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Burgerville: Sustainability and Sourcing in a QSR Supply Chain

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Burgerville: Sustainability and Sourcing in a QSR Supply Chain

Free Online Copy

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Patrick Dedrick, Brie Hilliard and Joshua Pfleeger as a basis for class discussion rather than
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Burgerville: Sustainability and Sourcing in a QSR Supply Chain

“Doing business locally out of the relationships that people had was really important to this company and the people who were running it. These family kinds of values and the relationships and the way that people interacted with each other was very important and it was important to keep the money in the communities where we were doing business and the better job we do of doing that the more money people have to spend in your business. So it’s a circle that works very well. It’s pretty basic economics, actually, and today we call it sustainability. Years ago they called it ‘that’s the way you do business’.” (Jack Graves, Chief Cultural Officer, Burgerville)

Jack Graves is considering buying chicken. More precisely, Jack is considering *where* to buy chicken. He needs to make a recommendation to the purchasing team soon, and the decision is complicated. Jack is a long-time employee of the Burgerville restaurant chain, a quick-serve restaurant chain in the Northwest USA. Burgerville prides itself in being true to its long-held values while maintaining profitability and growth. Graves’ primary job at Burgerville is to assure that the company’s values are embedded in all its actions, including its relationships to its supply chain. His current concern is the dilemma of *which* values to promote. Burgerville sells chicken, lots of chicken. So the purchase of chicken has significant impacts on the social and environmental impacts of Burgerville’s supply chain. Should Burgerville buy local, with the inherent social and environmental benefits, while paying attention to concerns about labor issues, animal treatment, and non-organic stewardship? Or should it find a supplier with some assurance that these potential problems are eliminated, regardless of location? Jack knows that Burgerville needs to address this issue soon, as the supply of chicken that is produced to Burgerville’s high standards is small and there are sure to be competitors seeking the same products. He will have to weigh the company’s values and make a recommendation soon.

As the Chief Cultural Officer of The Holland Inc., Burgerville’s parent company, Jack Graves is constantly aware of the need to align the Burgerville culture and identity throughout all units of the business, including vendor partners (APPENDIX 1). The chain’s slogan: “Fresh. Local. Sustainable.” proclaims its commitment to offering foods differently than other quick serve chains, with specific attention to where food is being sourced. Burgerville aims to deliver on this promise as often as possible, and has had success in the past.

Over the past decade, Burgerville has made a concerted effort to ensure its purchasing supports its values. As of 2009, over 70% of Burgerville’s total spending on food products was from local suppliers, up from less than 60% in 2008 (APPENDIX 2). With chicken, though, Graves was faced with some difficult questions and hard choices: can Burgerville find a local supplier who can provide a sufficient quantity and quality of breaded and plain chicken breasts and chicken strips at a cost comparable to the existing national brand supplier? Is buying local the most important decision to make for Burgerville and its image? Is the issue

more than simply reducing the distance the food travels from origin to the customer? Are Burgerville customers willing to pay a premium for locally sourced chicken? It makes sense to purchase from local farmers who may then become loyal customers, but what if distant farms operate more sustainably than the local farms? Is there a sustainable chicken farm that could handle Burgerville's demand? These questions weigh on Graves's mind as he struggles to balance the chain's profitability with the company's values.

The Company

George Propstra founded Burgerville in 1961 when he opened the first restaurant in Vancouver, WA (APPENDIX 3). Propstra followed in the footsteps of his father, Jacob Propstra, a Dutch immigrant to the area, who founded and owned The Holland Creamery, primarily an ice cream producer. George ran his restaurant with the same principles that he had learned from his father – buy local ingredients, treat your employees well, support the local community, and serve fresh, never frozen products whenever possible. Since 1961, the company, which is still owned by the family, has maintained these core philosophies.

Now operating 39 restaurants (APPENDIX 4), and a mobile unit known as “The Nomad,” in Washington and Oregon, Burgerville sources local ingredients as often as possible (APPENDIX 6). Its seasonal items featured during the peak of the harvest emphasize Burgerville's attention to and creativity around local sourcing (APPENDIX 7). Burgerville prides itself on emphasizing products that are grown or harvested with particular attention to environmental and social impacts. Specifically, Burgerville strives to select ingredients from suppliers that pay particular attention to the way in which their products are made or grown and to the people that work to produce those ingredients. Although it is not possible in all cases, they attempt to do so by relying on standards such as those embodied by the Food Alliance, and attempt to select farmers, growers, and products that either already adhere to Food Alliance certification standards or are willing to adapt their practices to meet those certification standards (APPENDIX 8). Many of these ingredients are sourced from farms in the Pacific Northwest, and the total annual spend on local ingredients for all Burgerville locations represented over \$13.2M (APPENDIX 5). As a business that must maintain profitability, of course, Burgerville cannot always meet these stringent standards for every product it sells. It actively attempts to move closer to these standards in all products and processes as it continues to grow and evolve. The move to obtain a chicken product closer to the Burgerville core values is what currently concerns Jack.

Overall, Burgerville has embraced progressive environmental and social practices for years. In 2005, the company began purchasing wind energy credits equivalent to 100% of its yearly electrical usage, and recycling as much as it could. In 2007 it instituted a campaign to begin using compostable products in restaurants. By 2010, the program included all 39 restaurants with compostable cups, napkins, and food wrappers – 23 restaurants even had on-site access to composting – and it has diverted enough trash from landfills annually to save approximately \$60,000 per year in hauling costs. This amounts to over 50% of Burgerville's divertible trash being recycled or composted. The percentage was increasing each month.

Burgerville prides itself in its attention to its employees as well. In 2010, Burgerville had over 1,300 employees, and provided health insurance coverage for all employees working 20 hours a week or more at a highly subsidized monthly price of \$20 to the employee and an additional \$20 for the employee's children. In addition, Burgerville actively participates in employee

health and development programs and is known nationally for their 'best practices' in employee treatment.

As a broad interest in 'sustainability' increased in the United States, attention to and reporting about corporate social responsibility (CSR) began to rise throughout the economy. The quick-serve restaurant industry was no exception. At that time many quick-serve restaurants companies began to publish yearly reports of their environmental and social sustainability efforts, however Burgerville chose not to join this trend. Even though Burgerville had been conducting business in a way which emphasized its values since day one, it wanted to avoid being accused of "green-washing," or overemphasizing their CSR and environmental consciousness to generate sales. Burgerville, of course, wants to be sure to capitalize on the positive marketing benefits of activities inherent to their operations and company culture. Burgerville has received, and highlights, its considerable recognition from local, national, and industry media for its efforts related to unique, local menu items, employee and social programs, and environmental practices. This recognition is external validation of Burgerville's attempts to keep its corporate values evident in its actions (APPENDIX 9).

Burgerville was started as a small, family run operation, and its growth has not altered the values on which the company was founded. As the company grows, its commitment to its values remains central to its identity, meaning that Burgerville continues to treat its employees well, and commits to serving the highest quality product possible that can be procured from local farmers. This is Burgerville's heritage and it is the culture Jack weighs as he tries to make the right chicken-sourcing recommendation.

The Industry

The quick-serve food industry originated as the drive-in restaurant in the 1940s. Offering food to patrons late into the night, drawing them in with attractive waitresses and bright neon lights, these drive-ins were the perfect locale for young customers to show off their cars, meet their friends, and enjoy a burger, shake, and fries. Early drive-in successes included McDonald's Famous Hamburgers and Carl's Drive-In Barbecue, which opened in 1940 and 1945 respectively. By 1948, the McDonald brothers, founders of McDonald's Famous Hamburgers, re-engineered the standard diner kitchen and processes to speed up production to meet increasing demand and to standardize the products of their increasing number of restaurants. The result is what is now known as the quick-serve restaurant, in which food is prepared quickly and made available for an inexpensive price. Included among these early fast food standards were smaller, more limited menus, and an assembly-line style of preparing food. With this new model, one attendant might grill (or even warm up) meat for a burger, while another added toppings and wrapped it for the customer, a third might prepare French fries, and yet another prepare milkshakes. Reducing the number of reusable dishes was also critical to this model, and most food was served in disposable wrappers. This fast, streamlined system was coined as the "Speedee Service System," and is considered the original model of the modern day quick-serve restaurant. Carl's Jr., McDonald's, Taco Bell, Burger King, Wendy's, Kentucky Fried Chicken and countless other restaurant chains have since based their production model on the Speedee Service System.ⁱ

The quick serve industry is typically known for intense competition, low prices, and enormous marketing budgets. Industry players compete by differentiating their products from those of their competitors, keeping the menu interesting in order to appeal to constantly changing consumer preferences, and maintaining low prices. For example, McDonald's innovated on the burger package in the 1990's by creating a box with a "hot" side and a "cold" side for the now discontinued McDLT. In 1997, Burger King spent \$70m advertising their newly developed fries in order to attract consumers to the "best" fries in the market, and steer them away from competitor McDonald's.ⁱⁱ Taco Bell maintains differentiation by offering Mexican-style food which appeals to mainstream tastes. In 2009, the chain launched a menu item that included bacon to diversify its offerings and capitalize on parallel trends found in burger and fry quick-serve restaurants. Most of the national chains advertise 'Dollar menus' or 'Value meals' emphasizing the low cost of their offerings. Recent interest in issues of the social costs of poor nutrition and obesity add another dimension to which the industry players can differentiate their products, resulting in quick-serve companies competing on their ability to serve customers 'healthy' foods'. Currently, in addition to traditional fare, most national quick-serve chains advertise a limited selection of low-carb menus, 'real' fruit smoothies, salads, and 'kid-friendly' snacks such as apple slices.

Typical Quick-Serve Industry Sourcing

The quick-serve industry typically divides its food purchases into two categories – proprietary and conventional. Proprietary items are processed items that have been custom formulated for the equipment, packaging, standards and menu items of a specific restaurant chain. The restaurant chains purchase these at a contract price, and they may include French fries, milkshakes, ice cream, meats, and toppings—any food items that are unique to a particular chain.

Conventional items are more commoditized and are generally used by a variety of different chains and generally include condiments, produce, and soft drinks. Prices for conventional items tend to be market based and negotiated through corporate offices. Many restaurant chains enter into long-term agreements with suppliers to ensure a steady supply of the quantities needed at a predictable price. These agreements often put downward pressure on prices, reducing total costs to purchasing chains, either increasing the profit margins of the final products to the restaurants or reducing the costs to the ultimate restaurant consumer, or both.

