

A Natural Step Case Study

Max Hamburger and The Natural Step



CHANGING THE FAST FOOD INDUSTRY FROM WITHIN

In 2007, Pär Larshans, then Director of Human Resources at Max Hamburger Restaurants, was asked to investigate what other fast food chains were doing about climate change. He discovered that there wasn't much to discover and Max saw an opportunity to break ahead of the pack. Sustainable leadership could clearly distinguish Max from its formidable competitors such as McDonalds and Burger King and allow them to use their business to make a positive impact on the planet.

Partnering with The Natural Step, Max looked deeper into the sustainability challenges of their business. This was the beginning of an exciting and ongoing journey exploring the possibility of sustainable fast food. Today, Mr. Larshans' title is Sustainability Director, all Max's restaurants are wind powered, their menu is carbon labeled, Max basks in worldwide media exposure and continues to make significant strides towards sustainability.

HOW DID IT HAPPEN? THE NATURAL STEP FRAMEWORK AND EARLY RESULTS FROM MAX

Max's bold leap forward as a sustainability champion was achieved with coaching from [The Natural Step \(TNS\)](#). TNS was happy to take on the challenge of shifting a hamburger chain toward sustainability.

Fast food chains across the board have received bad press for unhealthy food, poor working conditions and expansion models that run local alternatives out of business. On top of that, the meat industry is one of the largest contributors of greenhouse gasses worldwide, responsible for approximately 18 % of global greenhouse gas emissions... and Max's core business is hamburgers.

Max at a Glance

Sweden's oldest and most popular hamburger chain

Family owned

75 restaurants, all in Sweden

3,000 employees

Since 2003, Max has tripled its size, quadrupled its revenue, and quintupled its profits

Received several sustainability-related awards in 2008 and 2009



Winning partnerships: Kaj Török and Pär Larshans accepting The Green Award in London for their work at Max (2009).

In the workshops, the first question TNS asked Max to consider was: “Is a sustainable hamburger chain possible?” Instead of using a crystal ball, Max used [The Natural Step Framework](#) (“the Framework”) to answer this question by imagining what a sustainable Max could look like and crafting a strategy to move towards that future vision.





The Framework is scientifically rigorous and uses 4 Sustainability Principles to define sustainability. Using the sustainability principles, Max was able to gauge the gap between their current operations and sustainable operations, and focus their strategy on closing that gap (see Sustainability Principles and strategic actions in table below).

“The feeling is,” says Pär Larshans, “that by defining our options using the Framework, we will improve our operations. In the future, when resource shortages are more acutely felt, we will not have to redesign our business in a panic and we will not be taken by surprise. Max has taken measures to prepare for the unpredictable future with a strategy based on simple, timeless science. We believe that this way we stand the best chance of making continuous profit into the future.”

VISION: MAX IS A SUSTAINABLE COMPANY IN A SUSTAINABLE SOCIETY.



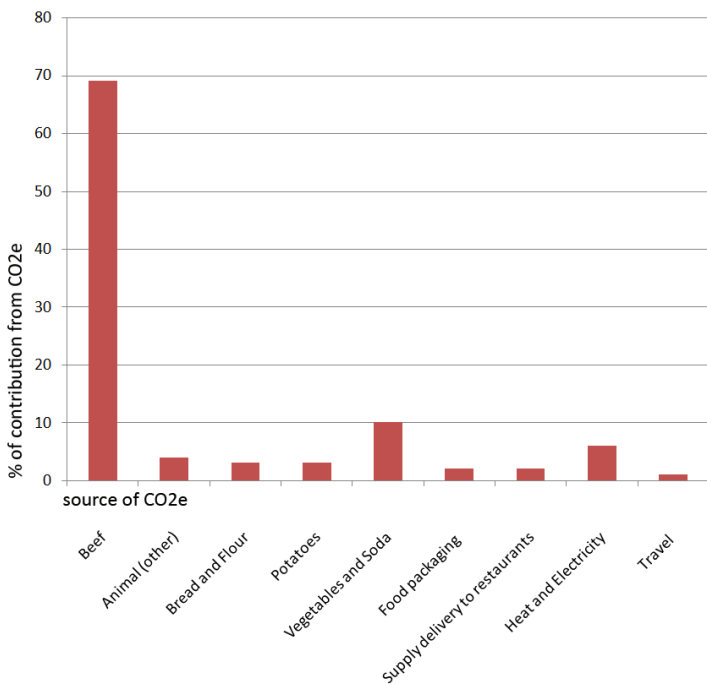
EXAMPLES OF HOW MAX ACTIONS RELATE TO THE TNS FRAMEWORK:

