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Scott Roseman: Owner, New Leaf Community Markets

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Authors

Roseman, Scott
Reti, Irene H.

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Scott Roseman



Photo by Shmuel Thaler

Owner, New Leaf Community Markets

Scott Roseman was born in New York City and grew up on Long Island. He came to Santa Cruz in 1977 to study sociology at UC Santa Cruz. While he was a student, he joined Our Neighborhood Food Co-op, located on the Westside of Santa Cruz. After graduation, Roseman worked for the Alternative Energy Co-op, an organization devoted to renewable energy technologies. It was there in 1979 that Irene Reti, who conducted this oral history, first met Roseman while she was an undergraduate student at UCSC doing an internship in alternative energy systems. After the Reagan administration withdrew government funding for solar energy, Roseman took a position as a floor manager at Our Neighborhood Food Co-op.

In this interview, conducted on February 20, 2008, at Roseman's house in Santa Cruz, he described the evolution of the co-op into the Westside Community Market in 1985, and eventually into New Leaf Community Markets, a chain of six stores. Four of the New Leaf stores are owned by

Roseman and two other partners; the other two are owned by local resident Bob Locatelli.

New Leaf contributes up to ten percent of its profits annually to local nonprofit organizations. The business pioneered a sustainable-seafood labeling program named Fishwise, as well as many other marketing and educational innovations. Their newest location on the Westside, just around the corner from the original location of Our Neighborhood Co-op, opened in March 2009. As of this writing, New Leaf faces competition from two new Whole Foods stores sited only a few blocks away from two of their locations. Recorded at a key historic moment, this interview documents the corporatization and ongoing consolidation of the natural foods industry over the past twenty years.

Additional Resources:

New Leaf Community Markets:

http://www.newleaf.com/retailer/store_templates/shell_id_1.asp?storeID=J3QSSEQX5CS92J2000AKHMCCQJA05T39

Independent Natural Foods Retailers Association: <http://www.naturalfoodretailers.net/>

Jondi Gumz, "Co-Owners of Organic Market See Healthy Growth," *Santa Cruz Sentinel*, February 27, 2008.

Jondi Gumz, "Construction Begins on New Leaf's New Westside Location," *Santa Cruz Sentinel*, May 20, 2008.

Carolyn Dimitri and Catherine Greene, "Recent Growth Patterns in the U.S. Organic Foods Market," USDA Research Service. September 2002.

<http://www.ers.usda.gov/publications/AIB777/>

Beginnings

Reti: Today is February 20, 2008. This is Irene Reti of the Regional History Project, and I'm here with Scott Roseman at his home near Santa Cruz, California. We're going to be doing an interview about New Leaf Market. So, Scott, I want to go back in time first, and have you tell me about your early life. Where were you born, and how did you come to Santa Cruz and get interested in natural/organic foods?

Roseman: I was born in New York—born in New York City, grew up on Long Island. I didn't really think anything about moving into this world of organic foods, or the food business at all. I know a lot of people in the industry who grew up in the industry—they were baggers; they had some relationship— That's not what I did. I think what led me here was having some form of social consciousness. I grew up with a form of social consciousness that led me to become interested in social issues. And when I went to school in upstate New York I started shopping at the food co-op there.

Reti: Now, where was that?

Roseman: In Binghamton, New York. But that was very minimal. Then when I came out to Santa Cruz, just because I was who I had become in terms of my concerns about the world and making the world a better place, I did things like recycle. I shopped at the food co-op on campus. And when I moved off campus, I shopped off campus at the food co-op. So I became interested in natural foods, organic foods, for all of the good reasons that most of the people that shop in our stores are interested in, and do that.

Reti: When did you come to Santa Cruz?

Roseman: I came to Santa Cruz in 1977—moved out here, went to school. I needed to finish college so I did two more years at UCSC. And during that time, that's when I joined the local food co-op. That was my initial connection to where I eventually went to.

Reti: And are you talking about Our Neighborhood Food Co-op?

Roseman: Our Neighborhood Food Co-op, yes.

Reti: Because I know there was the Kresge [College] Food Co-op.

Roseman: When I first came here I lived on campus, lived at Oakes [College], so I went to the Oakes Food Co-op. I don't know if that exists anymore.

Reti: I never heard of that one.

Roseman: There was one at the time when I came here. And there was also the Kresge Food Co-op, which was a lot more of a going thing. Then the next year, when I moved off campus, the household I was part of shopped at the Neighborhood Food Co-op, so that's how I connected there.

After I finished school, I worked in the nonprofit world for about three years—worked at what was called the Alternative Energy Co-op, which was a nonprofit that was dedicated to the renewable energy movement. But during that time I continued to shop at the food co-op, and became a real regular there. And then when the government funding for the position that I worked in ran out, I needed to get a “real job,” and I found out there was an opening at the food co-op and went and got a job there.

Reti: And what was that position?

Roseman: It was a floor coordinator, similar to a manager-on-duty type of position.

Reti: Let me just back up a little bit. So what did you study in school?

Roseman: Well, I majored in sociology. But my major wasn't really significant. I just took a lot of classes, and sociology was a convenient major to get the degree in.

Our Neighborhood Food Co-op

Reti: Okay. So what was the history of Our Neighborhood Food Co-op?

