

INCENTIVES: SOME COMPELLING REASONS TO GO GREEN

Why do we do what we do? What motivates us? How do we make decisions and get what we want? In his best selling book *FREAKONOMICS A Rogue Economist Explores the Hidden Side of Everything* (HarperCollins 2005), Steven Levitt puts the blame on incentives, both positive and negative, which he calls "...the cornerstone of modern life." He lists three "basic flavors" of incentive: moral, social, and economic that mix together in the stew of motivation. What does all this have to do with operating a greener restaurant? According to Levitt – everything!

DOING THE RIGHT THING

Two of the three "flavors", moral and social, operate on what we consider "doing the right thing." We keep our restaurants clean, shun discrimination, sponsor little league teams, collect for disaster relief, and return correct change all because we are morally and socially bound to these standards. Doing the right thing returns personal and professional rewards.

Have you noticed a shift? Customers are setting new social and moral standards. They will pay for Fair Trade coffee, free-range chicken, and organic food and they appreciate environmental and social outreach. Think this is a fad? Think again. The food service directors at California's universities are witnessing a green food revolution. Gone are the sit-ins of the 60's, replaced with student committees engaged in designing sustainability into both their menus and their dining halls. These young people are future restaurant customers and they mean business. Take for example a recent student-organized experiment. Two baskets were set up in the chow line – one with regular bananas and the other with more expensive organic bananas. Considering that students are "marginally funded" customers you'd expect them to buy the cheaper bananas and save that fifty cents for pizza. The opposite happened – the organic bananas sold out completely before the regular ones were even touched. The moral and social incentives of health, sustainability, and peer pressure won out over the disincentive of extra cost.

Okay, so what's the point? There are obvious incentives for you to green your restaurant and you will reap the greatest rewards if you make it clear to your customers what you are up to. List your organic offerings on your menu but also see if your city or county has a green business program and get yourself certified. It's a relatively painless process that gives you points for recycling, green cleaning supplies, and energy efficiency. You will save money and be awarded the honor of publicly declaring yourself a green business. (Restaurateurs in the Bay Area can find the Green Business Program at www.greenbiz.abag.ca.gov. For San Diego visit www.sdgreenbiz.org and in Sacramento go to www.sacberc.org/green/GBPHome2.html.) And don't forget the moral incentive: the satisfaction of knowing you are doing your part to help sustain our planet.

GETTING PAID TO DO THE RIGHT THING

There are purely economic incentives for greening your restaurant as well. Attracting those socially conscious students ups your receipts, and saving energy and water lowers your utility bills but; did you know that you can get paid for purchasing efficient kitchen

equipment? It's true, all of California's investor owned utilities – PG&E, SoCal Gas, SCE and SDG&E – have rebate programs in place for efficient kitchen equipment and starting in January of 2006, they are going to significantly increase the number of appliances that qualify. In fact, PG&E has already launched their expanded rebate program as a pilot that runs until the end of 2005. (Not served by one of the investor owned utilities? Don't fret, many of California's municipal power companies mirror the investor owned rebate programs.)

California's energy providers are serious about conservation and they will generously reward you for smart purchasing decisions. Take, for instance, the customer who recently purchased three insulated hot food holding cabinets and received a \$733 rebate for each one! Yes, you'll have to do a little homework to get the rebate but it's not that hard. You can download the rebate forms directly from your utility's website and you can find information on which appliances qualify for rebates by visiting the Food Service Technology Center's website at www.fishnick.com.

CONVINCED?

Let's get back to our rogue economist. Levitt says, "morality...represents the way that people would like the world to work-whereas economics represents how it actually works." What he is telling us is that the food service industry will only embrace green practices if there are incentives to do so. And, the people who take advantage of those incentives will gain a competitive edge. Taking stock of the growing social, moral and cash incentives, the green restaurant is a pretty compelling concept!

These energy saving tips are offered by the PG&E Food Service Technology Center (FSTC), an unbiased food service resource center located in San Ramon, CA and funded by California utility ratepayers under the auspices of the California Public Utilities Commission. For more information on the FSTC and for our schedule of free energy efficiency seminars, please visit our website at www.Fishnick.com. The FSTC is a member of the California Restaurant Association.