In recent years, the practices of national and global quick-serve companies have come under considerable criticism. A number of chains have been criticized for forcing supplier prices down so far that wages paid to farm laborers are below subsistence levels.ⁱⁱⁱ In response to the reputational damage that a supplier's business practices can do to the chains, McDonald's circulated a "Code of Conduct for Suppliers" in 2000.^{iv} This document aims to address the social issues that surround the relationship restaurant chains have with their suppliers, and includes standards for:

- Compliance with local laws
- Prohibition of prison, forced, and child labor
- Compensation

- Work schedule
- Discrimination
- Working conditions
- Inspections by supplier personnel
- Inspections by restaurant personnel

Similar concerns about the treatment of animals throughout the supply chain of quick-serve restaurants resulted in public responses to mitigate potential damage to corporate and industry reputations. For example, Burger King responded in 2007 with guidelines for their suppliers regarding care, housing, transport, and slaughter of animals.^v

Sourcing issues also are an area of concern for the quick-serve industry. In India, where McDonald's demand for lettuce encouraged farmers to adjust their agricultural practices to grow lettuce year-round rather than only during the winter months to provide for McDonald's needs. While this allowed for McDonald's locations in India to source local produce, this decision also affected the overall agricultural industry within the affected areas of India, as it changed the production of formerly grown produce^{vi}.

Local Sourcing

The concept of promoting local food systems has recently gained popularity, partially as a counter to the results of an agri-food industry dominated by a few firms. The goal of the 'local food movement' is to shift away from globalized networks of distribution and revert to local communities supported by, and supportive of local production. Local food systems provide primarily what is readily accessible in the local geographies. This movement hopes to contribute to economically sustainable, environmentally less damaging, and socially supportive communities. Local food systems generally minimize 'food miles,' support farms able to patronize the businesses to which they supply product, and rely on, and pay, local labor. Beyond the potential advantages of local food quality, the local food movement tends to encourage more socially and environmentally sustainable food production and sourcing through intentional spending.

Changes in food system preferences are characterized by consumer interest in many forms, ranging from a wide variety of third party certifications for 'organic' or 'sustainable' products to a dramatic increase in the number of local farmers' markets, springing up all around the United States. The total number of farmers' markets in the United States and Canada has grown by over 20% from 2006 to 2009, to nearly 6,000 total markets.^{vii} Beyond the level of individual households, the local food movement has reached a point at which it calls for participation from larger entities to source their food products with particular attention paid to the "locality" of those products, striving to maximize the foods that are grown locally.

One metric commonly used to evaluate local food is the "food mile." In essence, food miles are an expression of the distance that a food product travels geographically from the point of its origin to its final destination.^{viii} Food miles may use actual miles traveled, or may calculate a carbon value for a product in the form of the emissions generated during the transport of a product along each step in its supply chain. This metric, if known, allows consumers to become aware the impact their food choices may have on the environment and allows them to alter their personal environmental impact by choosing products that have as

many or few food miles as desired.^{ix} For example, a consumer in Denver, Colorado wishing to reduce her personal carbon footprint might choose to eliminate bananas from her diet, since they cannot be grown in the Intermountain West, and must come from a farm in the Caribbean or Central America. Ideally, individuals will consume only foods that they get from retailers who make concerted efforts to stock local foods or at smaller farmers' markets or community supported agriculture services, where consumers buy directly from farmers and artisans.

Bringing Food to Burgerville

Burgerville locations are typically run by a manager and two assistant managers. This management team is responsible for placing orders for their own restaurants from Burgerville authorized distributors, who make deliveries directly to the stores three times per week. The accompanying invoices are sent to the corporate office, where they get paid. This direct delivery eliminates the need for a commissary which would distribute foodstuffs internally among Burgerville locations.

Burgerville, like other quick serve restaurants, constantly refines its menu items. Unlike many of its competitors, however, for Burgerville this refinement includes adding vegan and vegetarian options, fish, and limited time offer seasonal items. The company began offering these rotating menu items based around seasonal foods in 2008 and have begun asking local "foodies," and celebrity chefs to create new offerings. Typical items include entrée sandwiches or side order items such as "The Roasted Turkey & Cherry Chutney Wrap" (APPENDIX 10), developed by Allison Hensey, director of The Oregon Environmental Council. A percentage of the proceeds for this particular item benefit the Council, supporting the 'healthy foods and farms' program and promoting the environmental stewardship and economic vitality of Oregon's farmers and ranchers. Additional seasonally rotated items include fresh, local berry milkshakes, Fried Portobello Mushroom Wedges, Fried Asparagus Spears, and Walla Walla Sweet Onion Rings, and are eagerly anticipated by patrons each year. Ingredients for most of these items are not part of Burgerville's normal food inventory, nor of its distributors' product lines. As such, seasonal ingredients must be sourced and incorporated into the Burgerville supply chain as new items are added to the menu.

Burgerville's mission to support local farms and local businesses has extended to the current day, where local ingredients are needed to supply 39 different locations with standard menu items in addition to these specialty and seasonal items. Burgerville pioneered a unique farmer-distributor system that allows them to maintain relationships with local farmers, as well as introduce those farmers to other potential customers and distribution channels. In this system, Burgerville will find a local farm that produces a specific product that they need for a menu item. Then they will go to one of their two main distributors, Sysco Corporation and Fulton Provisions and arrange for the farmer to supply products to the distributor (APPENDIX 11). From this point, Burgerville can simply add the product to the regular orders they receive from that distributor, as well as give other firms that use that distributor access to the products.

Sourcing the product through a distributor means that the farmers can focus on agriculture instead of distribution. Troy Thomas, head of produce procurement for Sysco Corporation, one of Burgerville's main distributors, says: "This allows us to do what we do best – transport

Three requirements of a credible certification scheme

Standard: The standard must be clear, unambiguous and publicly available so there is clarity about what compliance with the standard means.

Certification: All certification against the standard must be carried out by third party, independent organizations following clear, defined procedures. Certification is not usually carried out by the organization which developed the standard, but rather by organizations specializing in certification called certification bodies. Certification bodies must have the systems, procedures and personnel to ensure credible, replicable certification against the standard. To ensure a consistent and high standard of certification, the certification bodies must be approved and monitored through an accreditation program.

Accreditation: This is the process of 'certifying the certifiers' and must be carried out by a competent, independent body capable of ensuring that all certification bodies provide a consistent interpretation of the standard through approved procedures and processes.

Adapted from: Nussbaum, R., Garforth, M., Wenban-Smith, M., and Scrase, H. 2000. An Analysis of Current FSC Accreditation, Certification And Standard Setting Procedures Identifying Elements Which Create Constraints For Small Forest Owners. United Kingdom Department for International Development (DFID) DFID Project R7589

food, while allowing the farmers to do what they do best – grow good food.” Burgerville sees the inherent value in this consumer-producer relationship that varies from the more common, consumer-distributor relationship seen in supermarkets around America. The farmer benefits through access to a market that is larger than Burgerville alone, while other customers seeking local products benefit by having access to new products through their normal distribution methods. This farmer-distributor system serves to benefit Burgerville, local farmers, associated distributors, and consumers, all by making local food more widely available.

Third Party Certification

Certifications of consumer products and production processes are used as a signal of the attainment of a set of attributes, or a demonstration of a set of practices that adhere to defined guidelines. The guidelines for these processes and products vary depending on the aim of the individual certification and are created to promote a specific mission, such as an environmental or social focus.

Ultimately, certification is meant to act as a communication medium, transferring specific information about characteristics invisible to the concerned party. In the realm of food and agricultural certifications, examples include: Kosher Certified, USDA Organic, and Rainforest Alliance Certified. With each of these certifications, there is a designated set of guidelines or attributes to which the process must adhere or that the product must attain. For example, in order for a product to receive the USDA Organic certification it must have

been produced (or grown) with strict regulations on fertilizers, pesticides, hormones and other “non-natural” additives.^x The goal of this certification is to provide consumers assurance that the product was produced to the standards of the certification.

There are two essential parts to a certification: establishing a measurable set of characteristics or attributes that comprise and embody the desired certification, and validating the certification. The process begins with an organization that wishes to convey a message about a product or process. Once organizations have drafted a body of attributes, verification processes must be established. This verification can be obtained on a first, second or third-party basis. First-party certification is gained when an organization assesses itself, and determines whether or not it is meeting a set of standards. Second-party certification comes from an outside organization, but that organization has some kind of stake in the company that it is attempting to certify. Third-party certification is gained when an entity totally independent of the firm seeking certification is brought in to assess whether or not the standards in question are being met. Third-party certification is, in that sense, the most objective and unbiased level of certification (APPENDIX 12).

There are two major perspectives on third-party certification in the food industry as a mechanism for conveying information to consumers. From one perspective, proper certification is able to convey, in a simple and understandable way, a vast array of codified knowledge to consumers about the product that they consider purchasing. It is a way to encourage producers to meet common regulations beyond those set forth by the FDA. However, another perspective is that certification is a means for producers to hide behind a label – to meet a set of minimal standards while ignoring any real and meaningful change to the way that company does business – that third-party certification favors form over substance and lulls consumers into a false sense of security and a state of ignorance of the real impacts of their purchasing habits.

Past Sourcing Issues

Jack Graves, as a long time Burgerville employee, is well aware of the past supply chain decisions. In various ways, these decisions have built an expectation that, through creative work with suppliers and a willingness to deviate from standard industry practices, Burgerville can indeed maintain its economic vitality while adhering to and promoting its core values. These, and other initiatives Burgerville implemented, have made Burgerville a leader and innovator in sustainability in the quick-serve restaurant industry. Jack is proud of that leadership role.

Country Natural Beef

Fresh, never frozen, beef has been a vital part of Burgerville’s identity since George Propstra grilled the first Burgerville hamburger. In order to meet this requirement, Burgerville must source its beef locally. However, the concerns of procuring beef for Burgerville go beyond geography. While purchasing beef locally met the goal of never serving previously frozen beef, a wide variety of environmental and social issues, including concerns about the health and treatment of the livestock remained important to Burgerville as well. The traditional, factory farming, system of beef production is laden with environmental and social concerns; the task of producing the quantities of beef needed to supply an enterprise the size of Burgerville generally leads to farming conglomerates, often contributing to the decline in

family farming, farm communities, and the rancher lifestyle. Burgerville was concerned about the treatment of the animals that would eventually be sold as hamburgers to final customers.

