



Burgerville:

Instilling a Sustainable Culture

Case Study

CGLS-RR-11-01

Sully Taylor, PhD

James Berg, MSFA

Colin Gallison, MIM

Will Sandman, MBA

Benjamin Werner, MIM

Portland State University



CGLS

Center for Global Leadership in Sustainability

School of Business Administration

Portland State University

P.O. Box 751

Portland, OR 97207-0751

Burgerville: Instilling a Sustainability Culture

“We spent a whole day in a room, putting words on walls, on flip charts...near the end of the day we came up with these three words, Serve With Love...how do we serve each other, how do we serve the community we do business in, how do we serve the greater community..?”

Jack Graves, Chief Cultural Officer, Burgerville

Introduction

In 1996, 35 years after opening the doors of the first Burgerville restaurant, headquarters refocused new product development to emphasize locally sourced, seasonal products. Although strong relationships had always been at the core of the Burgerville’s supply chain, this move marked the first major step Burgerville would take along the path of becoming leaders in the Quick Serve Restaurant (QSR) industry when it comes to environmental and social sustainability.

Burgerville has evolved over the years from a single shop to a regional chain, but throughout this time a strong commitment to customers, the community, employees, and suppliers has been maintained. This stems from an understanding that relationships and allies are what will maintain continuous operation during slow economic periods. A belief in corporate responsibility and environmental/social sustainability has been a part of the company from the start, before such terms were widely utilized in business. Beyond their environmental efforts, Burgerville is well known for their generous health insurance benefits, even for employees working only part-time.

A major component of adopting and implementing many of the environmental and social stewardship programs at Burgerville is the continued efforts of Jack Graves, Chief Cultural Officer. Jack has been with Burgerville for many years and considers the company his life’s work. Jack would be the first one to tell you that he has learned a lot from his mistakes. Trying new things in business was one of the ways Burgerville had gained so much success and Jack knew that to keep the successes coming, Burgerville would have to continue to be innovative and allow room for failures and setbacks.

While shaking hands and seeing old friends at a recent Burgerville vendor appreciation festival, Jack reflected upon the ways he can help to further improve upon the already high standards of social responsibility Burgerville incorporates into its culture. How could they further demonstrate to all stakeholders that they are committed to the individuals and communities who support the company? The most difficult part of the equation has been getting the story of a company doing all it can for its stakeholders out to customers. Without the marketing budget of larger competitors, the message must often travel from the level of corporate idea makers to individual store managers, to front-line employees before finally getting to the customers themselves. This is no easy task and getting employees to buy in and get excited about their work and the story they are a part of is a critical part of the solution.

Company Profile: Establishment of a Family Run Business

The Holland Creamery Company (HCC) was founded in 1922 by Jacob Propstra, a Dutch immigrant, to produce butter and other dairy products for local sale. By 1927, product offering had grown to also include milk and ice cream, which were all distributed through local groceries. In the 1930s the creamery began selling sandwiches and prepared foods directly to customers, an effort spearheaded by Jacob's son, George.

After reducing their operational scope through the sale of their ice cream business in 1958, HCC opened the doors of the first Burgerville restaurant in 1961 (Appendix 1), with George managing the entire business. That same year, founder Jacob Propstra passed away. Over the next two decades, Burgerville continued to grow at a solid pace, adding drive-thru windows to restaurants, establishing the Burgerville patent in all 50 states and opening 10 new restaurants in the 1970's (Appendix 2).

Today, Burgerville has 39 locations and is known in the Pacific Northwest for their local sourcing, environmental stewardship, and seasonal menu offerings, like hazelnut milkshakes, Walla Walla Sweet onion rings, and sweet potato fries (Appendix 3).

The Fast Food Industry

Today's fast food restaurants evolved from drive-in restaurants that became common in the 1940's following WWII. This was due to the rise in popularity and accessibility of cars and the increase in disposable income after the war. Early drive-in restaurants used the same basic setup as pre-existing diners and employed short-order cooks to prepare food.

The leap to modern fast food restaurants came in 1948 when Richard and Maurice McDonald decided to work on improving the speed and efficiency of their McDonald's drive-in restaurant. They wanted to "make food faster, sell it cheaper, and spend less time worrying about replacing cooks and car hops."ⁱ The key, they found, was to implement new ideas about assembly line production: streamlining processes, cutting the menu, shifting from a few skilled workers to many unskilled workers, breaking down the food production process into separate steps, and focusing on mass production. The McDonald's brothers called their new process the *Speedee Service System*. This method proved so effective that it influenced the emergence of a number of imitators and competitors.

The fast food market can be defined as "the sale of food and drinks for immediate consumption either on the premises or in designated eating areas shared with other foodservice operators, or for consumption elsewhere."ⁱⁱ The market is broken down further by some into four segments: QSR, Takeaways, Mobile & Street Vendors and Leisure Locations. What is commonly referred to as "fast food" actually falls under the heading of QSR.

Today the QSR industry is overwhelmingly dominated by major, national chains and spends a total of over \$4 billion annually on advertising. By the end of 2010 total US QSR revenue is projected to top \$170 billion.ⁱⁱⁱ

Sustainable Agriculture and Food

Literally, *sustainability* is simply the quality of being sustainable, to have the ability to be perpetuated over time; enduring. But today, *sustainability* and *sustainable development* typically come with a whole host of connotations and assumed meanings. In March 1987, the Brundlant Commission of the United Nations stated that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” Over time, sustainability has come to include both environment and social sustainability; the ongoing preservation of both our natural environment and social wellbeing. That said, the area in which ideas of sustainability first gained momentum was agriculture.