Roseman: I think they started in either the early or mid-seventies. I believe that it actually started over on River Street, and then moved to Ingalls Street, and was in the building that is currently occupied by the Bonny Doon Winery. When I first started out there, they had probably twenty-five hundred square feet total and shared— There were two doors. The door on the left was the food co-op; the door on the right was the Santa Cruz Juice Club. I was just telling this story recently, about how it was that when you came to the food co-op, oftentimes the Juice Club would leave their carrot waste out in front and there would be flies coming out of it. It was a very unappetizing place to come to.

Reti: (laughter)

Roseman: (laughter) Once you were inside the door it was fine, but outside you'd come and there would be flies flying around in this carrot waste, and that was your entrance to the food co-op. So it was fortunate that the Juice Club closed its doors somewhere, probably about a year after I started working there, and we took over that space. So it ended up being about three thousand or so square feet total, that site, which probably was about 2300 or 2400 square feet of

retail, total. That's the space I took over when I created Westside Community Market.

Reti: What challenges were facing the co-op, and why did it ultimately become Westside Community Market?

Roseman: The co-op was a wonderful ideal. It was a wonderful ideal in lots of places, and it still is a wonderful thing going on in many places around the whole country. There are many, many successful food co-ops throughout the United States. In Arcata, the food co-op there is still going strong; in Minneapolis there are food co-ops that are very successful. I think that one of the most successful food co-ops is in an urban area in Brooklyn, New York. It's interesting, because the ones that are successful either didn't have the members working, or had them working a lot. The member labor thing was a major problem area for food co-ops. The Neighborhood Food Co-op had a one-hour-per-month labor requirement. That was a very inefficient system. Whereas, the Park Slope Food Co-op in Brooklyn, which was and continues to be a successful food co-op, they had at least three hours a month, or it might even be three hours a week. So to be a member of that food co-op you had to work. But you knew what you were doing. Whereas, if people came into the Neighborhood Food Co-op and did one hour a month, mostly I and the other people who worked there spent a lot of time training those people and not getting a lot of work out of them. So it was a very inefficient system. Over time, we had a lot of discussion about how to make it work better. We developed a super-worker system, which entitled people to a bigger discount. That was a much better system. But still, the member labor, I

think, was probably the main reason for its collapse, along with— There were a lot of internal battles about what foods to carry, a lot of wasted management time.

Reti: Battles about —

Roseman: What food to carry, and there were battles about personnel and work styles.

Reti: I know people have told me there were battles at Community Foods [a different local store] about bags, whether to carry bags.

Roseman: Yes, that's the sort of thing. You get kind of caught up in the minutiae and in these sort of symbolic things that aren't relevant to running the business, and so you lose focus on what's really important, which is getting the products out there, having good customer service, serving the customers.

Reti: And how was the co-op getting their food at that point? Were they buying it direct from farmers?

Roseman: I would say there was a lot more natural food in those days and not as much as organic food, but there was still a lot of organic—but as far as the fresh produce, it came from local farmers. There was one major distributor out of San Francisco, who still is there: Veritable Vegetable. They delivered to Community Foods, and then Santa Cruz Trucking¹ would sort of repackage Veritable Vegetable's and deliver it to the other local stores.

Reti: That's how that worked.

Roseman: Yes. And eventually, after Westside Market opened, we initially got it from Santa Cruz Trucking, but then we ended up buying from Veritable directly. But in any event, it was kind of an indirect route. And we, of course, bought a lot of conventional produce as well, from the local distribution companies. Eventually Coast Produce,² which is the largest local conventional produce distributor, started doing organic as well. But that was later on. I can't remember exactly when that was—probably in the late 1980s, I think. And other than that, we bought from natural food distributors. There was a whole bunch at that time.

Reti: So there were distributors. It wasn't that you were dealing with each individual company coming in.

Roseman: As far as the dry grocery and refrigerated? No, we had a number of different distributors. It was much more diverse than it is today.

Reti: So there's been a lot of consolidation?

Roseman: There's been a tremendous amount. Right now there's really one big distributor and then there's some other smaller ones. But in those days there was a lot more competition.

Reti: Okay. So tell me the story of how you ended up with Westside Community Market.

Roseman: Well, I worked at the food co-op for three years, started out as what they called a coordinator, which was a person who ran the shift, and would set up the member workers and set up the other workers. Eventually we went to

paid cashiers, so I supervised them. But I supervised the volunteer cashiers as well.

Reti: You had volunteer cashiers?

Roseman: Well, those were the super-workers who worked at least two or three hours a week, I think. And again, they got a bigger discount for doing that. But eventually, I think we went to all paid cashiers at some point along the way.

Anyway, so I did that initially. And somewhere, a year, a year and a half in (I worked there for three years, so I'm trying to remember exactly when), but somewhere about a year and a half in, I took over the produce department, learned produce, and then I became the produce manager. Then somewhere after that, I took over buying dairy foods as well. And so I was doing quite a lot. (laughs)

Reti: Dairy and produce. That's half the store.

Roseman: It was a lot of the store, yes. And it was interesting, because when I left, I left at a certain time, but they had actually had to hire two different people to take over what I was doing. So I guess I was doing a lot. In the last year that I was at the food co-op, I was also the staff representative to the board, so I kind of got that board insight into what was going on as well. There were different managers there when I was— Initially, we were a collective. The first year that I was there I think we ran it as a collective. The second year I was there it was run by co-managers who came from the collective. And then the third year, maybe

the last six months I was there, eventually we went to a single manager system, and we actually hired a manager from outside to run it.

Reti: And what drove that change in structure?

