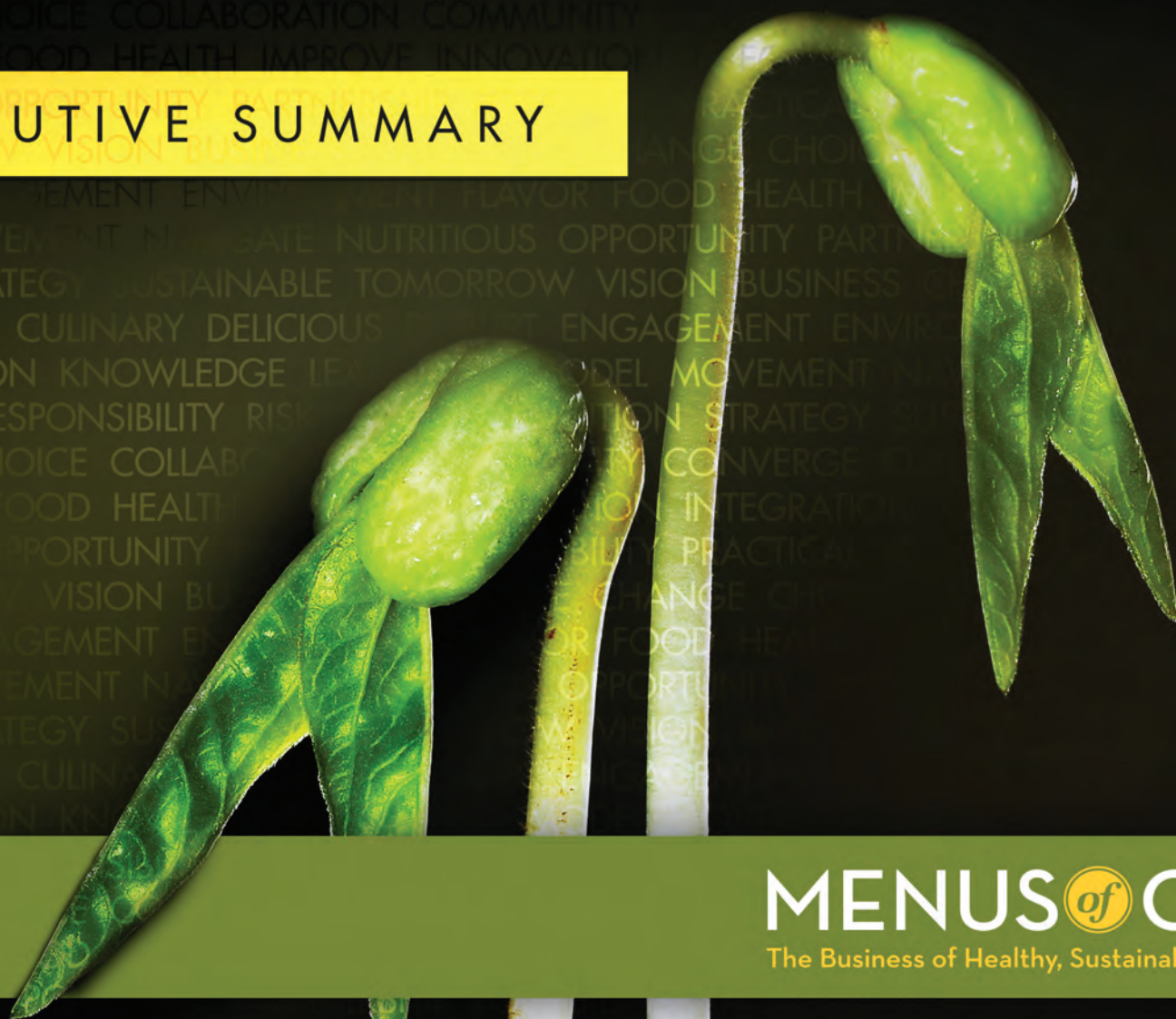


EXECUTIVE SUMMARY



MENUS^{of} CHANGE[™]

The Business of Healthy, Sustainable, Delicious Food Choices

2013 ANNUAL REPORT

CHARTING THE FUTURE OF FOOD & THE FOODSERVICE INDUSTRY



HARVARD | **SCHOOL OF PUBLIC HEALTH**

Department of Nutrition



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I. MENUS OF CHANGE: AN OVERVIEW

FOOD MATTERS. THIS IS A LONG-HELD BELIEF AND PASSION OF OURS, AND OF CHEFS AND BUSINESS LEADERS THROUGHOUT AMERICAN FOODSERVICE.