As farmers and environmentalists began to understand the devastating effect that industrialized farming practices of the late 20th century were having on the environment, they began to explore better practices in order to sustain the continued success of the farming industry. Through this exploration of better practices, the idea of “sustainable agriculture” emerged as the catalyst that is currently driving the broader sustainability movement. “Sustainable agriculture is a method that produces abundant food without depleting the earth’s resources or polluting its environment. It is agriculture that follows the principles of nature to develop systems for raising crops and livestock that are, like nature, self-sustaining.”^{iv} While farmers’ self-interest was the original driver behind the idea of sustainable agriculture, the practice garnered attention and support within local communities as well. The popularity of purchasing and consuming sustainable and earth-friendly foods, that had limited exposure to pesticides, began to grow with consumers throughout the United States. Individual consumers also began to associate better tasting, healthy foods, with being locally and/or organically grown. In fact, consumer surveys on local shopping have shown that as many as one in six adults buy local products as often as possible and are willing to pay a higher price, with as much as 30% percent of respondents stating that they would purchase local foods if they knew where to find them. As a result of this growing interest in local, sustainable food sources, independent food certification organizations such as the Food Alliance began to emerge throughout the US in the 1990s. This trend was particularly pronounced in the Pacific Northwest where there was a strong history of environmental consciousness.

Many consumers have come to believe that eating healthily, while also taking a stand on environmental and social issues, are worth the added cost. Additionally, purchasing locally grown and sourced foods is beneficial to local economies and communities. This trend is clearly demonstrated through the dramatic increase in farmers markets throughout the Northwest region in the past twenty years. “The meteoric growth of farmers’ markets in Oregon offers more evidence of the public’s interest in local foods. In 1988, there were just 10 farmers’ markets around the state. Now, there are more than 90^v. Going to a farmers’ market has become just as much a social event as a food buying experience. There has been a hunger by consumers to reach out to where the food is coming from and connect a face to the source,” says Oregon Dept. of Agriculture trade manager Laura Barton. “This has led to more trust in the local grower. At the same time, traditional retailers have taken notice.”^{vi}

“Sustainable” Leadership

Given the growing importance of sustainability in the minds of consumers, firms have been working towards the incorporation of such practices into an array of business activity. The process of transitioning a company towards a more sustainable way of doing business can be very difficult and often requires a shift in thinking. Across all industries, the majority of firms have employed one of two strategies for achieving such a change: 1) Broad transformation across many business units and functions, or 2) Giving a small number of people the role of identifying and executing specific projects and to be the driving force of change.

While the first method of directly instilling the philosophy evenly throughout an organization is sometimes used, the vast majority of organizations have taken the second path and assigned such responsibilities to specific individuals within the company. Historically, this tactic began with lower level employees taking on these responsibilities, for example those involved in system design or supply chain implementation. However, as the emphasis on sustainability has grown in many companies, the importance of such responsibility has followed suit.

Over time, VP’s, executives, or sometimes even entire departments, have been tasked with spearheading sustainability efforts, clearly demonstrating its rise in importance. Many organizations have even taken it to the point of creating positions such as Chief Sustainability Officer (CSO). In some organizations, however, a new trend has begun to take place in recent years. As firms with a developed track record of sustainable practices have begun to feel comfortable with the level of awareness and financial savings that has been achieved, some have decided that there may no longer be a need for such dedicated positions, and are therefore eliminating them or combining them with areas such as compliance (legal) or marketing.

Burgerville Today: Commitment to a Socially Responsible Model

In 1982, George Propstra’s son-in-law, Tom Mears was named president of The Holland Inc., furthering the tradition of a family run business; George retired fully in 1992. In the early 1990s, Burgerville was struggling to compete with national chains on price, and decided to try some new tactics in hopes of differentiating themselves.

After going through many physical changes, including remodeling existing stores, Burgerville began to focus on several strategic changes in the mid-nineties. By aiming product development at local and seasonally sourced foods throughout the region the company began to tap into the growing trend towards such products while at the same time becoming a leader in the quick service realm. This change in product sourcing marked the first significant step Burgerville made in what has become their unique and definitive commitment to local farmers, ranchers, and communities alike. A little more than a decade later, Burgerville had cemented their reputation as the place to go for a fast meal constrained local ingredients, a higher quality alternative to more traditional “fast food.” Burgerville is also a member and contributor to the Food Alliance, (Appendix 4) and has contracted with Country Natural Beef to supply all of their beef, a very important input for a hamburger chain, in a socially and environmentally sustainable manner.

Renewable energy has also played a significant part in powering the Burgerville restaurants. In 2005, local energy giant Portland General Electric approached Burgerville with a proposal: they suggested that the local fast-food chain re-enforce its sustainability ethos with a commitment to make 20% of the energy it consumed wind generated. What Burgerville did next was unprecedented for any fast food chain – the company committed to 100% usage of wind power and wind power credits in all of its restaurants and corporate headquarters and followed through within the year. Furthermore, Burgerville’s renewable, ‘clean’ wind power is supplied by companies within the region that are environmentally sensitive to their locales.^{vii} By doing this, Burgerville not only invested in local operations and a forward looking energy source that is environmentally friendly, but also encouraged other area businesses to follow in their footsteps and commit to clean energy use. As a further demonstration of their commitment to the environment, Burgerville implemented a Bio-diesel program through which all of their cooking oil is recycled and reused to power bio-diesel run vehicles.

At the same time, Burgerville has committed itself to its employees and communities by introducing a new set of benefits, which would provide affordable healthcare to any employee working more than 20 hours per week. The company’s transparency has also been highly recognized and acknowledged throughout local and national media outlets. In order to educate their customers on exactly what they are eating, each receipt that customers receive from their meal is a condensed version of a nutrition label, containing the nutritional information for the specific meal they are about to eat. It also gives suggestions on what they could have done differently to make a more nutritious choice, say, opting for grilled chicken instead of fried.

Burgerville has also adopted one of the most comprehensive recycling and composting programs of any member of the QSR industry. Recycling and composting stations are located in the majority of restaurant dining rooms in order to allow customers to be a part of the process themselves. Further, nearly all packaging materials utilized by Burgerville come from 100% renewable materials assuring that all waste can be recycled or composted through the program they have put in place.

Leadership Evolution at Burgerville

Having married into the Propstra family, Tom joined The Holland’s management program in 1966 and managed the first Burgerville in Vancouver, WA. He stayed committed to the company, making his way up the corporate ranks until he became President and CEO in 1982. He continued to be a main driving force at Burgerville for the next 20+ years.

In 2004, for the first time in the company’s history, the decision was made to relinquish control of Burgerville to someone outside of the family and Jeff Harvey was brought on as CEO. Coming from a career in the energy sector, Jeff was perhaps not the most obvious choice for the job. He and Tom Mears had been friends for years, however, and Tom decided that knowing Jeff’s values aligned with Burgerville was more important than knowing his professional experience did.