In the United States, most conventionally raised cattle are fed a diet of grain, most often corn, in order to ensure a fast and efficient fattening process and a quick turnaround to slaughter. As this lifestyle is not conducive to forming the muscle mass naturally developed in cattle, it is common for industrial beef producers to treat cattle heavily with hormones. This, combined with the tightly packed and unnaturally sedentary lifestyle that this production method encourages, has led to increased social awareness and outcry over treatment of the cattle. Moreover, slaughterhouses have been known for poor sanitation, excessive line speeds, and poorly enforced regulations, all of which contribute to oppressive working conditions, high rates of workplace injuries, and a history of food borne pathogens.

Country Natural Beef uses a business model that provides a large quantity of dependable production with a stark contrast to conventional factory-farming. Due to this more sustainable ranching model they have enjoyed a mutually beneficial relationship with Burgerville.^{xi} The Country Natural Beef Cooperative (CNB) consists of nearly 120 family ranches, primarily in the Northwest, all of which come together for the common goal of providing customers with locally raised, humanely-treated, and chemical-free natural beef. To ensure that CNB produces consistent, high quality products the ranchers maintain ownership of the cattle throughout the value chain. The only exception is while the cattle are at CNB's partner feedlot, Beef Northwest. At Beef Northwest, the CNB cattle are fed a diet comprised of cooked potato products, sunflowers and dry distillers' grain, in contrast to the factory-farming standard diet of corn.

Once the cattle have reached the appropriate weight, Beef Northwest trucks the cattle to a slaughterhouse owned by AB Foods. AB Foods is a sustainably focused company with ranching roots that focuses on high quality products, animal well being, and humane slaughter. The cattle are slaughtered two days per week on the first shift of the day to minimize the risk of microbial contamination. AB Foods boxes the beef and sends it to Fulton Provisions, a secondary processor and distributor. Fulton cuts steaks from the boxed beef and packages them for distribution to the end users other than Burgerville. They also grind and form the patties for Burgerville restaurants. Each of these intermediaries abides by Food Alliance certification standards and CNB's additional specifications in regard to treatment of animals, processes for treating sick animals, record keeping, and sanitation.^{xii} Importantly, all of these intermediaries are local, which allows ranchers a great deal of control throughout all stages of production (APPENDIX 13).

Prior to their relationship with Country Natural Beef, in order to meet the volume requirements of the entire chain of restaurants, Burgerville purchased their beef from conventional sources. Jack Graves saw that, considering Burgerville's values around sourcing, the fit with Country Natural Beef is clear – CNB provides fresh beef, from a local and community oriented source. It has an unwavering focus on sustainability and through a co-op model, has attained the production capacity to meet Burgerville's year round demand.

Liepold Farm Berries

As Jack considered the decision for sourcing chickens, he also recalled a decision five years ago, one he was proud of for its social impacts. In that decision he felt that Burgerville had really made a difference that mattered to the local community. He wondered whether this decision could have a similar outcome. He hoped so.

When it comes to sourcing produce for Burgerville, local farmers have always come first, but strawberry farming in the Pacific Northwest is somewhat problematic. Oregon strawberries ripen on the vine more slowly than in other commercial areas such as California and Florida, where the climate is much warmer and drier in the spring months. Because of this slow ripening process during the cooler Pacific Northwest springs, Oregon berries have been shown to be sweeter than others. When the taste and nutritional integrity of six varieties of Oregon strawberries and five varieties of California strawberries were analyzed, five out of the six Oregon varieties were sweeter than all of the California berries tested.^{xiii} This sweetness makes them perfect for Burgerville's spring milkshakes.

Unfortunately for Oregon berry producers, however, Oregon-grown strawberries are much more fragile than California strawberries, which can better withstand machine picking as whole berries. When whole berries are desired, Oregon berries must be picked by hand in order to prevent bruising, making it very labor intensive work. Berry farmers are faced with the task of finding workers willing to do difficult work for low wages for only two months a year.^{xiv} Under normal conditions, if wages were to increase in an effort to attract more workers, small Oregon farmers would likely be put out of business. Large-scale corporate farms produce hardy berries from California at a lower price than Oregon farmers can meet. As a result, wages stay low and willing workers stay scarce. In recent years, berries have been rotting on the vine and farmers have lost their crops, not because of a lack of demand, but because the limited number of willing workers cannot pick berries fast enough. Many berry producers have turned to mechanical picking and producing frozen, rather than whole, berries.

Burgerville differentiates itself on its values, and as such tries to live by their values with each purchase they make. When considering the fit between their values and relationships with their berry suppliers they found an opportunity for improvement. Historically, Burgerville purchased the first berries on the market. They were not purchasing consistently and had no embedded relationship with any single berry producer. In 2005, however, they partnered with Liepold Farms, a family farm near a small town not far from Portland, for the majority of their berry needs. In this partnership, Burgerville saw a chance to both obtain local foods and also reinforce its social values. Liepold produced high quality berries, of course, but in addition they also treated their farm workers with uncommon care. Liepold Farms special attention to their workers added costs most farms avoided, meaning that while the farm was socially responsible it was also financially fragile. Graves saw congruence to Burgerville's values with those of Liepold Farms, specifically as they related to the treatment of workers employed on the farm.

Farm workers' rights, always an interest of Burgerville, has also become an important food system issue for consumers.^{xv} Burgerville saw, with Liepold, an opportunity to address the issue of farmer workers' rights, and to support a local family farm. Liepold Farms set themselves apart from many of the other local berry farmers by providing good housing for their employees on the farm-site – they house up to 70 employees on their farm during peak

season. As an indicator of the worker satisfaction with Liepold, for example, for the past 20 years the same families have returned to work on the farm. Liepold Farms developed relationships with their workers by paying them a fair wage, providing housing, and taking care of additional medical expenses. This is exactly the type of employee treatment that Burgerville looks for when selecting a supplier, reflecting the way that Burgerville treats its own employees. Liepold Farms' values represent the values that embody the Burgerville brand.

Once Burgerville made the decision to partner with Liepold Farms, they helped the farm to become completely integrated in a system of distribution through Sysco Corporation. By bringing Liepold Farms into a larger supply chain, Burgerville now gets regular deliveries of fresh Liepold strawberries and raspberries, making a significant financial difference for the farm. Fresh berries sell at a 100% premium over frozen berries, which is the way most Oregon strawberries must be sold. By having a partnership with Burgerville, Liepold can be confident that they can keep taking care of their workers while still making a profit on the farm. Their products are also now available to all of Sysco's clients, giving Liepold an enormous opportunity for future sales growth. Mr. Liepold says "if it wasn't for Burgerville and the fresh market, [we] probably wouldn't be doing what [we] are doing now." If their customers were only buying less expensive frozen berries, Liepold Farms would not exist as it does, and Burgerville would likely not have this kind of partner vendor to provide fresh, local berries.

Portland Roasting Coffee

In recognizing that they might, in order to meet some of the Burgerville values, need to source the chickens from outside the local area, Jack thought about other times Burgerville made intentional, non-local purchases. The most recent example, which Jack thought was well conceived, was sourcing coffee from Portland Roasting Company (PRC).

Coffee presents a special sourcing issue for Burgerville, as there are no local farms in the Pacific Northwest that grow coffee. Coffee can only be grown in tropical and subtropical environments. Coffee is one of the world's most heavily traded agricultural commodities and has considerable social and environmental impact. Throughout coffee's long history, it has traditionally been shade-grown in forested plantations. However, in the last thirty years, coffee plants that are more tolerant to the sun have been developed. Coffee growers have been able to employ growing methods that expose coffee plants to direct sunlight, meaning potential crop yields up to two or three times that of shade-grown methods. This shift in growing methods led to massive deforestation of former coffee growing regions and a dramatic shift from small farms supporting one or two families to large corporate farms, with a concurrent dramatic reduction in the number of people supported by the farms.

The massive environmental and social disruptions caused by coffee, and the importance of coffee to the developed world, have resulted in the industry becoming a major focus of both the social and environmental sustainability movements. Burgerville, when considering how to create fit between its values and the need to provide coffee to its customers identified a set of options for choosing its supplier. Typically these options include Fair Trade certification, Rain Forest Alliance certification, or no certification and a choice based solely on cost. Fair Trade certification is socially based, with customers such as Burgerville paying more than the base market price to producers in order to help them develop and improve their ability to continue to farm as family farms. The Rainforest Alliance, by contrast, looks at the

environmental impact of farming methods, and aims to certify coffee that is grown with techniques that do not diminish or harm the biodiversity of sensitive coffee growing areas.

In the process of looking for a local coffee vendor for their restaurants, however, Burgerville looked beyond standard third-party certified coffee roasters. The company elected to source their coffee from Portland Roasting Coffee (PRC), due to their “Farm Friendly Direct” program. Farm Friendly Direct is a coffee sourcing program which aims to support sustainable growth and lifestyle improvement for PRC’s coffee growers by paying above-market prices for the coffee, with the stipulation that this premium finances farm and community assistance projects. To date, these projects have included: reforestation initiatives, construction of water treatment facilities and water pumps, community centers, and schools.

Portland Roasting was founded in 1996 with the mission of supporting farmers who had a dedication to stewardship of the land that provided for them. From the outset, Portland Roasting focused on sustainable methods, but struggled to find third-party certifications that aligned with their goals. This eventually led PRC to create a proprietary, first party certification program – Farm Friendly Direct. By focusing on direct and tangible community improvements, as opposed to merely paying an above-market premium, Portland Roasting is able to ensure that their sourcing strategy contributes directly to the betterment of the community of their coffee growers. The fit was clear; while there were no local coffee farmers for Burgerville to support, it could support Portland Roasting, a local roasting company. Further, through this relationship, Burgerville’s coffee purchases support direct tangible benefits to farmers and farming communities throughout the developing world, while providing their customers with an award winning, premium product. Jack wondered whether he could learn from the PRC experience to inform his decision about chickens.

