



2009 Early Adopter Project Case Study Report

The Duluth Grill

IN COOPERATION WITH UW-SUPERIOR
NORTHERN CENTER FOR COMMUNITY
AND ECONOMIC DEVELOPMENT

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Authored by: Tracy Meisterheim

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Trainers: Mike Purcell, TNS-C Senior Sustainability Advisor, and Lisa MacKinnon, TNS Associate*

SUSTAINABLE TWIN PORTS 2009 EARLY ADOPTER PROJECT CASE STUDY REPORT

The Duluth Grill

Background

Tom and Jaima Hanson bought a small, franchised restaurant in 2001 as a new approach to their family goals and financial well-being. As part of the Embers franchise, the Duluth Grill had a reputation for the type of food and atmosphere common to roadside diners around the country. A loyal customer base came with the purchase, and quick off-on access to the interstate highway passing through Duluth promised continued business.

As a 30-year veteran of the restaurant industry with endless entrepreneurial spirit, Tom wasted no time in adding his family's neighborly style to this new endeavor. The Hansons believe quality begins at their back door. They scrutinize every product in their kitchen and work to provide the best quality ingredients and a price-friendly menu. They continuously work with suppliers to meet their standards of quality and cleanliness, and choose local products when offered the option. Their dishes are made from scratch using family recipes and are served by a loyal team of over 50 employees. A main priority for this family is the well-being of the neighborhood in which they live and work. Their efforts in this area are stellar and continually growing, including fundraisers for breast cancer research, veterans, children's books, food drives, and local school supplies.

As the path of sustainability began to appear possible, the Duluth Grill experimented with some actions that seemed to move in the right direction. Though not yet woven into a systematic approach, finding ways to save energy and reduce waste for the benefit of their community was clearly the right path to pursue. The Hansons believed the dollars would follow if the purpose was right. In their pursuit of this new business model, the franchise was dropped for the freedom of independent ownership and the ability to enact change on their own terms.

Beginnings

A baseline analysis of the early practices put into place prior to the Early Adopter Project training included installation of low-E blinds to keep the sun out and heat in, recycling where possible, pre- and post-composting (which cut solid waste by two-thirds), a switch from Styrofoam to compostable carry-out packaging, and a multitude of community service projects.

Unsustainable practices still in place included incandescent lighting, inefficient food reheating, chemically-based property management, traditional restaurant vendors, franchise menus, food purchasing based on price, inefficient insulation, chemical cleaning products, and more.



Duluth Grill owner, Tom Hanson

Baseline Analysis – Sustainable Practices

<p style="text-align: center;"><u>Sustainability Principle #1</u> <i>...concentrations of substances extracted from the Earth's crust</i></p> <ul style="list-style-type: none"> • Low-E blinds for energy savings • Bike rack to encourage riders • Insulation in gaps to reduce heat loss • Some CFL bulbs • Some locally sourced foods (reduces transportation) 	<p style="text-align: center;"><u>Sustainability Principle #2</u> <i>...concentrations of substances produced by society</i></p> <ul style="list-style-type: none"> • Compostable carry-out containers (no Styrofoam)
<p style="text-align: center;"><u>Sustainability Principle #3</u> <i>...degradation of the Earth by physical means</i></p> <ul style="list-style-type: none"> • Extensive recycling • Composting • Refillable ketchup bottles • Limit use of ice-melt salt in winter 	<p style="text-align: center;"><u>Sustainability Principle #4</u> <i>...peoples' capacity to meet their own needs</i></p> <ul style="list-style-type: none"> • Supporting local food producers • High wages compared to industry standards • Healthy food options available • Community service projects

Once these positive actions were identified, the second step in the 'B-step' of The Natural Step process was to identify current practices that were in violation of sustainability principles. The table below highlights opportunities for moving toward sustainability by identifying areas where more sustainable actions could be implemented.

Baseline Analysis – Unsustainable Practices

<p style="text-align: center;"><u>Sustainability Principle #1</u> <i>...concentrations of substances extracted from the Earth's crust</i></p> <ul style="list-style-type: none"> • Food delivery transportation (8 trucks/week) • Insufficient weather proofing • Lighting on 16 hrs/day • Ice makers (2) • Old light ballasts • Old water faucets/sprayers • Carpeting that requires vacuuming 	<p style="text-align: center;"><u>Sustainability Principle #2</u> <i>...concentrations of substances produced by society</i></p> <ul style="list-style-type: none"> • Cleaning & dishwashing chemicals • Synthetics used in seating/wall/floor covering
<p style="text-align: center;"><u>Sustainability Principle #3</u> <i>...degradation of the Earth by physical means</i></p> <ul style="list-style-type: none"> • Beef from unsustainable farms • Salt used to de-ice sidewalks/parking lot • Excessive paper use/junk mail • Non-recycled content paper products 	<p style="text-align: center;"><u>Sustainability Principle #4</u> <i>...peoples' capacity to meet their own needs</i></p> <ul style="list-style-type: none"> • No health insurance for employees • No day care for employees • Not using fair-trade products (i.e. coffee, tea)



