



Food Alliance and Burgerville

Credible Collaborators or Colluding Cohorts



Fresh ▶ Local ▶ Sustainable

Corporate Social Responsibility

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Winter 2011

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This paper was prepared for the course Corporate Social Responsibility taught by Professor Peter Gourevitch in the winter quarter 2011 at the School of International Relations and Pacific Studies of the University of California San Diego (UCSD). The papers have not been edited after having been submitted to the course. They are posted here to provided others with information and ideas about CSR, NGO's and the private sector.

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I. Introduction

Since the era of Nike sweatshop scandals that erupted in the 1990s, third party certification has become increasingly important in terms of corporate social responsibility. However, not all third party certifiers are credible. Although Enron eluded public shaming for years, the eventual spectacle that erupted proved that not all external audits are trustworthy. Throughout the following pages, I will examine Food Alliance, a Portland-based certifier of sustainable agriculture, fair treatment of laborers and animals, and careful stewardship of the environment. By certifying farmers/ranchers (producers) and processors/distributors (handlers), consumers can rest assured that they are consuming products which have passed through safe and sustainable processes. Or can they? That is the question which will be guiding the following research.

The research will also be focusing on the Pacific Northwest fast-food chain, Burgerville, USA. Burgerville is a small, regional chain which has focused on a quality niche. At its inception, Burgerville acknowledged that due to its size, it would not be able to compete with national and international chains on a price-basis. This fundamental business plan has resulted in a slogan of “fresh, local, sustainable, ” which has driven Burgerville to form a relationship with Food Alliance. [Does Burgerville “need” Food alliance . ? I sense it does. Does Food Alliance “need” BUrgerville?](#)

Upon reviewing the background information on both Food Alliance and Burgerville, the case study will then examine the relationship that exists between the two. What do these two companies have to offer one another? What does the other gain from the relationship? Is the relationship credible or does it dilute the trustworthiness of each company’s individual efforts? Ultimately, the case study will leave those questions for the reader, but the information will be laid out objectively to allow for a fair assessment. [Ah, what it is objective/ ? you are making some judgement of selection in what you present ?](#)

2. Background: Food Alliance

“Food Alliance is North America’s most comprehensive third-party certification for the production, processing, and distribution of sustainable food.” –Food Alliance Website

Food Alliance is a Portland, Oregon-based non-profit organization that certifies socially and environmentally responsible components of agricultural and food industry supply chains. There are currently 320 Food Alliance Certified operations in the US, Canada, and Mexico which account for over six million acres of sustainable production of products ranging from meats to grains to vegetables and beyond. According to the Food alliance website, [PUT IN QUOTES THAT WHICH YOU ARE QUOTING](#) with clearly defined standards and easily understood criteria, Food Alliance certification is a comprehensive, credible, and accessible way for producers and processors to illustrate their commitment to sustainable agriculture, environmental stewardship, and facilities management.¹

2.1 History

*“Food Alliance’s mission is to create market incentives for sustainable agricultural practices, and to educate business leaders and other stakeholders on the benefits of sustainable agriculture.”
–Food Alliance Annual Report, 2007*

Food Alliance was first conceived in 1993 as a joint project between Oregon State University, Washington State University, and the Washington State Department of Agriculture. A year later, funding was received from the Kellogg Foundation for a project to incentivize agriculturalists to adopt sustainable practices such as composting and the protection of water resources. After conducting consumer research in 1996 that revealed a diverse target audience interested in buying sustainable products², Food Alliance was founded in 1997 as an independent 501(c)3 nonprofit organization.

¹ www.foodalliance.org

² Results of research published as the Hartman Reports.

Food Alliance spent its toddler years constructing its “stewardship guidelines” to define sustainable agriculture as it relates to fruits and vegetables. In 1998, Food Alliance certified its first producers who met the newly established standards in labor, chemicals, and conservation of water and soil –Stahlbrush Island Farms and Wells & Sons. In 2000, Food Alliance not only expanded by opening an office in St. Paul Minnesota, but it also extended its certification standards to include the humane treatment of animals and environmental protection. That year, it also certified its first cattle rancher and wheat producer, County Natural Beef and Shepherd’s Grain, respectively.³

As Food Alliance continued to grow, in 2001, it formed its Stewardship Council which comprised of academics, researchers, advocates (labor, animal, environment, etc.), and food industry representatives to help shape certification standards. The following year a focus was placed on relationship-building with retailers as an increasing demand for sustainable products appeared in the marketplace.

The next two years were paramount for Food Alliance. Burgerville restaurant chain announced its pledge to buy only Food Alliance Certified beef, and Food Alliance partnered with International Certification Services (ICS), an accredited organic certifier. Furthermore, the Natural Resources Conservation Service performed a technical review of Food Alliance standards and issued a statement that Food Alliance Certified producers are “committed to the highest level of conservation stewardship.”⁴

A sustainable practices certification is introduced in 2006 for packers, processors, and distributors which extends beyond simple chain of custody to include labor practices and energy conservation, for example. In 2007, estimates state that Food Alliance Certified products reached sales of \$100 million. Since then Food Alliance has introduced new certification standards for wine and

³ <http://foodalliance.org/about/history>

⁴ www.foodalliance.com

wineries, grass-livestock, poultry (eggs and meat), and has just recently introduced certification standards for aquaculture and shellfish.⁵

2.2 Mission

“Food Alliance works at the juncture of science, business, and values to define and promote sustainability in agriculture and the food industry, and to ensure safe and fair working conditions, humane treatment of animals, and careful stewardship of ecosystems.”