Current Sourcing Issue

American chicken farmers annually raise roughly 35 billion pounds of chicken.^{xvi} To generate this level of productivity, farmers have a number of options for raising their animals including conventional methods, pasture raised methods, and organic methods. By far, the most widespread method of raising chickens for meat is the conventional method. This production method holds the birds in large climate-controlled production houses where they are fed, watered and regularly given antibiotics. These chickens are generally alive for six weeks before slaughter. This method produces the most meat at the cheapest price.

The real cost of this method of chicken production includes social and environmental costs, however. The crowded production houses create conditions highly conducive to disease. To combat this, antibiotics are systematically administered to chickens in their feed, injected into young chicks, and injected into eggs prior to hatching. While antibiotics help to alleviate the problem of disease, they result in additional problems. In 1995, the US Food and Drug Administration (FDA) approved a class of antibiotics, called fluoroquinolones, for use in poultry. Five years later, fluoroquinolones were banned in agriculture, citing evidence that human resistance to the drug had risen since their FDA approval, which could lead to further health problems in humans.^{xvii} The use of antibiotics also creates problems downstream of the farm as up to 75% of antibiotics can pass through an animal un-digested, enter water reservoirs, and potentially impact humans or other animals.^{xviii} The perennial use of

antibiotics in commercial production houses develops an environment where resistant bacteria evolve. Over time, chickens come in contact with the more resilient bacteria, which then pass through as processed poultry, and are consumed by humans. If antibiotic resistant bacteria later infect humans or livestock, the primary courses of treatment are unlikely to be effective and potentially lead to health complications.

The most prevalent alternative to production houses is pasture-raised chicken farming, a special case of free-range chicken production. Jack knows that the free-range designation is difficult to interpret as, in the United States, access to the outside is all that is needed to qualify a chicken as being free-range. In many cases, the difference between conventional production and free-range production is that a densely packed production house has an open door at one end. One reason that Burgerville supports certifications such as Food Alliance is that the certification provides more information about the conditions of the animals as they are raised.

Pasture-raised chickens are permitted to roam freely outside, similar to the way cattle are allowed to graze at pasture. This requires a lower animal density and reduces the need for antibiotics. Animals that do get sick while being pasture-raised can be treated with medications, but rarely undergo prophylactic drug therapies to ensure growth. Pasture-raised chickens need more time to grow and gain weight and normally live for 8 weeks before slaughter. Since chickens are allowed to roam outside, they are, however, more vulnerable than conventionally raised hens. Production houses are protected from birds of prey, foxes, raccoons, and other predators but chickens venturing out of coops may be susceptible to predators. While farmers keep birds inside during periods of inclement weather, sudden weather changes may catch the birds outside and leave them vulnerable to drowning. Parasitic worms that live in the soil can also infect the birds, another condition uncommon in production houses.

Certified Organic farming further restricts the farm's operations by mandating that all food given to the birds be free of genetically modified feed and organically farmed. Restrictions are also placed on beak-trimming and claw modifications, which are procedures done to prevent hens from eating their own eggs and hurting other chickens. In order to sell poultry as USDA Organic, it must be certified by a USDA approved, third-party certifier.

Burgerville and Chicken

Burgerville offers 6 menu items with fried or grilled chicken and spent over a million dollars on chicken in 2009. Jack Graves wondered if Burgerville should consider changing the source of its chicken to increase its local purchasing quotient. A large regional supplier would be able to supply Burgerville with the quantity of chicken it needs from its processing plants in Washington and Oregon, but these were conventional producers with the social, environmental, and animal treatment problems. Purchasing locally could support smaller local farmers, keeping more of the money within the local communities. The economic impact of this quantity of purchases could have a significant impact on the farms and communities where the purchases are made. An economic impact study of poultry production indicates that every \$1 million of sales by a poultry or egg producer generates 20.1 FTE jobs (APPENDIX 14). A problem with many of the smaller farms, however, is they lack the ability to supply sufficient numbers of consistently sized portions. Jack recalled an

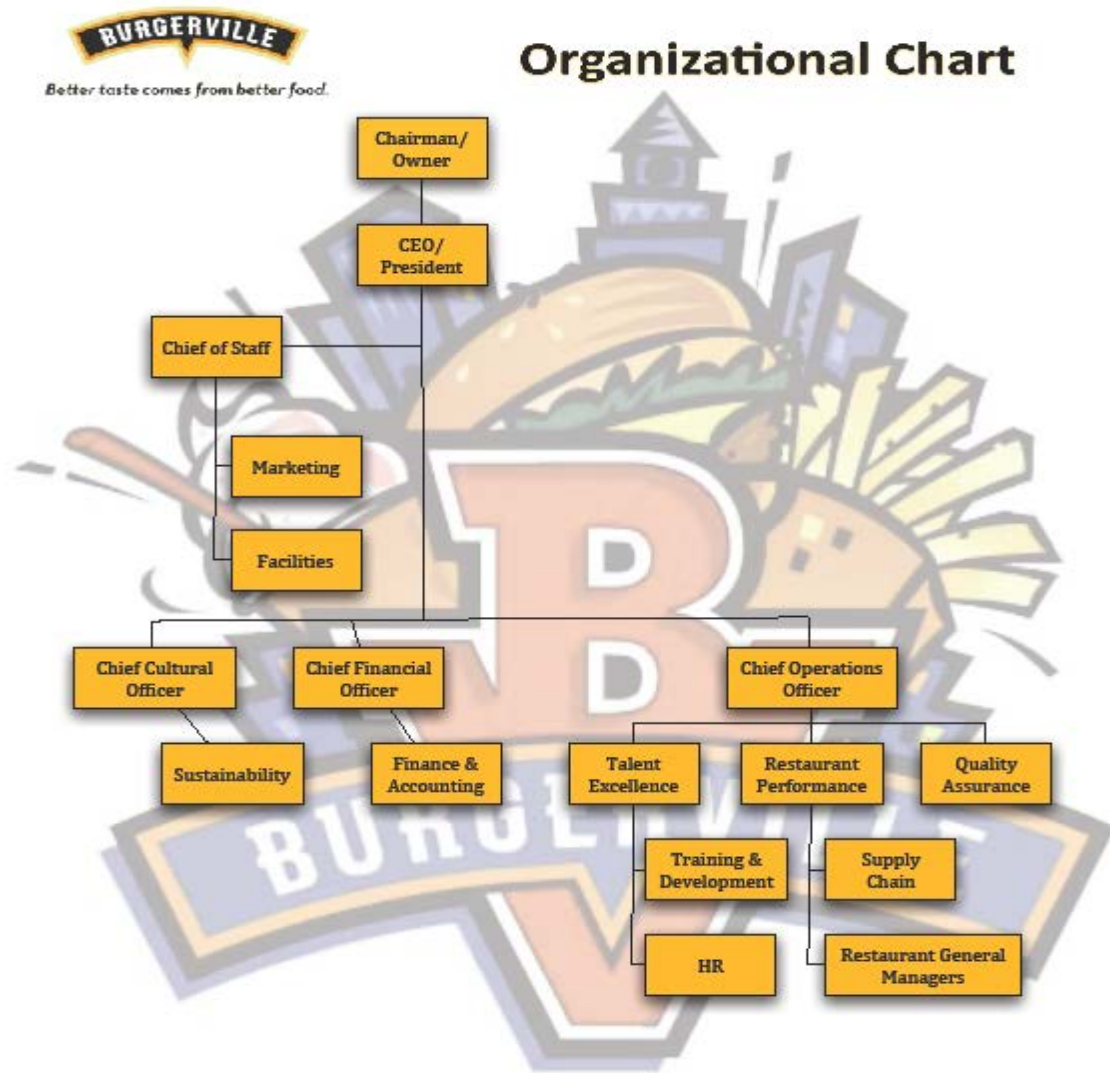
attempt a few years ago to source chicken locally, and the variation in portion sizes caused considerable consumer backlash and excess waste. At this time there is no local farm using non-conventional production processes that can dependably provide the quantity of high-quality chicken that Burgerville needs.

Coleman Natural, a chicken supplier from Colorado is currently under consideration by Jack and his supply chain team. Burgerville has been testing Coleman's product with good results in a few restaurants. Coleman Natural supplies some organic and antibiotic-free chicken and may choose to earn the first Food Alliance certification for at least some of its poultry meat. The chickens themselves will be sourced from the Southern United States, however, as Coleman's processor capable of providing a dependable supply of consistently sized portions is based in Georgia. While this supplier offers some sustainably raised chickens, there is an additional environmental impact that Burgerville would incur for their products, in the form of emissions related to the necessary transportation and storage of chickens to restaurant locations. And of course, purchasing from the South is not really very local. Since Coleman may choose to obtain Food Alliance certification, Jack could see that partnering with Burgerville might provide the impetus to actually make the move to certification. It would be good to see Food Alliance expand its reach into the South, where its impact could be significant.

Jack Graves can see that, regardless of his decision, some of Burgerville's values will be served better than others, and he has a number of alternatives to choose from. Continuing to buy conventionally produced chicken is affordable, but has a long list of negative connotations and misalignments with Burgerville's values. Developing relationships to incentivize individual local farmers to produce sustainable chicken, while appealing on its face, is costly, risky, and slow. Importing chicken from the South violates the desire to buy local, increases food miles, and relies on third parties to monitor the supplier. The task at hand for Jack Graves is to put together a recommendation that best fits as many of Burgerville's core values as possible. In a few days, the supply chain team will meet to make the chicken sourcing decision, and Jack wants to have thought these issues through before the meeting.

