

The Challenge of Sustainability



You've added "all-natural" ingredients to your menu. You've learned about organic farming and why some people think it's important, and you may have begun incorporating organic products into your offerings. You've probably responded in some way to consumers' new hunger for local and seasonal fare.

But the latest buzzword is harder to pin down and harder to address, in part because it's about much more than food. The word is "sustainability."

At one level, the definition of sustainability is obvious: doing things in a way that can be sustained. If our practices are sustainable, we can go on doing them the same way indefinitely. If they're unsustainable, they'll have to be changed at some point.

So what's "unsustainable" about the modern restaurant? Why should it matter—to you, your customers and the world? What practices could be changed, and how would consumers respond to those changes?

Sustainability and Energy

Sysco is striving to reduce the carbon footprint by effecting change in those areas we can influence the most, with programs in place at every level - from farm to fork - dedicated to this initiative.

Though the issue of sustainability is complex, one of the key factors is energy. We're slowly running out of petroleum, and as it becomes harder to get, the price goes up. Other forms of energy are becoming more expensive as well. As menu ingredients move through the supply chain to the distribution channel and then to your restaurant, they rack up thousands or even tens of thousands of energy-intensive "food miles."

Yet the menu isn't the only issue. Disposables are also energy-intensive, particularly if they can't decompose or be composted. Constructing a restaurant, heating and cooling it, refrigerating and cooking the food, warewashing, even cleaning the floors—all come at an unsustainably high cost in energy and perhaps environmental degradation.

This way of doing business can't go on forever. It's unsustainable. Food sourcing and all other aspects of building and running a restaurant eventually must be done at a lower carbon cost with initiatives that include organic food; more use of regional fare; and energy-efficient kitchens and dining rooms.

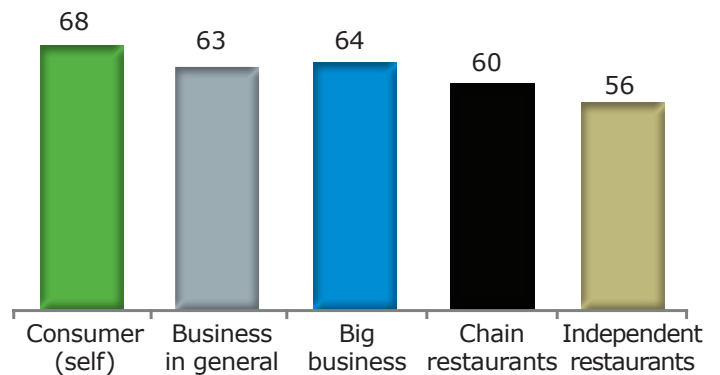
Consumers Care—*continued*

A Technomic study provides compelling evidence that consumers care about environmental issues. Fully 88% said it was "very important" for Americans to be environmentally conscious. They defined this environmental consciousness first and foremost as an issue of sustainability and protecting food services; other issues listed were global warming, water pollution, energy efficiency, resource depletion, air pollution and recycling.

Consumers see sustainability as a basic part of social responsibility, and they care about doing better. They would like to be more socially responsible in their own lifestyles, and they're looking for support from the businesses they patronize—including restaurants.

"How Concerned Are You About the Following Becoming More Socially Responsible?"

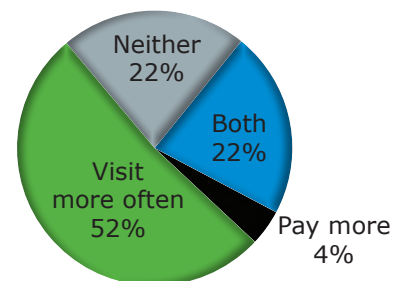
0 = I don't care at all, 100 = top priority



Source: Technomic consumer survey

Further, the research found that almost four out of five consumers claim they would respond favorably to a socially responsible restaurant by visiting more often and/or paying more.

At a Socially Responsible Restaurant, I Would be Willing to...



Source: Technomic consumer survey

Consumers Care

As a restaurant operator, you obviously can't make the world energy-sustainable all by yourself. Certainly you'd like to do your part for the future—but your first business imperative, right now, is your bottom line. If you're worried how sustainability initiatives might affect that, you're not alone. In a survey published recently by *Logistics Management*, 55% of operators said that cost is a major barrier to implementation of sustainable solutions.

Yet sustainability practices could actually help your bottom line by building traffic and sales among eco-conscious consumers.

Doing Well by Doing Good

There's evidence that consumers are doing what they promised—some of the restaurants that they see as the most socially responsible are also the ones doing well financially.

Our Sysco Business Review teams can assist you in making your restaurant more sustainable and "green."

Chipotle Mexican Grill, for instance, uses naturally raised meats that are free of antibiotics; sources items from small, local producers; has a recycling program; and differentiates itself with signature fresh, made-for-

you burritos that can be customized to meet every consumer's dietary requirements. And, Chipotle has been on a growth path since its founding; it is one of the biggest fast-casual success stories in the restaurant industry.