Roseman: Well, it was moving away from the idealistic to a more practical system, more accountability. That was very challenging in a lot of ways. I mean, the person we hired from outside to be the manager, she was a very competent individual and she ran into a lot of resistance from the counterculture that existed in those days in a big way, in a bigger way than even today.

Reti: (laughter) I can imagine.

Roseman: She left after less than a year. It was too bad, because she was making some good positive changes. The co-op was going in a good direction. We ended up hiring somebody else to be the manager, and he was not as effective. And then eventually, a year or so from there, was when the co-op was going down the tubes.

So in the summer of 1984, about three years after I was hired, I was thinking about leaving. And at the same time I was going on vacation in the middle of the summer. I actually started out on my trip and I was about a day into my trip and I was very sick. We turned around and came back, and it turned out that I had leukemia.

So (clears throat) basically I was on leave from the food co-op at that point, medical leave. I basically took most of the year to go through all that treatment.

But towards the end of that year, after starting to think I was going to do something else, I came back to— The co-op was really floundering. I talked to some of the folks on the board and said, “I want to buy it.” So I basically negotiated a deal with the board of directors to buy what was left of the food co-op.

Westside Community Market

And so on October 20, 1985, we opened Westside Community Market. On the 19th it was the co-op; on the 20th it was Westside Community Market. Overnight we made a few changes. The biggest thing— I can remember a lot about that night. We had to do inventory, but we also really cleaned the place up. We *dramatically* cleaned it up. It was a mess. That was one of the things about the food co-op, was that they just didn’t keep it very clean. And so we really cleaned up. We brought in some new equipment, but not a whole lot. And then over time we brought in some more, and improved it some and it started to work.

Reti: What kind of equipment are you talking about?

Roseman: Oh, I just mean like new cases: new produce cases, new dairy cases, and that sort of thing.

Reti: Make it more spiffy—

Roseman: Yes. I would never have called it spiffy, but it was definitely better than what was there before. (laughs) It became a little spiffier when we moved over to Mission Street. It was pretty funky over there [in the building on Ingalls

Street]. The building was funky and— But, you know, it was a great group of people and we really made it go.

Reti: When you bought it, what were your aspirations?

Roseman: Well, my aspirations were simply to run that business. I had no ideas about opening up more stores or moving to Mission Street, or anything. I just wanted to run the business right there, and grow it from that place. Just wanted to have a successful little business that was somewhat idealistic in the way that I wanted it to be, you know? I wanted to have democratic management principles. I wanted my employees to feel good about working there. One of the things that I always talk about when I give a little history at the employee orientation is the fact that from the day we opened that store, we had health insurance. We opened that store with health insurance in place. And over time, within the first year we had a profit-sharing plan. Those kinds of things were important to me right from the start.

I think the biggest difference with regards to how I ran it versus the food co-op, was that I said, “The customers are paramount. We treat the customers really well.” And that’s what happened. I was really fortunate to have some great people working for me. I remember the cashiers, who were the main cashiers over the first few years: Annie and Phil. They were the mainstay cashiers. They were just so great with people. I think that made a huge difference in building the business.

There were other people that I brought in either at the beginning or soon after. About two and a half, three months after I started the business I hired Clares Ritter, who was one of the principals at Santa Cruz Trucking, to become my produce manager. She really developed the produce department. The food co-op was probably known for having the worst produce in town, and after two or three months of Clares being there, we were known as the best place to buy produce in town. She was able to source produce from outside the area and brought in a lot of really good stuff, but also knew how to display it, and all the things that a good produce manager knows how to do.

I also hired a great grocery manager, somebody who had worked at Community Foods for a few years and really knew his stuff. Once we were open, with him doing grocery, it had a whole different look from what the co-op had. It was just much more professional, much better merchandised. He brought a lot of direction there. We were able to grow the business slowly but surely, and over four years in that funky little building. I think we built it like six or seven times what it started out from.

Reti: In terms of gross sales?

Roseman: Yes, we started out doing about \$1000 a day, and by the time we were out of there we were doing about \$7000 a day. That was a big jump. Not a lot of sales by today's standards, but to be doing around \$50,000 a week out of that funky location was pretty good.

Reti: At one point did you move down to the Mission Street location?

Roseman: Well, one of the key points in the business was— I was running this business by myself when I first started. And then sometime during 1988, after I attended the natural foods tradeshow— When I was at the trade show I met some folks who were consultants in the industry. And I asked them about doing some consulting for me. It was a couple. So Chris, the woman, came up and did some consulting work with me. She had some great ideas and helped me deal with some issues. We hit it off really well. And she talked about how she and her partner really wanted to get back into the retail side of things. So after some time, and we talked over the phone and so on, basically we all decided to merge our two companies. They were operating out of Tucson at the time. So Rex and Chris became my partners in the business and brought their consulting company to Santa Cruz. So they operated the consulting company, and I ran the store until— Well, right around the time that we were merging, an opportunity came up to move the store to a new location, which was the Mission Street location. And so when we did that, we moved the consulting business into that office. We ran the consulting business kind of side-by-side with the retail operation for a few more years.

Reti: And what was the name of the consulting business?

Roseman: It was called Renovations, and it was basically consulting for natural food stores. They did consulting all over the country. They would go to natural food stores all over the country. And we did that until the time we opened our second store. Once we opened our second store, we all needed to refocus our energy on the retail, and we couldn't really maintain the consulting business any

longer. So anyway, they became my partners early in 1989. And then in 1990, May of 1990 is when we opened up on Mission Street.