As a result of Tom's selection of CEO there has been the ethical and social values that have been deeply instilled throughout the organization, little change in philosophy has taken. Today, Burgerville remains a leader when it comes to practicing what they preach and promoting social and environmental stewardship through their continued investment in programs such as composting, biodegradable packaging, local sourcing, and affordable healthcare.

Chief Cultural Officer, Jack Graves, is a stalwart of the company, having been with Burgerville for 34 years. He started as the Manager of Burgerville's Centralia restaurant, and served as Vice-President before assuming his current position in 2004. His job title is somewhat unusual, but it represents Burgerville's commitment to a strong company culture, and the maintenance of the core principles upon which the company was founded.

Chief Operations Officer, Janice Williams, also bring years of Burgerville experience to bear. Having started out as an assistance manger she steadily worked her way up, along the way spending time involved with new manager training, in charge of field operations, as a restaurant general manger, as Chief Talent Officer, and recently has had a great deal to do with the development of the company's ongoing management curriculum and training programs.

Chief Financial Officer Kyle Dean is responsible for managing the Burgerville's financial data, financial planning, and record-keeping, as well as financial reporting to upper management. Dean also develops innovative ways to partner with the company's suppliers, economic development entities and the banking community. He also works on internal initiatives that will help people quantify their results and contributions to Burgerville's financial structure.

Alison Dennis was first employed by Burgerville in 2006 in a supply chain management role, where she was responsible for the entire supply chain, sourcing ingredients, and building relationships with local vendors, moving those supplies to restaurants, and managing the company's composting and recycling programs. Alison was then made the Director of Sustainable Programs where she facilitated a range of sustainability initiatives including recycling, composting, and smarter packaging, and helped to put Burgerville on the map as groundbreaker of sustainability in the industry.

The formation of this dynamic leadership team, coupled with a strong emphasis on the environment and community involvement, has helped Burgerville to instill a unique culture throughout the company. Working together as well as with others in the executive team, these thought leaders have left an imprint on everything from the training procedures and basic workforce policies, to restaurant design and marketing efforts. This close working relationship, along with the complete backing of Mears, has allowed for Harvey, Dennis and Graves to establish a clear vision for Burgerville today, and for what needs to be done in order to accomplish their goals for the future. This vision has been so well developed and internalized that top executives felt that there was no longer a need for the position of Director of Sustainable Programs and in the summer of 2010 let Alison Dennis go after four years in the role. As has occurred in other companies, once the end goal of instilling sustainability values throughout the company was seen as having been accomplished, the position was perceived as

redundant. This is testament to Alison's accomplishments at Burgerville; at the time of her leaving, the company was far and away an industry leader in the sustainability realm.

Employees

Burgerville relies heavily on front-line employees to convey their sustainability message and put the company's best foot forward. This emphasis, combined with Burgerville's history of being an active member of the communities in which they are located, have led the company towards a highly relationship based service model. This applies to not only the way that employees are encouraged to interact with customers, but also the way that Burgerville management tries to interact with employees.

It is a common belief within the Burgerville organization that one of the company's greatest assets is its people. Within a company that takes such pride in conveying its core beliefs in sustainability and community, the most effective way that it can do this, and set itself apart from the pack, is through the employee who serves the customer their bean burger and sweet potato fries. Jack takes great pride in his employees, who he feels are proud and knowledgeable of the company's place within the community and the products that they serve to the customers. "Not long ago, we brought the Country Natural Beef ranchers (Burgerville suppliers) in to all of the restaurants to talk to the employees, who learned a lot and really enjoyed it. The next thing I hear an employee describing the natural process of raising our beef to some customers at the counter. This makes me very proud; employees are one of the best marketing tools we have." Burgerville's training and treatment of employees sets the benchmark for the QSR industry, which has a less than stellar record of such practices. This is testament to the attitude of Burgerville management over the past half century and the value that is placed on employees.

Hiring

In an industry in which turnover and training represent significant operational costs, it is imperative for Burgerville to retain employees and have effective training practices. In a typical employee selection process at Burgerville, a candidate is interviewed by two managers separately. Throughout the interview process, the managers will try to assess the degree to which a potential employee will fit the values that the organization represents. Values taken into account may be the candidate's level of community spirit and giving, but other values are intangible, according to Chris Wegner, manager of Burgerville's Carmen Drive restaurant, "when I'm talking to them, it can be just a feeling I get about who they are as a person."

Within its hiring and training process, Burgerville uses what they call 'The BV (Burgerville) Way'. Less than a formal program, the BV Way encompasses the process of hiring and training employees and ultimately is an effort to align individual values with that of the company mission: to *Serve With Love*. It encourages employees to become genuine ambassadors of Burgerville practices and ideals to the customers and the community.

Burgerville typically has turnover of approximately 400 employees each year, with about half of these being summer workers. This works out to an average of 10 employees per restaurant per

year. The hardest age demographic to retain are 18-22 year old students (Appendix 5). Although many employees do not stay long-term, Burgerville does not feel that time and resources spent training are wasted. Management believes that values instilled at Burgerville can not only enhance the integrity of their company, but can potentially carry the message to other companies as employees move on, as well as into the community where Burgerville will continue to develop a positive relationship.

“Whether you’re here for 3 months in the summer or 30 years, you’ll leave with some level of understanding and competency around responsible community leadership and take that into wherever you go” - Beth Brewer

Training

In-Store

When a new employee is hired at Burgerville, they receive a 72 page training document and undergo a three and a half hour orientation session. The session is made up of standard fast-food restaurant training: HR practices, health and safety protocols, and restaurant procedures. However, Burgerville adds something more. Within this session, a significant amount of time is spent outlining Burgerville’s community and sustainability values, in order for employees to gain a better understanding of the organization’s philosophy. Not only is this a large part of the orientation, but as Chris explained, “There are frequently opportunities during regular work shifts to educate and train further around sustainability and our values.” It is not uncommon for senior staff to impart their knowledge of Burgerville’s unique outlook with their newer colleagues.