Fifty years ago, most people ate at home and restaurants were largely about special occasions; our industry was much smaller and our challenge was to delight our customers with memorable food and hospitality. Our collective business success has long been tied to reimagining the elemental role that food plays in our lives, including nurturing relationships and building community. In many respects, that is still what drives innovation and growth in our industry, even as chefs, entrepreneurs, and business leaders find themselves operating today on a very different playing field. As the sector has grown to \$660 billion in revenues and consumers have increasingly turned to chefs to do the cooking, the impacts of away-from-home food choices have also grown.

The fact of the matter is that chefs now are responsible for everyday meals, not just celebrations. Indulgence is still part of their creative process, but they must now also think about the health and well-being of their customers and help them follow their aspirations for a more balanced diet, rich in nutritious

foods that are sourced consciously. This includes customers buying prepared foods at the supermarket, on-the-go lunches near work, or family meals at their favorite restaurant. At the same time, chefs are called upon to be educators, advocates, and guides through the complexities of our food system; they must be informed about key issues so that they can educate their customers who increasingly look to them to help when deciding what to buy and what to eat. Chefs matter.

A host of imperatives have reshaped how we view the scope of our concerns and responsibilities. From the pressing issues of obesity and diet-linked healthcare costs to the plethora of values and ethical views of our customers, our business has clearly changed. As we look to the future, with increased competition for declining resources, rising global populations, upward pressures on food costs, seismic changes in demographics, and more, it's obvious that business models and strategies will need to be adjusted—in some cases, substantially.

With the launch of our new Menus of Change initiative, a partnership with Harvard School of Public Health—Department of Nutrition, we are calling on chefs and industry leaders to help foster this change and to move beyond sometimes reactive, short-term business planning to a more integrated, pro-active, forward-looking planning framework that acknowledges our need to continually re-invent ourselves and our businesses in anticipation of an ever faster pace of change ahead.

At the CIA, thought leadership and social responsibility are now as much a part of who we are as our commitment to advancing the culinary arts and technical standards of excellence—a commitment we reaffirm every day when both educating tomorrow's leaders and collaborating with today's decision-makers to further our industry. These are not separate concerns. To build a next generation of food choices and foodservice concepts that truly embrace health, sustainability, food ethics, and an accelerating diversity of consumer preferences, we need to spark more creativity and culinary insight in the form of successful business strategies that center around the best tasting food we can possibly produce and prepare.

From the consumers' perspective, taste and the "food experience" trump nearly all else, and therefore should be at the core of what drives innovation. Efforts to inspire new menu development, and advance public health and lighten our environmental footprint, will fail if customers don't find what's on their plates to be delicious, even craveable. That deliciousness starts at the source, and we must cultivate it at every stage of production, all the way to the plate.

We invite you to join our table, and this Menus of Change dialogue about the future of food. Come taste with us, explore the flavors that are going to redefine professional cooking, and add your voice to how we should be thinking—carefully, comprehensively—about what's ahead, five, 10, and 20 years from now.

In 2050, when world population will swell to nine billion, this year's bright, young culinary graduates will be firmly established in leadership positions in our industry. Let's work together today to forge out of the dark clouds of current challenges a new and bright horizon of opportunity—and new vectors of creativity and innovation—that truly secures their future, and the future of our industry.

Dr. Tim Ryan

President

The Culinary Institute of America



II. WELCOME TO MENUS OF CHANGE

Americans have never been more concerned about what to eat. And yet, more of us are asking chefs and the foodservice industry to make more choices, more often, about what ends up on our plates. Today, 48 percent of consumer food dollars are spent on food prepared in restaurants.

Those choices affect not only what's for dinner. They affect public health, the environment, culinary culture, and the profitability of dining establishments. Long-term trends, ranging from rising rates of obesity to climate change, already are reshaping opportunities and costs for the industry, from the largest foodservice and restaurant groups to small, independent eateries.

The good news is that the latest findings about what to eat from both public health and environmental science research are now converging with business needs and opportunities. Serving less meat, for instance, can help improve diners' health, reduce the level of greenhouse gases and pressure on limited resources such as water, and, if done carefully, enhance restaurants' bottom line.