Sustainability Principles 1- 4	In a sustainable society, nature is not subject to systematically increasing:	How Max is changing their business to meet this principle.
	1. concentrations of substances extracted from the earth's crust,	<ul style="list-style-type: none"> • All restaurants are powered by 100% wind energy. • Toys requiring batteries have been removed from kids' meals. • All company vehicles are low carbon.
	2. concentrations of substances produced by society,	<ul style="list-style-type: none"> • No GMOs are used in Max products. • All used fry oil is converted into biodiesel. • High recycling rates (e.g. cardboard, food wastes, metal, electronic equipment, etc.).
	3. degradation by physical means,	<ul style="list-style-type: none"> • All fish procured from well managed ecosystems (MSC-certified). • Most paper products are FSC-certified. • Reforestation through Plan Vivo certified projects in Africa.
	4. and, in that society, people are not subject to conditions that systemically undermine their capacity to meet their needs.	<ul style="list-style-type: none"> • No use of trans fats. • Product lines have been remade into the healthiest of the industry (by 2005). • More than half of the restaurants have at least one staff member with a mental disability. • Max leadership program includes sections on sustainable leadership that are based on the FIRO theory. • Max has partnered with TNS' Real Change program to research social sustainability.

As depicted in the bar graph below, food (especially beef), has a huge climate impact. To tackle this, Max became the first restaurant chain in the world to:

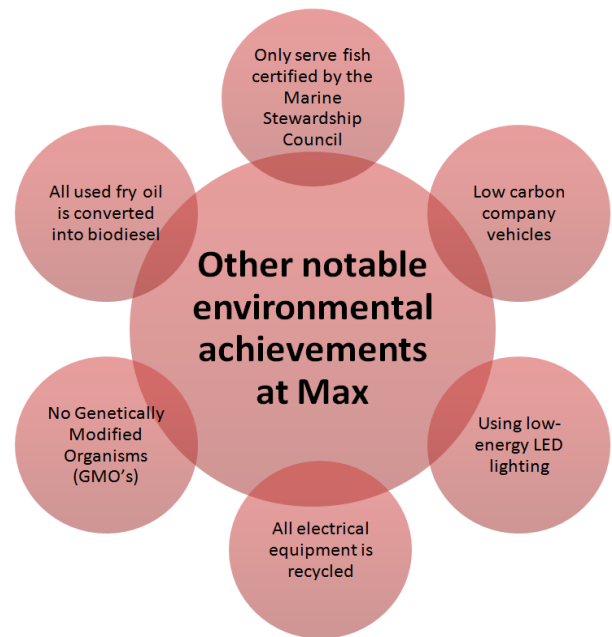
- Analyse the food's climate impact from farmer-to guest
- Label menus so that guests can choose climate smart meals
- Voluntarily offset carbon throughout their supply chain from farmer-to guest with reforestation projects in Africa. Max supports offsetting projects that strengthen local agro-forestry, entrepreneurship and ecosystem services. This work had been highlighted in the BBC documentary "Taking the Credit" [2]

Max's Climate Impact in 2008: Product and operational contribution to Max's total greenhouse gas emissions = 29,000 tons of CO2e



The system boundaries for the analysis cover Max's operations (8% of total) as well as their suppliers (92% of total).