One effort to transfer enthusiasm for sustainability efforts to hourly workers involves facilitating direct interactions between suppliers and front-line workers. Employees take “field trips” out to farms where produce is grown to meet the farmers and gain a genuine understanding of relationship between food production and restaurant sales. Likewise, when the ranchers from Country Natural Beef are in town they make an effort to visit restaurant locations and meet the men and woman behind the counter selling their beef as hamburgers.

Burgerville employees start their responsibilities either on the “counter”, at the “drive thru” or on the “grill”. Obviously, the “counter” and the “drive-thru” are the positions that have the most customer interaction, but employees need to possess a cross section of skills for each position if they wish to move up to the next level, which is a Trainer. As the name suggests, a Trainer is available to help train new employees. Following this position are two key positions; “regular key” and “senior key”. There is also a “team manager” that is also paid hourly and the Team Manager is usually a 2-year training program. The 2-year training program is set up to help the “team manager” move into a “store manager” position. The training program can take longer if the Team Manager is happy in that position, and wants to extend the training. Regardless of the position, anything above a trainer position is someone responsible for talking to other Burgerville employees about the stories and concepts they can convey to the customers.

To help the employees convey the concepts to the customers, Burgerville also has suppliers visit the stores. On an annual occasion, the suppliers of beef, Country Natural Beef Co., bring their ranchers to Portland for an appreciation festival. The week before the festival, The Country Natural Beef employees spread out across stores in the Portland area and spend several hours talking with the employees. This gives the Burgerville employees the opportunity to ask questions about the beef, where it comes from and how it gets from the ranch to the store. It is more information for the employees to use to talk to customers about the product and Burgerville's commitment to the community.

Corporate

Burgerville also provides ongoing corporate training and executive coaching through outside consultants. At Burgerville's *Center for Responsible Community Leadership*, courses are taught to not only enable more effective management, but also foster an environment of ongoing betterment. Beth Brewer, Dean of Curriculum, has been the major driving force behind the creation of such courses. As Beth puts it, "there is a strategic focus around development of our people."

The Center was opened in response to internal discussions around how Burgerville could best enable employees to become leaders that would impact the community as well as the company. Currently there are three areas of professional development offered: Operational Excellence (Management Fundamentals), Mission School, and Personal Leadership Development.

Operational Excellence looks at how individuals work together most effectively, how to set and achieve goals, the promotion of best practices, and the promotion of "seamless teams," or the idea of building strong teams within each restaurant. One course that falls under this heading is Management Fundamentals, which deals with many of these issues.

In 2009, the company began an initiative called **Mission School** that is a forum in which leaders of the company come together to explore what being a mission-led company entails, work through challenges as a group, and develop personal leadership abilities within the context of *Serve With Love*. Assistant managers and above are encouraged to participate in Mission School.

Personal Leadership Development is somewhat similar to Mission School, however, it is more about individual learning and development and less about the specifics of one's role at Burgerville. The skills acquired during leadership development training are truly meant to enhance general skills applicable in any company.

At the corporate level, Burgerville promotes a "self managed owner-operator" philosophy, especially for restaurant GMs (Appendix 6). This means that supporting and coaching store managers to be autonomous problem solvers taking an increased responsibility for store operations is heavily emphasized. In the end, one of the main goals of leadership development

at Burgerville is to create responsible community leaders, according to Jack, “leaders that are flexible and resilient and can continue to lead, and do continue to lead, in the face of change.”

Pay/Benefits

Hourly employees in the QSR industry are typically paid minimum wage, and this is true for Burgerville’s lowest level employees. Compared to other states, however, Oregon and Washington have the highest minimum wage requirements in the country at \$8.50 and \$8.55, respectively^{viii}. On top of this, both full and part time employees at Burgerville receive health insurance, which costs the company roughly \$3.50/hour per employee.

In the QSR industry, the existence of a company insurance plan does not typically provide coverage to all employees of an organization. Additionally, many employees who are covered by insurance plans cannot realistically afford the high premiums and co-pays that are associated with them. In 2008, hourly employees received an average of 49% coverage, with only about 54% of employees receiving health benefits at all.^{ix}

Burgerville’s decision in 2005 to provide *affordable* healthcare coverage to all employees working over 20 hours a week for at least 6 months was truly unique within the QSR industry: for \$20/month individuals receive full medical, dental and vision coverage with no deductible, a worker and spouse pay \$30 monthly, and family plans cost just \$90. Health benefits are frequently cited as by far the most appreciated benefit available to employees. As one employee stated, “I’m treated differently because I have an insurance card.”

Aside from the philosophy of simply doing the right thing by its people, Burgerville management believes there is also a business case for making sure that employees can receive proper medical care. The national average turnover rate for hourly fast-food workers was around 150% in 2005, according to Jack Graves,^x Burgerville’s turnover at 128%. After the Dec 2005 introduction of affordable health insurance turnover at Burgerville fell to 54% in 2006. Also, because of the accessibility to healthcare for Burgerville employees, less sick days are taken, and productivity and morale are higher within the restaurants, which lead to happier employees and better customer service.

For Burgerville management, this represents significant cost savings, not to mention the increase in quality services delivered by employees who also remain part of the Burgerville family longer, getting better at their jobs and learning more about Burgerville policies and ideals.

Marketing

Considering Burgerville’s position as an industry leader in the fields of sustainability, local sourcing, and community outreach, the company uses its core competencies to create its brand identity, as well as relating that sustainable message to the taste of its food. “The fresher the produce, the better the food will taste, is definitely a message we are working on,” says Michele Mather of Burgerville’s marketing department. “We are extremely proud of our

commitment to sustainability but, in the end, our main product is our food, and we want to let people know how good it is.”

Burgerville’s record of sustainability and local sourcing dates back to the first day that it opened its doors, and it is something that Burgerville is known for by its consumers in the Northern Oregon/Southern Washington locale. In the marketing mix are the usual outlets of local TV ad campaigns and local radio segments, as well as the loyalty program, The Burgerville Card is designed to entice patrons to spend money in exchange for points (\$1 equals one point), and can also be used as a gift card. Burgerville is one of the nation’s first QSR chains to offer such a program, which is usually a marketing tool for such industries as retail and airlines. Burgerville.com is a very user-friendly website which highlights its food, restaurants, people, jobs, and the many benefits of eating local and being sustainable. Additionally, Burgerville is active in the social media arena on Twitter and Facebook. Burgerville also participates in voucher programs, such as the ‘Chinook Book’, a book full of vouchers of local ‘green’ businesses that encourages buying local and helps to raise money for local charities and schools.