–Food Alliance Website

By offering a voluntary certification process with independent third-party inspections to verify standards, Food Alliance provides farmers, ranchers, processors, and distributors a means to differentiate their products, enhance their brands, and show credible commitments to social responsibility and environmental stewardship. With \$350 million in sales from Food Alliance Certified products, business participants report benefits such as “positive customer feedback, increased customer loyalty, new markets, sales increases, access to contracts, and premium prices.”⁶ Food Alliance also reports improved working conditions, more humane treatment of animals, decreased use of pesticides, and enriched environmental habitats on and around ranges and farmlands. Food Alliance, however, is *not* a policy organization, and chooses to act as a carrot, not a stick, by providing a tool to facilitate and propel change in food and farming.⁷

2.3 Governance and Personnel

“Our Board of Directors and Stewardship Council represent a full spectrum of interests in the food system, including: farming, ranching, food processing and manufacturing, distribution, retail, university and agency scientists, and advocates for consumer affairs, labor, animal welfare, and the environment.”

–Food Alliance Website

The Board and Stewardship Council are in charge of maintaining the integrity of the certification standard both scientifically and practically and to ensure that policies and procedures uphold the

⁵ www.foodalliance.com/about/history

⁶ Food Alliance Annual Report, 2007

⁷ National Good Food Network Webinar, February 2010

sought-after social and environmental sustainability. The Board of Directors is specifically responsible for the standards, criteria, policies, and procedures guiding Food Alliance Certification as well as the organizational and financial decisions of the organization. Although it is unclear how members are chosen/elected, the nine current Board members represent universities, cooperatives, retailers of Food Alliance Certified products, the food industry, and sustainable agriculture. On the other hand, the Stewardship Council is comprised of agricultural and food industry interests and experts ranging from academics to regulators to farmers and wildlife conservationists. The 13 members (uncertain how they become members on the Council) include individuals and organizations with experience, training, and/or education in one or more of the standards areas. Both the Board and the Council have members who have been recognized for commendable feats including Board member Rick Jacobson who received the “Oregon Department of Agriculture’s Distinguished Service Award for his individual contributions to the agricultural industry.”⁸

While the Board and the Council provide the business plan and guiding principles for Food Alliance, it is the staff that conducts the day-to-day operations of the organization. The current staff consists of eight employees with decades of experience working in nonprofits, environmental conservation, social responsibility, law, and economics. The staff appears to be well-educated with university degrees and approximately 50% have Masters degrees, with one PhD and one JD. Scott Exo, the Executive Director, has been with Food Alliance since 1999, and is the media face of the organization. He, like many other staff members, is currently serving on agricultural and environmental advisory boards and councils throughout Oregon.⁹

2.4 Financials

“Sustainability is a journey, not a destination.” –Food Alliance 2008 Progress Report

⁸ www.foodalliance.org/about/our-board-and-stewardship-council

⁹ www.foodalliance.org/about/staff

The Food Alliance website provides access to annual reports 2008 and 2007, and IRS Form 990 for 2007-2009. According to IRS Form 990 for 2009, grant money decreased more than \$200,000, decreasing revenues by approximately the same. Revenues fell from \$133,000 in 2008 to a deficit of \$23,000 in 2009 and net assets essentially halved over the two years. However, it is important to note that program service revenue increased from approximately \$186,000 to \$264,000. Producers pay an annual base fee of \$400 (additional fees on gross sales over \$175,000 apply), and inspection fees for handlers are \$500 plus sliding-scale licensing fees when applicable. Although it is not explicitly stated on the website, this increase appears to indicate an increase in certifications despite the economic downturn.

Aside from annual certification fees and licensing, Food Alliance receives government grants, corporate underwriting, and hundreds of individual donations every year. Since its inception, Food Alliance has received funding from the US EPA, USDA, Oregon Department of Agriculture, the Ford Foundation, National Fish and Wildlife Foundation, David and Lucille Packard Foundation, and many others. Corporate funding has come from Whole Foods, New Seasons Markets, Portland General Electric, Kaiser Permanente, and many other Food Alliance Certified product purchasers and non-purchasers.¹⁰

¹⁰ Food Alliance Annual Report 2007 and Food Alliance Website

3. Food Alliance Certification

“With 10 years of certification experience, Food Alliance has a well respected program and brings the broader issue coverage necessary to meet consumer expectations for social and environmental responsibility.” -Carrie Balkcom, President, American Grassfed Association, excerpt from Food Alliance Annual Report 2007

Food Alliance was built on research that indicated consumers wanted more than an organic certification, and thus Food Alliance developed a comprehensive certification to encompass labor, animal welfare, and environmental stewardship. At present, Food Alliance offers three types of certifications: Producer (farmers and ranchers), Handler (processors and distributors), and Product. According to the website, certification can help accomplish the following:

- Differentiate and add value to operations and products
- Protect and enhance brand
- Access high-value niche markets
- Exercise more control over pricing
- Increase customer loyalty
- Improve community relations¹¹

3.1 Standards

“We recognize environmental performance as another dimension of quality that adds value for our customers. Food Alliance certification helps us tell that environmental story in a credible way.” -Tom Grebb, President, Central Bean Company, excerpt from Food Alliance Annual Report 2007

To receive Food Alliance certification, producers and handlers must meet specific standards which were developed via collaborative efforts between academics, agriculture and food industry experts, environmental conservationists, etc. and are reviewed and maintained by the Board of Directors. The following is a table of the certification standards which can be reviewed in more depth on the Food Alliance Website and certification brochures.¹²

¹¹ www.foodalliance.org/get-certified

¹² Food Alliance Producer Certification Program Standards and Procedures Manual and Handling Operations Program Standards and Procedures Manual

