written these into our articles of incorporation.

So at its best, Clif's five aspiration model produces this virtuous cycle, as I mentioned, where productive growth allows us to deliver positive impact, and positive impact allows us to continue delivering productive growth. And it means that if we fall short on any aspiration, we're breaking that cycle for all of our aspirations.

McCaig: So, we have made a public commitment to cut our carbon emissions in half by 2030. And we have plans for reducing our emissions within our own operations. We know we can do that. But we also can't achieve this goal without our ingredient suppliers also doing the same. And so we've got momentum, because we've been in climate action conversations with almost all of our key vendors for the past ten years, with things like a program we call 50/50 by 2020, around renewable energy. And in that program, we asked our vendors to use at least 50 percent renewable energy to process the ingredients that we buy from them.

And to help them do this, we've made consulting services available to them at no charge, which they've taken advantage of. And then in some cases, have even gotten to 100 percent renewable energy when it comes to the ingredients that they process for us. So what that helps us do is then achieve our scope three emissions target that we've set, because they're now using more renewable energy to generate the ingredients that they provide us with. That's one example.

D&C: I was also really interested to read about the extent to which your sourcing organic ingredients— the benefits of that. And I will say also, funding— as a faculty member, I'm noticing this. You're funding faculty research and faculty positions in organic food science at several universities.

McCaig: Yeah. We are the largest supporter, I guess, of organic research, in the country. We've made endowments to several universities around organic research, the University of California system being one of those where we've helped them create their Institute for Organic Research. This year, we've committed to also making an endowment to an HBCU focused on agricultural research as well.

And this is important to us, because we've been organic for so many years. And we think that organic agriculture is so much more beneficial to the planet, in terms of the growing practices

and the positive impacts both on climate and human health. And so we have, to date, procured, I think, over a billion pounds of organic ingredients. And it makes up over 80 percent of the ingredients that go into our products.

D&C: Yeah. It's a great example, and it's helpful for me— I'm not an expert in this area, but to kind of understand the links from organic farming to farm workers. And I know the company has also been generous in philanthropy to farm workers. And this is a place where, when we talk about environmental justice— “Oh. This is an example.” Farm workers, working in fields that are or are not chemically treated makes a real difference for people's health.

McCaig: Yes.

D&C: So— yeah, interesting. What about people? This is also one of your aspirations.

McCaig: Yeah. Yeah. So, there's a lot I can say around people, because we can't accomplish our other aspirations without Clif people who are motivated and thriving. This past year especially has been challenging for people, in terms of continuing to work in pandemic conditions, leading to new ways of working, for many. And also, responding to new challenges like supply chains constraints. So as a company, our people aspiration— especially our commitment to keep our people safe— has been our top priority. And it can be around decisions around travel, phasing return-to-office policies— how many lines to run at a bakery, in the midst of large numbers of vacancies and absences— or just recognizing hard work.

One notable example that I'm super proud of is that at the end of 2021, we made the decision to close our bakeries— close all our offices but close our bakeries— for the time between Christmas and New Year's, so that everyone could take much-needed time to recharge. You know, for sure most companies in our same supply situation would not do that. Knowing we may sacrifice making some bars that we need, we put our people first and gave them that much-deserved reward and rest so that they could come back to '22 refreshed and ready to go.

Another example is around living wage. Our bakeries that we own have been in operation since 2016, and since 2016, we've been paying a living wage. As market wages have increased in Idaho and Indianapolis, where our bakeries are, we continue to meet that commitment. We're also now expanding our living wage approach to all Clif locations, even outside the U.S., and starting this year, we'll be integrating pay equity into our compensation process, which will earn us what's called “fair pay workplace certification.” And this gives Clif the distinction of being a leader in ensuring equal pay for equal work throughout the company.

D&C: Can you say more about what pay equity means in this context, and what you're moving towards, what the goal is here?

McCaig: Yeah. So, a lot of companies will set a goal around living wage. And living wage is different from minimum wage, as we know. There's a big difference there.

D&C: And to be clear, a living wage is substantially more, often, than the minimum wage.

McCaig: It could be double. It could be double, yeah. What living wage does, though, is it sets a floor. And it says that anyone working in this geographic location should be making at least this much, based on what they're trying to support. Be it two working adults, family of four, that kind of thing, in that particular metropolitan area.

But what pay equity does is says, for every level in that organization, this is what equal pay looks like. So you have your floor. But now we're looking at every single level in the organization, and we're ensuring equity across the organization, in terms of pay. Because that's where the gaps are, right? It's not at the floor, necessarily. It's at all those other levels. And you want to be sure that there are no disparities based on gender, in particular.