The Menus of Change initiative, a partnership of The Culinary Institute of America and Harvard School of Public Health—Department of Nutrition, aims to do the essential, difficult, and unprecedented work of integrating the latest findings from both nutrition and environmental science into a single set of recommendations to help foodservice and culinary professionals make better choices and successfully navigate the rapidly changing landscape

This annual report is a part of that mission. It aims to advance a long-term, practical vision that integrates optimal


nutrition, environmental stewardship and restoration, and social responsibility within the foodservice industry. It represents a “GPS” to guide you through the key issues that face the foodservice community, and includes recommendations for improving business performance. It also provides a dashboard to show the progress the industry has made over the past year—where it is moving fast and where it needs to make greater efforts. The indicators on the dashboard will help businesses to evaluate their own efforts in the areas that matter most. For culinary professionals and R&D teams, there also is a comprehensive set of principles to guide menu development and design.

Along with the report, the Menus of Change initiative hosts an annual leadership conference for food-industry executives, culinary leaders, investors, entrepreneurs, and change makers to foster collaboration and speed progress in critical areas. It also informs educational programs for working chefs and culinary students at The Culinary Institute of America, and offers a platform to bring together culinary and investment professional to promote innovation in healthy and sustainable food concepts.

All of this work is supported by the energy, vision, and effort of two remarkable groups: the CIA Sustainable Business Leadership Council, made up of forward-thinking executives and chefs, investors, and change makers, and the CIA-Harvard Science and Technical Advisory Council, which brings together leading scientists and other experts working in the areas of nutrition, environment, food and agriculture, and business and management. Over the next several years, these two councils will continue to meet in an ongoing effort to help the industry sharpen its focus on the issues where it can make the greatest difference and combine rapidly evolving science and business imperatives to provide clear guidance to the profession.

The CIA and Harvard School of Public Health invite businesses to use this report to measure their progress and to navigate new and complex challenges. Not all culinary professionals and foodservice companies will take the same path forward. But most increasingly have a similar goal: to create and grow successful businesses serving healthy, sustainable, and delicious food.





III. EXECUTIVE SUMMARY: A TASTE OF WHAT'S TO COME

PEOPLE. PLANET. PROFIT. THE "TRIPLE BOTTOM LINE" IS THE HOLY GRAIL FOR 21ST CENTURY BUSINESSES. BUT FOR RESTAURANTS AND FOODSERVICE, THE QUEST TO BOTH DO GOOD AND GROW CAN SEEM QUIXOTIC: GIVE THE PEOPLE WHAT THEY WANT AND THEIR HEALTH MAY SUFFER, FOR MAN CANNOT THRIVE ON A DIET OF BURGERS, PIZZA, FRIES, AND SODA. BUT GIVE THEM WHAT IS HEALTHY, LOCAL, AND SUSTAINABLE AND THE BUSINESS MAY OR MAY NOT SURVIVE.

The Menu of Change report is designed to help foodservice and culinary professionals balance competing priorities and make the hard choices that will allow them to continue to ably serve their customers, grow their businesses, and tackle key health and environmental imperatives—well into the future. It surveys the culinary and business landscape, highlighting the latest innovations and profiling companies in food production, distribution, and foodservice that have made healthy, sustainable food an ingredient for success. The report also includes commentary from a select, diverse group of chefs and restaurant operators about what challenges and opportunities they believe the future holds.

The centerpiece of Menu of Change is a concise analysis of 13 issues that sit at the intersection of public health, the environment, and the business of food. These summaries synthesize the latest health and environmental data to provide a clear picture of the industry's challenges and opportunities, as well as practical next steps for foodservice operations. The report also assigns each issue a score that rates the industry's efforts in these critical areas. These scores are featured in a summary dashboard on page seven.

Menu of Change's scores will be updated annually so that executives, entrepreneurs, and food-reform advocates can see at a glance where progress is being made and where there is still work to be done.

AMONG THE ISSUES COVERED ARE:

Protein Consumption and Production:

For the first time, Americans are eating less meat. Between 2011 and 2014, U.S. beef consumption is expected to decline by more than 12 percent. This may result in a small boost for health in the United States. But the growing demand for meat in the developing world means that intensive production will continue to adversely impact the environment. Chefs should create and market new and delicious plant-centric foods, and feature meat in smaller portions, less frequently and focus innovation on the menu value proposition.

