

SPECIAL REPORT

A Checklist for Restaurateurs: Optimizing Your Restaurant ROI Through Sustainability



Sustainability may be the latest buzzword, but implementing its best practices can generate positive ROI and boost a restaurant's bottom line. This special report demonstrates how a restaurant can take care of business while caring for the environment.

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Whether they are purchasing wind credits, recycling fryer oil or buying local produce, restaurant operators pursuing a healthy future are putting practices in place to benefit their employees, consumers and the planet. They are at the forefront of a principle-driven way of doing business that they predict will have a positive, long-lasting impact on the environment and their businesses.

As they follow sustainable practices, these operators also are tracking the financial benefits of their efforts.

“Most of these initiatives are going to return green to the bottom line. In other words, they are going to save money. They have a cost upfront, but they are going to save money long term,” said Darren Tristano, executive vice president of Technomic Inc., a Chicago-based restaurant consulting firm.

The checklist provided in this special report outlines what companies are doing to promote sustainability and social responsibility. Operators who follow these practices want to build brands that customers recognize for their quality products and commitment to the environment.

Operators that take pride in treating people and the planet well believe these practices will ensure that their companies will flourish for years to come. One such operator is fast-casual chain Pizza Fusion.

“We were born a socially responsible company, and it’s something we’re very passionate about. It’s the right thing to do,” said Eric Haley, vice president of communications for Pizza Fusion in Fort Lauderdale, Fla.

The company’s growth speaks to its success. Since its founding in 2006, the chain has opened 16 restaurants and plans to open 75 more in the next few years.

Reduce resource consumption through conservation and recycling

Recycling makes sense for companies that want to protect the planet, connect with customers and reduce costs. Operators that recycle are meeting the needs of today’s environmentally conscious consumers and are a step ahead when it comes to welcoming future generations of diners.

By Annemarie Mannion,
Contributing writer

Sustainability checklist for restaurateurs

- Reduce resource consumption through conservation and recycling.
- Reduce use of toxins and hazardous materials.
- Purchase sustainable products.
- Create a company plan for sustainability.
- Communicate a sustainability message.
- Provide safe and fair working conditions.
- Continually improve practices.

“The generations coming up are completely recycling-focused. Restaurants that want their brand to be relevant for the next generation are recycling,” Tristano said.

Burgerville, a QSR based in Portland, Ore., recycles at all of its 39 restaurants and does composting at some.

“At 22 of our restaurants, we are doing composting in the back of the restaurant, and at four of them, we are composting in both the front and back of the restaurant,” said Jack Graves, chief cultural officer for Burgerville.

Graves said his job is to be a steward of the company’s mission — “To Serve with Love” — and to track how well its sustainable practices are accepted by the community. Judging by customers’ willingness to pitch in, composting is a hit.

“Guests like it so much that sometimes they even help us sort. There is a large contingent of people who see value in protecting the environment,” Graves said.

Using recycled materials is one way that Ted’s Montana Grill shows it values the environment. The company, which has 50 restaurants in 18 states, has a goal of being 99-percent plastic-free. The chain even uses paper straws in all its restaurants, Tristano noted. In addition, the menus are printed on 100-percent recycled paper, to-go cups are made of cornstarch that biodegrades in landfills in 50 days and soda is served in recyclable glass bottles.

Ted’s is on the forefront of a trend that Tristano said he expects to grow in the restaurant industry.

“It’s an example of how there is a shift away from Styrofoam and more use of recycled materials,” Tristano said.

Reduce use of toxins and hazardous materials

Reducing the use of toxins and hazardous materials is endorsed by operators that want to provide a safe, healthy environment for their workers and their diners.

Minimize consumption

- ✓ Set up or expand recycling programs for each store or site.
- ✓ Consider composting on-site.
- ✓ Examine practices to find ways to reduce waste.
- ✓ Consider using biodegradable compostable packaging and serviceware.



Burgerville’s recycling programs, such as converting used frying oil to biodiesel fuel, are in place at all 39 of its restaurants.

At both Burgerville and Hot Lips Pizza in Portland, Ore., only all-natural, biodegradable cleaning products are used. The practice is in keeping with Burgerville’s mission, which Graves said means being kind in every possible way, including not harming the environment.

“These cleaners don’t pollute. They go into the waste treatment plant as natural as possible,” Graves said.

Using natural products is also a way to respect employees, said Hot Lips co-owner David Yudkin. His company eliminated soaps with harsh chemicals when staff complained it gave them rashes.

Hot Lips, however, also is keeping toxic chemicals out of its restaurants on a larger scale by reducing the need for chemicals for sanitation with its choice of building materials. For instance, vinyl tile flooring has been replaced with natural tile or bare concrete floors, which are easier to clean with water and soap.

“Our design philosophy is to avoid adding layers of materials. We also use low-VOC (volatile organic compound) paints and adhesives in the construction phase,” Yudkin said.

Yudkin’s emphasis on eliminating VOCs is supported by information provided by the U.S. Environmental Protection Agency, which reports that the health effects of exposure to VOCs can include eye, nose and throat irritation; headaches, loss of coordination and nausea; and damage to the liver, kidneys and central nervous system. Some VOCs can cause cancer in animals; others are suspected or known to cause cancer in humans.