Reti: Right after the Loma Prieta Earthquake of October 17, 1989.³

Roseman: Right after the earthquake. Yes, the earthquake was quite an event.

Reti: Yes, how did that affect you?

Roseman: Well, we were still at Ingalls Street at that time. It looked messy in the store after the earthquake, but we really didn't lose a lot of stuff. We were really, really fortunate. It must have been (we talked about this later) that the shelves were set up the right way.

Reti: Yes, for the wave motion not to pull them over.

Roseman: Exactly. Some things fell off the shelves, but not a whole lot. So we were really, really lucky. We cleaned that place up in no time. And then actually, I remember, when the power was out for not a whole long time, the power on the Westside went on pretty soon after the quake. It was one of the fastest places to [come back up]. The earthquake happened at five in the evening and the power was on on the Westside by noon the next day. That was incredible. We lost some ice cream and stuff, but it wasn't awful. We had insurance to cover it, so it wasn't too bad. There were other stores in town that really lost a lot of stuff. I talked to other retailers and they went through a lot more damage than we did. We were up and running the next day, so that was pretty good. In the meantime,

as far as the construction site, the building hadn't— They had started framing it but it hadn't gotten very far, so it really didn't affect construction at all.

New Leaf Community Markets

Reti: So why don't we jump ahead just a little bit, because the future reader of this oral history will not necessarily be from Santa Cruz. Please give me an overview of New Leaf. How many stores are there?

Roseman: Well, New Leaf currently has five stores. We have the Westside store, which is the one I've been talking about. Then we opened the Capitola store in 1993. Then we opened the downtown store in 1996. Then there are two stores: one in Felton and one in Boulder Creek. And those are both owned by another separate individual, Bob Locatelli. He licenses the New Leaf name and runs his stores as New Leaf Community Markets. It's owned separately but we do a lot together with them in terms of marketing New Leaf. Anytime there's an opportunity to do purchasing that would benefit the whole chain, we do that. And we benefit from the discounts that are offered for the size of operation that we are all together. So that's the current New Leaf operation. And then we are about to open a sixth New Leaf store in Half Moon Bay in June [2008]. And then we're going to be moving the original Westside store back to Ingalls Street, but on the corner where there's a vacant lot, to a brand-new building that's going to be about three times the size of the current store.

Reti: Okay. We'll talk a little bit more about those new stores later.

Roseman: So that's the current look.

Reti: And how did you come up with the name New Leaf?

Roseman: Well, that's an interesting thing. When we were moving the store from Ingalls Street to Mission Street, we needed to change our name. When Rex and Chris became my partners, that was the time when we started talking about the idea that we'd want to grow the business. So, being the Westside Community Market wasn't going to work in other locations. It wasn't going to be the Westside Community Market in Capitola.

Reti: (laughter) No, that would be confusing.

Roseman: So we needed a new name that reflected that. And, interestingly enough, we actually ran a contest with the employees. We put a big piece of butcher paper up, and we had the employees write down all kinds of ideas that they had for names. I remember there were some very funny ones. There was one person who worked for us who didn't really like the idea that we were going to open up a meat department. So he put up something with beef in it.

My partner, Chris, she was very attached to— She wanted to call it Three Amigos. I don't know. That didn't really go over. But, interestingly enough, it was Rex, my other partner, who came up with the name New Leaf. And so, that was the name that really stuck. It was kind of between New Leaf and Green Leaf. But it became New Leaf, which really was perfect, you know, because we were turning over a new leaf. I think in many ways the people that are shopping at New Leaf are turning over a new leaf by choosing to eat the good food that we offer. I think it's a perfect name, and that's how we got it.

Reti: Okay. Now, to me, “Community Market” is also a significant part of the name. I know you have a lot of community programs. Let’s talk some about those.

Roseman: Again, this comes out of where I come from in social consciousness. It was important to me from when I started the business to have a standard around community. Right from the day I opened, I said, “We’re going to give ten percent of our profits back to the community.” And that’s a standard that we’ve had and always have committed to and exceeded. We’ve actually always exceeded it.

Envirotoken Program

Reti: And one of the ways you do that is the Envirotoken program. Tell me about that.

Roseman: Well, that came from a customer who saw something like it somewhere else. You know, a lot of places you go in, they’ll give you a nickel back if you bring a bag, if you bring your own bag to use instead of using the store’s bag. So we said, okay, instead of giving them a nickel back, we’re going to give that nickel to an environmental organization. So that was the idea. And our customers actually vote and choose the six organizations that customers can choose from in the store. They’re supposed to be environmental organizations, not just any nonprofit, but something with an environmental connection.

Reti: So some of the ones that I can remember are The Homeless Garden Project, Community Alliance with Family Farmers (CAFF)—

Roseman: Yes, CAFF. Save our Shores. CCOF (California Certified Organic Farmers). Ecology Action. Those are the kinds of organizations that we've had, and that would qualify for that.⁴

Supporting the Community Through Donations

Other ways in which we give: The simplest thing is, people come to us and we make food donations; we make cash donations; we buy ads in community publications. Like the Shakespeare Santa Cruz program, we'll sponsor that. A high school has their little event and you buy an ad in their program. That's really a donation more than anything else. So we do that kind of community support. We currently have what we call a community card, and that is where it represents your school or organization, and when you use it we donate a percentage of that transaction to that organization. We have community days, where we donate five percent of the sales of that day to a particular organization. One of the community benefits which crosses over to an employee benefit, is our community service days. So if you work full time you get two days a year, and if you work part time you get one day a year, to work for a nonprofit. And we pay your way for that day or for those two days.

