

FAST CASUAL

IDEAS & TRENDS FOR THE FAST CASUAL RESTAURANT

The nature of sustainability

- ▶ What is it?
- ▶ Two brothers and a green bean
- ▶ Be green, stay in the black
- ▶ Survey: What operators think

Pizza Fusion (shown) is a sustainability leader pg. 25

Has soda popped? **11**

Catering to your bottom line **25**

Cool tech tools **30**

Seeing green



@iStockphoto.com/nycshooter/AndrewJohnson

Cost vs. benefit is a key factor in the decision to incorporate sustainability

While the concepts of “going green” or “sustainability” sound great in theory, top of mind for most restaurant operators right now is the impact on the bottom line. With many struggling simply to get by, persuading an operator to invest in a feel-good initiative that some perceive to be without a payoff is a difficult sell.

But while most operators think of implementing a sustainability strategy as something that’s going to cost some green, it doesn’t have to be a budget buster. In fact, working toward sustainability can have an immediate, beneficial impact on earnings.

A number of fast casual concepts are launching green initiatives. In October, fresh-Mex

concept Chipotle Mexican Grill announced plans to build a restaurant outfitted with on-site water storage and a wind turbine to generate electricity.

“The wind turbine is a symbol of our intent to design and build our restaurants more efficiently and environmentally



@iStockphoto.com/gbh007



Finding Capital For Sustainable Initiatives

While investing in sustainability programs may reap some bottom-line benefits, operators still must find the cash to pay for such projects.

Despite a tough economy, money is still available for equipment purchases or other projects, in the form of both rebates and loans.

Los Angeles-based Southern California Gas Association offers energy-efficiency rebates of up to \$25,000 per commercial account for customers who purchase and install a piece of qualifying equipment.

And the Web site for the government-backed energy-efficiency program Energy Star offers a rebate finder and information on federal tax credits for the purchase of energy-efficient cooking equipment.

The Energy Trust of Oregon, for example, offers a \$1,000 rebate on the purchase of an energy-efficient gas fryer, while utility company Avista Utilities is offering rebates of up to \$2,000 on the purchase of an energy-efficient dishwasher in the company's Idaho and Washington service territories.

Money also is available for projects other than those devoted to sustainability. Many states and municipalities offer low-interest loans to help businesses expand and to promote economic development.

Massachusetts offers loans ranging from \$500,000 to \$2.5 million designed to bridge the gap between financial needs and conventional bank financing, while Kentucky offers loans of up to \$100,000 for small businesses. Loans may be used for any reasonable business purpose.

And the Small Business Administration offers loans up to \$500,000 to eligible military community members, including active-duty service members, reservists, veterans and spouses. Funds from the program, known as the Patriot Express Loan Initiative, can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

Information about the Patriot Express Loan Initiative is available on the SBA Web site, www.sba.gov.

sustainable energy with consulting firm Delta Energy. "It is a normal thing for a business to look at where they are wasting money."

Where to start

When a restaurant operator thinks about launching a sustainability program, one of the first steps to take is defining exactly what the concept of sustainability means to him and what the objectives are.

"Does it mean they put out a product that is more sustainable, eco-friendly or green, or does it mean that their internal practices and the way they use products is green?" said Jonathan Storper, a partner with the San Francisco-based law firm Hanson Bridgett LLP and chair of the firm's sustainable business practice group. "Do they recycle? And do they do other things with the people they do business with to require that they are eco-friendly or green?"

Black sees some customers adopting a sustainability program because they think there are costs savings in it, and others because they just believe it's the right thing to do, he said. Still others are looking to improve their brand reputation.

For example, if an operator looks at sustainability from a cost-savings perspective, he may want to begin with an energy-efficiency evaluation. In many areas, utility companies will conduct one at no charge.

"When you're going green, the reality is that energy is the whole issue," said George

"When you talk about things like energy efficiency, what you are really talking about is taking waste out of the operation. It is a normal thing for a business to look at where they are wasting money."

**— Dan Black,
Delta Energy**

Kehler, director of sustainability and carbon management for energy-management firm Advantage IQ. "When you understand where you are consuming energy and you can measure it, you can take a look at where you can reduce your energy consumption."

The first steps

Most businesses incorporate sustainability programs in stages, starting with the simplest projects first, Black said.

