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Hidden Profit

Mark Wagner

Optimize your profits and become more sustainable by managing your trash flow

More than four decades ago, the first national waste hauling company started with a single garbage truck. In 1968 that same company became a part of the Fortune 500. Today there are several players in the market, sharing a portion of a \$52 billion-a-year industry.

Waste haulers have become innovative in disposing of waste and the byproducts created by the waste. Many have developed secondary profit centers from landfill gases, producing energy from customers' trash. They are also taking the landfill gases and producing liquefied natural gas to power their own trucks. The use of trash to generate energy is an efficient way to enhance their profitability. This process can also reduce the environmental impact caused by trash processing.

How Your Business Benefits

If your restaurant is located in an exclusive franchise waste hauling area, you cannot get competitive bids to reduce hauling costs on the trash portion of your waste. However, you can dramatically alter costs by optimizing your service level. Reduced service levels can be achieved by deflating the waste before the hauler does it for you and by diverting 100 percent of your cardboard into the recycling dumpster. If you have single-stream recycling, this also helps by diverting more of your volume away from the landfill.

If you recycle your materials and manually compress waste, you can achieve a 40 to 60 percent volume reduction, with an attendant reduction in waste hauling costs—even in exclusive franchise markets. However, some service areas have pricing that can make a reduction of waste volume not match the corresponding rate change (e.g., a 50 percent reduction in volume could equal a 40 percent rate change).

In these limited or franchisee areas, recycling can be negotiated with multiple sources. The process of recycling is protected under federal guidelines from city or county controls. In city or franchised areas, your best bet for savings is reviewing pricing for the recycling volumes your restaurant produces with several vendors.

Potential Challenges

All the while, there are a few challenges your restaurant must balance in order to save money in non-franchised markets. Consider the following:

- Review your contracts for any rollover clauses that automatically extend the contract length. Have them removed so you can rebid prior to the end of the contract.
- Fuel surcharges and taxes are charged on the overall cost of your bill. If you can lower your bill, you will lower your surcharges and taxes.
- Avoid extra pickups off of the schedule as this can lead to substantial charges. Reducing trash volume and staging it can prevent extra pickups.
- Landfills are reaching capacity, and many cities are fighting to find land suitable for a landfill. This will drive up prices even more in the future as trucks will have to cover more miles. If a landfill raises its prices or a city or county increases taxes, the hauler can automatically raise your price to cover the added expense. Reducing trash volume without compacting can reduce the impact of increased taxes. However, deflating waste at the restaurant will lower your hauling expenses, but will not help in reducing landfill volumes.

Improving Your Profits

Finding the money hidden in your trash can be a simple approach with the right procedures and tools in place. The first area of concern is recycling or diversion, which will lower your overall trash volumes. Here are some of the ways to improve your restaurant's profits:

- All boxes must be broken down inside of the restaurant because they end up filling your dumpster if not flattened. (Some employees will even throw cardboard into the waste dumpster.) These boxes are a place to hide stolen food, which can drive up food costs. The National Restaurant Association says internal theft accounts for 3 percent of annual costs.
- Check with your waste hauler to see if they have single-stream recycling, which will accept all types of materials within the same dumpster. Normally they use a cardboard dumpster, to which you can add plastics, metal cans and glass. This diverts even more materials out of the trash dumpster and may lower your service levels in some restaurants.
- Managers must make sure dumpsters are the correct size and picked up on the correct days. Sales are the perfect indicator of trash volumes and should be reviewed when selecting days of service for trash. Truck delivery days should be the indicator for cardboard service, which should be set one day after deliveries. In some service areas, you will not be able to change the days of service as the hauler dictates the service days based on a route, but you can still change the size of the dumpster to reflect your new volumes.

Benefits of Compacting

A simple approach to reducing your remaining waste in the restaurant can yield numerous financial benefits. The process involves a mechanical/manually operated compactor that will reduce the waste volume by 40 to 60 percent and will help in staging/transporting the deflated waste efficiently. The financial ancillary benefits that flow from this approach include the following:

- Waste hauling cost reduction of 40 to 60 percent from the reduction in dumpster size and/or eliminating day(s) of service is possible with the use of a manually operated deflator system. This approach has been verified by use in thousands of quick-service and full-service restaurant sites over the past 15 years. Waste consultants have implemented this approach after right sizing their clients and still are able to get price reductions for their clients of 20 to 60 percent. QSR style restaurants have huge amounts of air in their trash from cups, plates, paper trays and other items that can be compressed. Full-service restaurants have plenty of air in items such as plastic containers, 5-gallon oil containers, cartons and paper trash that can also be reduced.
- Reduction of future increases in waste hauling costs (e.g., gas surcharges, taxes and price increases) by 40 to 60 percent due to lower waste volume/costs produced by manually deflating your waste. In most markets, the weight per cubic yard allowed as loose trash is 200 to 300 pounds. This allows for a 4 cubic yard dumpster to hold 800 to 1,200 pounds per pickup. Most restaurants will not produce this weight even after manually compressing their trash. (Some buffet-style restaurants will exceed this weight due to the large amount of food waste produced on a daily basis.)
- The system can help lower food costs by making internal theft via trash and recycling runs more difficult. The No. 1 reason a back door of a restaurant is opened is to move trash and recycling items. By reducing the number of trips out the back door, the opportunity for theft is reduced and the security of the restaurant is improved. As an additional theft prevention method, some restaurants will even introduce a trash run process we call "break shifting," which does not allow the removal of trash by the team that produces it.
- Reduced trips or backdoor openings will improve energy conservation from reducing the use of air curtains and air conditioning going out the door. By reducing the volume of the trash and placing four to six slim jims into one manually compressed bag, you can reduce the time and number of backdoor openings related to trash runs.
- Fewer trips to the dumpster are largely offset by man hours employed in compacting the trash.

By changing the volume and processing of your waste via diversion, recycling, breaking down or manual deflation before the waste hauler picks up your waste and recyclables, your company can avoid paying for air space or lost space in your dumpster. By optimizing your waste and recycling processes, you can find the profits hidden in your trash and become more sustainable in the future.

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