Food Alliance Certification Standards of Excellence

Producers	Handlers	Product
Protect and Conserve Water Resources	Legal Responsibility	Grown by Food Alliance Certified Producer
Protect and Enhance Soil Resources	Nutritional Value and Truth in Labeling	Packed, Prepared, Distributed by Food Alliance Certified Handler
Reduce the Environmental and Health Impacts of Pesticides with Integrated Pest Management	Quality Control and Food Safety	Healthy and Humane Care for Livestock with no Growth Promotants or Sub-therapeutic Antibiotics
Conserve and Enhance Wildlife Habitat	Reducing Use of Toxins and Hazardous Materials	No Genetically Modified Crops or Livestock
Conserve and Recycle Nutrients	Resource Management and Recycling	No Artificial Flavors, Colors, or Preservatives
Provide Safe and Fair Working Conditions for Employees and Families	Safe and Fair Working Conditions	Verified Supply Chain Traceability
Provide Healthy and Humane Care for Livestock	Pack, Prepare, and/or Distribute Food Alliance Certified Products	
Produce Foods that are not Derived from Genetically Modified Organisms (GMOs)	Continual Improvements to Operations	
Continually Improve Farming/Ranching Practices		

3.2 Process

The certification process starts with the submission of a completed application by either a producer or handler wishing to become Food Alliance Certified. Food Alliance accepts online submissions and those received via US mail services. Before completing the application process, applicants can use an online assessment tool (available at foodalliance.org) to have a better understanding of how their farms, ranches, processing and/or distribution facilities match up to Food Alliance standards. The application certifies that the applicant, if certified, agrees to follow Food Alliance guidelines (which are clearly stated in the application). It also requires the submission of general information, program goals, map of acreage, products, marketing, processes, and management practices (including the use of pesticides). A significant portion of the application pertains to Food Alliance standards and how they are currently being implemented as guiding principles for the applicant.

Once the completed application and a minimum down payment of \$400 is received (total cost varies based on whether the applicant is an individual producer, contract producer, or cooperative), the application is reviewed by Food Alliance staff. If considered complete, the application is then passed to International Certification Services (ISO-accredited FVO-Farm Verified Organic certifier), Food Alliance's independent, third-party inspection agency whose inspectors have been approved and trained to Food Alliance standards (specific inspector criteria is outlined and detailed on the Food Alliance website).¹³ An inspector who has been trained and bound to a Food Alliance code of ethics then contacts the applicant to schedule an inspection. Inspection results are then given to Food Alliance which ultimately makes the decision for certification. The average turnaround time from application submission to certification is approximately three months, but can vary, especially if non-compliance issues need to be addressed after the initial inspection.

There are a few specifics that need to be mention. First of all, inspectors get paid by Food Alliance (from annual application fees paid by applicants) whether an applicant is found in compliance or not. Secondly, certification is good for three year from the date of the initial certification, and producers must report each year to continue their certification. Third, Food Alliance has the right to randomly check any site unannounced to ensure compliance with standards. If annual reports or site-visits reveal that a producer may not be in compliance, Food Alliance will further investigate the issue, and can suspend certification. If improvements are not made within the time frame allotted, Food Alliance will suspend the certification and reserves the right to make such information public. And lastly, applicants have the right to file a grievance if it is believed that the results of a preliminary inspection were inaccurate. Grievances must be filed within 30 days of the initial inspection, and re-inspection is of no

¹³ <http://foodalliance.org/certification/how-it-works/site-inspectors?searchterm=inspector+c>

cost to the applicant. Only one such consideration is given per application, and then an applicant must restart the process once improvements have been made.¹⁴

The certification process for handlers is quite similar; however, the first step is that handlers must decide which category of certification they wish to obtain (Category I, II, or III). Category I pertains to companies that process their products (value added). Category II is for companies that title the product, but do not otherwise alter it. And lastly, Category III is Restricted Handling Operations meaning that the company handles certified Food Alliance products, but the operations themselves are not Food Alliance Certified.

Once the certification category is identified, the applicant can complete an application similar to that of producers, but handler applicants must also submit a signed licensing agreement and supporting documentation (other certifications, government regulated inspection results, food and safety audit records, etc.) with the application. The licensing agreement provides guidelines for use of the Food Alliance name, but also requires access to information, compliance and standards, confidentiality, and legal liability. Inspection procedures, certification decisions, annual reporting, spot checks, the appeals process, and suspension and revocation actions of the handler certification all mirror those of the producer certification.¹⁵

3.3 Retailers and Consumers

“The seal doesn’t sell, marketing does.” –Scott Exo during National Good Food Network Webinar

Without a market for socially and environmentally sustainable products, Food Alliance certification is doomed. However, pre-Food Alliance research and feedback from certified companies, buyers, and consumers want traceability, transparency and acceptability. Just as the consumer demand expanded the organic market, the consumer demand for “beyond-organic” has expanded Food Alliance from the

¹⁴ Food Alliance Producer Certification Program Standards and Procedures Manual

¹⁵ Food Alliance Handling Operation Program Standards and Procedures Manual

Pacific NW to Mexico and Canada. The potential is tremendous, but the certification alone will not propel itself. Food Alliance encourages consumers and retailers to market the product. According to Executive Director Scott Exo, Food Alliance “provides business opportunities and instruments of change.”¹⁶ The certification sets the bar high, but ultimately it is a voluntary process. Some of the retailers have committed to buying at this higher level, “beyond-organic,” and are considered Food Alliance Business Affiliates. These restaurants, retailers, caterers, and other food service providers publicly commit to using Food Alliance Certified products and include (but not exclusively) Bon Appétit (some locations), Burgerville, New Seasons Market, Pastaworks, Safeway (some locations), and Whole Foods (some locations).¹⁷