Appendices

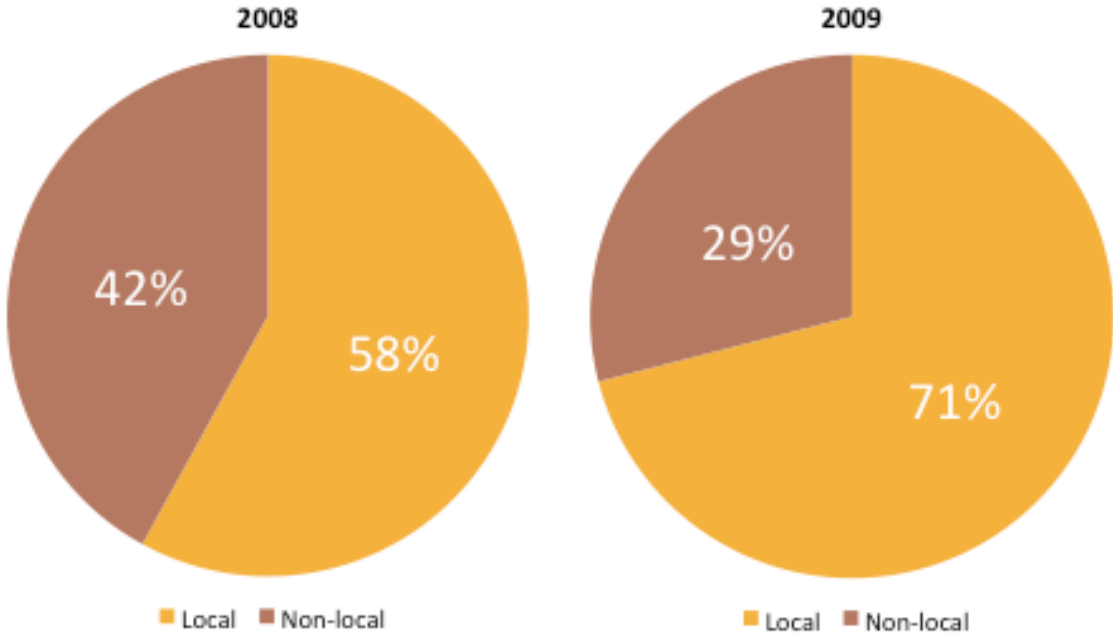
Appendix 1 – Burgerville Organization Chart



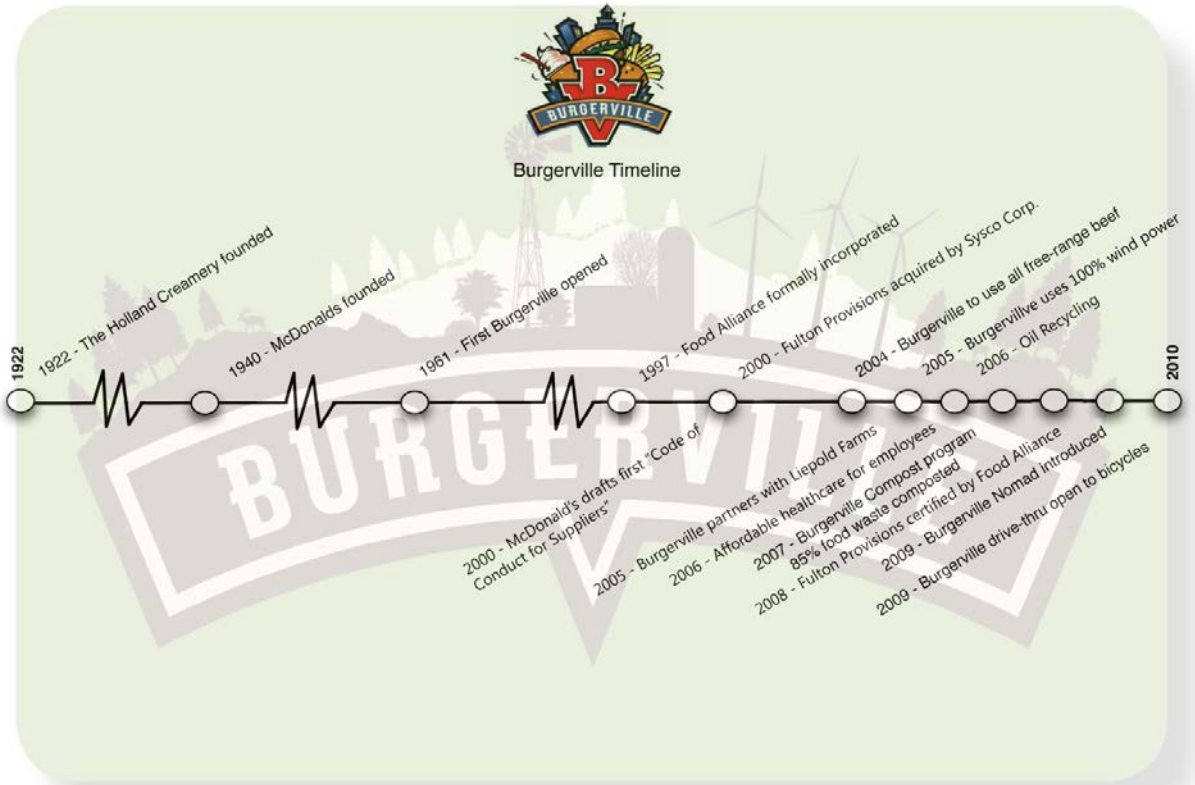
Appendix 2 – Food Spend



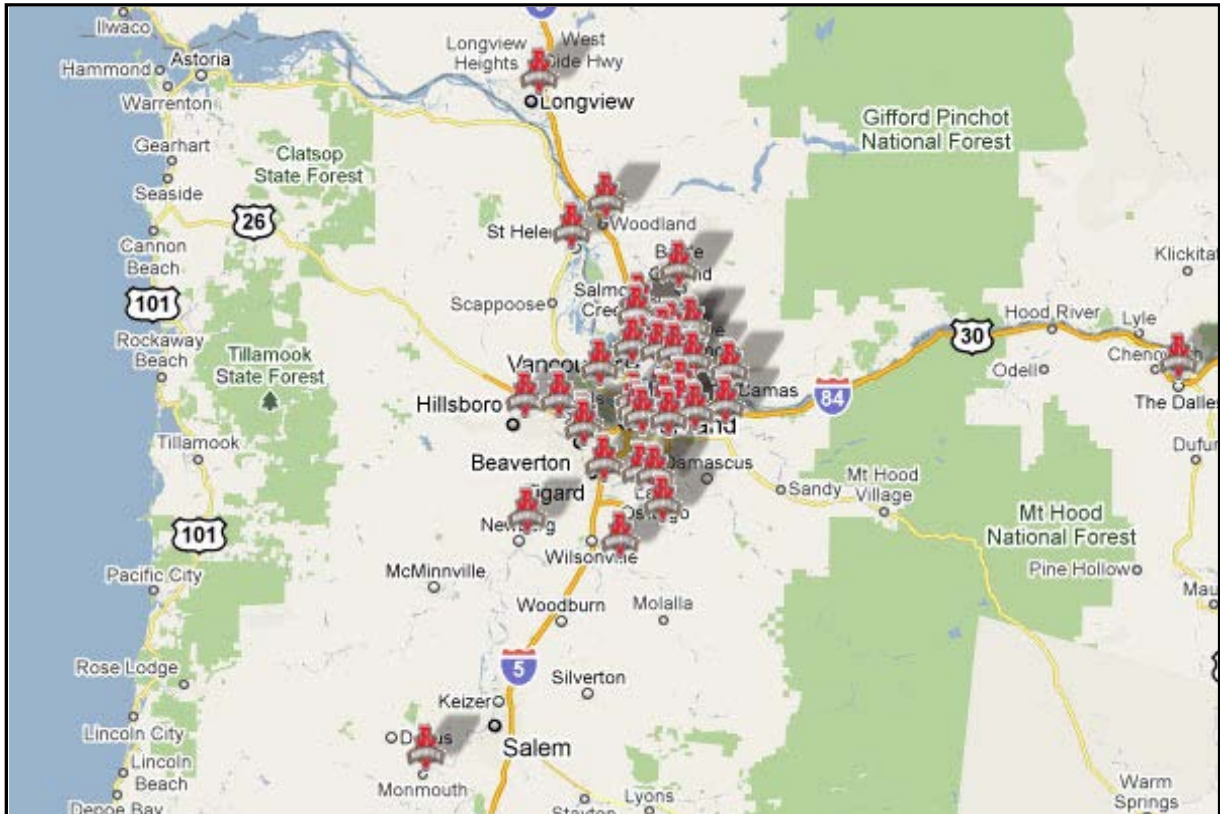
Food Dollars Spent Locally



Appendix 3 – Burgerville Timeline



Appendix 4 – Map of Burgerville Locations



Appendix 5 – Local Farmer Map

Burgerville Local Farm Suppliers



Farm/Supplier	Ingredients Sourced	Location
Country Natural Beef	Meat	Vale, OR
Odyssey Seafood	Seafood	Seattle, WA
Diestel Farms	Poultry & Eggs	Sonora, CA
Steibrs Farm	Eggs	Yeim, WA
Liepold Farms	Berries	Boring, OR
Lamb Weston	Produce	Quincy, WA
Sunshine Dairy	Dairy	Portland, OR
Tillamook Creamery	Cheese & Dairy	Tillamook, OR

LiteHouse Foods	Condiments	Sandpoint, ID
Portland Roasting	Coffee	Portland, OR

Appendix 6 –Burgerville Nomad



Appendix 7 – Regular Menu and Seasonal Items

Kids Meal

Kids Meals come with your choice of apple slices or fries and a small soft drink or milk

Hamburger Meal	4.19
Cheeseburger Meal	3.99
Chicken Strips Meal	4.49

Dipping sauces: BBQ, Homestyle Ranch, Chunky Bleu Cheese, Honey Mustard, Sweet & Sour

Fish & Chips Meal Meal 7.79
Sole 5.99

Two traditional halibut filets or parmesan encrusted sole filets

Kids Side: Fries or Apple Slices 1.39

Kids Soft Drink, 2% Milk or Chocolate Milk 1.49

Small Seasonal or Specialty Milkshake or Smoothie 2.19

Chocolate, vanilla or strawberry

Small Specialty & Seasonal Milkshake & Smoothie 3.19

Sundae 1.99

Your choice of toppings includes hot fudge, hot caramel, triple berry (marionberry, raspberry and blueberry) or fresh seasonal fruit (when available)

Vanilla Ice Cream Cone 1.29

Breakfast

Served until 11:00 a.m.