To reduce Max's carbon impacts resulting from energy use, all restaurants are powered by 100% wind energy.



ACTION: LEADERSHIP TRAINING

Max is a family owned company that has always wanted to be a positive force in the world. Before Max partnered with TNS, they voluntarily took on community development projects in Africa and made significant efforts to employ disabled people at their restaurants.

People at Max believe that their success comes from being a unique fast food company that operates from The Human Element core principles of openness, self-determination, self-awareness and aliveness (based on FIRO theory – a means of understanding personal and interpersonal behavior and motivation). Max's adoption of FIRO enabled their next evolutionary step: creating a culture of sustainability.

In February 2010, Max began incorporating sustainability lessons into their leadership training program for restaurant managers and cashiers. Max is confident that the ROI (return on investment) of educating point-of-sale staff will be tremendous. Employees fluent in Max's vision for sustainability and knowledgeable about how elements from the TNS Framework were used to define and strategize movement towards that vision make them invaluable ambassadors for the company.



TNS ADVISOR KAJ TÖRÖK ON MAX

“It has been a fantastic privilege to work with a company that is so willing and able to do something unique and important. Our role at TNS has been to help Max to analyze, plan and prioritize so that their initiatives are strategic and demonstrate action towards sustainability. We have watched with astonishment how Max has delivered fast, smart and concrete results. We are thrilled to work with partners like these – humanity desperately needs this kind of action-oriented champions for sustainability.”

Max's updated sustainability courses cover the science of sustainability in an easy-to-understand way as well as demonstrating how Max is moving towards sustainability. Cashiers take a 4-hour course and managers take an 8-hour course. Max expects that their cashiers and managers will be confident in sharing information on sustainability with customers as well as responding to feedback and enquiries as they arise.

ACTION: DEMATERIALIZATION*

Based on the strategy crafted with TNS, Max is dematerializing their operations across the board. For instance, instead of sourcing post-consumer cardboard for kids' meals and recycling them after use, Max removed the box entirely. Other hamburger chains assumed that the box was a defining feature of the kids' meal but at Max, results prove otherwise. Sales of kids' meals are up and they have had no kid- or adult-sized complaints. In this case, instead of working around sustainability violations (degraded land from paper, toxic dyes, etc.), innovators at Max removed the violations from the equation at the source.

With sustainability in mind, Max also tackled battery-operated promotional toys that are commonly included in kids' meals. Household batteries contribute many hazardous compounds to the waste stream including zinc, lead, nickel, alkalines, cadmium, silver, and mercury and these toys typically have short lifespans. Once again, Max dematerialized the product by simply eliminating the battery-operated toys rather than modifying their product with complicated substitutions that could create other potential violations. In the future some of their toys might come from wood sustainably harvested in Africa and carved by local artisans.

* Dematerialize: to down-size the amount of material needed to make an object.

ACTION: DE-CARBONIZING AND CARBON LABELING THE MENU

Max is best known around the world for being the first fast food restaurant ever to measure carbon impacts of their food from farmer-to guest and label their menu items with that carbon information – giving their guests the ability to choose their menu items based on carbon impact.



Action: De-carbonizing and carbon labeling the menu

Before working with TNS, Max had already taken on the challenge of selling beef in the healthiest and most sustainable way possible. To lessen planetary impact by reducing food miles, Max committed to buying only Swedish beef for their hamburgers. Using the Framework, Max is revisiting that choice.

Buying local beef and supporting the national economy sounds like an eco no-brainer but taking a holistic look at sustainability using the Framework might reveal a different strategy. The



MAX'S CUSTOMERS ARE THE 'MOST SATISFIED CUSTOMERS'*** IN SWEDEN FOR THE LAST EIGHT YEARS.