Reti: That's fantastic. I didn't know about that.

Customer Education Programs

I know there are some customer education programs which would come under the category of labeling in the store, for customer education. So, for instance, the Buy Fresh, Buy Local program.⁵

Roseman: Yes.

Reti: How successful has that been for you?

Roseman: Well, I really can't say how successful that's been. Hopefully when people see it they say, "Whoa! Buy Local. That's a good thing. I feel good about buying that product." We haven't really measured—

Reti: You don't track how many people buy things with that label. I guess it would be pretty hard to do that.

Roseman: I guess it would be possible, but— Like, say you have organic broccoli and we're buying it from a particular farmer, but then three days later we're buying it from a different farmer, who is not part of the Buy Fresh, Buy Local program. It's impossible to track it. I think the only real measure of that is to talk to customers and see, does it actually influence your purchases? And we haven't interviewed the customers to ask them that, so I can't tell you if that is true or not. But it feels good to be part of that [Buy Fresh, Buy Local] program. I think it helps to define New Leaf—that we do participate in that and that we are promoting that program. We've given them money and helped them do the good work that they're doing, too.

And then we have our whole local program. Buy Fresh, Buy Local is just one little piece of our whole local program. I mean, the truth of the matter is that we've always bought local. In the last year or two it's become very trendy to buy local. But it's nothing new to us. Since we began, we've bought from local companies and we've bought from local farmers. It's just what we've always

done. We don't need a trend in order to make us buy local. It's just what we do. I know that other, bigger operators are making a lot of noise about how now they're buying more local stuff. So okay, that's good. But they're doing it because it's trendy, not because their core values are about buying from the local people. Their core values are about making money and about consolidation. But buying from local people is a core value of what we're about.

And then as far as that goes, when we decided to create a program that would highlight items that are not just part of the Buy Fresh, Buy Local program, but also all the products in the store that are from some local source, we created a program where we are labeling some items as local. They're really local. Depending on the type of product, it can mean just from this county only, or it can mean from within the five counties around us.

And then, outside of that, we have a larger area which we call Eco-regional.⁶ It's still within a reasonable time frame of the store. But if it's from Mendocino County, that's not really local. So we call it Eco-regional. Now other companies, again national companies who are playing this local game, they're calling the stuff that's seven hours away local. And they were calling stuff that was even further away than that local when they first started doing this. I think we do local with a lot of integrity. Integrity is a very important value of ours, too. So it goes hand-in-hand there.

Reti: Have you had anybody come to you and say, "Gosh, why are you carrying kiwis from New Zealand?" Fruit that comes from further away—have you had any customers talk to you about that?

Roseman: No, I think we have such a good representation of local products that if we carry products that are not from here people understand that it's probably because we can't get it. And you have to weigh local, versus sometimes the quality of the product. Sometimes the quality of the product from further away is going to be better than the product that's closer by. There's price. There's location. All the different factors. All I can say is that certainly the location weighs heavily for us.

Sustainable Seafood Fishwise Program

Reti: Okay. And I know another innovative thing you have is the Sustainable Seafood program.

Roseman: Yes. New Leaf has really been a leader in this. I think with the whole Fishwise organization, we were the first ones to do this. My partner Rex, along with Sarah Moss, our marketing director, were integral in creating this program, and Chris Farotte, our meat and seafood coordinator. So the Monterey Bay Seafood Watch—they were this group of students from UCSC and there was this whole connection—I don't really know the whole story about how it all came together, but between all of them they came up with this idea to do this program, the Sustainable Seafood Program, at our store. And I don't think anybody else in the country was doing this in a grocery store.⁷

Reti: Do you remember how long ago this was?

Roseman: This was three years ago, maybe. So we created this program. We refer to it sometimes as the Traffic Light Program, with green, yellow and red. So

we labeled our seafood either green, which meant it was sustainable; red meant it was not sustainable; and yellow meant it was sort of in transition, or in between somewhat. Initially, when we had the program out there, we had some items that were red, as well as green and yellow. And mostly we carried red items because there wasn't a yellow or a green alternative. In other words, if there was some kind of, say, cod-type fish that was either green or yellow, we didn't carry a cod fish that was red. It wasn't like that. But the most significant example of the red was shrimp. There was at that point nowhere we could find sustainable shrimp. So somewhere around two years ago we found a source for organic, not only sustainable, but organically grown shrimp. It was from Ecuador. Somebody who lives here in Aptos has a company, and he made this connection and was marketing this shrimp that was sustainably grown and organically grown, for that matter, in Ecuador.⁸ So we brought that shrimp in, and have been using his shrimp since then, and basically got rid of the unsustainable shrimp. Some time soon after that, we decided to declare that we weren't carrying any red anymore. So now we only have green or yellow in our case. So there's no non-sustainable or unsustainable seafood at New Leaf. In other words, you can come into New Leaf knowing that you're not depleting the oceans of any fish that won't— If you go to any other store and you buy, say red snapper (which is not sustainable), that fish species is going to go away unless we start paying attention here. And many other types of fish as well.

Reti: So you can go into New Leaf knowing that whatever choice you make is at least okay.

