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FEATURE

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## RESPONSIBLE RETAILING

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by Melissa Shin

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### *A profile of Mark Craft of Planet Organic*

#### **IF MARK CRAFT IS CINDERELLA, THEN HIS PUMPKIN IS DEFINITELY ORGANIC.**

Craft is the co-founder of Planet Organic Health Inc. (POH), an Edmonton-based natural foods chain that has grown dramatically in the last fifteen years from a single store in Alberta to encompass over 60 stores across five provinces. These stores operate under the Planet Organic banner as well as under Sangster's Health Centres and Trophic Canada. Planet Organic's product mix includes organic food and organic body care products.

An environmentalist who promoted sustainability long before it was fashionable, Craft is a "social capitalist" – someone who uses the markets to further a social or environmental message. His company began to list on the TSX Venture Exchange in 2001 (TSX:POH-X) and has since grown from sales of just under \$4 million in 2002 to almost \$38 million in 2006 (all figures in CAD). POH finally moved into the black at the end of fiscal 2006, and in the last quarter alone, it saw 44 per cent sales growth.

But Craft, a Detroit native who is at the helm of a multi-million-dollar firm, is not your typical belle of the ball.

Beginning in 1974, Craft spent several years living off-grid in self-built house made of recycled lumber in the woods of Fairview, Alberta before he went into the business of building energy-efficient homes. In 1995, Craft co-founded what is now Planet Organic with Diane Shaskin, to whom he is now married.

A far cry from Craft's more rustic youth, Planet Organic's stores are well organized and visually appealing, designed to be a haven from Edmonton winters.

"When you come in you have warm inviting colours, nice lighting, good music – we aim to control every part of the experience the customer has. We wanted to give people a different experience from what the typical health food store would have been fifteen, twenty years ago," Craft explains.

"It's certainly a clean look. We have a training slogan: 'food and dirt don't go together.'"

Perhaps it was this understanding of what appeals to the mainstream that has allowed Planet Organic to be so successful. For example, the political messages typical of many 'alternative' businesses are noticeably absent from Planet Organic, despite Craft's involvement with the Green Party during his first ten years in Canada.

"You do your politics in a different place in your life," he says.

Instead, Planet Organic strives to integrate sustainability into every aspect of its business model. From using biodegradable industrial cleaners within the store and sourcing recycled shopping carts, to having each Planet Organic store sponsor three foster parent families in Africa, Craft ensures that a philosophy of responsibility is present throughout the company.

"We support worthwhile causes locally and we've aligned [nationally] with Sierra Club in sponsoring events for them," Craft explains.

"In-house, we have the Eco-Karmic committee, which is a committee of employees whose job it is to search out the most environmentally friendly procedures we could use."

Much of Planet Organic's growth has come from acquisitions, and the company's practice has been to acquire companies that share its values.

"One of the companies we have – Trophic Canada (a vitamin, mineral, and herbal supplement store) – is so careful with their ingredients and what they're producing. It's great to be a part of that," Craft says.

A March 2007 acquisition is American chain Mrs. Green's Natural Markets, which with its 11 stores doubled POH's size and revenues "overnight," says Craft. POH acquired the chain's issued and outstanding common shares for approximately \$33.7 million USD including liabilities, and Mrs. Green's revenues were over \$38 million USD in 2006.

The company is one of the leading natural and organic food retailers in the American northeast and believes that customer service and freshness are paramount.

"They have a very similar overall philosophy to ours," says Craft. "So it's been great so far to collect similar companies in a bigger venue."

Indeed, according to POH's corporate site, in recent years the natural product industry has seen the emergence of about 1,500 small, independent natural product retailers in Canada, which often cannot sustain themselves due to a lack of capital, expertise, or efficiencies.

"It's a tough world out there. The corporate world can be pretty overwhelming and can overrun the little bit of good work that might be going on," says Craft.

POH obtained financing for its Mrs. Green's acquisition from Ares Capital Corporation, which also has an investment in an American organic bakery. However, Craft says that while socially responsible capitalists are aware of each other, "the network is loose."

Craft also emphasizes that being successful in business is in no way mutually exclusive with being a socially responsible citizen.

"There are different ways to do good work," he says. "One can see how you can be pulled in other directions as a company grows. Each person has to determine what they are trying to accomplish and what they are willing to do."

"My 'naïve' idea was to try to use the existing [corporate] structure to do more of the work we're trying to do."

Craft discovered that the best way for him to enact social change was to create a business that, although large and growing, still treats everyone as if they work in a co-operative and maintains a strong social conscience.

"At some point I realized I'm not influencing anybody [living off-grid]," explained Craft.

He advises, "Try to do it on a larger scale, don't just try to do little things – try to do something more 'impactful.'"

With promises of further growth dancing on the horizon, will Cinderella ever leave a life of relative riches for his former life of rags?

"My wife doesn't like to hear me say this, but I miss an outhouse," Craft jokes.

*Melissa Shin is editorial assistant at Corporate Knights.*

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