However, retailers are not the only marketing tool for Food Alliance. Just as important are the individual consumers and consumer groups who demand social and environmental sustainability and safe food practices. Food Alliance encourages individual support by communicating with local retailers and educating one another of the importance of sustainable practices. In an interview with Portland radio station KBOO, Scott Exo, Executive Director of Food Alliance stressed that sustainable practices in the food industry are just as much the responsibility of the consumers as the farmers and ranchers to demand safe and sustainable products and to make thoughtful decisions when purchasing food.¹⁸

¹⁶ National Good Food Network Webinar, February 2010

¹⁷ www.foodalliance.org/get-involved/business-affiliates

¹⁸ Potter, Stephanie. “Food Alliance Certification: how food choices can support the environment, social justice, and humane treatment of animals.” KBOO: Radio Interview with Scott Exo, Executive Director of Food Alliance. Portland, OR: 24 November 2010.

4. Background: Burgerville

*“Burgerville continually looks for ways to deepen our commitment to Fresh, Local, Sustainable practices. We live this commitment through our partnerships with local businesses, farms and producers.” –
Burgerville Website*

Burgerville is a fast-food chain in SW Washington and Oregon under the privately owned parent company, The Holland. There are currently 39 restaurants with 1,500 employees with a menu providing local selections from hamburgers to salads to onion rings and real ice cream. Burgerville has committed itself to providing fresh food and contributing to local communities. By buying local food produced under sustainable practices, Burgerville can serve the freshest food to its customers, while at the same time protecting the local community and environment by recycling used cooking oils, purchasing wind power credits, and providing health insurance to its hourly workforce.¹⁹

4.1 History

*“Sustainable, local and organic food can also help a restaurant become greener and gain favor with customers who make green eating a priority. ‘It was actually going to be a real big differentiator for our company. There are enough people in this part of the country who really care where their food comes from.’” –Jack Graves, Burgerville Chief Cultural Office,
Fresh > Local > Sustainable - excerpt from Nation’s Restaurant News²⁰*

Burgerville began as a creamery in 1922 when a Dutch immigrant founded The Holland Creamery in Vancouver, Washington. The first Burgerville was opened in 1961 in the same city under the same guiding principles it exhibits today –relying on fresh food such as that from the creamery.²¹ From the beginning, the family business realized it could not compete with national and international chains on price due to economies of scale, so it made an early commitment to quality. Its *fresh, local, sustainable* principles drive the commitment to serving fresh, never frozen beef, supporting the local economy when

¹⁹ www.burgerville.com

²⁰ Lawinski, Jennifer. “Restaurants adopt ‘green’ practices to help rein in customers and cut costs.” 18 August 2010.

²¹ www.burgerville.com/about-us/company-profile

feasible, and community service. Current day Burgerville profits are estimated at \$70 million annually.²² Over the last few years, Burgerville has received myriad awards for its efforts in the following categories: employee wellbeing, food, recycling, business leadership, community service, and of course food. It ranked fourth in a Consumer Reports survey for best fast-food burgers nationwide behind In-N-Out, Five Guys and Fuddruckers.²³

4.2 Mission

“Serve With Love.” –Burgerville Mission

The Burgerville mission guides the commitment to investing in growth and development –of individuals (employees and customers), the community, and of course, the company. The dedication to develop the business culture is believed to be an integral piece in the double-digit growth over recent years. Behind the *fresh, local, sustainable* mantra, Burgerville believes people, the planet, and profits can all thrive simultaneously.

As with its commitment to fresh food, since its inception, Burgerville has sought to instill the regional value of sustainable business into the industry. Because of this, “Burgerville purchases 100% renewable wind power credits equal to the total energy use in all 39 Burgerville locations and its corporate headquarters”²⁴ from environmentally safe, regional providers. It is estimated that this investments offsets 17.4 million pounds of CO₂, the equivalent of removing approximately 1,700 cars from the Pacific NW highways. However, as CEO Harvey indicated, this was not an altruistic move on the company’s behalf. Rather, the strategic partnerships with local utilities developed when Portland General Electric approached the company in 2005 requesting that the restaurant participate in the newly developed wind power program and pay a surcharge to account for the additional production costs of wind energy. Burgerville embraced the opportunity and rather than purchasing a portion of

²² Alison Dennis, Burgerville Director of Supply Chain - National Good Food Network Webinar, February 2010.

²³ Elan, Elissa. “Consumer Reports ranks fast-food burgers.” *Nation’s Restaurant News*. 7 September 2010.

²⁴ www.burgerville.com/sustainable-business/the-business-case/

their electrical use in wind, it decided to purchase 100%. Given Portland GE was not prepared nor equipped for such an endeavor, other local utility companies became involved. In the eyes of Harvey, this was an opportunity to create a new local industry to replace logging.²⁵ By generating more income into the communities in which Burgerville operates, the wind power investment is thought to expand the restaurant's customer base while simultaneously minimizing environmental impact.

However, its energy efforts are just the beginning; Burgerville restaurants also compost and recycle. In 2010, the fast-food chain launched its eco-friendly cups and lids with the collaboration of International Paper and Coca-Cola in an effort to reach its goal of reducing its landfill waste by 85%.²⁶ Burgerville also recycles its used canola cooking oil by converting it into biodiesel fuel. In fact, in 2007, the company sent 53,000 gallons of used cooking oil to the refineries for recycling, which produced an estimated 40,000 gallons of fuel used by local diesel powered commercial vehicles. And just as Burgerville has partnered with companies and local waste facilities, it is believed that future efforts will exist to partner with local governments to expand recycling programs throughout the region.²⁷

Another part of the Burgerville commitment is to its people. As it is seen that innovation has been key to the business's success, leadership is seen to exist throughout the company, and thus, Burgerville invests in job training and employee development. Effective in 2006, Burgerville has provided health care benefits to its hourly workers. Once an employee has worked 20 hours or more per week for six months, health care benefits become available at a mere \$20 per month, with dependent and family plans available at an additional cost.²⁸ Not only does this investment enhance the community's human capital, it benefits the business by minimizing sick days and presumably lowering turnover and increasing employee retention rates.