Perhaps the most visible and far-reaching weapon in Burgerville’s marketing and outreach artillery is the Nomad, a mobile restaurant. As it describes on the website, “Burgerville favorites like burgers, fries and seasonal milkshakes – the same as you’d enjoy at any of our 39 restaurants – made fresh at special events and popular locations all around our community. Nomad packs up Burgerville’s commitment to quality and caring, and takes it on the road, bringing it direct to you.” The Nomad has made Burgerville mobile and it has featured at such popular Oregon events as The Bite of Oregon and the Pendleton Roundup. In a marketing coup for the company, it will be the major sponsors of the Portland Timbers soccer team for its entry into Major League Soccer (MLS), and the Nomad will be a feature at all of the Timbers’ home games at PGE Park in downtown Portland. From a marketing perspective, the Nomad focuses more on the selling of food and exposing more customers to its products, as opposed to spreading the work of sustainability and local sourcing.

Storytelling

Burgerville encourages employees to make a connection with customers and teach them about Burgerville’s sustainable practices through *storytelling* (Appendix 7). Storytelling means engaging with customers to transfer enthusiasm concerning sustainable practices. The elements of storytelling at Burgerville revolve around 1) Where to interact with customers (Environments & Opportunity), 2) How to have the conversation (Development & Training), and 3) Burgerville programs designed to help kick-start the process (Tools & Collateral).

Burgerville’s Storytelling is perhaps most visible to its customers in the posters that are displayed in all of its restaurants. These are an example of how Burgerville uses their people and their sustainable message to reach out to the consumer. As shown in the Appendix 8, these posters feature ‘a local hero’ who is helping Burgerville in their efforts to be more environmentally and socially responsible. These posters relay to customers Burgerville’s local commitment and sustainability focus, and relate this to the high quality and taste of the food.

Storytelling is an integral part of Burgerville spreading its message of sustainability, as it humanizes the message, making it feel more local and less corporate. Storytelling creates an interaction between company and customer, and is consistent with Burgerville's local image. Although it can appear as a very natural interaction, it is believed by management to be a highly effective method of marketing the company's sustainability practices.

Customers

With a focus on fast, convenient meals at a low price, QSRs attract a younger, lower-middle income consumer, as well as a substantial family demographic. The taste and quality of the food is also important, which has also lead consumers to care more about where it comes from. Recent trends indicate a strong correlation between organically grown, locally sourced food and superior taste. This trend coupled with publications such as *Fast Food Nation*, which brought into question the sourcing and practices of fast food companies, has meant that the average consumer is taking an increased interest in the practices of the fast food companies.

Consumer perception of fast food is no longer confined to quick-service, drive-thru restaurants and convenience stores. Instead, a dual concept has emerged, consisting of traditional fast food, and of 'food fast,' which is served quickly with a greater emphasis on flavor, quality, and ambiance. Forty-one percent of consumers are reporting that their idea of places offering "fast food" has expanded recently to include fast-casual restaurants such as Panera Bread and full-service restaurants offering carryout and curbside service such as Chili's^{xi}.

Although Burgerville does not explicitly define its target market, it views its average customer as being slightly older and slightly more educated than the average fast food customer. They define their typical customer as an individual who lives in the Pacific Northwest, cares about sustainability, and is 30-50 years of age. While Burgerville still aims to attract families as a significant portion of their market, youths still make up a significant portion of their clientele. However, in Burgerville's case, the age demographic is skewed towards a slightly older customer. 'Young', in Burgerville's eyes is seen as customers in their twenties and thirties, whereas most other fast food marketing demographics view 'young' customers as teenagers. As with most restaurants, Burgerville relies on a high rate of repeat customers, making it especially important to have a wide-reaching message of sustainability and quality in order to gain first-time customers who will return.

Burgerville Suppliers

Burgerville has four main suppliers: Sysco, Fulton, Franz, and Sunshine Dairy. In 2008-2009, Burgerville purchased about 32.5% of their products, locally sourced from Fulton, 22.9% from Sysco, 10.7% from Sunshine Dairy and 7.7% from Franz Bakery. The rest, 25.7% of the products, were bought from non-local sources. This is a key example of Burgerville's commitment to the community; buying locally keeps the money in the community and supports the very people responsible for Burgerville's profitability. Beef, fish, baked goods and potatoes make up the majority of the locally sourced products.

Burgerville is committed to maintaining strong relationships with their suppliers. Annually, ranchers from Country Natural Beef visit Portland for a night of fun, dancing and storytelling. Not only is this an opportunity for the ranchers to gather in a social setting, but it also allows them to visit the stores to see where and how their products are served. In addition, they get to meet and give the employees more of an insight into Country Natural Beef, and share information about how they raise the cattle. These kinds of events, along with open channels of communications, help the Burgerville team to maintain a strong relationship with the suppliers. Jack Graves tells a story of a supplier driving 500 miles out of his way to go around a flooded area to deliver some much-needed supplies to the Burgerville restaurant in Centralia, Washington. It is that kind of commitment to the company, and to the suppliers, which makes Burgerville special when it comes to sourcing its supplies. It is also central to the company's growth and success, which has taken place over the last 50 years.

Competitor's Sustainability Efforts

While sustainability is certainly on the radar of all the major players in the QSR industry, the fact remains that, for most, this is simply an attempt to deflect negative PR when it comes to maintaining best practices. For the majority of QSR companies, especially for those that are larger and publicly held, marketing sustainable practices has been about protecting themselves from watchdog groups that often expose bad corporate practices when it comes to environmental and social issues.

Over the years, Burgerville's competition has increased, diversified, and morphed into a variety of different restaurants. Burgerville's main competitors are McDonald's, Burger King, Wendy's and several others. The company maintains a close watch on what others in the QSR industry are doing, whether it is the creation of new products, pricing levels, or the updating of menu items. They also examine companies in other industries to see how developments in other contexts might provide new insights into successful outcomes.

