



Mapping the Restaurant High-Value Supply Chain



A report on restaurant industry trends by
Food Chain Workers Alliance in collaboration
with the Restaurant Opportunities Centers United

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INTRODUCTION

The food industry, composed of production (farm-workers), distribution (warehouse & logistics workers), processing (meat, poultry & food processing workers), retail (grocery), and service (restaurants, food service establishments, and street vendors) is the largest employment sector of the US economy.¹ It is represented by a myriad of companies that practice a spectrum of employment practices. The vast majority of these food employers take a “low-road” approach by paying workers the minimum wage required under the law, and sometimes below minimum wage, as well providing only unpaid sick leave and no opportunity for mobility and following unsustainable business models. The hourly median wage for frontline food workers is the lowest in the U.S. economy at \$10 per hour, far below the \$17.53 median for all other industries.²

However, there are a growing number of ethical employers who pay living wages and have made other improvements for frontline workers, therefore implying that these high-road businesses understand the industry differently than others. They perceive their workforces, communities, and the products and services they offer as equally fundamental to their commercial success. Furthermore, most of these employers are also concerned with their carbon footprint and other environmental factors, animal welfare, and local economies. These businesses are far ahead and take a long-term view of their companies as a means to generate substantial, positive business and social impact. Several of these high-road businesses are thriving in part because of the support of a new generation of consumers who embrace a new type of economy that works for everyone in a healthy and sustainable manner. Consequently, the establishment of what is considered “good food” can be measured by

\$10^{/hr}

hourly median wage for frontline food workers



five critical categories: valued employees, environmental sustainability, animal welfare, nutrition, and local economies. It is now possible to identify how food producers, processors, suppliers, and retailers fit into these categories.

This study aims to portray the primary aspects and practices of the high-road restaurant industry nationwide in relation to their supply chains, as well as to describe what it means to be a good food business, why it matters, and how policy can direct more companies to embrace these practices. In the first phase of the research, conducted via online survey, the majority of the over 150 respondents were restaurant owners, a total of sixty-two percent, who were asked about main features of the restaurant industry. During the second phase, in-person interviews were conducted with restaurant CEOs to demonstrate the range of views and values in providing good food to consumers in the industry. This study contains a geographical range of information, with responses gathered across the country, including from California, New York, Illinois, Michigan, Pennsylvania, Wisconsin, Texas, and Rhode Island.

By gathering knowledge about high road restaurant choices, this study will help shape a program that allows high-road value chains to thrive via public institution contracts and individual consumer choices. Through this study, restaurants will be encouraged to continue or begin making high-road food choices, by seeing the many restaurants that remain viable while making sustainable and equitable food sourcing choices. The study aims to connect restaurants interested in furthering their high-road practices. Increased collaboration will allow restaurants to have an easier and more comprehensive transition to creating or maintaining a status as a good food business. By encouraging restaurants to follow high-road practices, this study will have an impact across the food system. The choices of restaurants have effects all the way down the supply chain. When restaurants align their values with their supply chain choices, they support producers and suppliers that prioritize sustainability, equitable worker conditions, and local economies. Demonstrating the supply chain relationships between the diverse food sectors and organizations representing workers in the food system is necessary for enhancing working conditions and wages in all parts of the food system.

Through a participatory process, this report maps the sector, geographic reach, scale, and supply chain of high-road employers in the food industry that are members of the RAISE and Sanctuary restaurant networks. The data provides a clear picture of where good food is produced, processed, transported, served, and sold. This information will help to push consumers to high-road businesses, increasing demand and allowing a good food sector to flourish. High-road employers can be an integral part of policy change by exhibiting that prioritizing workers, animals, and the environment can be a sustainable and economically achievable business model.

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¹ Solidarity Research Cooperative (SRC) analysis of Occupational Employment Statistics, 2015. U.S. Bureau of Labor Statistics.

² SRC analysis of wage and salary workers, Occupational Employment Statistics, 2015. U.S. Bureau of Labor Statistics.

