



Mackenzie River Pizza Company Uncommon Sense Thesis Report November 2005 thru October 2007

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Uncommon Sense is a powerful program that generates strength from its peer support format. Monthly conference calls and bi-yearly conferences proved very effective for Mackenzie River to stay in touch and keep momentum moving forward. Each store was responsible for reporting status and accomplishments to the learning team, which created deadlines and set goals to hold accountable to. This produced results. The internal working group was very important to our success as well. The group set a format that allowed us to follow through on ideas and spread buy-in staying power Company wide.

At the beginning of the program, Mackenzie already had a mission statement in place. We use it to define our core values and guiding principles. It includes sections on social investment and environmental and social responsibility. We already were recycling cardboard, glass and cans. We have always maintained a consciousness about the company's consumption but now have tools to be responsible.

The word "sustainability" has permeated through the company from the corporate office to the front line hourly employees. It has become part of our culture. Sustainability is something we now talk about and decisions are made with impact in mind. We are saving money by executing the new ideas as well. Reductions in water, energy and paper goods consumption has saved money but also created awareness amongst our 700+ employees. At the end of this program, Mackenzie employees have embraced our efforts to reduce, reuse and recycle and find pride and ownership in the

company and job. Sustainability has also filtered its way into company-wide conference presentations.

Our widespread recycling and awareness efforts have evolved into a company value and guiding principle itself. Without guidance, our employees have created a position for me, as the in-company resource for sustainability and recycling flow management. The program has given us the tools to create long term improvements in flow, social investment and resource management. These are improvements that will last because they work.

Module 1: Leading the way

Initiate and Manage Organizational Change

Creating an internal working group to lead organizational change was an easy task. The first people I asked said yes. There were 3 of us, 2 persons from the Mainstreet location (1 salary, 1 hourly employee) and myself from the 19th location. We met once per month for 7 months. We created signs, set up receptacles and communicated with the staff how to recycle paper out of our waste stream. We also created an internal survey for hourly employees.

The team changed 8 months into the program and has remained the same since. The members are Dawn Wilson- general manager of the Belgrade location, AD Bunn- administrative assistant from the corporate office of which sustainability efforts are included in her job description, and myself. Each working group member implements the ideas we come up with into their work environment which allows us to influence a lot of employees. We generate ideas at meetings, set goals and type the minutes to be sent with dates for goal completion. AD is in charge of creating proposals for upper management to approve or deny. The working group also decided to make AD responsible for contacting vendors and negotiating prices. Dawn and I concentrate on creating flows within the restaurant that are conducive to long term sustainability because they work.

The working group experienced a lot of successes. We created a restaurant flow for paper recycling that is still used at all 4 Bozeman locations. We created an internal employee survey meant to measure how important what we're doing is to them. It communicated to us that the staff felt it very important for the restaurant to recycle as well as for their friends at home. Interestingly, they did not hold themselves to the same high standards. The majority of our staff felt that it was important to work for a socially and environmentally conscious company.

The working group created a proposal for the purchase of Terra Passes. This was approved for traveling management. We have had many samples for to-go containers mailed to us for testing but still haven't found anything yet. We have come up with a lot of energy saving ideas that are relatively simple. This includes making sure all locations turn as many computers off overnight as possible.

Mackenzie River's mission/vision statement was already written and in circulation when we started the program. It includes the social and environmental commitment to the communities and regions in which our restaurants reside in.

Our overall challenge with the working group is making time to meet on a consistent basis. We find ourselves busy and frustrated in trying to make time for such important, job-value-adding and idea generating meetings.

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Module 2: Waste Stream Management

Reduce, Reuse, Recycle

Each internal working group member created a waste management manual. It includes contact names and phone numbers for our recycling vendors and centers. It is a manual that sounds very

important to have and would organize information efficiently. However, the working group agreed that it is not used or taken advantage of at all. There are so many other manuals and binders of information in our offices at the restaurants that we found this one overlooked and under used.

The company's commissary in Bozeman was shut down and dismantled in 2005. Thanks to our sustainability commitments made through the program, we felt empowered with knowledge. We recycled the scrap metal and were patient enough to resell a lot of working restaurant equipment to other businesses instead of a quick fix landfill dump. Thanks to the work of our corporate office, a lot of mass was deferred from the landfill.

Our waste stream categorizes in to the following headings: Food scraps, Glass, Cans, Plastics, Cardboard, Paper, Buckets, Electronics, Packaging Materials and Used/Broken Equipment. We were already recycling glass, cans and cardboard at the start of the program.