Breakfast Baskets include a hash brown and coffee, orange juice, soft drink, milk or bottled water

Your choice of cheese with any breakfast sandwich – Add .60

Bagel Sandwich	<small>Small</small> 2.69	<small>Medium</small> 4.49
Cage-free egg with your choice of bacon, sausage or ham		
English Muffin Sandwich	2.69	4.49
Cage-free egg with your choice of bacon, sausage or ham		
Bagel with Cream Cheese	1.79	3.59
Breakfast Platter	4.39	
Two cage-free eggs, two hash browns, english muffin and your choice of bacon, sausage or ham		
English Muffin	1.19	
English Muffin with Egg	2.09	
Bagel	1.19	
Bagel with Egg	2.09	
Hash Browns (2)	1.29	
Portland Roasting Coffee	<small>Regular</small> 1.49	<small>Large</small> 1.89

Milkshakes & Smoothies

Choose a milkshake made with local Sunshine Dairy® ice cream and topped with whipped cream or a smoothie made with YoCream® nonfat frozen yogurt

Milkshake or Smoothie	<small>Small</small> 2.19	<small>Regular</small> 2.09	<small>Large</small> 3.99
Chocolate, vanilla or strawberry			
Specialty or Seasonal Milkshake or Smoothie	<small>Small</small> 3.19	<small>Regular</small> 3.09	<small>Large</small> 4.99

Northwest Cherry Chocolate
Local cherries and Ghirardelli® chocolate

Mocha Perk
Cold-brewed espresso and Ghirardelli® chocolate

Triple Berry Blast
Three berries (marionberry, raspberry and blueberry)

Strawberry Splash
Strawberries, fresh bananas and Odwalla® orange juice

Chocolate Monkey
Ghirardelli® chocolate, fresh bananas and apple juice

Seasonal Milkshake or Smoothie
Ask us what's fresh!

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 Burgerville, our commitment to Fresh, Local, Sustainable means we:

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

Learn more at burgerville.com.

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100% Country Natural Beef

	Pepper Bacon Cheeseburger 4.69
Country Natural Beef, pepper bacon, Tillamook® cheddar cheese, mayonnaise, onion, tomato, lettuce and pickles on a sesame seed bun	
	Tillamook Cheeseburger® 3.69
Country Natural Beef, Tillamook® cheddar cheese, mayonnaise, ketchup, pickles, lettuce & tomato on a sesame seed bun	
	Half-Pound Colossal Cheeseburger 5.29
2 1/4 lb. Country Natural Beef patties, American cheese, Burgerville spread, ketchup, pickles, lettuce & tomato on a sesame seed bun	
	Colossal Cheeseburger 3.69
Country Natural Beef, American cheese, Burgerville spread, ketchup, pickles, lettuce & tomato on a sesame seed bun	
	Double Beef Cheeseburger 2.59
2 small Country Natural Beef patties, American cheese, Burgerville spread and ketchup on a plain bun	
	Original Cheeseburger 1.49
Small Country Natural Beef patty, American cheese, Burgerville spread and ketchup on a plain bun	
	Original Hamburger 1.29
Small Country Natural Beef patty, Burgerville spread and ketchup on a plain bun	
	Hot Dog 3.99
Small Country Natural Beef patty, Burgerville spread and ketchup on a plain bun	

Vegetarian

	Spicy Anasazi Bean Burger 5.19
Spicy Anasazi Bean patty, Tillamook® pepper jack cheese, chipotle mayonnaise, lettuce and tomato on a sesame seed bun	
	Yukon & White Bean Basil Burger 4.99
Yukon & white bean patty, basil aioli, tomato & lettuce on a toasted wheat Kaiser bun	

Combo Baskets & Upgrades

Make any Sandwich a Combo Basket	3.00
Baskets include regular fries or side salad and regular soft drink or fresh-brewed iced tea	
Substitute soft drink with a regular milkshake or smoothie	add 1.29
Chocolate, vanilla or strawberry	
Substitute soft drink with a regular specialty or seasonal milkshake or smoothie	add 2.29

Chicken

	Chicken Strips & Fries 5.49
Five white meat chicken strips with your choice of dipping sauce and fries	
Choice of dipping sauce: BBQ, chunky blue cheese, honey mustard, ranch, sweet & sour, Burgerville spread	
	Rosemary Chicken Sandwich 4.79
Grilled chicken breast, rosemary aioli, frisée on a toasted hoagie roll	
	Crispy Chicken Sandwich 3.79
Golden fried chicken breast, tomato, lettuce, Burgerville spread and BBQ sauce on wheat Kaiser bun	
Make it Deluxe: Tillamook® cheddar cheese and pepper bacon - Add \$1.00	

Turkey

	Turkey Club Sandwich 3.99
Sliced turkey with bacon, Tillamook® Swiss cheese, tomato, lettuce & mayonnaise on a wheat Kaiser bun	
	Seasoned Turkey Burger 4.39
Free range ground turkey with mayonnaise, ketchup, pickles, tomato & lettuce on a sesame seed bun	

Wild Alaskan Catch

	Fish & Chips
Golden fried halibut or parmesan encrusted sole pieces served with tartar sauce, fries & lemon wedge	
<small>Halibut 3 pieces</small> 7.79	<small>sole 3 pieces</small> 9.69
<small>Sole 3 pieces</small> 5.99	<small>Halibut 3 pieces</small> 7.29
	Fillet Sandwich
Golden fried halibut or parmesan encrusted fillet with tartar sauce & lettuce on a plain bun	
<small>Halibut</small> 7.79	<small>Sole</small> 5.99

Fresh Farm Salads

	Entree 6.39	Half size 3.49
Mixed greens, diced grilled chicken breast, Tillamook® aged white cheddar cheese, red onion & grape tomatoes		
	Rogue River Smokey Blue Salad	
Mixed greens, Rogue River Smokey Blue® cheese, dried Oregon cranberries, apples & grape tomatoes		
	Wild Smoked Salmon & Hazelnut Salad	
Mixed greens, smoked salmon, roasted Oregon hazelnuts, Tillamook® aged white cheddar cheese & grape tomatoes		

Sides

	Side Salad 1.89	
Fresh greens, Tillamook® cheddar cheese, carrots, red cabbage and grape tomatoes		
French Fries	<small>Regular</small> 1.89	<small>Large</small> 2.29
Dipping Sauce	.49	
Burgerville spread, chunky bleu cheese, honey mustard, ranch, sweet & sour, BBQ, tartar sauce, chipotle mayo, garlic aioli		
Bacon plain or pepper (1 strip)	.60	
Cheese	.60	
Tillamook® Swiss, cheddar or pepper jack (1 slice)		
Rogue River Smokey Blue® cheese crumbles	1.95	

Drinks

	<small>Regular</small>	<small>Large</small>
Soft Drinks	1.89	2.19
Fresh-Brewed Iced Tea	1.89	2.19
Portland Roasting Coffee	1.49	1.89
Ghirardelli® Hot Chocolate	2.59	2.89
Odwalla® Orange Juice	1.79	1.99
Odwalla® Lemonade	1.89	2.19
Oregon Rain® Bottled Water	1.49	
2% Milk or Chocolate Milk	1.49	



Fresh • Local • Sustainable

Seasonal Items

Entrees and Sandwiches:

- Pickled Pepper Cheeseburger- Toasted Ciabatta bread and topped it with a Country Natural Beef patty, Tillamook Pepper Jack cheese, pickled peppers, spinach and smoky aioli
- Roasted Portobello Focaccia Sandwich- a garlic and olive oil roasted Portobello mushroom with provolone cheese, caramelized red onions, spring greens and garlic aioli on toasted herb focaccia with sundried tomato spread
- Yukon and White Bean Basil Burger- Yukon White Bean patty made for Burgerville by Oregon-based Chez Gourmet, with Basil Aioli, lettuce and tomato on top of a nine grain bun
- Grilled Coho Salmon Sandwich- Wild-caught Alaskan Coho Salmon from fisheries that are certified sustainable by the Marine Stewardship Council, grilled to order and placed atop a bed of fresh frisée with lemon aioli on a toasted Kaiser bun
- Crispy Onion & Spinach Turkey Burger- This delicious creation pairs quality ingredients such as a Diestel turkey burger patty, fresh spinach, onions dusted with Shepherd's Grain flour and fried golden brown, and two types of pestos, all on a French bun
- Grilled Coho Salmon Sandwich – A grilled wild Coho Salmon fillet sprinkled with parsley and served atop frisee on a toasted Kaiser bun slathered in lemon aioli
- Crispy Chicken Sandwich with Pear Chutney- Golden fried chicken breast, Tillamook Swiss cheese, and Oregon D'Anjou pear chutney with lettuce, tomato and mayonnaise on a toasted Kaiser bun.
- Ale Battered Albacore and Summer Slaw- Two wild Marine Stewardship Council certified Pacific Albacore Tuna fillets dipped in a Full Sail Amber Ale batter and lightly fried to a golden brown, served with a summer slaw made with dried Oregon cranberries.

Salads, Sides, and Shakes:

- Oregon D'Anjou Pear side salad
- Rosemary Shoestring Potatoes – Crispy, golden shoestring potatoes tossed in rosemary and garlic infused olive oil and dusted with rosemary seasoning
- Golden Fried Asparagus Spears – Lightly battered Yakima valley asparagus gently fried to a golden brown. Served with garlic aioli dipping sauce
- Panko-breaded Portobello wedges
- Sweet Potato fries
- Walla-walla Onion rings
- Fresh strawberry milkshakes, smoothies and lemonade
- Fresh blackberry milkshakes and smoothies
- Fresh Strawberry Shortcake and sundaes

Appendix 8 – Food Alliance Certification

Food Alliance (FA) is a third party nonprofit that certifies farms, ranches and food handlers according to a holistic standard that takes into considerations working conditions, treatment of animals, environmental stewardship, and social practices (see Food Alliance Standards of Excellence, below). FA also provides independent verification of marketing claims for social and environmental responsibility. By looking at the whole operations of a company, FA reassures food buyers that they are supporting fair working environments, humane animal treatment, and environmental stewardship by their food providers and that supporting their food providers' social initiatives makes a difference.

FA got its start in 1998 with a single apple orchard and has grown to certify over 320 farms and ranches in Canada, Mexico, and in 23 US states. In all, over 5.6 million acres of farmland and ranchland are certified. In addition, FA has certified 6 distribution centers and 18 food-processing facilities. While the certification is voluntary and requires the payment of a nominal fee, businesses that earn the certification see sales increases resulting from positive customer feedback, increased customer loyalty, access to new markets, access to contracts, and price premiums. This is similar to purveyors who opt for organic certifications and otherwise act to differentiate foods that are otherwise viewed as commodities by consumers' eyes.