A New Vision for a Sustainable Future

Team members and restaurant managers Louis Hanson and Jeff Petcoff made this statement prior to joining the Early Adopter Project: “We committed ourselves to being as environmentally-friendly as possible”. Now, with a more complete definition of sustainability in hand, their vision statement reads: **“The Duluth Grill is a thriving Twin Ports business leader, committed to sustainable practices in service to our community.”**

Actions – Outcomes – Metrics

To address the gap between vision and reality, the Duluth Grill brainstormed a list of action ideas. Next, they strategically aligned action steps for those ideas they were in a position to implement immediately. Their longer-term goals continue to develop and, as many participants in the Early Adopter Project are finding, one action leads to many others and resources in the form of ideas from employees and customers seem to be coming in as fast as they can keep up.

Action Ideas:

- Buy local whenever possible/available
- Update and upgrade weather proofing
- Timer for lights/occupancy sensors
- Replace old ballasts
- Water faucet aerators
- Carpool – bike incentives
- Shut down 1 ice maker
- Source recycled content napkins
- Return to sender – reject all junk mail
- Source eco-friendly uniforms
- Purchase fair-trade products
- Create employee day care on-site
- Source local fish, increase bison, reduce beef
- Replace vinyl with bamboo wainscoting, cloth seats when renovating
- Replace synthetic carpets with hard floors (eliminate vacuum – electricity use)
- Electronically file & scrutinize use of paper for essential needs only
- Work with vendors on eco-friendly packing & chemicals
- Use sand and shovel instead of salt for sidewalk ice-removal
- Offer health insurance to all full-time employees (long-term goal)
- Research renewable energy options



Team members and Duluth Grill managers Louis Hanson and Jeff Petcoff begin their baseline analysis

Short-term actions implemented:

Waste, Recycling & Composting

The Duluth Grill learned that their composting system could be handled more efficiently, their recycling could be processed locally (instead of 200 miles away), and their monthly bill could be reduced by switching waste haulers.

Lighting Retrofit

The restaurant was originally outfitted with 40-watt incandescent bulbs above each table. By switching to LED bulbs they reduced their electricity use from 320 kw per bulb to 12.

Steam Boiler

Ten times a day large pots of soup were reheated over an open-flame natural gas stove, taking 15-30 minutes each. By purchasing a steam boiler for soup/sauce reheating, the restaurant now heats less product with less energy in less time while providing a fresher product to their customers.

Ice-melting Salt

Parking lot and sidewalk ice is a problem in this northern-tier city for nearly half the year. Road salt is the traditional solution, adding significant sodium content to the runoff water. By mixing sand with salt, the restaurant decreased salt usage from 10 bags per year to 3, which will reduce the impact on Lake Superior, just 2 miles downhill from their location.

Productive beautification

The Hansons wondered how they could make beautification contagious. Simple efforts like sweeping the parking lot seemed to be spurring imitation from adjacent property owners, so they decided to take the idea a step further. They added hanging flower baskets, a concrete patio and a flower garden with repurposed materials to their storefront. An herb garden was planted near the entrance to provide their own herbs in their homemade recipes. Now, with the help of the Duluth Community Garden program, their plan is to create an urban garden in the 'wasteland' around their parking lot. The 6'x10' garden plots will be used for vegetable and herb production for the kitchen and the local food bank, while bringing aesthetically pleasing qualities to the neighborhood.

Coffee & tea

Like most restaurants of this type, the Duluth Grill served 'regular coffee'. In order to follow sustainability principles, they switched suppliers to a local coffee roaster and purchase organic, fair-trade coffee. While the coffee is more expensive, the flavor is better and customers don't seem to mind the increase in price. The decaffeinated variety is now Swiss-water processed instead of chemically processed. This switch has led to other product changes, including loose teas that are also organic and fair-trade.

Ketchup

Disposable single-use ketchup bottles are an industry standard. When the switch to refillable bottles and bulk ketchup was made, they kept 3,120 plastic bottles out of the landfill per year. This translated to an annual savings of \$2,184.00.