ROUGH ESTIMATES SHOW THAT COMPETITORS' CARBON IMPACT IN SWEDEN IS BETWEEN 30 AND 100 % HIGHER PER CUSTOMER.

***In 2009, for the seventh year running, the ISI Wissing independent study showed that Max has Sweden's most satisfied customers in the fast food industry.

Max Hamburger and The Natural Step

Framework allows Max to weigh various tradeoffs including food miles, supporting local farmers, use of GMOs and farming practices, for example, in a consistent and thoughtful way. Through their sustainability analysis, Max will consider different environmental farming conditions and availability of feed for livestock when making decisions. Max will rely on the TNS methodology to test their findings, to inform their communications and to liaise with guests.

Using the Framework, Max further discovered that their biggest impact on de-carbonizing their menu came from dematerializing their burgers: Max has decreased the amount of beef in their patties to 82%. Taste tests show that people like moist patties with multiple levels of flavor; the higher the beef content, the drier the patty and the more uniform the patty's flavor. So reducing the beef content in a hamburger is ironically an easy sell.

In 2008, Max became a pioneer in carbon labeling. They voluntarily assessed the carbon content of their food and offer carbon data at point-of-sale for customers to use when selecting their meals. Max reports a 15% relative increase in sales of low carbon products such as chicken fingers and veggie chili.

SUSTAINABILITY – ONE OF MAX MOST PROFITABLE INITIATIVES

Organizing sustainability initiatives according to their potential to deliver good return on investment (ROI) is an [important feature of TNS' methodology](#). As CEO Richard Bergfors expressed, ROI is coming back to Max in both quantitative as well as qualitative forms – with interest.

Max's profit has increased by 500% since 2003. Max is achieving these gains not only by expanding but also with innovation. Max has lowered operating costs for energy and waste as a result of increased energy efficiency programs. They have also turned fryer fat – previously considered waste which was removed at Max's expense – into biodiesel with a market value. And lastly, but very significantly, Max has received huge amounts of media attention.

“Our sustainability related activities have turned out to be one of our most profitable initiatives ever.”

**Richard Bergfors,
CEO, Max Hamburger Restaurants**

Other factors are harder to calculate although equally valuable - such as increased employee retention and pride in work. A survey by Mindshare, a global media network, discovered a 27% increase in customer loyalty for Max between 2007 and 2009. Mindshare concluded that much of that success could be attributed to Max's choice to put climate on the menu.

Max has earned national and international media attention for their leadership in sustainability and their flagship carbon labeling initiative. The BBC, Der Spiegel and the New York Times have covered Max's story. Additionally, Max has been offered incentives to open franchises in towns that resist global brands. These towns welcome Max because they are good neighbors with a good reputation, which they share with their

host communities. In this way, Max continues to build up intangible assets such as goodwill and brand name.



Max has been serving Sweden's most satisfied hamburger customers for 8 years in a row - beating McDonald's and Burger King in a nation-wide survey by the Swedish Trademarks Association⁵

Now that Max has advanced to be an industry leader in sustainable fast food, expectations have also grown. They will soon open new low-carbon restaurants and add more climate-smart menu alternatives. Max aspires

to inspire climate action amongst their guests while serving the juiciest, tastiest, low-impact meat possible.

As Max continues to grow, so will their partnership with TNS. In the words of Mr. Larshans, “The Natural Step has helped us take strategic steps toward sustainability; build confidence, competence and commitment in our top managers; and communicate sustainability in a creative, clear and credible way. We realize that TNS' systematic and holistic way of thinking is very similar to our FIRO inspired leadership program, they both start from the same position - it's all about basic human needs!”

IN CONCLUSION: AN INTERVIEW WITH RICHARD BERGFORS, CEO, MAX HAMBURGER RESTAURANTS:

Q: What was the start of your sustainability initiatives?