²⁵ Thorn, Bret. "Best Menu Trendsetter: Burgerville." *Nation's Restaurant News*. 16 May 2010.

²⁶ International Paper. "Burgerville Achieves Major Milestone in Industry-Leading Composting, Recycling, and Sustainable Packaging System." Vancouver, WA: 10 February 2010.

²⁷ www.burgerville.com/sustainable-business/the-business-case/

²⁸ Alison Dennis, Burgerville Director of Supply Chain - National Good Food Network Webinar, February 2010.

While these mission-driven efforts are quite diverse, the underlying feature is the Burgerville commitment to building direct relationships through shared values in each link of the supply chain. Just as wind energy, composting packaging, and employee healthcare have seemingly added value to the Burgerville brand, the commitment to safe and sustainable food has added value to the product. To invest in “greener” business without investing in “greener” food inputs would be senseless. Therefore, because Burgerville doesn’t have the resources to verify the sustainability of the hundreds of farms and ranches from which their inputs come, the company relies on third-party certifiers. In fact 26% of total food dollars are spent on third-party certified ingredients through Marine Stewardship Council, Fair Trade, and Food Alliance. Overall, 70% of food inputs are locally produced.

4.3 Marketing

“Our customers appreciate our commitment to supporting self-reliant communities. They know that when they purchase a meal from us, the money goes back into the local economy and to farmers and ranchers in the Pacific Northwest.” –Jeff Harvey, Burgerville CEO²⁹

From the beginning, Burgerville has competed in a fiercely competitive fast-food burger market, and it was recognized that competing on price was a no-win game. Burgerville filled a niche market and differentiated its products on quality—from the employees to the products. By viewing workers, local community, and food inputs as assets rather than costs, Burgerville has become an industry leader and standard setter. In fact, sustainability efforts are even seen as additional revenue. For example, Burgerville used to pay for the removal of grease from their facilities, but now it receives additional revenue as that discarded grease is sold to make biofuel. As Burgerville’s CEO, Jeff Harvey was paraphrased to have said, “all of the company’s moves toward sustainability and support for local producers are done to help make the company profitable.”³⁰

²⁹ Hartlaub, Peter. “Have it your way: Regional chains feed burger hunger.” MSNBC, 30 July 2010.

³⁰ Thorn, Bret. “Best Menu Trendsetter: Burgerville.” *Nation’s Restaurant News*. 16 May 2010.

However, to ignore the environment in which Burgerville was founded and developed would be unjust. The Pacific Northwest prides itself on environmental friendliness and locally-grown fruits, vegetables, and cheeses (and increasingly so, wine). In fact, a recent study ranked the 50 Greenest US Cities (based on electricity, transportation, green living, and recycling/green perspectives) in which Portland, Oregon ranked first, Eugene, Oregon fifth, and Seattle, Washington eighth.³¹ With environmental sustainability and wildlife conservation a common value around the Portland/Vancouver metropolitan area, Burgerville has capitalized on those shared values within its supply chain while at the same time appealing to a loyal customer base.

Furthermore, Burgerville has captured a media outlet through CSR initiatives. Aside from national publicity that Burgerville has enjoyed from Consumer Reports and industry-leading efforts such as the collaboration with International Paper and Coca-Cola, the company captures local media attention from local efforts. For example, in the past, partial proceeds of seasonal menu items or Burgerville gift cards have gone to local foundations benefiting local children such as the Make A Wish Foundation and Doernbecher Children's Hospital Foundation. The restaurant chain has even received media attention for the availability of nutrition facts from orders to be printed on customer receipts! In other words, while serving the community (actively, financially, and gastronomically), Burgerville not only appeals to its customers and capitalizes on its market niche, but it also gains free publicity and exposure for its innovative efforts and community service –definitely a win-win situation.

³¹ Svoboda, Elizabeth. "America's 50 Greenest Cities." Popular Science, 8 February 2008.

5. The Food Alliance-Burgerville Relationship

"Our commitment to sustaining Northwest food producers has long been reflected in our development and marketing of seasonal menu items that showcase high quality, locally grown ingredients. Partnering with Food Alliance takes our commitment to high quality ingredients, sustainable agriculture and healthy food systems a step further. As a result, we believe many of our suppliers will follow our lead and take the steps necessary to become Food Alliance certified." –Burgerville President, Tom Mears³²

"Joining Food Alliance demonstrates Burgerville's resounding dedication to serving the best ingredients available. Burgerville is one of the Northwest's most beloved restaurant brands. Our partnership with this restaurant company expands our ability to recruit and certify new food producers who are interested in a relationship with Burgerville." –Food Alliance Executive Director, Scott Exo³³

On the Food Alliance website, Burgerville is listed as one of Food Alliance's business affiliates, indicating that it is a retailer dedicated to purchasing Food Alliance Certified products (in the case of Burgerville, this applies to all 39 restaurant locations). Similarly, the Burgerville websites recognizes Food Alliance as one of its sustainability partners, alongside EcoTrust Food and Farms and SeQuential Biofuels (among others).