There is not a definitive sustainability strategy in the QSR industry that has been proven truly successful. Many companies and executive teams tend to feel their way through the issues, looking for guidance wherever they can to determine and define what metrics to measure and to define success. In some cases, it might not be financially viable to invest in a particular area if the benefit is not a significant cost decrease or marked increase in sales. Significant resources are being poured into this area in an attempt to stay current, follow consumer preference trends, and gain a competitive advantage.

Moving Forward

Jack knew that suppliers and employees appreciated Burgerville; it was evident in the long-term relationships that existed with people in both groups. But was that enough to remain competitive and content with national QSR players? He wondered to himself if the diner image the organization decided upon in the mid-nineties properly conveyed Burgerville's goal of trying new things and being committed to social and environmental sustainability. How can the organization better equip their frontline employees to be outstanding storytellers of Burgerville's commitments and culture? Do customers value this commitment and if so, to

what extent does it drive return customers? Do Burgerville employees believe in the mission and culture of the organization? How do we attract top of the line employees that do care? How can Burgerville leverage its commitment to sustainability in order to increase revenues while also helping local communities? How can they measure such things?

#####

ⁱ <http://recipes.howstuffworks.com/fast-food.htm>

ⁱⁱ Datamonitor - *Fast Food in the United*, 2009

ⁱⁱⁱ RNCOS US Fast Food Market Outlook 2010

^{iv} Retrieved 7/15/10 <http://attra.ncat.org/attra-pub/PDF/sustagintro.pdf>

^v <http://oregonfarmersmarkets.org/directory/directory.html>

^{vi} Pokarney, Bruce. "Local Foods Find a Bigger Stage" *The Agriculture Quarterly: The Oregon Department of Agriculture*. Spring 2009. Issue 373

^{vii} Burgerville website: <http://burgerville.com/sustainable-business/the-business-case/>

^{viii} <http://www.dol.gov/whd/minwage/america.htm>

^{ix} People Report, April 2008

^x http://www.historylink.org/index.cfm?DisplayPage=output.cfm&file_id=8791

^{xi} <http://www.worldwatch.org/node/1489>

Appendix 1: Original Locations



Appendix 2: Burgerville Restaurant Growth by Decade



1970: 6 locations



1980: 16 locations



1990: 27 locations



2000: 37 locations



2010: 39 locations

Appendix 3: Burgerville Menu Sample

Kids Menu

Meals include choice of apple slices or fries and a small soft drink or milk. Substitute beverage with:

Small milkshake or smoothie Add: 1.00
 Small specialty or seasonal milkshake or smoothie Add: 1.60

Chicken Strips Meal 4.99
 Three golden fried white meat chicken strips with dipping sauce

Fish & Chips Meal 7.99
 Two pieces of golden fried halibut

Original Cheeseburger Meal 4.19
 Small Country Natural Beef patty, American cheese, Burgerville spread & ketchup on a plain bun

Original Hamburger Meal 3.99
 Small Country Natural Beef patty, Burgerville spread & ketchup on a plain bun

Kids Sides: Fries or Apple Slices 1.39
Kids Drinks: Soft Drink, 2% or Chocolate Milk 1.39

Desserts

Your choice of local Sunshin Dairy® Ice Cream or YoCream® Non-fat Frozen Yogurt

Sundae 1.79
 Real ice cream or nonfat frozen yogurt and your choice of topping with whipped cream

Toppings: hot fudge, hot caramel, triple berry (mascarpone, raspberry & blueberry) or fresh seasonal fruit (when available)

Vanilla Ice Cream Cone 1.29

Breakfast

Breakfast Baskets include a hash brown & coffee, orange juice, soft drink, milk, or bottled water. Your choice of sliced cheese with any breakfast sandwich Add: .60

Breakfast Platter 3.89
 Two cage-free eggs, two hash browns, english muffin and your choice of bacon, sausage or ham

Bagel Sandwich	Sandwich	Basket
Cage-free egg with your choice of bacon, sausage or ham	2.49	4.29
English Muffin Sandwich	2.49	4.29
Cage-free egg with your choice of bacon, sausage or ham		
Bagel with Cream Cheese	1.69	3.49

Sides

English Muffin 1.09
 English Muffin with Egg 1.79
 Bagel 1.09
 Bagel with Egg 1.79
 Hash Browns (2) 1.29
 Portland Roasting Coffee Regular 1.29, Large 1.49

OREGON

Albany - 2310 Santiam Hwy., S.E. 541-926-0669
 Aloha - 1245 NW 183th Ave. 503-690-0299
 Beaverton - 1900 SW Canyon Rd. 503-646-7786
 Beaverton, Scholls & Allen - 9385 SW Allen Blvd. 503-293-0877
 Canby - 909 SW 1st Ave. 503-266-2568
 Gladstone - 1919 SE McLoughlin Blvd. 503-655-3932
 Gresham - 2979 NE Hogan Dr. 503-665-0931
 Hillsboro - 2401 NE Cornell Rd. 503-648-7787
 Lake Oswego - 1660 SW Upper Boones Ferry Rd. 503-664-8143
 Monmouth - 615 E. Main St. 503-838-6096
 Newberg - 2514 Portland Rd. 503-538-0914
 Oregon City - 1900 Molalla Dr. 503-659-0013
 St. Helens - 775 S. Columbia River Hwy. 503-977-5885
 The Dalles - 116 W. 3rd St. 541-298-3733
 West Linn - 18350 Willamette Dr. 503-657-3339

Portland Locations:
 Bond & Gilman - 828 NE Gilman St. 503-255-2815
 122nd & Stark - 439 SE 122nd Ave. 503-253-0938
 162nd & Division - 1621 SE Division St. 503-251-6468
 92nd & Powell - 3504 SE 92nd Ave. 503-777-9778
 25th & Powell - 3432 SE 25th Ave. 503-239-6942
 Convention Center - 1135 NE MLK Blvd. 503-235-6858
 Hawthorne - 1122 SE Hawthorne Blvd. 503-230-0479
 Parkrose - 4229 NE 122nd Ave. 503-252-1804
 St. Johns - 8671 N. Hawtho St. 503-286-8600

WASHINGTON

Battle Ground - 217 W Main St. 360-587-7308
 Camas - 518 NE Third Ave. 360-836-2079
 Centralia - 818 Harrison Ave. 360-736-3212
 Kelso - 600 W. Main St. 360-301-4354
 Woodland - 1120 Lewis River Rd. 360-225-7965

