

## How Managing Food Waste Can Impact Your Profitability and the World Around You

Every day, restaurants around the country throw away thousands and thousands of pounds of food.<sup>1</sup> Leftovers from guest plates, scraps from prepped items, leftover rice, potatoes, bread rolls, soups and a myriad of other items are routinely discarded in surprising bulk at the end of each shift. There are many inherent benefits to controlling food waste such as financial, reputation or standing in your community, environmental, and not to mention that many municipalities are mandating it.

### Financial Impact

Financially, food in the trash equals money in the trash, and chefs and operators all over the world have created systems that aim to minimize food waste. According to the latest ReFed study on Food Waste, restaurants and foodservice facilities stand to gain the most with over \$1.6 billion lost annually due to operational inefficiencies in food purchasing and prep. On average, wasted food accounts for 5.6% of total sales in the average foodservice setting. That's a lot of money left on the table, and a lot of food left in the trash.

### Reputation and Community Impact

According to a 2015 national consumer survey<sup>2</sup>, 42% of respondents have heard about food waste, and 16% had sought information on how to reduce it. It has also been shown that employees will experience an increase in job satisfaction, productivity, and even retention, all of which translate to a better guest experience for your customers. Participating in a donation program is also a great way to support your community. As referenced by ReFED, "Tax incentives make food donation more cost effective and economically beneficial. The federal government recognizes the importance of food donation and provides tax incentives to incentivize businesses to donate food."<sup>3</sup>

### Environmental Impact

The Food and Agriculture Organization (FAO) estimates the carbon footprint of food waste is 3.3 billion tons of CO<sub>2</sub> equivalent per year. Not only are oil, diesel, and other polluting fuels used to power production machinery and transport vehicles, but greenhouse gases are also emitted by food waste itself. Simply put, food waste is responsible for more greenhouse gas emissions than most countries in the world, except China and the U.S.<sup>4</sup>

Assuming there is an effective recycling program in place, nearly 75% of the remaining trash a restaurant generates is organic waste.<sup>5</sup> Three-quarters of what is currently being sent to a landfill or incinerator could be converted to compost, animal feed, or even processed through Anaerobic Digestion to create Biogas, which has proven to be a viable fuel source for everything from your gas range to modern car engines.

### How You Can Get Started

- **Prevention** - Increase awareness to your staff. Use ordering and inventory practices to minimize waste and spoilage, track your waste and adjust accordingly.
- **Recovery** - Explore donation infrastructure in your region, and donate your excess food if services are available. Liability protections for food donations are available with the Bill Emerson Good Samaritan Food Donation Act, but operators often cite liability as the primary reason they don't donate more food.

- **Recycle** - Partner with your local waste management company to implement green waste collection at your business. Train staff, incentivize performance and awareness, and hold your team accountable for doing their part to contribute.

Most restaurants you're familiar with have two bulk waste receptacles — one for garbage and one for recyclable glass, plastics, and cardboard. Most successful restaurants are purpose built or have evolved to utilize every square foot to maximize efficiency and storage. For many, the addition of an organic waste recycling program is not going to be as simple as just adding a big green trash can.

### **Better Food Waste Handling Is Turning Mandatory**

There are several compelling reasons why you should try to participate in an organic waste program, but the reality is that for many, it's no longer optional. With cities all over the country already approving ordinances<sup>6</sup>, requirements for "Green/Organic Waste" programs on a statewide level are coming next. In fact, California already has one and the newest determination on California's AB 1826 which will require participation from more restaurants than ever. In 2020, restaurants generating more than 2 cubic yards of organic waste per week will be responsible for having an organic waste recycling program.

### **What It All Boils Down To**

Due to a variety of factors for each restaurant, there isn't just one simple answer on how to reduce or eliminate your food waste issues. Reach out to your waste management company and inquire about their organic waste program.

Let's not forget, waste management companies are turning this waste into a valuable product at the end of the day, so there is some leverage when negotiating your service cost.

Beyond that, it is a change that requires commitment throughout your organization. Commit to improving our environment and share it with your community through marketing, advertising, and social media. Incentivize your employees to get them motivated and excited about participating. Create systems and incorporate them into your training programs. Finally, share your progress, reward your team, and be proud of the fact that you are proactively improving our environment and industry.

With a depth of knowledge including both FOH and BOH operations, technology updates, and industry best-practices, there is no one better to help you design and implement your organic waste program than KROST's team of experienced restaurant and chef consultants. Reach out to Derek Johnson at (818) 658-1325 or [derek.johnson@kroستcpas.com](mailto:derek.johnson@kroستcpas.com) to find out how you can get started now.

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<sup>1</sup> <https://www.businessinsider.com/solving-food-waste-in-americas-restaurants-2016-5>

<sup>2</sup> <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0127881>

<sup>3</sup> <https://www.refed.com/tools/food-waste-policy-finder/federal-policy/federal-tax-incentives>

<sup>4</sup> <http://www.fao.org/3/a-bb144e.pdf>

<sup>5</sup> <https://www.dinegreen.com/waste>

<sup>6</sup> <https://www.greenmatters.com/news/2018/10/08/1ppkpK/a-new-law-in-austin-requires-restaurants-to-go-zero-waste>