The relationship commenced in 2004, as a part of Burgerville's commitment to fresh, local, sustainable products. Burgerville publicly announced its decision to purchase 100% of its beef from Food Alliance Certified Country National Beef, a local Oregon cooperative of beef producers on approximately 120 family farms. This action not only made Burgerville an industry leader in becoming the first quick-serve restaurant chain in the region to sell natural beef burgers and the first such restaurant in the nation to adopt third-party certification,³⁴ but it also led to a double digit increase in

³² Brown, Amy and Dennis, Amy. "Food Alliance Announces Partnership with Burgerville." IPM Institute of North America, Inc. Portland, OR: 23 February 2004. http://www.ipminstitute.org/Articles/TFA_Burgerville.htm. Accessed 23 February 2011.

³³ Brown, Amy and Dennis, Amy. "Food Alliance Announces Partnership with Burgerville." IPM Institute of North America, Inc. Portland, OR: 23 February 2004. http://www.ipminstitute.org/Articles/TFA_Burgerville.htm. Accessed 23 February 2011.

³⁴ Brown, Amy and Dennis, Amy. "Food Alliance Announces Partnership with Burgerville." IPM Institute of North America, Inc. Portland, OR: 23 February 2004. http://www.ipminstitute.org/Articles/TFA_Burgerville.htm. Accessed 23 February 2011.

sales for Food Alliance Certified products.³⁵ Over the years, Food Alliance certification has served as a guide for the selection of Burgerville ingredients and not only pertains to beef, but also spinach from Cal Farms Cascade Pacific Produce in Oregon's Willamette Valley, grain flour from Shepherd's Grain which grows wheat across Oregon, Washington, and Idaho,³⁶ and pumpkin for seasonal milkshakes and smoothies from Food Alliance's first certified producer, Truitt Bros., in Salem, Oregon, just to name a few.³⁷

The partnership between Burgerville and Food Alliance appears to consist of no direct financial exchanges nor formal agreements between the two. Burgerville's commitment to all natural beef and its "always fresh, never frozen" motto definitely increased the demand for certified beef producers. What was previously a 40-farm coop in 2004 expanded to a 120-family farm production by 2010. This increased expansion and sales of Country National Beef has a direct impact on revenue to Food Alliance by increasing the cost of certification to the producers as sales exceed the floor of \$175,000.

This same philosophy holds true for Truitt Bros. Although Burgerville does not commit to buying 100% of its fruits and vegetables from Food Alliance Certified Truitt Bros., Peter Truitt has expressed the benefits of being Food Alliance certified. For one, the Truitt Bros. company experienced market pressures to authenticate sustainable practices. While organic was one option, Truitt Bros. chose Food Alliance because of the wider breadth and "beyond organic" certification which includes social equity, local community impact, chain of custody, and restrictions on pesticide use. In a 2010 National Good Food Network (NGFN) webinar, Peter Truitt stated that when Truitt Bros. adapted its brand around Food Alliance criteria and standards, sales increased.³⁸ In the same forum, it was stated that Food Alliance certification has brought about objective price negotiations between the seller and Burgerville, as both

³⁵ www.foodalliance.com

³⁶ QSR Web. "Burgerville launches Crispy Onion & Spinach Turkey Burger." NetWorld Alliance, 15 April 2010. <http://www.qsrweb.com/article.php?id=17974>. Accessed 23 February 2011.

³⁷ Dennis, Alison. "Front Porch Q&A with Peter Truitt." Interview with Peter Truitt. <http://burgerville.com/sustainable-business/front-porch-ga-with-peter-truitt/>. Accessed 23 February 2011.

³⁸ National Good Food Network Webinar, February 2010

parties understand the additional value added from the certified sustainable practices and the need for a fair price.

Another important benefit attributed to the relationship that has developed between Burgerville and Food Alliance is that of marketing. Aside from Burgerville stating an increased trust in the eyes of its customers, the third-party certification has also acted as a source of media and marketing. Being the first fast-food restaurant chain to embrace third-party certification, it has brought media attention to the relatively small, regional, private chain. As a case for CSR, the partnership with Food Alliance has served as free marketing, or it could be viewed in the reverse –as a marketing budget spent with profuse social benefit.

And thus, the customer must not be forgotten. So what has this relationship brought to the customer? According to Alison Dennis during the NGFN webinar, the certification has strengthened trust and loyalty among Burgerville customers. But that is not all. Alison also stressed that the partnership does not necessarily bring a premium price. Although Burgerville is targeting a niche market by focusing on quality, not price, a basic Burgerville burger with high-quality beef can be purchased for \$1.29. The same beef is alleged to be used in a top-rate restaurant in the Portland area serving French cuisine.³⁹ In other words, Burgerville is still offering quality products at a non-elitist price.

However, critics must also be considered in the analysis. As with any partnership, both parties must benefit in some manner, or else the partnership would not have formed in the first place. As in the case of the purchase power partnership model, both parties must gain benefits from the partnership that outweigh their marginal credibility costs.⁴⁰ This welcomes the idea that the two entities could be colluding to bring extended benefits. For example, by Burgerville committing to purchase 100% of its beef from Food Alliance Certified producers, Food Alliance gains from the increased revenue from the

³⁹ National Good Food Network Webinar, February 2010

⁴⁰ Jost, Lane. "Conservation International and the Credibility of the Purchase Power Partnership Model." UCSD, Winter 2009.

producers although no financial exchange takes place between the partners directly. However, because Food Alliance does not certify Burgerville, Food Alliance's credibility cannot be hurt by unsustainable acts committed by Burgerville. On the other hand, if it were revealed that Food Alliance Certified producers were not adhering to Food Alliance standards, and the beef that Burgerville was serving was not sustainable as the restaurant claimed, this could negatively impact Burgerville's brand, but it would definitely harm the Food Alliance image as well. Therefore, both parties' credibility lies in the hands of Food Alliance.