D&C: Got it. I also will say, I've been intrigued and enjoying reading a little bit about your ESOP, your Employee Stock Ownership Plan, having done research on employee ownership many, many years ago. It's great to see that the company is about 20 percent owned by its employees, that all of your workers are involved in. And these are generous benefits, long-term financial benefits for employees.

So, let me ask a couple of questions about this, as we continue to explore this. You have this role as Senior Vice President of Impact and Communications. So, I've said I'm impressed by the company, and I am, from what I've read and understand. Now, the cynic in me could look at your title and go, "Impact and Communications? Is this just window dressing? They've just told us— so, window dressing, it's impact, and then they're going to try to elevate this with communications. It's a marketing strategy. It's not the real thing. It's just what they're doing to impress customers, and don't look too deeply." That would be the most cynical view of this title. So, talk to us about your role, and I presume you're going to take down that cynical characterization. [LAUGHTER]

McCaig: Well, I mean, I will tell you first of all, it's just not in my nature. So.

D&C: That's true. [LAUGHTER] I know you well enough.

McCaig: You know, it's like, I'm not about window dressing. I need to make sure there is actually something under the covers there. And I'll make sure that it's there. So, the importance of putting impact and communications together is that it really elevates who we are, and what is so important to us at Clif both internally and externally. And I'll unpack that a little.

Within impact, we focus on three major areas within our aspirations. We focus on environmental responsibility, social responsibility— and that's within our own operations, as well as in our supply chain— and then our community impact. Right? And community impact through our employees, through our company programs, and through our brands as well. So that's really what impact looks like.

Now, what we need to do, though, is we need to enlist everyone in the organization to be on that journey, and to play a role in that journey. So communications plays a huge role internally to

make sure that we are informing, we are engaging, we're connecting our employees to all of these goals and commitments we've made, and that they know specifically what role they can play in delivering on those.

Externally, I will tell you that Clif has— and you said this at the very beginning of our conversation. “I didn't know all these things about Clif.” Right? We have prided ourselves on being very humble. But I would argue that that has been somewhat to our detriment. And so our approach is not to be out there thumping our chest. Our approach is to take a show-not-tell approach, and to demonstrate what real action looks like, what real impact looks like, in an effort to influence others to actually do the same and to really join us on that journey.

So if I think about what our purpose is, which is to redesign the business of food for health, equity, and earth— we don't want to be alone on this journey. We can't, alone, redesign the business of food. We need our peers, our suppliers, our customers, our consumers, all to join us on that journey. And the only way we're going to be able to do that is if we're out there, actively telling our story and sharing very specific examples of what we're doing.

D&C: That's fascinating. Say more about how you envision this happening. When you talk about redesigning the business of food, I am struck by the fact that you've been in the food industry, and Sally has been in the food industry, for a long time. How does Clif Bar, a successful brand, a well-known company— still a relatively small, I think, privately-held company— how does it play this role in influencing the entire food industry?

McCaig: Well, I mean, I think there are a number of ways. One is leading by example. You mentioned we were born on a bike, 30 years ago. Right? That's how Gary envisioned this whole idea of having a better energy bar. And it was purposely crafted, then. So a lot of who we are today came with us at day one. We have, since then, seen ourselves as this test kitchen that really aims to disrupt the food industry and prove that it can feed a collective good. And so to do that, we have to provide examples.

One is around buying plant-based organic ingredients, right? We're very vocal about that. We have produced videos about why organic almonds are better than conventional almonds. We have promoted the development of organic seed and organic farming. We advocate for things like the Farm Bill. So we play a very active role there, both in how we operate our business, but also, where we show up. Policy and advocacy is a big piece of that, too. We have people on our team at Clif in government affairs, who play an active role— both with the Organic Trade Association, but also the USDA— on really trying to push forward the importance of organic.

So that's one example. We also talk about how we think the food system can be restorative. We operate the world's first zero-waste bakery. Right? And we would— it's something that we're not hiding. We love to showcase our bakery in Twin Falls, Idaho, because it's remarkable. You know, we have this phenomenal renewable energy, or solar energy, farm. And that whole farm has a pollinator habitat growing underneath it. It's just really phenomenal, the things that we've done there.

We are working on compostable packaging right now. We recognize that our packaging is not sustainably ideal. And so our goal is to be able to move to industrially compostable packaging, and we've been testing a lot of films. I did a backpack test, which was a ton of fun, where I took Clif Bar products in a bunch of different compostable wrappers for three weeks on my travels, in my backpack. And then brought it back and we had to see, "How did it hold up? How did the product hold up? How did the packaging hold up?" So there's just a lot of testing where employees are involved.