Roseman: Yes, at least okay. Right. And we're still the only ones here in Santa Cruz. There are other operations now. We've modeled the program and others now have picked it up. I think there are operations in the Bay Area, and I know there's a store up in Oregon that copied our program. We're happy that people are copying it.

Green Business Certification

Reti: Now, you also got green certified, right?

Roseman: Yes, all of our stores are green certified.

Reti: What does that mean? What was that process like?

Roseman: Well, it meant that people from the [Green Business] certification program came and inspected our operations to see what we were doing in terms of our practices.⁹ There might have been one or two things that they wanted us to change along the way, and we did that, but for the most part they really liked what we are doing. Because we've been a green business since the day that we started. There are other businesses on the green list, and we far exceeded any of their standards. We've been a green business before it was trendy to be a green business.

Reti: So this has to do with energy use and—

Roseman: Yes, energy use and recycling— And I guess the products that we sell count in the equation too.

Reti: You were doing green before it was called green.

Roseman: Yes.

Reti: Same as some of these other things, like carrying local food. It's just what you were doing.

Roseman: Yes. I think about how, back in the early 1990s, we started seeing soy milk and juice in these aseptic packages, and that was a new thing.

Reti: That's the boxes.

Roseman: Right. Back when it was new. And at that time we always had bins for recycling glass, and for recycling plastic bottles, and whatever. But then there was this aseptic packaging. What were we going to do with it? There was nobody recycling that. But we found somebody up in the Bay Area who was recycling that material. So we collected the aseptic packaging, and I think we actually brought it up to some site outside of this area to a recycling place. So we were doing that recycling before anybody else. It's good that now it's just part of their regular recycling. But back then we were the only ones doing it.

Independent Natural Foods Retailers Association

Reti: So I know you are active nationally with the Independent Natural Foods Retailers Association. You helped start that?

Roseman: Yes, INFRA. Four or five years ago I was at the Anaheim Trade Show and I was approached by somebody in the business. I don't know if he wanted to

form an organization, but he was interested in getting independent retailers, natural food retailers together to do a private label. And so we got together with him, a number of prominent independent natural food retailers, and this led to the whole idea about creating an organization from which we would also launch this private label program. And interestingly enough, we got the organization in place, but we never got the private label. But the organization was started by Albert Lusk, who was originally the owner of Albert's Organics.¹⁰ He was who approached me. And so it was him, and me, and Jimbo [Jim Someck] from Jimbo's . . . Naturally, which is a similar kind of operation in San Diego; Jonathan King from New Frontiers, which is a five-store operation that has stores in mid-California and also in Arizona; and Earth Fare, which has about thirteen stores in the Southeast. So the four of us plus Albert were the beginning of INFRA. And we eventually hired a woman, Corinne Shindelar, to be the staff executive director. And over the last three or so years we've created by-laws, created an organization, incorporated it, and have a board of directors. Now there're thirty-five or so retailers who are members throughout the United States.

Reti: Is this partially a response to the consolidation in the industry?

Roseman: Oh, it's *absolutely* a response to the consolidation. I mean, that's why we exist, to share best practices, and to use our buying power wherever possible to help our operations. We have a listserv where we share ideas. We also have a website where we share materials with each other and that sort of thing. And then, like I said, we've been developing various programs. Like, we have one

program in place for paper bags. In other words, if one or two of us was to go and try to negotiate with a paper bag company for price—

Reti: So that you can have bags with the New Leaf logo printed on them.

Roseman: Yes. You get one price, but if you go as an association you can get a much better price.

Reti: So you've got the economy of scale in your favor.

Roseman: Yes. So we have a lot of retailers who are using this program and saving a lot of money. As a group, we can buy paper bags and get the price down. So the idea of buying what you might call ancillary products. And then we also started a promotions program, where basically we've gone to manufacturers and said, "We have a whole group of retailers who will promote your product. So give us a better deal and we'll promote your product through our association." I think there's more opportunity along those lines. We've just started that program, so it's just getting going. It sort of follows, in some ways, what the co-ops have. The food co-ops have a national association of food co-ops, and they have a whole cooperative marketing program. So that's kind of the direction that this is going in.

Competition within the Organic Foods Industry—the Niche of the Natural Foods Store

Reti: Can you talk about the broad changes going on within the industry? Costco is carrying organic foods. Supermarkets are carrying organic and natural foods.

Roseman: Well, we are certainly seeing tremendous— It's the blessing and the curse of the national organic standards. Great thing that finally there are national standards for organic products. It took over ten years from the time that it was conceived and actually passed into law for it to be implemented. And there were a lot of battles along the way about what those standards were going to be. Unfortunately, for the most part, the higher standards went out. There were a lot of attempts to water down those standards. Fortunately, most of the standards are reasonably good. So once we had standards in place, then you saw a lot of mainstream companies start to get involved in organics. It's interesting, because since I can remember, you would have mainstream companies start to dabble in organic or natural foods. They would start a program, and then it would be gone. And they'd start a program five years later and then it would be gone. Now they're into it, but I don't think it's going to be gone this time. I think they're serious about it at this point. I think because there are national standards, the Safeways and the Costcos of the world are in organics and they're going to stay in organics. And it's going to continue to grow.

Now, they may not really care about where their organic products come from, for example. They may be buying a lot of organic products from China. A lot of people are concerned about buying products from China. And so that's something to be concerned about. There's a difference between buying organic products from China, or from Thailand, or from Indonesia, or wherever, versus buying organic from California.