We easily added paper (including office pack, newspaper and magazines); by contacting the company we were already employing and asking about the services they offer. Our price per month for pick up service remained the same. Our vendor thought the added volume was minimal and felt no need to charge more money. A year into this routine we contacted the company to update opportunities offered. He added plastic containers and buckets for the same cost as well. We learned it is very important to contact vendors periodically to update opportunities for the business.

MRPCo N19th does not receive a large volume of packaging materials such as Styrofoam and bubble wrap. What we do receive gets reused by a local packing and shipping store in town. This creates a great symbiotic situation where one business's trash is another's commodity.

Six pack holders, that beer and sodas are shipped in, get saved for reuse. They are used by drivers to deliver sodas, napkins and condiments. We also package the same items, the same way for customers who come to the restaurant for pick-up. This has dual value because we are using fewer bags for packaging and using the holders one more time before they are hopefully recycled. The internal working group and restaurant employees are constantly looking for similar opportunities with other "waste".

We experience high employee turnover which makes consistency in counting or measuring the flow of recycling difficult. It was easier for us to measure and show trends in spending.

The company corporate office is located adjacent to MRPCo N19th sharing the same building. The office employees typically eat "take out" for lunch up to 5 times per week and bring the food back to the office. We communicated with the office and decided to create a policy where food is served on dine-in plates which are efficiently returned back to the restaurant. This has been very successful and a lot of packaging has been reduced.

Food scraps, electronics and equipment are challenging for us to reuse or recycle. It is challenging to erase memory from computers and we have not found a good flow or vendor for printer cartridges and ribbons. We are considering refilling cartridges, if we find a business to work with. Equipment is sometimes resold. Luckily we have a large storage area and can be patient about getting rid of recycling material.

Creating measurements for waste diversion was very challenging. To measure our successes in waste management, I compiled our monthly expenses for N19th's paper goods and compared 2005 through 2007. It showed a reduction in packaging spending for each year, as we experienced increasing sales. Yearly sales were increasing +/- 10% and from 2005 to 2006 spending on paper goods decreased by 11.7% (\$2000). 2006 to 2007 has shown a 32.2% (\$5000) reduction

in spending through the month of September. Expenditures decreased by 40.1% (\$7000) from 2005 to 2007. We are saving money on paper goods spending, decreasing the amount of trash destined for the land fill and experiencing an increase in sales. Savings experienced are positively affecting the bottom line. (Appendix)

Module 3: Facilities Management

Energy & Water Efficiency

Utility tracking was difficult for N19th due to the closing of the commissary in 2005. The commissary was located in the back of the building where we used to make dough and dressings to supply the whole company. Utility bills were divided between the restaurant, corporate office and commissary. The same size building is now paid for by only 2 entities, yet the whole building is still used (mostly for storage and coolers). 2005 numbers skew the data for 2006 and 2007 hence we focused on comparing 2006 to 2007. We are using monthly expenditure totals and not normalizing data. Our outcomes were positive and showed our efforts in resource awareness and reduction.

Water and sewer expenses increased 3.2% (\$110) from 2006 to 2007. We experienced a +/-10% increase in sales and an increase in energy costs have not been factored in.

Electricity usage from 2006 to 2007 decreased 1.4% (\$75) while total sales increased. Taking changes in energy costs into account, we are very pleased with our new usage trends.

Energy and water efficiency were achieved through a series of small changes in usage, habits and awareness that culminated into a measurable result. We gained a lot of knowledge and awareness by having an energy audit conducted by a division of NorthWestern Energy Co. It is a free service offered by the utility company that encourages customers to use energy responsibly. Interestingly,

energy companies want customers do more with less energy because demand is larger than supply. The auditor informed me of the millions of dollars ready to be appropriated for retro fits in the commercial sector. The commercial sector is being targeted because of its lack of accountability and difficulty in measuring energy usage. The commercial sector is hard to audit and measure because of locations like malls and rental situations. Energy companies find it in their best interest to subsidize usage with retrofits.

Changes we made within the restaurants and office include turning on dining room lights at 11 am versus 8 am when employees start arriving. We delay turning the P.O.S. monitors on until just before opening. The kitchen oven is fired up at 10:30 am as opposed to 9 am when food prep starts. Office computers and equipment are shut off overnight to save energy. We installed low flow sprayer heads in the dishwashing pre-wash area. We understand the HVAC system better and learned how to run it most efficiently. Our sprinklers run in the evening to minimize waste and evaporation. We adjust thermostats for day use versus night use for both heat and air conditioning.

Challenges with energy efficiency include CFL light bulbs. The working group is challenged to find bulbs that fit into existing fixtures that create the proper glow for atmosphere. The working group finds it challenging to get information about retrofits and equipment purchasing eligible for rebate money. The working group would also like to incorporate solar energy into the building of new restaurants as we expand. We feel challenged by the information needed to take on such a proposal and by the buy-in commitment of upper management.