Vancouver Locations:
 Cascade Park - 11004 S.E. Mill Plain Blvd. 360-254-0501
 Central Park - 2200 E. Fourth Plain Blvd. 360-696-0308
 Downtown Vancouver - 307 E. Mill Plain Blvd. 360-693-8801
 Fisher's Landing - 1646 SE McGillivray Blvd. 360-283-9433
 Hazel Dell - 9909 NE Hwy. 99 360-374-1971
 Heritage Center - 6900 NE 162nd Ave. 360-557-1350
 Orchards - 10903 NE Fourth Plain Blvd. 360-892-0781
 Salmon Creek - 13309 NE Hwy. 99 360-573-8223
 Vancouver Heights - 7401 E. Mill Plain Blvd. 360-694-4971
 Vancouver Plaza - 8320 NE Vancouver Plaza Dr. 360-944-6220

OUR MENU



BURGERVILLE

Fresh • Local • Sustainable

When you choose Burgerville, satisfying your hunger isn't the only good thing that happens. You're also contributing to the health of the region by supporting the use of fresh ingredients, local ranchers and farmers and sustainable business practices.

At Burger ville, our commitment to Fresh, Local, Sustainable means we:

- Partner with local businesses
- Serve only 100% Country Natural Beef
- Offer accessible health insurance to employees
- Purchase 100% local wind power
- Recycle our trans-fat free Canola oil into biodiesel

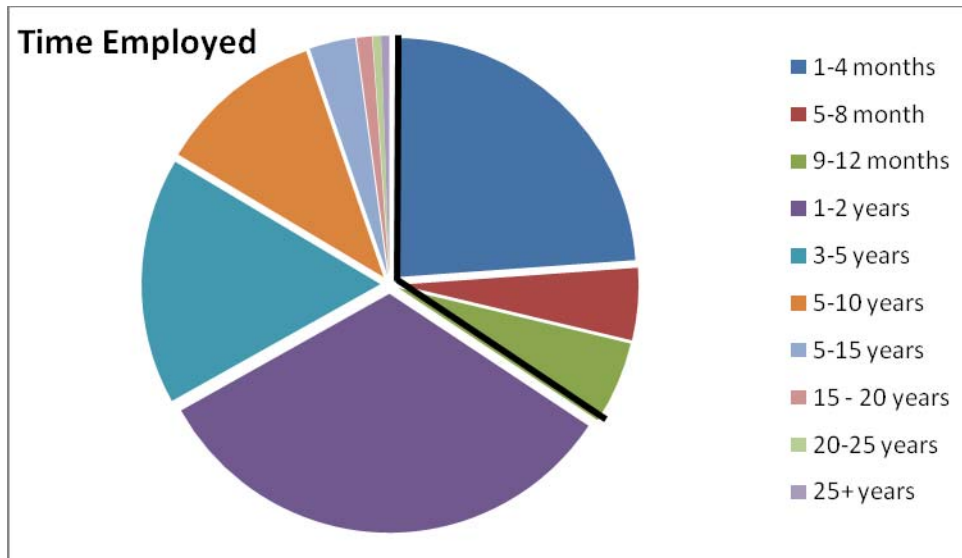
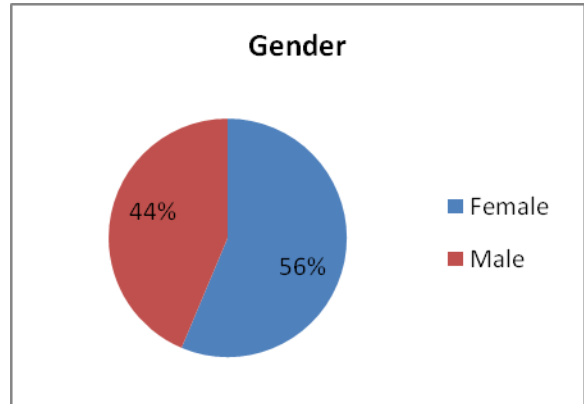
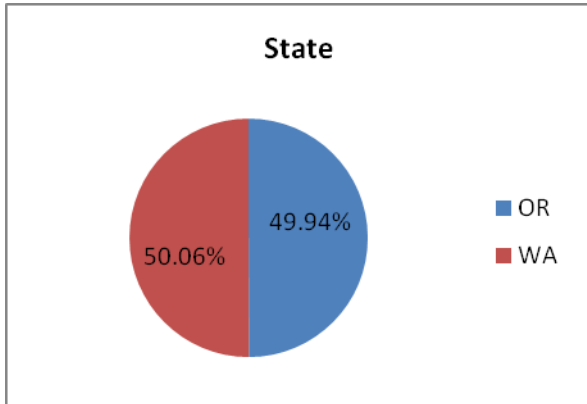
Learn more at burgerville.com.

Printed on 30% PCW paper. Please recycle. © 2010 The Holland, Inc. BV-ToGo-090

Appendix 4: Food Alliance Certification



Appendix 5: Employee Demographics



Appendix 6: Burgerville Managers

Matt Wright

Matt is a 9-year veteran of Burgerville, and is currently the manager of the Burgerville #41 located on Powell Ave. and 92nd Ave. He first came to Burgerville as a counter employee and fondly tells the story about his first day, when he was given many responsibilities after two other employees called in sick. He has worked in five different restaurants, the corporate office on the “Lean Green Team,” was a team manager for three and a half years, and has been at the Powell Ave. and 92nd Ave location for two years. The “Lean Green Team” was a project to measure efficiencies in Burgerville’s operations. Matt strongly believes in Burgerville’s initiatives and takes pride in the company values.

Paul Ridlon

Paul is the manager of Burgerville #42, which has traditionally ranked 6th or 7th companywide in sales. His experience in the industry is vast. He has worked throughout the East coast and South for 25 years, with Fudruckers, Longhorn Steakhouse and Macaroni Grill. He has opened, managed as well as partially owned and operated a variety of fast food and sit down restaurants. He also spent several years on the Burgerville development team working assessing potential store locations.