METHODOLOGY

This study, made possible in part by a grant from Grace Communications Fund, surveyed over 150 restaurant owners and operators through the Restaurants Advancing Industry Standards in Employment (RAISE) network of restaurateurs. The study was conducted in two phases and is composed of two elements: 1. Quantitative data were gathered through an online survey with open-ended questions at the beginning of 2018. These data were collected through a comprehensive questionnaire designed to capture the main aspects and practices of the restaurant industry nationwide vis-a-vis their supply chains. The restaurant employers received an invitation for the survey as their business might meet high standards and are known leaders in the RAISE and Sanctuary restaurant network. Participants were asked to answer questions about their restaurants, and, in exchange for filling out the survey, they were offered the possibility to showcase their better business practices on the Diners Guide app to over 100,000 ethical customers who demand good food and good wages. 2. Qualitative data were gathered in the Summer of 2018 via a sample of restaurants that have proven high-value supply chains and others that do not. The interviews took between 30 minutes to 2 hours with each restaurateur and are indicative of the spectrum of views and values in supplying good food to consumers available in the restaurant industry.

CHAPTER 1

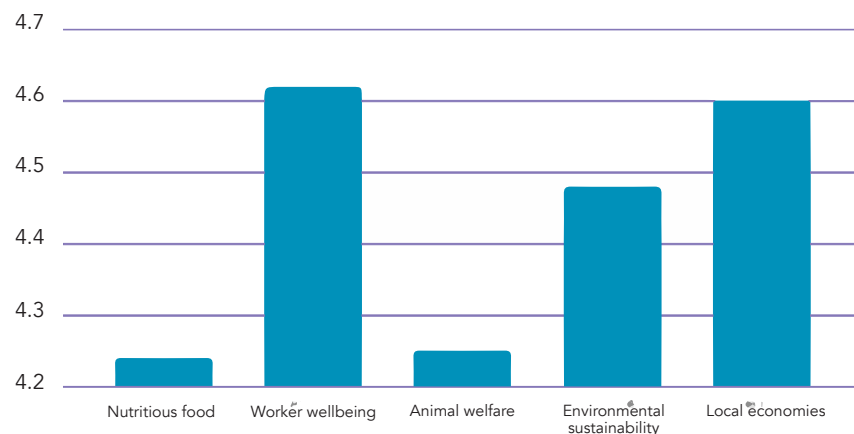
93%

ranked worker well-being and local economies as a somewhat or very important priority while sourcing food.

The survey completed for phase one of the study consisted of questions designed to learn more about the supply chain and restaurant practices of high-road food employers. One of the main purposes of the survey was to further understand the values of survey participants and how those values are seen in restaurant practices. About 99 percent of participants felt that the foods served in their restaurants reflected their restaurants values. Employer values were also demonstrated by their food sourcing priorities. Participants were asked to rank their priorities in food sourcing, including nutritious foods, worker well-being, animal welfare, environmental sustainability, and local economies, in order of importance from one to five, with one being the least important and five being the most important. The highest ranked priorities were worker well-being and local economies: approximately 93 percent of participants ranked worker well-being and local economies as a somewhat or very important priority while sourcing food. The survey respondents also recognized environmental sustainability, nutrition, and animal welfare as important considerations: 80 percent or more respondents ranked these food sourcing considerations as somewhat or very important. The graph below highlights the average ranking for the five categories.

Graph 1

What are your priorities in sourcing food? In order of importance (rank 1-5 -- 1 being the least important and 5 being the most important)