Menus

Standard restaurant menus limit flexibility, offer limited paper choices, and are expensive to print. With a growing focus on local, seasonal foods, another option was needed. New menus are now printed in-house on 30% recycled content paper and create freedom to add new products and make other important changes to the menu in a single day. This now provides a format for customer education, opportunities for special dishes made from local, seasonal products, and a flexible platform for further improvements.

Marketing Strategy

When their menu began to shift toward more sustainable options, including vegetarian and gluten-free selections, word-of-mouth was their main source of advertising. As business began to increase, marketing dollars became more available and were used to highlight these new, niche products in local papers. (Attachment B)
In the toughest economic climate since the 1940's, and in the same year that 800 Minnesota restaurants went out of business, the Duluth Grill was up 8.43% over 2008 sales.

Customer Response

On-table comment cards come in every day with praise for these new sustainable practices, as many as half of them complimenting the new food choices and the restaurant's clear commitment to sustainability.

Lessons Learned, Challenges Faced, Barriers Overcome

Team members for the Duluth Grill were Louis Hanson and Jeff Petcoff, general managers. These are among their lessons learned:

- “It was valuable to have someone to guide us through the learning and action planning process.”
- “Having the strategic questions to help filter and evaluate action ideas is key.”
- “Bringing together diverse organizations and keeping them in communication for a year proved particularly valuable for networking and for comparing ideas, solutions and sharing resources.”
- “Having a solid understanding of the framework improved our management skills with staff; getting them on board with new procedures was key.”
- “Starting with small steps gave us time to accept and understand sustainability principles. Once the ball is rolling, change just gets easier and more exciting.”
- “Motivation comes from success, and each action that works builds motivation for the next.”

Their biggest challenges were time and money. This small, busy restaurant had to continue to run while they were committing time to training and homework. Dollars to invest in capital improvements were scarce and paying for extra staff to cover their shifts while team members were in training was a stretch. The managers confess that the one-year commitment they made to the training process and the deadlines imposed by the trainers were the only reasons they stuck with it. Having had many team meetings early on, they have now incorporated sustainability topics into every staff meeting and have added an entire section to the employee handbook.

The key to overcoming barriers was to first implement actions with no or low upfront costs that created dollar savings – the proverbial ‘low-hanging fruit’ -, then invest those savings in the next action idea with similar bottom-line outcome. As these actions began to pay off in savings, they also generated good publicity and customer appeal, resulting in increased business revenue. Maintaining this reinvestment model is building their capacity to implement practices with more significant impact.

What would the Duluth Grill team tell other restaurants looking at a similar change? “It’s easier than you think! It snowballs and customers appreciate all the changes because they know they’re valued.” They now have evidence that the benefits of sustainable practices far outweigh the costs, even the cost of going through training for a year to have a solid foundation in sustainability principles and strategies. “You can’t put a value on training like this. Becoming sustainable is going to happen whether you want it to or not – *we have to* – so being ahead of the curve is just a bonus.”

Owner Tom Hanson says, “We do what needs to be done and the money will follow. You can’t ‘not do’ what should be done.” Their specialty gluten-free breads are selling at the local Whole Foods Coop. Their ads now focus on the sustainability emphasis of their business, which is bringing in a whole new, loyal customer base and increased media attention. Tom believes that building relationships with community groups, suppliers and business associations will keep the momentum growing. Involvement with their neighborhood business association has inspired an initiative called ‘Lincoln Park Produce’. Community gardens are being planned to grow produce for value-added products, such as salsa, which can be branded to improve the public image of the Lincoln Park neighborhood. In presenting their outcomes at the public showcase, manager Jeff Petcoff noticed an unexpected trend: “People who are interested in sustainability are passionate and are as invested in your success as their own. It’s a powerful cycle to be a part of!”

Measuring the overall impact of all these small steps is a difficult task. Purchasing locally produced foods ‘should’ reduce the transportation fuel use; however, as part of a larger food system, it seems impossible to determine the footprint of a single entity. As local options become available for alternative energies, the Duluth Grill will be

primed to lead the pack in signing up. Supporting local, sustainable food producers is one way this small business can make a big environmental impact in the region, making locally-sourced food a new priority for the Duluth Grill. Potatoes from a CSA farmer, honey and jam from local producers, tomatoes from a fellow Early Adopter Project business, local bison and fish, and additional homemade gluten-free products have been added in the six months since the training was complete.

Next Steps

With a dozen community service initiatives already in place, the Duluth Grill still has a list of human needs yet to be met on their list of action items. They aspire to offer day care and health insurance to their employees, even though currently-employed people are seeking out their restaurant for employment under their current benefit package because of its growing reputation as a desirable place to work.