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Module 4: Responsible Purchasing

This module was challenging for the working group. We created a product comparison spreadsheet that generates information on the item we currently purchase and one we are researching to improve with. We selected items from inventory associated with packaging food to go. We easily had samples sent but lost communication with vendors when it was time to negotiate a price for a proposal. We experienced this 2 times with separate companies and decided to focus our attention elsewhere for now. We also found it challenging to find to go containers that meet our needs for temperature but also our need for portion control. Our take out container line currently acts as portion measuring tools and as a receptacle for food.

The working group asked our current food vendor for take out container alternatives not made with plastic. He generated only a few options and seemed unmotivated and too challenged to help us. (Appendix)

Module 5: Transportation Efficiencies

And

Module 7: Offset Programs

We have a complex transportation matrix that presented obstacles to the working group. We have employees driving to work. Each one is phased to leave at a different time each day depending on sales needs. There are typically 2 managers per day, one to open and one to close who are in the restaurant up to an hour alone each day. One third of our sales at MRPCo N19th are generated through food delivery. We employ upwards of 15 delivery drivers who drive their own personal vehicles. A driver can average 50 to 60 miles per shift on their car. One third of our sales at N19th come from customer pick up sales. This is when a customer orders over the phone then drives to us to receive the food.

Our food supply is delivered 3 times per week and available for 3 other off day deliveries if mistakes are made. The truck originates

in Billings, MT and delivers to all of our restaurants throughout the state. These were a lot of variables for us to tackle the first time through the program.

We encourage as many people to walk, ride a bike or skate board (yes, we have 1 employee who does this) to work. We make an effort to thank those employees who save resources commuting to work. This has just a moderate impact on the staff so the working group decided to combine modules 5 and 7 to make a statement with transportation.

Each member of the working group offset their personal vehicles, which are used to commute to work, by purchasing a Terra Pass. The Terra Pass calculates our carbon emissions based on type of car and average miles driven per year. Our money buys certified green tags that offset the price of generated renewable energy.

After the Terra Passes were purchased by the working group, we drafted a proposal. It required a Terra Pass be purchased for each of our upper management's vehicles whom are required to drive from location to restaurant location across Montana. It was approved, and 6 Terra Passes for commercial (high) use were purchased. The working group is excited to use this success as an opportunity to educate our staff on the many components of reducing, reusing and recycling and becoming more sustainable.

Challenges with our investment in offsets and transportation are hard to market. Will we isolate or educate our customers on the topics. We need full company support from all salary employees if we start to define ourselves this way. The working group has decided we are not there yet, not everyone is a believer yet we know we are making them think in new realms.

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Module 6: Social Investment

Investing in Our Employees

The working group defines social investment as being able to offer a non-jaded work environment that will inspire the staff to go out and follow their dreams. They will go out and do good in the world by having the skills, we taught them, to evoke change.

The working group believes that if everyone aligns their actions with the company's mission, it will allow us to achieve our sustainability goals and create positive work environments. We surveyed our staff how happy they were at work and left a spot open for comments. Our average score was 9 out of 10 being a perfect score. We attribute this score to our commitment to communication and constant training to empower employees.

I personally have reformatted our required weekly manager meetings to include a 5-10 minute speech from a different supervisor each week that inspires us and refines meeting skills. Certainly some supervisors have been challenged by this task but when we review the goals and what is meant to be gained they have proudly taken on the challenge. I hope they gain the skills to communicate an idea in an inspiring manner while improving their speaking skills for speeches and meetings.

Social investment has enabled the working group to talk with co-workers instead of at them. Meetings and conversations about work need to be two way. We must always include the staff when looking for answers to restaurant problems. We need to hear what is important to the staff that represents us. When we combine and commit to our social, economic and environmental investments only then do we become a fair trade company.

As a summary, we incurred a solid reduction in our waste. Paper and plastic recycling was added to all four Bozeman area locations. Energy usage was decreased by changing simple opening and closing routines with computers, lights and HVAC systems. We diverted truck loads of scrap metal and old restaurant equipment from the

landfill. This was done thru a local recycling center when our commissary was shut down. We saw a reduction in procurement. Even with an increase in sales, we were able to reduce the purchase of paper goods, office supplies and take-out food containers. Uncommon Sense has given us a format to follow month to month, year to year to assess our business and improve our sustainability. We intend to continuously execute the modules to dig deeper into our systems, looking for areas of improvement and opportunity. If we are aware of what we use and what we do, then we create an opportunity for improvement.