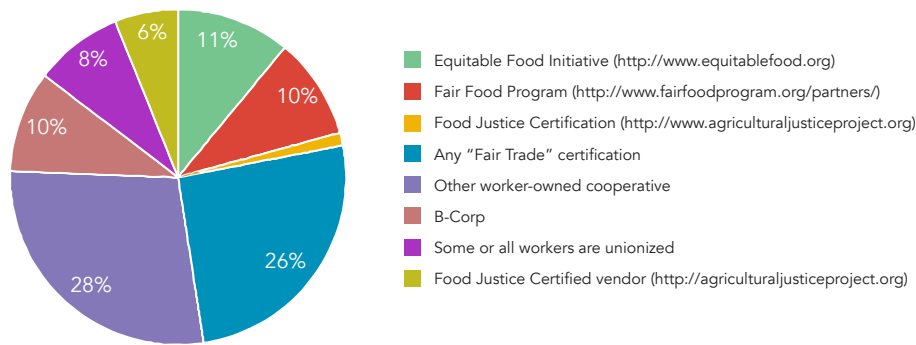


Participants were also asked about business practices in food sourcing from vendors, producers, and potential business partners. About 90 percent of participants felt that sourcing from businesses that share their same values was most important when seeking potential business partners. Fifty-three percent of participants said they ask about employment practices when purchasing foods from a vendor or producer. This signals a shift in thinking for entrepreneurs from a solely price-point focus to one that is at best a balanced approach between price and principles.

Participants were asked about where they were currently sourcing their ingredients and if those partners held any third-party certifications. The survey found that exactly 50 percent of participants sourced their foods from one or more worker-owned cooperatives. Cooperatives were the top source of ingredients, followed by suppliers with any “Fair Trade” certification, Equitable Food Initiative (<http://www.equitablefood.org>), Fair Food Program (<http://www.fairfoodprogram.org/partners/>), B-corp certification, some or all workers being unionized, Food Justice Certification (<http://www.agriculturaljusticeproject.org>), and those being a Food Justice Certified vendor (<http://www.agriculturaljusticeproject.org>). The graph below highlights the range of certified food producers that restaurants source ingredients from.

Graph 2

Do you source ingredients from farms and food producers who hold any of the following third-party certifications?



Individuals of undocumented status make up a great portion of those employed in the restaurant industry. Administrative policies can impact the ways restaurants run and who they employ. We asked survey participants if they felt that current immigration policies implemented in the United States have made it difficult to adequately staff their businesses. 50 percent of participants felt that current immigration policies have made it difficult to adequately staff their businesses, and 50 percent felt they did not. However, 36 survey participants opted to “skip” the question instead of answering. This could possibly have been due to fear of possible retaliation by partners, employers, or employees if participants were to answer “yes” or “no.”

50%

felt that current immigration policies have made it difficult to adequately staff their businesses.

Fabulous Freddie's Fighting for Fair Food

Fred and Denise Bertucci opened Fabulous Freddie's Italian Eatery in 1990 in the Chicago neighborhood of Bridgeport. It started as an exclusively family-run business and has since expanded to employ people outside of the family. It originally was about $\frac{1}{3}$ of the current size with only a grill, deep fryer, and freezer. Over time, Fabulous Freddie's purchased both the first and second floors of the building and has become a profitable business to this day. It is mainly known for its large portions such as their Italian Beefs, Sausages, Meatballs, Italian Ice and much more. Due to the high demand of their food, they have had to employ more people to fill necessary positions such as delivery drivers, catering staff, cooks, etc. Fabulous Freddie's restaurant manager, Joseph Passarelli is a relative of Fred Bertucci and has been a part of Fabulous Freddie's for as long as he can remember. In an interview conducted in June of 2018, he highlighted his main priorities with food sourcing as having nutritious food for customers, followed by worker well-being, environmental sustainability, local economies, and animal welfare, in that order of importance. Passarelli stressed that the food served in Fabulous Freddie's highlights the values of the restaurant. When asked to speak further on this point, Passarelli said, "When you give a customer bad food and they remember it, why would they come back? They have no reason to. Freddie's is all about giving customers tasty food to keep them coming back and to spread the word to their loved ones. They win and we win this way. We're a family run business and we like to treat customers as if they are a part of the family too."