Nonmonetary benefits are clear as well. According to their website, "Food Alliance has also documented improved practices on participating farms and ranches leading to better conditions for thousands of workers, more humane treatment of hundreds of thousands of animals, and reduced pesticide use, healthier soils, cleaner water, and enhanced wildlife habitat on millions of acres of range and farmland."

While other certifications focus on the farming process as organic certifications do, or processes, as in ISO certifications, FA aims to certify the sustainable farming of individual crops. As individual crops will have unique needs along these lines, FA has written unique standards for many crops and animals including Beef Cattle, Bison, Dairy, Pigs, Poultry and Eggs, Apples, Barley, Beans, Citrus, Mushrooms, Peaches, Rhubarb, Spinach, and, both, Field and Sweet Corn.

Food Alliance Standards of Excellence

Conserve energy, reduce and recycle waste

Waste streams from food production are minimized while reuse, recycling, and composting of resources is maximized. Businesses invest in innovation and improvement to ensure efficient use and management of natural resources for energy and packaging, transport, and daily operations.

Reduce use of pesticides, and other toxic and hazardous materials

Food businesses avoid use of chemicals that have adverse impacts on the health of ecosystems. Agriculture relies on a biologically based system of Integrated Pest Management. Materials used for sanitation, pest control, waste treatment, and infrastructural maintenance are chosen to reduce overall negative consequences.

Maintain transparent and sustainable “chain of custody”

Farmers and food industry workers have secure and rewarding jobs that provide a sound livelihood. Throughout the entire supply chain, food is produced and handled in accordance with these Principle Values. Transparency is maintained independent standards, third-party audits and clear labeling.

Guarantee product integrity, no genetically engineered or artificial ingredients

Foods are not produced using synthetic preservatives, artificial colors and flavors, genetically modified organisms (GMOs), or products derived from livestock treated with sub-therapeutic antibiotics or growth-promoting hormones.

Support safe and fair working conditions

Employers respect workers’ rights and well-being, make safety a priority, maintain a professional workplace, and provide opportunities for training and advancement.

Ensure healthy, humane animal treatment

Animals are treated with care and respect. Living conditions provide access to natural light, fresh air, fresh water, and a healthy diet, shelter from extremes of temperature, and adequate space and the opportunity to engage in natural behaviors and have social contact with other animals. Livestock producers minimize animal fear and stress during handling, transportation and slaughter.

Continually improve practices

Food businesses are committed to continually improving management practices. Improvement goals are integrated into company culture, regularly monitored, and acknowledged when achieved. Food buyers are proactively engaged in the food system, and support companies that are transparent about their improvement goals and progress.

Appendix 9 – Awards and Accolades

Recognition for their commitments to food:

- **Menu Masters Menu Trend Setter Award**
Recognized by the Menu Masters and the Nation's Restaurant News for their innovative menu that highlights fresh, local, and sustainably produced seasonal indulgences, showing that a chain of restaurants really can support local farmers and suppliers.
- **AOL City's Best**
Burgerville was selected by AOL users for the "Best Burger" in Portland, Oregon for 2008 for their great taste and use of high quality, local and seasonable ingredients.
- **Foodservice Consultants Society International "Trendsetter Award"**
Tom Mears was selected as the 2007 winner of the FCSI "Trendsetter Award" for his commitment to purchasing fresh, local and sustainable products, and a commitment to the environment through all of Burgerville's initiatives.
- **Menu innovation recognized in an article in the Nation's Restaurant News:**
"VEGETARIAN LOCAVORE- The 40-unit **Burgerville** chain introduced a **Yukon & White Bean Basil Burger** that consisted of a patty made from locally sourced great northern beans, mushrooms, brown rice, onions, oats, sun-dried tomatoes, molasses, herbs and Yukon gold potatoes. It was topped with basil mayonnaise, tomatoes

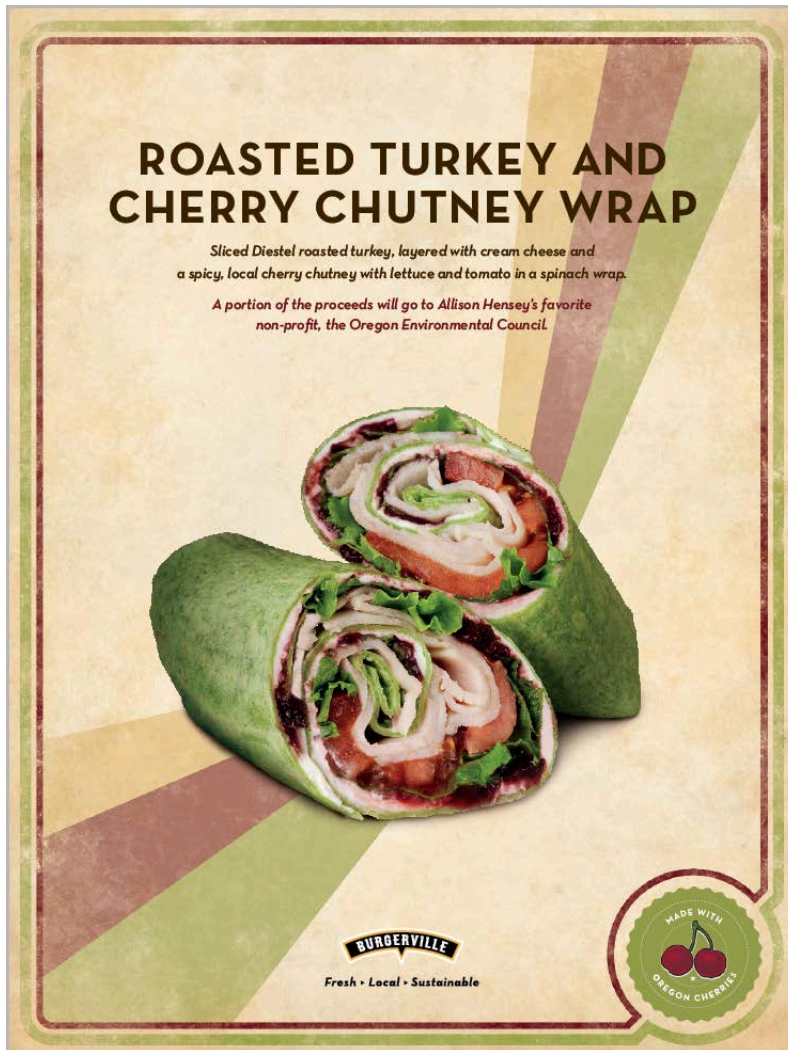
Recognition for their commitment to their employees:

- **Oregon Commission for the Blind's Employer of the Year Award**
Oregon Commission for the Blind (OCB) recognized Burgerville as Employer of the Year for being instrumental in OCB's mission of assisting visually impaired and blind individuals in achieving independence and employment. Four of our managers, specifically, participated in providing visually impaired and blind individuals with work experience which led to employment. This furthers our commitment to developing people throughout our organization.
- **Vancouver Rotary Club's 2009 "Vocational Service Award"**
Tom Mears was recognized with the Vancouver Rotary Club's 2009 Vocational Service Award for his outstanding commitment to Burgerville since 1966, service on a number of community boards and lasting, positive influence in the vocational area.
- **ComPsych Corporation "Health at Work Award"**
Burgerville won the Silver Award for the company's commitment to affordable healthcare.
- **YMCA "Spirit of Health Award"**
Tom Mears received this award for Burgerville's industry-leading employee healthcare benefits and commitment to sustainable business practices. Mears was also honored for his leadership in Clark County-based Community Choices, a nonprofit promoting community health.
- **Association of Washington Business Community Service Award for "Helping People in Need."**
Burgerville has been awarded the AWB saluted Burgerville for its continuing commitment to helping the community through numerous charitable organizations including: The Special Olympics, The United Way and the American Diabetes Association.
- **Association of Washington Business "Better Workplace Award" for Innovative Benefit/ Compensation Programs**
Burgerville received this award for its continued commitment to health care coverage for its employees.
- **American Psychological Association "Best Practices" Award**
Burgerville received this award for its implementation of numerous programs that promote employee health and well-being including a comprehensive health care plan.
- **Association of Washington Business "Better Workplace Award" for Job Training**
Burgerville received this award for its commitment to employee job development and training programs.
- **Association of Washington Business: Better Workplace Award**
Honoring Burgerville's commitment to affordable employee healthcare and benefits.
- **Clark County Public Health: Corporate Leader Award**
Honoring Burgerville's commitment to health care and benefits for employees, partnering with Kaiser for healthier food choices, use of trans fat free oils and purchasing fresh, local and sustainable foods.

Recognition for their commitments to their community and the environment:

- **Association of Washington Business Community Service Award for “Helping People in Need.”**
Burgerville has been awarded the AWB saluted Burgerville for its continuing commitment to helping the community through numerous charitable organizations including: The Special Olympics, The United Way and the American Diabetes Association.
- **Association of Oregon Recyclers, Recycler of the Year- Company/Organization**
Burgerville was selected as a recipient of this year’s award.
- **Washington State Restaurant Association: “Restaurant Neighbor Award”**
Honoring Burgerville’s commitment to the community and for its participation in events that serve the American Diabetes Association and The United Way.
- **Oregon State Restaurant Association: “Restaurant Neighbor Award”**
Honoring Burgerville’s commitment to the community and for its participation in events that serve Oregon Special Olympics, the American Diabetes Association and The United Way, among others.
- **Association of Washington Business: Community Service Award**
Honoring Burgerville’s commitment to the community for its participation in events that serve the American Diabetes Association and The United Way.
- **Washington State Recycling Association: Recycler of the Year Award**
Honoring The Holland Inc. / Burgerville for its corporate-wide purchase of wind power.
- **2006 Green Power Leadership Award: U.S. Environmental Protection Agency and U.S. Dept. Of Energy**
Honoring The Holland Inc. / Burgerville for its corporate-wide purchase of wind power.
- **“Wind Farm Opening Hasn’t Put a Stop to Local Utility’s Green Lights Effort“, Columbian, January 1, 2010**
Even though Oregon has established minimum standards for renewable energy, Burgerville remains committed to offsetting 100 percent of our energy use with renewable power rather than falling back on the basic energy supply. “We see it as a way of contributing to our community in a powerful way, in a leadership role,” says [Burgerville's] Chief Cultural Officer Jack Graves.
- **“The Best of 2009” QSR Magazine, December 3, 2009**
Burgerville created a bike-friendly policy for its 37 drive-thru lanes encouraging patrons to be less reliant on their cars and helping to reduce overall air emissions.