This is the kind of thing where we don't want to keep this knowledge to ourselves. We want to bring people along on our journey and share with them what we're learning, so they, too, can also be making these changes.

D&C: A couple of final questions for you. One— you talk about the virtuous cycle of what you're trying to achieve. Doubling the size of the company, doubling the impact. I'm curious— on the one hand, we have a lot of rhetoric and stories that support that. On the other hand, there's plenty of evidence that impact and profit don't go hand in hand. That achieving serious impact, at least in some industries, doesn't always bring you the profits that we would hope for. So I'm just curious if you can describe how you see the virtuous cycle happening, and are there instances where it gets sticky? Where there is friction? Where it doesn't work?

McCaig: Yeah. I mean, the fact that we have five aspirations, and we use them for decision making— there's natural conflict built into that, right? Because you can't check every aspiration box in every decision. And we have to think about, "Okay. Are we going to prioritize one over another?" But it's going to be an aligned decision that we, as a leadership team, have made.

So it's one of those things that we use to hold ourselves accountable. But we also say, "Well, what's the trade-off? What are we giving up, to do this?" In some cases, organic being a great example of that, we're selling a product that costs more to make. And we're competing with products that aren't using organic ingredients, at the same price point. But that's a choice we've made.

D&C: And then another question for you. ESG. We hear a lot of conversation about ESG, environmental, social, and governance standards. Do you think of what you are doing, and what Clif is doing, as ESG? Do you think of the company as a model of ESG success? Do you think of it as something that's— I mean, we run into all these definitional issues here about, what the heck do all these terms mean? But I'm curious how you think about ESG, and how you think about Clif vis a vis ESG standards.

McCaig: I used to have this slide that I would share with leadership that said, "Sustainability = ESG." It's the new term, right, to talk about the same stuff, essentially. The way I think about ESG is, this is about ensuring that you are running your business, making good business choices, and you're thinking about all the different risks associated with your business. And you're building those into your management model. So what's happening today around ESG is, companies are using it— this is Roma, speaking here. But I think companies are using it more of a compliance mechanism. It's like, ESG, to me, is the bottom, now. ESG is the minimum you

should be doing. It's a "check the box." It's so an institutional investor doesn't pull out of your investment, so you can get a particular rating or ranking, which is very inconsistent across the board. But what ESG isn't doing is measuring positive performance. So I see ESG about doing no harm. And I think what Clif is doing is about doing good.

D&C: Got it. So, last question for you. You've talked about the growth plans, the ambitions, and we've talked about a lot of the ways that Clif is already living up to its five aspirations and what you hope to achieve with more environmental sustainability, with compostable wrapping, with employee pay, and so on. I'm curious, on the non-impact side, what are we going to see for products? Are we going to see just an expansion beyond energy bars and drinks? What's going to get Clif, on the product side, to a doubling in size?

McCaig: Yeah. Well, we made an exciting announcement at the end of the year, where we're launching our first pet treat line. So, plant-based jerky— living into our nutrition beliefs, our ingredient beliefs, by developing a plant-based jerky, which I'm so excited. My dog loves it. And that will be available later this year. And that's our incubator. We have three levels of innovation. One is, we're—

D&C: This is good, Roma, but I don't have a dog. My kids have dogs.

McCaig: You don't have a dog? [LAUGHTER]

D&C: No. I want a new product that gets me excited. The dog treat, it's good, but it's— you know.

McCaig: Yeah. So, the other two things that you'll see us take national are— cereal. Yeah. So, we tested cereal with one retail partner last year. We'll be launching that nationally this year. As well as the other thing that you can also find out there right now— so, you can find cereal out there. And you can also find Clif Thins. And what's nice about Clif Thins is, this is essentially a Clif Bar that is a crispy wafer, and it's a 100-calorie pack. So it's a quick snack to get that little boost that you're looking for and goes really well with a cup of tea or a cup of coffee.

So, two examples. The other thing, too, is there's just a lot more we're doing with kids. Our Clif Kids, or our Zbar line, has just been hugely popular. And so really leaning into how we support Moms and kids, and the lunchbox, essentially.

D&C: Great. Roma, fantastic to talk to you. And it's been really fun to catch up with you again and to learn all about what Clif is doing. I'll be paying attention, and I hope our listeners are paying attention as well. And, you know, coming back to say, did you deliver, and deliver on these bold goals? So thank you so much.

McCaig: Yeah. Well, thanks so much for having me. It was really great to catch up, Katherine.

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