However, Fabulous Freddie's has come across some difficulty when sourcing their food. Their main challenge has been finding the best quality of food at a fair price. Passarelli explains how charities such as the Charles Tillman Foundation partnerships and donations has benefited Freddie's. The restaurant has mainly grown through word of mouth and do not have many advertisements throughout Chicago but has still managed to be stable over the years. The topic of the current administration's policies was also touched upon during the interview. Passarelli explained his frustration with the current immigration policies that have made it extremely difficult to employ immigrant workers due to fear of the current political and social climate. This has made it extremely difficult to employ more people to fit the necessary positions needed to keep Fabulous Freddie's running as efficiently as it has been over the previous years.

CHAPTER 2



The restaurant industry is represented by a wide range of “high-road” actors who have organized restaurant owners and workers to secure workplace justice, fight poor conditions and low wages, partner with accountable restaurants, promote ethical and sustainable practices, and so forth. However, there are also association lobbies on nearly every issue affecting the food system, from opposing the implementation of basic workers’ rights to giving restaurant owners the choice of not enforcing living wages, among other “low-road” practices.

Representing food workers justice movements, the Restaurant Opportunities Centers United (ROC United) is one of the nation’s most prominent worker centers. Its strategies have drawn fire from business groups and restaurant industry lobbyists.³ ROC United thus has become a significant actor in defense of union and labor regulation efforts with members in numerous cities across the country. It operates to improve wages and working conditions for the restaurant workforce nationwide. With over 25,000 restaurant employees, over 500 high-road businesses, and thousands of involved consumers unified for improving restaurant industry standards.

Moreover, organized by ROC United, RAISE - one of the leading restaurant workers’ rights advocacy association in the country - represents all sectors of the foodservice industry. RAISE is a high road employer advocate and employer peer network that creates technical and

training assistance, tools and resources for employers who seek assistance in becoming high road. Advocating for employee equity as well as giving employers the tools for their business to become equitable. The organization embraces leaders dedicated to sustainable business models that stand up for living wages, basic benefits, fair promotion policies, and other “high road” employer practices that raise industry standards so employees work with dignity.

Furthermore, the Sanctuary Restaurant movement is a project of ROC United that counts with the participation of thousands of workers, diners, and partners nationally. The Sanctuary Restaurant movement supports restaurant workers, owners, and consumers who believe that diversity makes people stronger. The respect for human rights of immigrants, refugees, people of all genders, faiths, races, and sexual orientations is established as the central element of the movement. Although, a sanctuary restaurant doesn’t offer workers legal protection from deportation, the program offers assistance and resources to workers, restaurants, and consumers that are willing to produce a more inclusive and fair world.

The Food Chain Workers Alliance is another important organization for the improvement of the food system. The Alliance is a coalition of worker-based organizations, uniting to raise wages and working conditions for the workforce along the food chain. The Alliance operates to create a more sustainable food system that values workers’ rights, based on the principles of social, environmental, and racial justice, in which everyone has access to healthy and affordable food.

Lastly, the National Restaurant Association represents and advocates for the food industry interests and is one of the largest foodservice trade organizations in the world. The association is very active in fighting efforts to raise the minimum wage nationwide, as well as laws requiring paid sick leave. In July 2013, it effectively lobbied against increases in the minimum wage in 27 of 29 states and obstructed paid sick leave legislation in 12 states.

³ Greenhouse, Steven (January 16, 2014). “Advocates for Workers Raise the Ire of Business.” The New York Times.

CONCLUSIONS

In summary, our research found that high-road food employers have a high interest in food sourcing that not only benefits their values, but also builds partnerships that would benefit the food chain overall. About 98% of participants agreed that if there was a free service available to connect them with vendors and producers that shared their same values, they would sign up for it.

Through RAISE (Restaurants Advancing Industry Standards in Employment), business owners meet peers who champion living wages, basic benefits, and fair promotion policies, among other high road employer practices. Participating restaurants work together to sort through the business models for an industry good for our communities, our economy, and their bottom line. By participating in RAISE, they commit to and advocate on behalf of improving wages and working conditions for restaurant workers across the nation. Before this research was conducted, it was unclear if those employers also cared about labor conditions in their supply chain, environmental sustainability, animal welfare, and local economies. We can now claim with certainty that these issues are all of great import to restaurateurs represented in this sector of the market.