Appendix 10 – Roasted Turkey and Cherry Chutney Wrap



Appendix 11 – Burgerville Distributor Profiles

Fulton Provision










Fulton Provisions Company is a eighty year old Portland, Oregon based distributor which specializes which company supplies more than 1,000 customers throughout the American West with precision-cut USDA Prime and Choice beef, and high quality ground beef. Fulton was acquired by Sysco in 2000 but has remained an independently run subsidiary that focuses on specialty meat markets. In 2008, Fulton began to focus on and market sustainable business practices by acquiring Food Alliance Certification.

In order to achieve these standards Fulton undertook various sustainability initiatives such as, converting trucks to biodiesel and upgrading old machines with energy efficient models, even going as far as to change their own internal standard processing procedures that verify the integrity of all meat products beyond what the USDA requires.

Sysco

Sysco was founded in 1969 and went public the following year. Over the last 40 years it has grown to become the largest food services distributor in North America. The company services over 400,000 customers, ranging from restaurants to amusement parks, and has yearly revenue of more than 36 billion dollars. In addition to foodstuffs companies also source various non-food items from Sysco, ranging from napkins to kitchen equipment, and cleaning supplies. In addition to its core business Sysco owns a variety of subsidiary companies which focus on specialty markets, with which its main product lines can synergize.

Appendix 12 – Comparison of Third Party Certifications

Third-Party Certifications				USDA Organic Inputs*	Use of IPM*	Soil Management*	Biodiversity/Conservation*	Watershed Health*	Labor/Social Practices*	Livestock Access to Outdoors*	Prohibits use of Hormones/Antibiotics*	Use of GMOs*
Logo	Certification	Certifier	Certifies									
	Certified Humane Raised and Handled Humane	Farm Animal Care PO Box 727, Herndon, VA 20172 703-591-0350, www.certifiedhumane.org	Producers Processors						♦	♦		
	Demeter Biodynamic	Demeter Inc. 25844 Butler Rd., Junction City, OR 97448 541-998-5691, www.demeter-usa.org	Producers	♦		♦	♦	♦		♦	♦	♦
	EUREPGAP ²	PrimusLabs 2810 Industrial Pkwy., Santa Maria, CA 93455 www.eurep.org, www.primuslabs.com	Producers		♦	♦	♦	♦	♦			♦
	Food Alliance	Food Alliance 1829 NE Alberta St., Ste. 5, Portland, OR 97211 503-493-1066, www.foodalliance.org	Producers Processors		♦	♦	♦ ³	♦	♦	♦	♦	♦
	Free Farmed	American Humane Association 63 Iverness Dr. E, Englewood, CO 80112 303-792-9900 X613, www.americanhumane.org/freefarmed	Producers							♦	♦	
	LIVE	Low Input Viticulture and Enology Inc. PO Box 102, Veneta, OR 97487 541-935-4333, www.liveinc.org	Wine Producers		♦	♦	♦	♦				
	Protected Harvest	Protected Harvest 1211 Brunswick Ct., Arnold, MD 21012 410-757-4234, www.protectedharvest.org	Producers		♦	♦		♦				
	Salmon-Safe	Salmon-Safe 805 SE 32nd Ave., Portland, OR 97214 503-232-3750, www.salmonsafe.org	Producers Urban Land Management		♦	♦	♦	♦		♦ ¹		
	USDA Organic	National Organic Program, USDA Agricultural Marketing Service 1400 Independence Ave. SW, S Bldg., Rm. 4008 Washington, DC 20250 202-720-3252, www.ams.usda.gov/nop	Producers Processors Manufacturers	♦		♦	♦ ⁴	♦		♦	♦	♦

* See table key below for more information about these certification criteria. ¹ Salmon-Safe monitors the impact of livestock access to pasture on riparian habitat health. ² EUREPGAP is a food safety certification and also includes standards for sanitation and post-harvest practices. ³ Food Alliance certification verifies that farms also meet criteria for the Federal Conservation Security Program. ⁴ The National Organic Program approved inclusion of biodiversity criteria in March 2005.

*Auditing Organizations Table Key

USDA Organic Inputs: Organic certifiers must hold producers to the standards established in the USDA National Organic Program materials list. Other certifications may or may not require compliance.

IPM: Some auditors monitor the integrated pest management (IPM) plans kept by farms to ensure minimal use of non-organic pesticides and fertilizers. IPM focuses on use of cover crops, soil amendments and more, but, unlike USDA Organic standards, does not altogether prohibit the use of synthetic pesticides and fertilizers.

Soil Management: Some auditors require growers to have plans or practices in place to improve soil quality, reduce erosion, or otherwise monitor soil health.

Biodiversity/Conservation: Some auditors require growers to take into account local biodiversity or conservation issues in their field planning or land and resource use.

Watershed Quality: Some auditors require growers to ensure that their operation improves or does not disturb local watershed health through management of runoff, which may include soil, fertilizer nutrients, or pesticides, which can damage fish habitat and water quality.

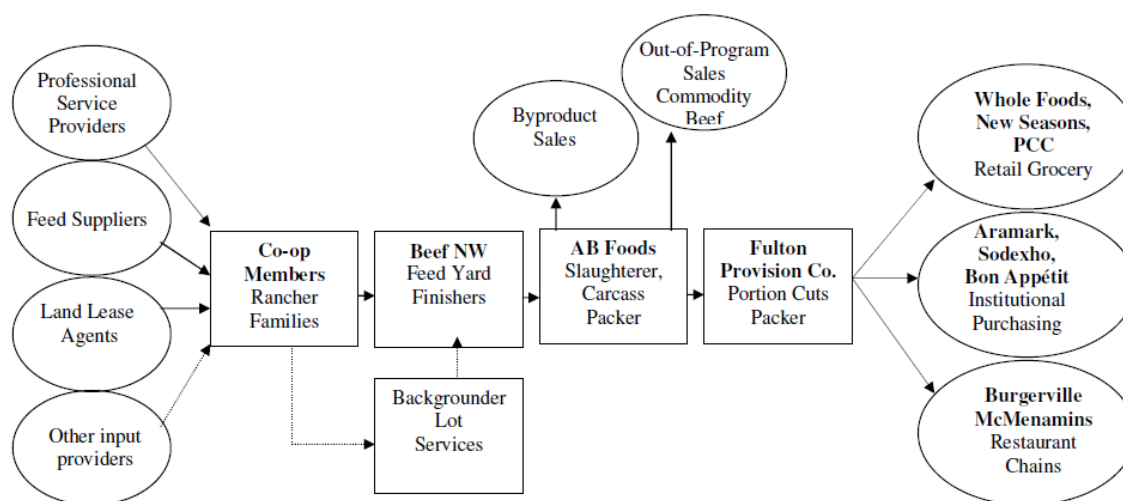
Labor/Social Practices: Some auditors require participants to guarantee work conditions, living wages, fair prices, or other "social responsibility" practices that exceed minimum legal requirements.

Livestock Access to Outdoors: Some auditors seek to ensure humane treatment of animals by providing access to the outdoors either for pasture grazing or exercise.

Prohibits Use of Hormones/Antibiotics: Some auditors prohibit the use of growth hormones and preventative antibiotics in livestock production. Some auditors prohibit meat from individual animals treated with therapeutic antibiotics to use the certification label as well.

GMOs: Organic certification prohibits the use of Genetically Modified Organisms (GMOs), yet other auditors may choose not to regulate their use.

Appendix 13 – Farmer-Distributor-Burgerville Network (SYSCO MODEL)



Value Chain	Cow/calf	Background lot	Feedlot	Packer	Retailer
Unit	Ranch	Ranch	Beef NW	AB Foods & Fulton Foods (burger)	Retail Distributor:
CNB	Graze-well Principles & quality guidelines	Rules for In & Out of Program Cattle	Negotiates with Feedlot for financing.	Marketing negotiates with Processor based on CNB cost models Finance receives final product data and compensation for beef.	Marketing negotiates contract with retail distributors, monitors transparency of credibility attributes
Rancher	Cow/calf timing, ranch management	Negotiates for feed cost and provides CNB criteria	Responsible for feedlot costs	Receives revenues from beef (commodity & placement)	Product demonstrations, interaction with customers
Verification	Food Alliance Cert	Food Alliance Certification	Feed Lot Audit	Food Alliance Cert.	

Appendix 14 – Economic Impacts

Input-Output analysis (IO or Inter-Industry analysis) is an economic concept that aims to estimate the economic impact of a known change for any number of downstream factors. The analysis predicts the local changes resulting from purchasing goods from suppliers within a certain geographic area; the model predicts economic impacts upon other industries, both direct impacts and indirect impacts.

The information shown below reflects the impact of \$1m of chicken purchases. For more information regarding Input-Output analysis, consult eiolca.net.

Industry	Total Employment	Additional
Poultry and egg producers	14.6	
Truck transportation	1.9	
Retail trade	1.08	
Utilities and government	0.502	
Wholesalers	0.352	

Veterinary services	0.256
Grain farming	0.131
Agricultural support	0.12
Real estate	0.096
All other	1.063
Total Gain	Employment 20.1

Industry	Total Economic Benefit (m USD)
Poultry and egg production	1.0829
Other animal food manufacturing	0.3855
Wholesale trade	0.0863
Truck transportation	0.0442
Pharmaceutical and medicine manufacturing	0.0312
Rail transportation	0.0226
Power generation and supply	0.0217
Real estate	0.0214
Management of companies and enterprises	0.0168
All other	0.3375

The total economic benefit measures total effect of a \$1M increase in sales of chicken.

Adapted from: Carnegie Mellon University Green Design Institute. (2010) Economic Input-Output Life Cycle Assessment (EIO-LCA) US 2002 (428) model [Internet], Available from: <<http://www.eiolca.net/>> [Accessed 25 Oct, 2010]

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