An easy way to make an immediate impact on earnings is to look at lighting. Typically, about 15 percent of a restaurant's electric bill is related to lighting, according to energy consulting firm E Source.

"Lighting projects are one of the things that a lot of businesses look at first, because normally there is a pretty attractive payback and they are fairly easy to implement," Black said. "In terms of

friendly," Chipotle CEO Steve Ells said. "We want to incorporate some elements of sustainable design into all of our new restaurants."

Bakery-café concept Boudin SF has made changes that include a move from bleached napkins to recyclable ones and eliminating polystyrene clamshell containers.

And sustainable efforts by gourmet burger concept Burgerville include recycling clean paper, as well as glass, tin and plastic. The company already composts its organic waste and recycles used cooking oil into biodiesel fuel.

"When you talk about things like energy efficiency, what you are really talking about is taking waste out of the operation," said Dan Black, manager of

(Top) Buying produce locally can help save in delivery costs and supports local economies.
(Bottom) Operators who review energy use through lighting often find hidden savings.



When casual dining concept TGI Friday's switched to energy-efficient lighting, the company saved \$500 per restaurant, thanks to a reduction on its electric bills.

energy efficiency, do you have old lighting fixtures and bulbs that are wasting a lot of electricity?"

According to E Source, when casual dining concept TGI Friday's switched to energy-efficient lighting, the company saved \$500 per restaurant, thanks to a reduction on its electric bills.

And switching to energy-efficient equipment in the kitchen can offer significant savings. E Source says that cooking equipment accounts for about a third of a restaurant's energy usage.

According to the government-backed energy-efficiency program Energy Star, the owners of Tripp's Grill & Six Pack in North

Bend, Pa., shaved nearly \$2,000 per year off the restaurant's energy bill by upgrading to energy-efficient freezers, and the Reedville Café in Oregon cut its gas bill by \$3,800 per year by upgrading to energy-efficient gas fryers.

Another easy step is to look at the waste an operation generates. Taking a look at what goes into the dumpster may provide ideas for composting, which could help cut down waste-hauling costs or even open the door to converting trash into cash.

"Items such as corrugated cardboard or cooking oil actually have a lot of value," Black said. "If you segregate those, they can actually be turned into a revenue stream."

Burgerville, which began rolling out a composting program in its restaurants last year, estimates that if it can move 85 percent of its

Marketing Your Sustainability Initiatives

More and more, restaurant operators are incorporating their green efforts into their marketing campaigns. According to Jonathan Storper, a partner with the San Francisco-based law firm Hanson Bridgett LLP and chairman of the firm's sustainable business practice group, 45 percent of the American public is more apt to buy a product if it is eco-friendly, green or sustainable.

So how do operators choose a firm to help promote their green efforts?

"You need to look for a PR firm that you are comfortable with and that serves as an extension of your organization and fits in with your corporate culture," said Jamie Estes, founder of Estes Public Relations in Louisville, Ky., which works primarily with clients in the food, travel and lifestyle industries. "There are lots of shapes and sizes out there from big, international firms to small, one-person firms to boutique shops like mine. Interview several people and choose one that fits in with your environment."

The sustainability issue is a hot topic not only among local and regional media, but national media as well, Estes said. Virtually all of her clients promote their sustainability efforts.

Operators need to be careful when promoting their sustainability efforts, however. If they make a claim they need to be prepared to back it up, Storper said. There is an increasing amount of "greenwashing," or companies making deceptive claims about their sustainability efforts, in the marketplace.

The Federal Trade Commission has even issued a "Green Guide" outlining acceptable practices for advertising green efforts, he said.

"It's not a fancy thing," Storper said. "If you make a claim, federal law requires that you be able to substantiate it."

waste stream to composting or recycling, instead of sending that trash to a landfill, the company would save \$100,000 in waste-removal charges each year.

"We reduced our garbage hauling and reduced what goes to the landfill, which is a positive thing for the planet," said Jack Graves, chief cultural officer for Burgerville's parent company. "And it is a positive thing for the bottom line because it costs us less to have compost removed than it does to have garbage removed."

Operators can visit the Web site of the Green Restaurant Association at dinegreen.com for tips on sustainability projects and information on the latest standards. The Web site of the government-backed Energy Star program at energystar.gov offers information about the latest in energy-efficient kitchen equipment.



Find more articles at fastcasual.com/goinggreen.