Other concepts—large and small—that are leading the way on various aspects of sustainability include:

- Big Bowl Asian Kitchen, a Chinese and Thai casual-dining concept from Chicago-based restaurant group Lettuce Entertain You. As part of its "green" positioning, it serves organic fair-trade coffee and purchases only locally grown produce. It also uses eco-friendly cleaning supplies and recyclable paper products.
- Burgerville, a small QSR chain operating in the Pacific Northwest that specializes in better-for-you burgers free of additives and hormones. The eco-friendly restaurants are committed to serving food that is seasonal, organic and sourced from the Pacific Northwest whenever possible. Units make use of local wind power, cooking oils are recycled into biodiesel fuel, and stores employ a composting and recycling program. Early this year, Burgerville announced that it had switched to using 100% compostable cups and lids as part of its continuing effort to minimize its environmental impact.
- True Food Kitchen in Scottsdale, AZ, a partnership between Fox Restaurant Concepts and nutrition guru Dr. Andrew Weill. Promoted as offering "great-tasting globally inspired cuisine that nourishes body, mind, and spirit," True Food uses seasonal, locally grown,

organic produce; wild or sustainable seafood; natural meats; and water filtered and bottled in-house. Materials used in the restaurant's interior are environmentally friendly, including high-efficiency kitchen equipment, low-voltage LED lighting, water-saving plumbing fixtures and recycled wood and quarry tile.

The rising costs of energy may actually be a good thing, forcing us to change our ways sooner rather than later.

- Subway, which in 2009 opened its second LEED-certified unit, a renovation in Chapel Hill, NC. Environmentally friendly design components include recycled floor tiles, Energy Star-rated HVAC systems, low-flow water fixtures, and the use of natural light in the dining room. Other eco-friendly elements include the use of sustainable and recycled materials and furnishings; LED lighting for signage; and high-efficiency kitchen equipment. The restaurant also recycles waste. Subway says that it expects to open additional stores using the eco-friendly model.
- Café Yumm!, a small Oregon chain committed to "soul-satisfying, deeply nourishing food" and environmental stewardship. Each location purchases groceries locally and works to provide organic ingredients whenever possible. Café Yumm! also strives to be a "green" concept through its use of biodegradable utensils and durable dishware as well as its involvement in pursuing alternative energy sources such as a local wind power initiative. Takeout utensils, cups and containers are all made with biodegradable materials. Customers sit on wooden chairs at tables made of pressed, recycled paper.
- Sysco Local Foods Initiative, a select group of Sysco operating companies that has implemented the idea of procuring fresh, locally grown produce for restaurant customers. This local foods initiative program helps Sysco deliver the freshest, best-tasting food to our customers while contributing to the ongoing success of smaller, local farms and producers. This initiative can mean more options, more flavors and more taste.

Getting Started

Sustainability is a complex idea. While both consumers and operators can easily grasp that it is linked to issues such as natural, organic, regional and seasonal food, other issues—from recycling to energy conservation—are a little fuzzier. Fortunately, a number of organizations and resources can help operators learn more and take the first steps toward a more sustainable restaurant. They include:

- **Conserve**, an information-sharing program overseen by the National Restaurant Association to help restaurants generate greater efficiencies, reduce waste and expand their capacity to use renewable resources as new technologies and practices become available.
<http://conserve.restaurant.org>
- **The Green Restaurant Association**, which offers a green-restaurant certification program and listing. It claims to have the world's largest database of environmental solutions for the restaurant industry. The GRA is also a valued Sysco iCare partner.
www.dinegreen.com
- **LEED**, or Leadership in Energy and Environmental Design, a rating and certification program developed by the U.S. Green Building Council, focusing on sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.
www.usgbc.org
- **The U.S. Environmental Protection Agency**, whose Food Waste Management Calculator estimates the cost competitiveness of alternatives to food waste disposal, including source reduction, donation, composting, and recycling of yellow grease. Sysco has joined the U.S. Environmental Protection Agency's (EPA) Design for the Environment (DfE) program and developed an improved set of 25 cleaning products for institutional laundering, dish washing, glass and surface cleaning, odor treatment, and multi-purpose cleaning.
<http://www.epa.gov/waste/conservation/materials/organics/food/tools/index.htm>

Sysco Can Help

One of the best resources an operator can turn to is Sysco, whose Marketing Associates have the expertise and resources to help their independent restaurant customers understand the issues underlying the concept of sustainability. Marketing Associates can also help arrange a Sysco Business Review, in which Sysco experts across several disciplines help a restaurant operation improve all aspects of its business. Sysco experts can help operators align menus, marketing and systems to be more environmentally responsible—while saving money and/or building sales and traffic.

In addition, Sysco's iCare program connects restaurateurs to business partners that offer value-added resources, including ways to communicate better with the restaurant's customer base. Some of the current iCare partners that can offer help include:

- **Executive Dining Club:** Turnkey website solutions for online orders.
- **Ordereze.com:** Customized websites that are easy and painless to operate.
- **Constant Contact:** Affordable email marketing campaigns.
- **Restaurant.com:** A comprehensive marketing solution including website development and management and customer feedback surveys.
- **Moving Targets:** Offers three low-cost direct marketing services proven nationwide to influence people to visit you and spend money.
- **Google's Local Business Center (www.google.com/lbc/syscoicare):** Independent restaurants can "get on the map" by creating an accurate, customized, online listing for free. Operators gain insight into how their customers are finding them on Google, and customers can print coupons through the Google site.

Information on the Sysco iCare program and iCare partners can be found at: www.syscoicare.com