RB: At Max we have always talked about optimising, instead of maximising, profits. That means we use a longer time perspective than most stock market companies. In 2007 we started hiring people with disabilities and started to look into this climate issue.

Q: What did you hope to gain from starting the climate initiative?

RB: From me and my family's perspective it has partly been about self realisation. For us it felt quite important to not just be part of the climate problem, but also the solution. It was also an important part of achieving our vision to become the world's best fast food chain. Of course we, and not least our steering committee, also looked at it quite sternly from a business perspective, and finally came to the conclusion that in this specific case we could accept a somewhat longer payback time than normal. The main business opportunities we hoped for was a stronger brand and to create increased differentiation from our competitors and to add pride and meaning to our coworkers everyday work life.

Q: A recent survey by Mindshare, a global media network, uncovered an increase in customer loyalty by 27 % for Max between 2007 and 2009. How much of that increase comes from your sustainability related activities?

RB: It's impossible to know exactly but I would estimate it to at least half of that, which is probably worth somewhere around 5-10 million USD a year. Our sustainability related activities have turned out to be one of our most profitable initiatives ever. Actually, it has been more profitable than opening up a new restaurant is. And then I haven't even factored in the benefits of attracting and retaining talent, increased employee pride and engagement, lowered energy costs and that we are part of changing the rules of the game for the whole fast food industry or the fact that it has become easier to build great relations with business leaders, authorities and politicians now.

Q: Can you give us a hint on where Max is heading next?

RB: We always want to better ourselves and we are far from perfect now. Now that we have gone from being viewed as the Swedish challenger in our own market to being viewed as the leader, expectations of us have changed. I don't think



Richard Bergfors, CEO, Max Hamburger
Restaurants

we can be easily forgiven for not doing all things correctly nowadays so we have to look into more details all the time. We are about to launch our new restaurant buildings with solar panels and really low carbon footprints. We will also be launching new climate smart menu alternatives. We strive to become a sustainable and climate stabilising company so most things are yet to be done. We are striving to inspire climate action among our guests and not least to find an even juicier and tastier meat with a much lower climate impact.



5 TIPS FROM RICHARD BERGFORS FOR SUCCESSFUL SUSTAINABILITY INITIATIVES:

1. Be relevant

Find issues crucial to your success. Connect it to your core product. Use your unique talents and challenges to improve society.

2. Lead with courage

If you are going to do something make sure its substantial. If it is too small you are not going to care about it enough to make it work. Risk something!

3. Be concrete

Do something you can understand and talk about so that you can easily share it and others can appreciate it. Don't just change policies – change actions.

4. Be passionate

You don't have to be passionate about everything you do around sustainability but make sure some of the things you do make your heart pump faster and stronger.

5. Team up

Make sure you create teams internally that have the drive, credibility and competence to make it happen. Make sure you get help from sustainability experts to learn faster.

ADDITIONAL RESOURCES

1. About Max : <http://www.max.se/en/>
2. Taking the Credit : A BBC documentary covering Max's Carbon offsets in Mozambique and Uganda. The interview with Max starts at 12.20 in the video. It was broadcast on 23 October 2009. <http://www.rockhopper.tv/programmes/287>
3. Max winner of the great hamburger war - McDonald's fleeing from northern Sweden : Aftonbladet, 2007-11-23 (in Swedish). <http://www.aftonbladet.se/matvin/article1313686.ab>
4. Green Awards. Best Green International Campaign 2009 : http://www.greenawards.co.uk/2009_winners/winners_case_studies/max_hamburgerrestauranger_ab
5. Scoring 100 % and "Best in test" : in Sweden's biggest environmental magazine Miljöaktuellt compared direct competitors such as McDonald's and Burger King. <http://miljoaktuellt.idg.se/2.1845/1.209538>

This case study was written and researched by Maura Dilley for The Natural Step, edited by Kaj Török and Anouk Bertner. Design by Sean Rioux. Creative Commons Copyright 2010. Some rights reserved.



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