98%

*would sign up
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RECOMMENDATIONS

Significant improvements can be made by various actors to ensure our food system lives up to its potential. Using the five categories that define “good food” covered in this report - valued workforce, environmental sustainability, animal welfare, local economies, and nutrition - we have identified a series of activities and actions that policymakers and consumers can take to continue to accelerate the market shift/movement/transition towards good food.

POLICY MAKERS:

- Reward good food enterprises with tax incentives and other direct financial support. Good food practices benefit the workforce, our shared environment, and our local economies. It is incumbent upon policy makers to see these businesses as priorities for their communities.
- Develop local and state “incubators” for new and emerging small and medium sized enterprises that want to engage in good food practices.
- Support “boot camps” for existing businesses that want to transform their practices to a good food model.
- Develop local databases that track good food practices by employers.

CONSUMERS:

- Campaigns to hold food corporations accountable need the support of consumers to help strengthen the collective voice of good food advocates. Consumers can get involved in good food campaigns in a variety of ways, including attending events, signing petitions, speaking to employers, or using social media.
- Consumers can also support good food by purchasing products from companies that are fair trade, union-made, or meet the good food standards. Look for certification labels that tell you if a food product was made with good labor standards. Fairfacts.thedfta.org provides an evaluation of the major fair trade labels. Also check out the Fair World Project’s evaluation of fair trade programs’ impacts on farmworkers at bit.ly/FWP-farmworkers.
- Download ROC United’s Diner’s Guide App: <http://rocunited.org/diners-guide/>.

ABOUT THE AUTHORS

The Food Chain Workers Alliance (FCWA) was founded in 2009 to overcome the challenges of grassroots labor efforts operating in isolation across the national food chain and to lift up the voices of food workers in the growing sustainable food movement. With 30 member organizations, the FCWA has a unified vision and defined set of organizational priorities: to build a more sustainable food system that respects workers' rights, is based on the principles of social, economic, and racial justice, and in which everyone has access to healthy and affordable food.

Through joint organization campaigns, worker retreats and trainings, policy advocacy, and consumer education, the Alliance is working towards a more sustainable food system that goes beyond fresh and local food and fully incorporates practices of justice. The FCWA presents a unique model of cross-sector labor organizing, one that builds strategic alliances between labor unions, worker centers, and non-profits. By providing a space to approach the struggles of food workers from a system-wide perspective, the FCWA not only functions as a collective voice for workers, but also allows for these workers to speak in the national conversation on food, economic, and social issues, including federal legislative issues such as the minimum wage.

OUR MEMBERS

Brandworkers International	Organization United for Respect
Burgerville Workers Union	Pioneer Valley Workers Center
California Institute for Rural Studies (CIRS)	Restaurant Opportunities Centers United
Cincinnati Interfaith Workers Center	Retail, Warehouse, and Department Store Workers Union
Comité de Apoyo a los Trabajadores Agrícolas (CATA—The Farmworker Support Committee)	Rural and Migrant Ministry
Community to Community Development	Rural Community Workers Alliance
Fair World Project	Street Vendor Project (NY)
Familias Unidas por la Justicia	Street Vendors Association (Chicago)
Farmworker Association of Florida	Teamsters Joint Council 7
International Labor Rights Forum	United Food and Commercial Workers (UFCW) Local 770
Laundry Workers Center	UNITE HERE Food Service Division
Migrant Justice	Warehouse Workers for Justice
Mississippi Workers Center for Human Rights	Warehouse Worker Resource Center
Northwest Arkansas Workers Justice Center	Workers Center of Central New York
	Worker Justice Center of New York
	Young Workers United

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The Food Chain Workers Alliance is a coalition of worker-based organizations whose members plant, harvest, process, pack, transport, prepare, serve, and sell food, organizing to improve wages and working conditions for all workers along the food chain.

