

McDONALD'S SWEDEN - A CASE STUDY



Inside one of the one hundred and sixty McDonald's restaurants in Sweden.

McDonald's Sweden is working to find innovative ways of providing fast, healthy, low-cost food for the majority of the people, while functioning as a sustainable operation - financially, socially, and environmentally. With the help of The Natural Step Sweden and 8,000 committed employees, in just five years McDonald's Sweden has reduced costs through numerous eco-efficiency programs, spurred new innovations, motivated and energized staff, and transformed their public image.

By studying the fundamental nature of their business through the lens of the TNS framework, McDonald's Sweden is moving beyond eco-efficiency. Today, approximately half of the 160 Swedish McDonald's, the bakery, and the national headquarters run on renewable energy - hydropower. All new restaurants use water pipes made of recycled plastic instead of copper, wood framing instead of steel framing, and wood foundations instead of concrete foundations - overall, reducing construction material use by 5-10 percent. Research is currently underway at seven restaurants to develop a biological filter to clean exhaust from fry stations. The new technology uses bacteria to eat the oil and reuses remaining clean air to heat their restaurants. In addition, McDonald's Sweden serves organic milk and beef, recycles 97 percent of all restau-

rant waste, has significantly reduced distribution distances helping to cut fuel costs by over 30 percent, and has eliminated the need for over 1,200 tonnes of packaging material by changing to smarter packaging.

In Sweden, McDonald's occupies 75 percent of the fast-food hamburger market and generated revenues of approximately \$350 million in 1998. The company has three primary business objectives — satisfied employees, satisfied customers, and profits — and understands that by developing and investing in the first, the rest will follow. According to Mats Lederhausen, Managing Director for McDonald's Sweden, "If you take all the resources you have as a company, the only thing that counts today is the human energy that you can pull together and with which you can do anything." As stated in the company's Environment Program, "There is one very simple reason that McDonald's Sweden is concerned with the environment: the future. The future for us as people, and for our company. Everything we eat and everything we make and everything we sell comes directly from our earth. . . Nature is, in theory as well as in practice, our livelihood."

In 1993, just as Lederhausen was settling into his new position,

Dr. Karl-Henrik Robèrt addressed the company's top management in a two-day course on The Natural Step and sustainability. Immediately following the course, the participants began identifying innovations within their departments that would generate early pay-back and require relatively small investments of time and money, while Bertil Rosquist, the present Environmental Manager, was given the duty of setting up a structure for the company's environmental work. That same year, McDonald's Sweden established and educated an Environmental Board composed of top executives in the company. In addition, every store manager and owner/operator took a one-day course on The Natural Step.

By March 1995, the company had launched a multimedia training program that was developed in collaboration with TNS Sweden to assist in educating the entire workforce. The CD-ROM-based program illustrates a vision of a sustainable society, introduces the concept of an ecologically sustainable economy, and addresses how the principles of The Natural Step make sense within the context of McDonald's Sweden's business. In the meantime, the company's environment team began producing an internal magazine, newsletter, and regular videos highlighting the company's environmental activities and progress. The team helps develop local environmental programs, reducing water and energy consumption at the restaurants, ensuring proper waste separation, and working in the communities. To date 3,000 employees have been educated in TNS-based ecological sustainability which is being gradually integrated into all aspects of McDonald's Sweden's operations.

McDonald's Sweden's strategy works by focusing the company's environmental initiatives in seven different areas — waste separation and packaging, product distribution, construction projects, suppliers, office operations, energy reduction and

conversion, and raw materials. So far the company has advanced its environmental agenda in each of these areas, and in certain cases has made advances in existing technologies and community infrastructure to accommodate its goals. For example, when McDonald's Sweden began its waste-separation initiative the infrastructure to support the program was not in place. The company challenged the communities that had a monopoly on unsorted waste and ultimately encouraged the development of a recycling system that can accommodate a seven-category waste-separation program. Today, all 160 restaurants use this system and estimate that they recycle 97 percent of their waste, averaging no more than one bag of unsorted waste per month.

In 1997, an environmental audit took an inventory of McDonald's Sweden's progress. After measuring every flow of materials and energy within the company's systems and exposing areas that need further attention, they determined the next step was to implement an environmental management system based on ISO 14001. The Natural Step has helped McDonald's Sweden develop a common model for sustainability, a common language to work from, and a common structure for their actions. Rosquist summarizes, "In the beginning, we met The Natural Step and we educated people, we picked the 'low-hanging fruit,' and we had an environmental audit. Now we know exactly where we want to go, what we shall do, and what is important." Working with ISO is giving The Natural Step another opportunity to assist the company. By offering a framework for sustainable action, The Natural Step is playing a key role as McDonald's Sweden sets its goals and asks the deeper questions with regards to the future.

McDonald's Sweden's approach is to carefully address the company's areas of highest concern — farming, construction, toys, chemicals, distribution, office operations, and packaging — through a policy document process that uses the TNS framework as the foundation. The process works by convening a group of critical stakeholders to address a particular issue. The group sets up a vision for a sustainable system, explores the issue from each stakeholder's perspective, and develops prioritized lists of long- and short-term goals and actions that include metrics and methods for evaluating progress. The process is being done in close collaboration with The Natural Step Sweden. Rosquist clarifies, "As the group goes through the problems associated with each area, it considers all four system conditions. When they have actually defined the problems, set out the goals, and prioritized activities, they are related to the four system conditions. When I start to measure this, I know I'm on the right track."

The company's environmental efforts are not going unnoticed. In the spring of 1993, 30 percent of their customers surveyed indicated that they thought the company had a strong environmental commitment. By the fall of 1996, the number had jumped to 70 percent. McDonalds Sweden is just beginning to find ways of realizing its Environmental Vision of doing business in harmony with nature. In describing his experience of watching what can come from believing in human compassion, Lederhausen comments, "Really meaningful work brings out the best in people. I have found that there are few tasks that can be more meaningful than building a society that is sustainable." 🌱



McDonald's Sweden's Environmental Vision

"McDonald's Sweden shall work steadily and purposefully to minimize the use of energy and natural resources and to adapt all parts of our operations according to the principles of ecological sustainability. Our long-term goal is to live in harmony with nature and be an active part of an ecologically persistent society. During the process of adaptation, we will work with comprehensive programs, cooperate with researchers and environmental experts, educate all of our employees, and make environmental demands on our suppliers."

by Jill Rosenblum, TNS Staff