Purchase sustainable products

Socially responsible restaurant operators are looking close to home when it comes to fulfilling an important aspect of sustainability — purchasing food locally. From reducing truck pollution to supporting their local farmers and communities, they see value in resisting the standard practice of shipping and trucking food over thousands of miles.

According to the National Sustainable Agriculture Service, some 80 percent of energy used in the U.S. food system goes to processing, packaging, transporting, storing and preparing food. On average, produce travels between 1,300 to 2,000 miles from farm to consumer in the United States.

By contrast, socially responsible operators seek fresh, natural, pesticide-

Avoid hazardous materials

- Evaluate operations to determine the use of toxins or hazardous materials.
- Replace harsh soaps and other cleaning products with natural ones.
- Remodel or build green, including using low-VOC paints or recycled materials.

free products that use few ingredients and minimal packaging and that are not shipped great distances.

Purchasing locally is embraced at Burgerville, Hot Lips and Pizza Fusion.

Graves estimated that Burgerville buys 70 to 80 percent of its products from local vendors. Many of those products are from sustainable farmers and ranchers and are certified by the nonprofit organization Food Alliance, a third-party auditor that certifies farms, ranches and food handlers that are practicing sustainable agriculture and socially responsible commerce.

Burgerville's beef, which is all-natural and contains no hormones or antibiotics, comes from ranches certified by the Food Alliance, Graves said. Using the Food Alliance to find certified farmers, food handlers and distributors helps Burgerville choose sustainable suppliers.

"Those certifications are important," Graves said. "We don't have to do quite as much homework when we deal with a new supplier, for example, because Food Alliance has done it for us in many respects."

Hot Lips handles food prep for its four restaurants at a central kitchen commissary.

"It makes it more economical for the farmer," Yudkin said. "They don't have to make a bunch of stops. It also enhances our restaurants' consistency. All of the onions are cut the same way."

Yudkin also said he builds relationships with the company's vendor farmers. Hot Lips works with about 30 farmers, who are invited to take part in daily family-style lunches at the commissary. Yudkin said the meals provide a time to bond and ensure a better product because he is able to talk informally with his vendors.

"It creates a more family-type relationship," he said. "The important thing is communication. There is a friendship that is established."

Embrace sustainable products

- ✓ Purchase food locally when possible.
- ✓ Seek natural, pesticide-free products with few ingredients and minimal packaging.
- ✓ Partner regionally with sustainable suppliers for products not available locally.
- ✓ Foster relationships and communicate with vendors.
- ✓ Evaluate suppliers for their sustainable practices.
- ✓ Use recommendations from a third-party certifier to find sustainable vendors.



Portland, Ore.-based Hot Lips Pizza hosts daily luncheons with the chain's vendor farmers to build relationship with its suppliers.

If a chain cannot find local suppliers for the needed ingredients, however, operators can ask suppliers to provide sustainable products.

Pizza Fusion began with its menu, evaluating each of its suppliers for its sustainability practices as well as quality.

“When a customer comes and shops at Pizza Fusion, they’re not just supporting an eco-friendly restaurant,” Haley said. “They’re supporting a whole supply chain of businesses that are eco-friendly and doing the right thing for the environment.”

Create a company plan for responsibility

The pursuit of social responsibility among restaurant operators is a mission fueled by passion and one they do not expect to end. The process of improving sustainability practices is a work in progress that evolves as technology changes and offers new ways to reduce operators’ environmental footprints.

“We realize this is a journey that’s pretty much going to take our whole working lives. As technology changes, we find new ways to make a difference. It’s a progression,” Yudkin said.

Planning for responsibility starts with a mission statement. Actions exemplify the words.

Family-style lunches at Hot Lips reflect the company’s mission to “celebrate humanity through rich culinary traditions and work with others to find new, sustainable ways of doing business.”

Burgerville’s mission, “To Serve with Love,” sounds simple. But the impact of this objective is powerful and far-reaching.

“We use it in every decision we have to make,” Graves said.

Serving with love was considered when the company decided to purchase wind energy credits for all the electricity its restaurants use. It also was considered when the company decided to convert used fryer oil into biodiesel fuel. Graves estimated the restaurants convert about 4,500 gallons a year.

“It’s part of the mission of how we can serve the community with love. Those four words are pretty powerful,” he said.

Incorporate sustainability into the mission statement

- Craft a mission statement that reflects your company’s sustainability goals.
- Share your mission statement with employees, diners and vendors.
- Seek ways to be sustainable that also will generate revenue.
- Remember that being sustainable is a constantly evolving journey.

Communicate a sustainability message

Restaurant operators need to let consumers know about their sustainability practices. Tristano said delivering an environmentally friendly message to consumers makes diners feel good about choosing to eat in these restaurants.

It also increases consumer confidence in their products. When it comes to making diners aware of their socially responsible causes, operators sometimes find themselves cast in the role of educators.

Pizza Fusion relies on its employees to deliver the sustainability message.