While criticism exist regarding Burgerville's independent efforts towards sustainability (such as its eco-friendly packaging being compostable and not recyclable), no public criticisms appear discrediting the partnership nor Food Alliance directly. However, it is important to note that Alison Dennis is currently serving on the Food Alliance's Board of Directors. Dennis was Burgerville's Sustainability Director until August of last year when she was let go for what the company claims is an effort to diffuse CSR efforts throughout all levels of the organization.⁴¹ Dennis is now the Director of the Center for Global Leadership in Sustainability at Portland State University, though it is unclear if she was a member of the Food Alliance Board while she was still working at Burgerville.

It is also worth mentioning that Jack Southworth is a member of the Food Alliance Stewardship Council. Although Southworth has no direct ties to Burgerville, he is the owner of Southworth Bros. Ranch and a member of Country Natural Beef, the Food Alliance Certified producer of the beef that is supplied to Burgerville. As is the case with Dennis, it is uncertain when Southworth became a member of the Council, but clearly Country Natural Beef benefits from Burgerville's commitment to buying 100% Food Alliance Certified beef.

Overall, the relationship between Burgerville and Food Alliance appears to be benefiting both parties by expanding revenues and presumably enhancing credibility. Both parties would be hurt if the

⁴¹ Van der Voo, Lee. "Burgerville cans its sustainability director." Sustainable Business Oregon, 23 August 2010.

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certification proved to not be credible, and while it may have a slight impact on Burgerville sales, the larger impact would undoubtedly be felt by Food Alliance. Aside from the reputational and economic costs and benefits to the relationship, the interconnectedness within the Food Alliance Board and Council (while quite possibly harmless) is something worth noting.

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6. Conclusion

Food Alliance did its research to identify a market for “beyond organic” certification within the food industry. In a time when *organic* has become much more common, Food Alliance Certified producers and handlers find themselves in a niche market within a niche market. By identifying and partnering with key retailers whose brand is associated with quality and sustainability like Whole Foods, Bon Appétit, and Burgerville, Food Alliance has gained publicity. At the same time, Burgerville has benefitted itself by purchasing Food Alliance products and, in turn, validating its quality inputs and commitment to fresh, local, sustainable.

However, neither Food Alliance nor Burgerville is without fault. For example, financial information available on the Food Alliance website is mediocre since 2008 and a breakdown on donations and grants is unclear since 2007. Furthermore, although it is noted as a possibility in certification literature, there is no evidence that any certified producer or handler has ever been suspended or terminated. While this could simply mean that when unmet criteria is identified, the producers and handlers fix the problem within the allotted time, or it could mean that sanctioning is not a mechanism used by Food Alliance. As for Burgerville, the fact that it is a privately-held company makes identifying received benefits and verifying increased sales nearly impossible. One is left to assume that in the profit-driven business world, Burgerville would not so avidly pursue sustainable practices if it did not financially profit from it to some degree.

And lastly, overarching goals must be considered. In the Food Alliance realm, it appears as though the benchmarks are measured in the number of certified producers and handlers and total acreage. Essentially, Food Alliance goals are established in the standards of excellence, from safe environmental practices, humane animal treatment, working conditions, and food safety. Through third-party verification, if the criteria are met and a certification is given, it in effect meets the Food Alliance goal. Food Alliance does not seem to be concerned about increased profits trickling back to the

producers and handlers, but rather concerns itself with providing a desired certification while accomplishing its stated goals. Much the same, assuming that Burgerville's ultimate goal is to be profitable, it is using Food Alliance as a signal to its consumers that its CSR efforts are credible, and in the end, report increased sales. Once again, although the public lacks the ability to verify Burgerville financials, it is logical to assume that such investments would not take place if it did not fulfill Burgerville's ultimate goal.

In conclusion, while neither Burgerville nor Food Alliance is 100% transparent in their actions and have room for improvement (as Food Alliance avidly believes is always the case as it pertains to sustainability), it seems as though both have found ways to accomplish their underlying goals. Coincidentally, the two have been able to benefit from one another by forming a strategic partnership. In the end, only the future will tell if this is a profitable path for other firms to partake in or if there is something unique about these organizations that cannot be replicated.

7. Discussion Questions

1. Does the fact that certified producers serve on the Food Alliance Stewardship Council discredit the organization or enhance the expertise in standard setting by providing the hands-on perspective to counter academic and advocacy perspectives? What about retailers serving on the Board?
2. Food Alliance outsources the inspection process to International Certification Services. Does this increase or decrease credibility?
3. As a non-profit organization reliant on grants and donations, should Food Alliance incorporate more standards to certify different types of products (like the new addition of shellfish) or should it focus on increasing acreage under current certifications? Also, should expansion even be considered?
4. How can one verify that Food Alliance certification is beneficial to producers, handlers, and retailers? Does it matter?
5. Given that Burgerville is a privately-owned company, its financial records are not public. Does this impact its CSR efforts by having to trust the company when it says its investments have increased sales or can it be assumed that unprofitable investments would cease to exist?
6. Is Burgerville more credible in its sustainability initiatives by purchasing Food Alliance Certified beef? How so?
7. Burgerville identifies other supply-chain partners such as sustainable wind energy producers, so why does it need Food Alliance to certify the beef it purchases rather than forming its own direct relationship with ranchers?
8. Has the Food Alliance-Burgerville partnership been more beneficial to Food Alliance or Burgerville? How so?
9. What does the future hold –should other restaurants follow Burgerville’s lead and become third-party certified? Should organic or fair-trade labels become more comprehensive in certification standards to mirror Food Alliance?
10. Are Food Alliance and Burgerville credible collaborators in increasing sustainability in the agriculture and food industries or are they non-credible colluding cohorts?