The cycle of implementing sustainability which began with ketchup bottles has grown into more advanced action plan development. The next phase of intermediate actions include building renovations using sustainable materials (bamboo wall covering, cloth-covered seats, no-vacuum flooring), and innovative projects such as a rooftop greenhouse utilizing waste heat and moisture from the kitchen.

As the family and staff educate customers through conversation and the new menu, customers are offering their ideas, their connections to local resources, and their services to do the research needed for the Hansons to continue down this journey toward sustainability. The community that 'is' the Duluth Grill is engaged and vibrant, claiming 'their' restaurant and neighborhood as a place to invest in and support.



Attachment A

This series of posters was created for the Early Adopter Project Public Showcase in October 2009.



Before joining the Early Adopter Project, we committed ourselves to being as environmentally-friendly as possible. Here are four major changes we made before becoming Early Adopters . .



1. Installed Low E blinds to keep the sun out and the heat in



2. Started recycling all paper, cans and plastics possible



3. Pre and post composting cut our dumpster useage by two-thirds



4. Switched nearly all to-go packaging from Styrofoam and plastic to all-compostible goods

Where We Started

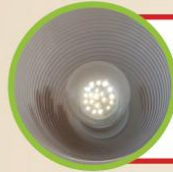
Actions & Planning

What We're Doing Now

Used 40 Watt Bulbs to light the dining room - in total, this lighting used 320 watts!

Looked into LED Bulbs.

Changed to LED bulbs using a total of only 12 watts of electricity.



FOOD FOR THOUGHT

The switch to LEDs was a great step! However, the bulbs we purchased do provide somewhat less illumination, so in the future we will consider buying LEDs with a higher wattage.

Reheated soups using open flame of natural gas stove. Each soup took 15 - 30 min. to reheat, and this was done at least 10 times per day!

Tried using the microwave and purchased more 2 QT. containers.

Purchased a steam boiler, which boils soup quickly using electricity. We also use the microwave to heat up smaller batches of soup at 7 minutes each.

Considered using a steam boiler to make soups.

FOOD FOR THOUGHT

We are now heating up less product and using less energy while keeping the product fresher for our guests!



Used sidewalk salt in the winter to keep sidewalks and parking lot safe.

Looked for alternate ways to keep the sidewalks safe without degrading our natural environment.

Started mixing sand into the sidewalk salt to reduce amount of salt used.



FOOD FOR THOUGHT

While we continue to search for the perfect solution, the addition of sand to the salt has been a great improvement. We cut down our salt usage from 10 bags to 3 bags per year. With our building being only two miles from Lake Superior (and on a hill) this significantly reduces our impact.



DULUTH GRILL

DULUTH, MINNESOTA



Where We Started

The property at the front and back of our building was unused with no aesthetically-pleasing qualities.

Actions & Planning

Thought of ways to beautify our property and make it useful to the restaurant. How can we make "beautification" contagious with our neighbors?

What We're Doing Now

Added hanging flower baskets, a concrete patio, and a flower garden made with reused materials. We also started an herb garden so we can use freshly grown herbs in our recipes!



FOOD FOR THOUGHT

We are planning to create an Urban Garden in the rear parking lot and along the fenceline of our property! The 6'x10' garden plots will be used to supply fresh herbs and veggies to the restaurant! This is beautification with a purpose.

We served "regular coffee" like most other restaurants.

Researched more responsible brands of coffee.

We chose to switch to the local choice of Alakef, where we purchase fair-trade, organic coffees. Our decaf coffee is made with the Swiss Water Process, which makes it 100% chemical free!

FOOD FOR THOUGHT

After making the switch to Alakef, we have a better tasting coffee. It is a little more expensive, but entirely worth it. Local, organic, fair-trade, swiss water process - enough said. This switch has inspired us to search for other options along the same line. The result? We now offer loose leaf teas that are organic and fair-trade.



Used standard plastic, disposable Heinz ketchup bottles.

Considered better ways to serve ketchup.

Switched to a reusable ketchup bottle.

FOOD FOR THOUGHT

We were using approximately 60 plastic bottles a week. That's 3,120 bottles a year going into the landfill! By switching to the reusable bottle, all we have to do is wash them. Bottom line? They save us over \$2,184.00 annually in cost!



Our menus were the standard restaurant menu.

Researched options of producing our own menus.

We decided to produce our own menus and print them only on recycled paper (30% post-consumer recycled paper).



FOOD FOR THOUGHT

Deciding to produce our own menus has given us the freedom to add new products and make other important menu changes in a single day! We are researching the possibility of using soy ink in the future.



The Tree of Human Needs