Paul has been at his current location for only a few months, but has been given the responsibility to implement the core values of the company in hopes that the store can get to a higher level of service and performance. His main objective is to find things that the employee is interested in, so that they can smoothly transition into a part of the restaurant’s team, while educating the employee at the same time. According to Paul, approximately 10-15% of the employee’s training time is used to teach them more about sustainability. A notice board in the employee break room is also updated weekly with new facts and ideas concerning sustainability in order to enhance the education process, and continue to provide employees with the data to educate customers. Most of the employees in his store have a high school education, while five or six have some college education, but only two have college degrees.

Chris Wegner

Chris comes from a full-service restaurant background and manages Burgerville #40 at the Carman Drive location in Lake Oswego - Burgerville’s busiest location. Chris entered the restaurant business in 1984 under the tutelage of a local restaurant owner named George. Chris spent 10 years learning from George how to prepare almost anything from scratch, how to be creative in menu innovation, and that people are the most important thing in life. In 1990 Chris started work with Shari's restaurants as a line cook, and in 1992 moved into a management position. In 2002 Chris was given the opportunity to work at Burgerville. His thoughts on joining and working for the company are shared below:

“My decision to engage the offer was based upon the company’s mission and its track record of delivering the mission. I have absolutely no regrets. This has been one of the best decisions I have made in my life for 2 reasons: The first is that Burgerville inspires hope. I know we do not

deliver 100% of the time but I know 1500 people are trying to. The second is that Burgerville delivers forgiveness. No, we are not able deliver 100% of the time, but our owner and our leadership team support and encourage every individual in our company to be a contributor in each and every moment and keep moving forward even when things don't work out.... I am most thankful for the investment the company has made and continues to make in me.

At (my restaurant), Carmen Drive, I am most proud of a few things. I am proud that our community loves us, gives us consistent feedback on how to do better, and is willing to partner with us to build new relationships. I am proud that my team was the first to break through a sales goal and continue to grow. I am proud that my team takes on any challenge with creativity and energy. I am proud that we have an incredible hospitality team that reaches out and is driven by not just the management but the crew as well.”

Appendix 7: Elements and Steps of Storytelling (from Burgerville training material)

Elements of Storytelling

- Environments & Opportunity
 - Lobby
 - Counter
 - Dining Room
 - Drive Thru
 - In the community
 - NOMAD
- Development & Training
 - Serve with Love: Our Missions Competencies
 - Guest Service Expert Certification (Level 1)
 - Storytelling Basics (Level 2)
- Storytelling Tools & Collateral
 - Thankful Campaign
 - Our ingredients
 - Storytelling Resource Guide
 - Drive Thru stake signs
 - Restaurant signage
 - Tell Us About Us feedback

Steps of Storytelling

- The guest asks question
- Respond with the facts
- Share your experience or what is important about that for you
- Listen to the guest's response! This may lead you to sharing even more of our story

Appendix 8: Burgerville Posters

BURGERVILLE

When it comes to improving our restaurants,
local landscaper, Dean DeSantis, isn't afraid to
GET HIS HANDS DIRTY.




Meet Dean DeSantis of DeSantis Landscapes. He uses compost in our landscaping, manages our water use, and even runs his diesel trucks on bio-diesel made from our used cooking oil. It's no wonder his is the first certified EcoBiz Landscape company in the state. Thanks to these efforts, Dean keeps our properties as green as possible. To learn more about Dean, visit burgerville.com

BURGERVILLE

How did Tyson Keverer improve our french fries?
By making them better for the
ENVIRONMENT.


Meet local hero Tyson Keverer, whose company SeQuantial Biofuels converts our used our trans fat free Canola oil into biodiesel. By keeping the air we breathe clean, Tyson's helping us keep the land and people of the Pacific Northwest healthier, too. To learn more, visit burgerville.com/locals



BURGERVILLE


Food this good rarely goes to waste around here.
AND THANKS TO PAUL,
neither does much else.

Meet local hero Paul de Block, a business recycling specialist. He's helping us and other local businesses design ways to make recycling second nature. By diverting waste from overburdened landfills, Paul's helping to conserve local resources and prevent habitat destruction—making the Pacific Northwest an even better place to live. To learn more, visit burgerville.com.



BURGERVILLE
Fresh • Local • Sustainable

For a limited time try our fresh
BLACKBERRY
Milkshake, Smoothie or Lemonade



MADE WITH LOCAL BLACKBERRIES

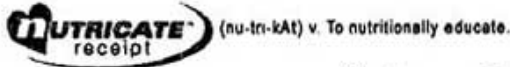
Appendix 9: Sample Receipt

Order #F-0156

09/19/09 12:48pm
 1135 NE MLK Blvd. Portland, OR 97232
 (503) 235-6858 www.burgerville.com



Better taste comes from better food.™



Qty	Item	Price	Calories	Fiber(g)	Fat(g)	Carbs(g)
1	HALIBUT SANDWICH BASKET	\$8.48	-	-	-	-
	Halibut Sandwich		488	2	27	43
	No Tartar Sauce		-130	0	-14	-1
	Reg. Sweet Potato Frie		530	11	24	75
	Reg Self-Serve Bev*		-	-	-	-
NUTRITION TOTALS			888	13	37	117
% DAILY VALUE - 2000 CALORIES			44%	52%	57%	39%
% DAILY VALUE - 2500 CALORIES			36%	42%	45%	31%

1	TURKEY BURGER BASKET	\$7.09	-	-	-	-
	Turkey Burger		519	2	22	47
	No Mayo		-100	0	-11	0
	No Tomato		-4	0	0	-1
	Regular French Fries		360	3	15	52
	Reg Self-Serve Bev*		-	-	-	-
NUTRITION TOTALS			775	5	26	98
% DAILY VALUE - 2000 CALORIES			39%	19%	40%	33%
% DAILY VALUE - 2500 CALORIES			31%	15%	32%	26%

1	Reg Choc Monk Smoothie	\$3.99	470	4	2	104
---	------------------------	--------	-----	---	---	-----

* Visit our website for nutrition info on this item.

Sub Total \$19.56
 TOTAL \$19.56
 VISA \$19.56
 PAID \$19.56

Did You Know ?

For great-tasting desserts under 200 calories, try our Triple Berry Frozen Yogurt Sundae, a dish of Frozen Yogurt, or a Vanilla Frozen Yogurt Cone.