11.

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9. Appendix A: Monitoring Matrix - Food Alliance

MONITORING ORGANIZATION MATRIX		
Use this matrix to help organization your evaluation of this organization's monitoring mechanisms. Rank this organization's monitoring mechnaimson a scale of 1-5, where 1 is ideal for strong monitoring and 5 is the weakest. Makes notes where necessary.		
DIMENSIONS	SCORE	COMMENTS
I. Autonomy from Target of Monitoring	2	
a. How autonomous is the organization from the standards-making and target groups?	2	Food and agricultural representation on the Stewardship Council (standard-setting entity) including some certified producers, but also outsiders.
b. Does the organization fit the third party concept ?	1	yes
• Money Source: Do they take money from the Target	3	yes
• Control: governance structure: who sits on the board are they connected to the Target?	2	academics, industry, retailers
c. Does the organization charge fees for inspection?	2	no
• Who pays the fees?	2	ICS does inspection, not Food Alliance target
	3	
II. Organizational Strength	2	
a. What is the organization's capacity to carry out monitoring?	2	ICS does monitoring, site visits, etc.
• Size of staff:	3	8
• What kind of training is provided to staff?	3	inspectors receiving training
• Educational level of staff:	2	all have Bachelors and 50% have Masters +
• Amount of back-up resources? (i.e. accounting, finance, law)	2	staff possess various skills including law
III. Monitoring Practice	2	
a. How does the organization carry it out?	2	third-party monitoring by ICS (ISO accredited)
b. How often is monitoring conducted in the field?	2	at certification, unannounced audits, annual reports
c. Is monitoring unannounced?	1	after initial certification, yes
d. How do they select inspection sites?	2	random w/ access to all
e. How do they interact with the Target?:	3	certification, compliance
• Do they need permission?	2	no
IV. Sources of Information	3	
a. How do they collect data/information?	2	site visits and ICS
b. Do they collect complaints from		anyone and investigate before doing site visit
• employees and others?	1	
• in information gathering?	3	
c. Is the organization "free" from the target?	4	certified companies serve on the Stewardship Council
V. Standards vs. Monitoring	2	
a. How are the standards set?	2	Stewardship Council - mix of academics, environmentalists, advocates, industry
b. Is the Monitor separate from the standard setter?	1	ICS and Board
VI. Evaluations	3	
a. Do they ever find violations? How many?	4	violation numbers not found
b. What do they do with the violations information?	4	time allotted for infraction to be fixed
c. How do they measure compliance with the standard ?	2	annual reports, random inspections/site visits
d. How do they follow up deviation from standard?	2	if not corrected, sanction, and possible termination
VII. Sanctions	4	
a. Are there any sanction on the target?	5	stated option, but none publicized
b. Who administers a sanction?	3	ICS to FA and FA would administer sanction
c. How effective are sanctions?	n/a	no known sanctions, but possible compliance met within given timeframe
VIII. Transparency of Monitoring Organization	2	
a. How transparent in the organization? How much public information does it provide?	4	provides names of certified entities
b. Can you learn about I-VII from the company's website? From calling?	n/a	???
c. Is the following information made available?		
• Money,	3	limited since 2008
• Board control	2	
• Process,	1	very clear processes
• Staff, etc. ?	1	
XI. Shadow of the State	1	not a policy organization
a. Does the organization rely on Government information or regulations?	1	no
b. Does the organization rely on Governmental rules of information provision?	1	no
c. Does it require government support to obtain informaton from target?	1	no

Appendix B: Credibility Matrix – Burgerville

PRIVATE SECTOR CREDIBILITY MATRIX		
Use this matrix to help organize your evaluation of this company's credibility mechanisms. Rank this company's credibility mechanisms on a scale of 1-5, where 1 is ideal for strong credibility and 5 is the weakest. Make notes where necessary.		
DIMENSIONS	SCORE	COMMENTS
I. Market for Goods	1	found niche market in key environment
a. What kinds of people?	1	Pacific NW, enviro-friendly, niche market, quality focus, animal and labor advocates
b. What goods?	2	food ingredients
II. Market	2	lesser quality substitutes available at lower cost
a. Substitutes available?	3	many quick-service restaurants, but limited in niche market
• How much competition?	1	at same market niche, limited competition
• On what criteria?	1	third-party certified
III. Stakeholders	3	privately-held company
a. Multi-stakeholder membership?	2	employees, community, local industry
b. Are stakeholders engaged?	2	yes! Part of marketing strategy
IV. Partnerships with NGOs	3	Food Alliance, MSC, FairTrade
a. Inspection by third-party?	4	uses third-party certification for purchased ingredients, but not for own restaurants
b. How opened/closed?	4	products yes, restaurants no
V. Statements in Public Offerings	2	privately-held company
a. What commitments?	1	fresh, local, sustainable; wind, waste, food, employees, community
b. Triple bottom line?	1	trend-setter in quick-service restaurant industry
VI. Board Membership	n/a	privately-held company
• Board control	n/a	family-owned
• Process,	2	explicit CSR goals
• Staff, etc. ?	2	health benefits and training to employees
XI. Shadow of the State	1	all CSR efforts well-beyond regulation levels
a. Does the organization rely on Government information or regulations?	1	
b. Does the organization rely on Governmental rules of information provision?	1	
c. Does it require government support to obtain information from target?	1	