And the other thing is that it's going to grow, but it's still not their core business. I don't think it will become their core business. I go into Safeway, and I see what's going on there. They have organic stuff, but most people that are shopping there, they're not buying the organic stuff. There are some people who are buying this or that. I think, from their perspective, it's been successful for them. But it's not their core business. It's our core business. And people who are into the lifestyle, they're going to be shopping at places like New Leaf and Staff of Life and that kind of store.

Reti: So the niche that New Leaf fills is a more holistic kind of niche. Is that what you're saying?

Roseman: Yes, absolutely. I'm glad that there are more organic products being sold. It's good for the environment. It's good for the water supply. It's good for all kinds of reasons. And I hope it continues. But the big guys—their commitment to it is based on it being a business proposition. For us, it's what we care about. It's what we're there for. I think it's a real different thing. We're experiencing growth right now, and it's not hurting us. If [customers] start dabbling in it at Safeway, and they realize they want to be more committed to it, they're probably going to end up shopping at New Leaf and leaving Safeway behind.

Selling New Leaf to Planet Organics

Reti: Okay. Now, we're doing this interview a week or so after you sold New Leaf Market to Planet Organics, a Canadian medium-sized natural foods chain. Can you talk about what drove your decision to do that?¹¹

Roseman: Well, it's actually pretty simple. Basically the [natural foods] business—as you mentioned, there's a lot more going on in it now. There's a lot of consolidation. We're facing Whole Foods coming into this marketplace. And just like we created INFRA as a way for natural foods stores around the country to work together, we've decided to band together with some other natural food operators to be stronger, and to be able to continue to do what we've always done. By banding together with them, we're going to continue to do what we've always done and not change anything. We're going to continue to give back to the community, and we're going to continue to be committed to the high quality standards that we're committed to. Our produce department is about ninety-five percent organic. And that's not the kind of standard that the big players have. It's because that's what our core business is: promoting organic foods, promoting sustainability.

So we partnered up with Planet [Organics] and with Mrs. Green's [Natural Market] on the East Coast, and whoever else eventually becomes part of the Planet family. It's a way for these independents to kind of band together and continue to serve their communities and be good little stores, medium-sized stores, neighborhood stores that have really good quality products that have high standards. So we can not only survive, but thrive in the market.

We also have opportunities to expand. We're growing. As I said, we're going to open a store in Half Moon Bay. We're moving the Westside store. To be able to do this, we need capital to do that. We went out looking for capital to help us. We weren't really looking for somebody to come and buy us. But when the

opportunity came, of a company that had very similar values to us and a fair business deal, we said okay. And especially given that the way they operate is that they pretty much will leave us alone to do what we've always done. The people that have run New Leaf, myself and Rex, are going to stay and to continue to run it. And the people that are running the stores are going to continue to be there, and the product people are going to continue be there. The community programs that we have in place are going to continue to be there. We'll continue to be New Leaf. And hopefully we'll only get better.¹²

Expansion of New Leaf Stores

Reti: So the store on the Westside is going to be on Ingalls Street.¹³

Roseman: Yes.

Reti: And it's going to be how many square feet?

Roseman: About 21,000 square feet total, which probably means it will be fifteen, sixteen thousand square feet of retail. The total of the store on Mission Street is about six thousand on the ground. We have about a thousand upstairs. About seven thousand total, but one thousand is upstairs. So it's really six thousand, going to twenty-one thousand.

Reti: And there's no other natural food store in Half Moon Bay, that I know of at least.

Roseman: No.

Reti: So that's an entirely new market.

Roseman: Yes, there's one store that's sort of a crossover. But it's a small store. This is new for Half Moon Bay.¹⁴

Reti: Yes, I bet they're excited up there.

Roseman: Yes. The feedback we've gotten from the community in Half Moon Bay is that they're just so excited about us coming there. We get emails: "We just can't wait until you get here."

Reti: That's wonderful. Well, it's a long way to drive, to come down to Santa Cruz or go up to the City.

Roseman: Yes.

Reti: And are there alliances between the other independent natural food store owners in Santa Cruz? We have Staff of Life and Food Bin. Is there any kind of formal or informal organization between you?

Roseman: Well, there's no formal organization. I know the owners of the other stores and we're on good terms. We're not cutthroat competitors at all. I actually invited Richard Josephson and Gary Bascou, the owners of Staff of Life, to join INFRA, because I thought it would benefit them. I don't think they have yet, but it would benefit them. I'm happy to compete with those guys. They're good people and they've been here a long time. We're just friendly competitors.

A Passion for Innovation and Entrepreneurship

Reti: So what do you love most about doing this?

Roseman: Well, I am an entrepreneur, and I have a very strong entrepreneurial spirit. I like creating the business and the success that we have, and doing that at the same time as I'm selling a product that is so great. That I can be selling a product that's really making a difference in the world, and be running a business successfully, and at the same time giving back to the community, I mean, it's great. The whole thing is really perfect for me. I can be in business. I can use my expertise, and be creative. Also, I really like innovating. We talked about the Envirotoken program and Sustainable Seafood. These were innovations in what we were doing. Anytime we do something like that.

We are at some point in the not too distant future going to have some form of customer loyalty program. I really like that concept. I like the idea of rewarding the people that are good customers. We're looking into a system to do that that will do it in a way that's friendly and positive, and have a community support component as well, for that. So I'm looking forward to that. That's the kind of innovation that I like to do: create new programs that are exciting.