“There is a big educational aspect to the business. We educate customers on our organic and locally grown products,” Haley said. “Our employees are the gateway for that information. They interact with the customers and are the face of the business.”



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- We deliver our food in hybrid vehicles
- Printing our artwork on recycled coke bottle material
- Using Recycled and FSC Certified paper in our printing



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Pizza Fusion considers it a part of its purpose to educate consumers on sustainability, such as this session for children.

Information on practices also is included on menus and wall signs, and it is incorporated into community outreach efforts. The restaurant holds Organics for Kids classes to teach children the importance of eating organic.

Burgerville also reaches out to the community.

“We do a lot of local speaking engagements,” Graves said. “And in our restaurants we have pamphlets at the point of purchase, and we have signs at our drive-thrus.”

Some messages are more subtle than a sign. Customers may see that their pizza is delivered by a hybrid vehicle or notice that lo-flow water faucets are installed in a restaurant’s bathrooms.

“We always try to tell the customer what we do different, why we do it and how it is of value to them,” Haley said.

Provide safe and fair working conditions

It may seem obvious, but one way to reduce employee turnover is to offer a safe environment in which employees feel respected and are treated fairly. Creating a positive company culture leads to happy employees and happy customers.

“Staff who love the brand, use the brand and brag about the brand can become your best brand ambassadors,” Tristano said.

Yudkin said Hot Lips invests heavily in training its 1,150 employees to ensure they understand the company’s goals. One result is a lower employee turnover rate.

“In an industry where the turnover rate is usually in the three digits, our turnover rate is usually between 30 and 50 percent,” he said.

That rate is impressive considering statistics provided by People Report, which tracks the foodservice industry. It reported that the average turnover rate for all unit-level employees in 2007 was 161 percent.

Benefits are another concern for workers in the food industry. People Report found that only 8 percent of companies offer longevity bonuses for hourly workers and that profit sharing is offered to just 5 percent of part-time workers, 11 percent of full-time hourly workers and 16 percent of assistant and general managers.

Convey sustainability goals to customers

- ✓ Train employees to be ambassadors of the brand by delivering the sustainability message to diners.
- ✓ Create signage and menus that explain sustainable practices and benefits to the environment.
- ✓ Plan community outreach events and meetings to convey the sustainability message.
- ✓ Be an example by using hybrid delivery vehicles, energy-saving appliances and other green products.

Burgerville has found that increasing benefits pays off in employee loyalty. Two years ago, it began providing comprehensive health benefits. The monthly cost for healthcare is \$15 for an individual, \$30 for a couple and \$60 for the family plan. As a result, the company reduced its turnover rate from 128 percent to 52 percent.

“That’s changed the morale in our company,” said Graves. “Employees feel respected, and they know they are important to us.”

Continually improve practices

There are many ways to evaluate the effectiveness of sustainable practices. Third-party certification from an organization such as the U.S. Green Building Council or the Food Alliance are seen by operators and consumers as seals of approval. Certifications can increase consumer confidence in the product, validate the value of operators’ practices and possibly point out ways in which operators can improve.

Because LEED (Leadership in Energy and Environmental Design) certification is costly, Haley said, Pizza Fusion lets franchisees decide whether to seek the U.S. Green Building Council certification for its buildings. The company does build its restaurants to LEED specifications, which assures employees and customers that the structures are as green as possible.

To be sure its practices are environment-ally friendly, Burgerville has invited consultants such as The Good Company to evaluate its operations. The firm helps clients measure, manage and market their social and environmental performance.

“They’ve pointed out areas and opportunities to make a difference,” Graves said. “You can fool yourself or think you’re doing the right thing, but you’re not. It helps you better know how you’re contributing to the community.”

Graves said the company also evaluates practices for their impact on the bottom line. Converting fryer oil to diesel fuel, for instance, saves the company \$50,000 a year.

“We won’t take on any of these initiatives unless they contribute to the bottom line,” he said. “If you’re doing it at a loss, then pretty soon you’re operating at a loss.”

Hot Lips tracks its energy use, not only in terms of the amount it spends

Extend sustainability goals to the workforce

- Hire employees who embrace your sustainability practices.
- Train employees to better understand and execute sustainable practices successfully.
- Create a positive company culture.
- Provide employee benefits.

but also in BTUs and kilowatts. Every 18 months, it performs a waste audit, peering into its Dumpsters to see what is being discarded.

While it keeps track of tangible outcomes of being socially responsible, restaurant operators also find that being sustainable has intangible benefits, including creating a positive company culture and customer loyalty.

“In general, people who work and eat at these restaurants are going to feel good about the relationship,” Tristano said. “If you have a positive company culture, you’re going to do well. It’s what separates weaker brands from the stronger ones.”

Keep striving for improvement

- ✓ Seek third-party certification of sustainable practices.
- ✓ Contract with restaurant industry consultants to evaluate practices and recommend ways to improve them.
- ✓ Track energy use and perform periodic self-audits of sustainable practices.
- ✓ Evaluate how sustainable initiatives impact your bottom line.
- ✓ Publicize third-party certifications to build consumer awareness and confidence in the brand.

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