Reti: And what other visions for the future do you have?

Roseman: Well, I don't necessarily want to do this forever.

Reti: (laughter) You've done it a long time already, yes.

Roseman: Yes. So I want to stick around and grow New Leaf into something more, open more stores up, and have a real regional success going here, at which time I can feel like, okay, I've done enough, I can sit out and enjoy it. I'd like to see the company grow and have more of a presence in more locations in more communities and having the positive effects that it has. And being a model for how to run a good business.

Reti: I have a friend who just moved to Vancouver Island, and the thing she most misses about Santa Cruz is New Leaf.

Roseman: Well, there's a Planet Organics store in Victoria. It's really a nice little store. She would enjoy it.

Reti: (laughter) Okay, I'll send her down there. Well, thank you so much.

¹ See the oral histories with Ken Kimes and with Heidi Skolnik for more on Santa Cruz Trucking.

² See the oral history with Melody Meyer for more on Coast Produce and natural food distribution in the Santa Cruz area.

³ A 6.9 earthquake centered in Aptos, California. See the Regional History Project's oral history, *The Loma Prieta Earthquake of October 17, 1989: A UCSC Student Oral History Documentary Project* <http://library.ucsc.edu/reg-hist/quake.html>.

⁴ The Envirotoken Program began in 1992. Some of the other organizations (besides those mentioned in the interview) that have benefited from this program are People Power, Sustainable Fishery Advocates, and Native Animal Rescue.

⁵ "The Community Alliance with Family Farmers, in partnership with the National Food Routes Network Buy Local Learning Community, developed the Buy Fresh Buy Local campaign as a pilot program to strengthen regional markets for family farms. It started on the Central Coast in October 2002. Regional Buy Local campaigns can address many of the problems faced by local family owned farms. CAFF is working with schools, farmers markets, retailers, CSAs and restaurants to encourage them to participate in the campaigns. Buy Local campaigns increase visibility of local products in markets and the media, open new local markets for family farmers, and educate consumers about the benefits of buying local. Participants include schools, farmers markets, retailers, CSAs and restaurants." <http://www.caff.org/programs/buylocal.shtml>.

⁶ According to New Leaf Market's website, "The Eco-regional category has the largest boundary, which extends from Santa Barbara County in the south, west to the Pacific, north to Loleta Cheese

Company in Humboldt County where New Leaf's North Coast Cheeses are made, and east to Diestel Turkey Ranch in Sonora."

⁷ Sustainable Fishery Advocates (SFA) is a non-profit organization that was founded in 2002 by Shelly Benoit and Teresa Ish, graduate students in the Department of Ocean Sciences at UC Santa Cruz. The goal was to promote sustainable seafood. On their website SFA describes the genesis of the Fishwise project with New Leaf Market, and how that program is now being adopted across the country: "SFA began in 2002 when we realized that an increasing number of people wanted to buy sustainable seafood, but couldn't do so without being knowledgeable about fish and fisheries or using a written guide. Through informal research, we also found that people who supported sustainable agriculture knew very little about sustainable fisheries. We approached the leading natural food store in Santa Cruz County to explore developing a program for them that would provide information about the level of sustainability for each item in their seafood case. The market was receptive because some of their customers were asking about sustainable seafood. They were also interested because a sustainable seafood labeling program fit in with their mission to provide products that are beneficial for the health of consumers and the environment. After the development of the FishWise labeling system, we trained the market's meat and seafood counter staff on how to implement it. When we received nothing but positive feedback from the counter staff who enjoyed the program more and more, plus an enthusiastic response from consumers, we decided to take our program to other markets. FishWise has been embraced by stores in Northern and Central California. We are now expanding to other grocery chains on the west coast and across the US. Stores value the opportunity to do something good for the environment while they serve the needs of existing customers, and attract new customers with this innovative program."

http://www.sustainablefishery.org/index.php?option=com_content&task=view&id=60&Itemid=39.

⁸ The sustainably produced shrimp is supplied by Blue Horizon Seafood of Aptos, California. The USDA does not yet have organic standards/certification for shrimp, but the shrimp is certified organic by Naturland of Germany and Quality Assurance International (QAI) as well as IFOAM in Europe. According to their website, Blue Horizon Seafood imports more organic shrimp than any other company in the United States. <http://www.bluehorizonseafood.com/index.html>.

⁹ Certification was done by the Monterey Bay Area Green Business Program, which "is a successful partnership of environmental agencies, utilities and nonprofit organizations that assist, recognize and promote businesses and government agencies that volunteer to operate in a more environmentally responsible way. To be certified "green" participants must be in compliance with all regulations and meet program standards for conserving resources, preventing pollution and minimizing waste."

¹⁰ See Melody Meyer's oral history in this series for more on Albert's Organics.

¹¹ This sale later fell through due to a slowing in the U.S. economy—Editor. See Retail Memo: "Trouble in Paradise: Canada's Planet Organic Health Corp. Backs Out of Deal to Acquire Santa Cruz, CA New Leaf Community Markets, Natural Specialty Foods Memo,"

<http://naturalspecialtyfoodsmemo.blogspot.com/2008/05/retail-memo-trouble-in-paradise-canadas.html>

¹² See "Canadian Company Buys Three New Leaf Markets," 2/16/08 *Santa Cruz Sentinel*.

¹³ New Leaf opened this new Westside store in March 2009.

¹⁴ This New Leaf location opened in July 2008.