Fruit and Vegetable Consumption and

Production: More than 90 percent of American farmland is planted with commodities such as corn and soybeans, rather than the fruits and vegetables that need to be more central to our diets. The average American eats just 1.6 servings of whole fruits and 1.4 servings of whole vegetables, less than half of what's recommended: enough to fill half our plates. Chefs should not feel constrained to exclusively support local growers—in some cases, produce grown farther away can have a lower environmental impact—but they should work with well-managed farms and distributors to incorporate more produce into seasonal menus.

Fish, Seafood, and Oceans: Over fishing is rampant in the vast majority of the world's fisheries. But pushing fish from the plate is not the answer. Chefs must expand choices beyond the usual shrimp, salmon, tuna, and white fishes in favor of a wider

variety of fish from responsibly managed wild fisheries and aquaculture facilities and use their influence to persuade diners to try new species that reflect what the ocean ecosystem can sustainably provide.

Climate change: More intense and frequent weather swings will bring unprecedented challenges to the farming community and, as a result, the foodservice industry. Chefs must work to source ingredients from farmers who use sustainable practices, as well as prioritize low-carbon foods on their menus. Chefs also must work to reduce their own environmental impact, as foodservice facilities have the highest energy intensity per square foot among commercial buildings in the United States.

Supply Chain Transparency and Resiliency: The efficient global food chain has successfully kept food cheap in the United States, but signs of strain are beginning to show. Severe weather and consumer panics over deadly bacterial outbreaks and mislabeled meat and seafood have cost millions of dollars and shaken, perhaps irrevocably, consumers' faith in the system. Foodservice operators must embrace technology, such as mobile data collection, to ensure a safe and steady supply of food.

Finally, Menus of Change provides comprehensive guidance for menu design that supports the triple bottom line. The **Principles of Healthy, Sustainable Menus** outlined here feature essential culinary strategies tied to sourcing, flavor insight, portion size, calorie quality, and more that are needed to increase the likelihood of success of new business models. Together, they point to a clear path to a new, more sustainable future for the culinary and foodservice sector.

STATE OF THE PLATE

How are we doing? Sometimes it's hard to tell. The Menus of Change dashboard on the next page provides a snapshot of the foodservice industry's recent progress to improve nutrition, sustainability, and profitability. Its scores on critical issues that affect the foodservice industry will be updated annually to show where progress is being made. It also creates a set of standards, which are designed to be used by businesses to judge their own efforts on sustainability.

DASHBOARD SCORE KEY:

The scores assigned to each issue indicates progress or lack thereof in the food industry and/or culinary profession over the last 12 to 18 months, as follows:



1: SIGNIFICANT DECLINE OR REGRESS



2: GETTING BETTER, BUT FAR FROM WHERE IT NEEDS TO BE



3. NO SIGNIFICANT PROGRESS
















4. GOOD PROGRESS, WITH ROOM FOR MORE

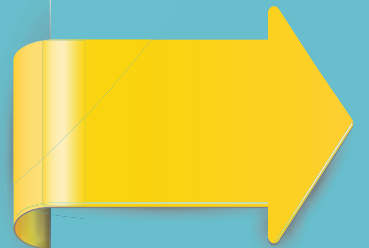


5. SIGNIFICANT PROGRESS

2013/2014 MENUS OF CHANGE DASHBOARD

ISSUE	SCORE	JUSTIFICATION
DIET AND HEALTH: RECENT TRENDS		Modest improvements towards healthier diets include a large reduction in the intake of trans fats, a small reduction in sugar-sweetened beverages, and increase in whole fruits and whole grains.
PROTEIN CONSUMPTION AND PRODUCTION		Red-meat production and consumption in the United States is falling for the first time. Menu innovation is a contributor to progress.
FISH, SEAFOOD, AND OCEANS		Foodservice companies understand the importance of change, but implementation remains slow, and consumers remain unsure of how to make smart choices.
FOOD INSECURITY		The prevalence of food insecurity nationally has risen over the last decade and remains stagnant. The food industry should do more among the sector's very large workforce.
CLIMATE CHANGE		Modest but insufficient progress to date on food waste reduction and increased plant-centric menu innovation, but global supply chains remain brittle.
HEALTHCARE VERSUS HEALTHY FOOD SPENDING		Innovative programs are starting to link health care and healthy eating. But the connection is far from universal and more education is required.
ANIMAL WELFARE		Awareness is growing and important innovations are underway, but most meat still comes from industrial farms where conditions are not aligned with consumer ethics.
LOCAL FOODS AND THE FARM-TO-TABLE MOVEMENT		Increased sales of locally grown foods demonstrate progress, but the U.S. food system must dramatically change to meet population-wide health and sustainability imperatives and support consumer aspirations for more local and regional flavors.
CONSUMER ATTITUDES AND BEHAVIOR ABOUT HEALTHY AND SUSTAINABLE FOOD		Consumers remain confused by basic definitions of "healthy" and "sustainable." Consumers need to understand that choosing better ingredients is only a partial solution, along with changes to what and how much to eat.
CHEFS' INFLUENCE ON CONSUMER ATTITUDES		Chefs are very engaged in the movement for sustainability. But there needs to be additional focus on portion size, nutrition, and public health.
SUPPLY CHAIN RESILIENCY AND TRANSPARENCY		Supply chains remain opaque with serious consequences, including a growing consumer suspicion that some foods are not safe.
INNOVATIONS IN THE FOOD INDUSTRY		There is much experimentation, but dynamics that propel active capital investments are still new and evolving.
CHANGES IN INVESTMENT STANDARDS		Food companies have made improvements in defining and disclosing sustainability challenges and opportunities. Investors still see significant risk, particularly with regard to resource constraints.

OUR VISION



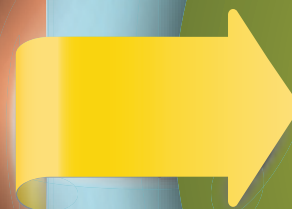
OUR VISION



HEALTHY, SUSTAINABLE
AND DELICIOUS



BUSINESS MODELS
AND STRATEGIES



MENUS^{of}CHANGE™

The Business of Healthy, Sustainable, Delicious Food Choices

THE FUTURE OF FOOD

INTEGRATED GUIDANCE FOR
BUSINESS AND CULINARY LEADERS

GPS: A MODEL FOR CHANGE





“Supply-chain transparency, investment strategy, and innovation are now connected to health and global sustainability issues. The pace of innovation is picking up, along with the investment to fuel it.”

VII. PRINCIPLES OF HEALTHY, SUSTAINABLE MENUS: EXECUTIVE SUMMARY

The Principles of Healthy, Sustainable Menus, an outgrowth of the Menus of Change™ Leadership Initiative co-presented by The Culinary Institute of America (CIA) and Harvard School of Public Health (HSPH) Department of Nutrition, represent unique guidance for the foodservice industry. They incorporate findings from nutrition and environmental science perspectives on optimal food choices, trends in consumer preferences, and impacts of projected demographic shifts in order to provide culinary insight and menu strategies that build on promising innovation already occurring in the sector.

The principles anticipate that fast-moving, mid- and long-term global trends will increasingly reframe how we think about food and foodservice in the United States. They also consider that the rise in diet-related chronic diseases suggests that many of today's food and foodservice business models cannot hold unchanged for the long term. The principles outline pivotal culinary strategies designed to increase the odds that customers will reward pioneering and innovative restaurants and other industry operations with their business.

In short, the Menus of Change Principles offer a guide to optimal menu design and innovations for future culinary development to promote the foodservice industry's abundant creativity and entrepreneurial dynamism in support of a future of tremendous opportunity.

What follows is an executive summary version of the Menus of Change Principles. The expanded version can be found online at www.menusofchange.org.

THE PRINCIPLES

MENU CONCEPTS AND GENERAL OPERATIONS

1. Be Transparent. Let customers know how your food was produced, including information on labor, animal welfare, and environmental practices. Inform your customers about calories and nutrition.

2. Fresh and Seasonal, both Local and Global. Source fresh, peak-of-season foods from farms that use more sustainable growing practices, including local producers and those in more distant regions.

3. Reward Better Agricultural Practices. Shift purchases to farms and ranches that protect and restore natural systems and reduce greenhouse gas emissions through effective management practices.

4. Globally Inspired, Largely Plant-Based Cooking. Increase the ratio of plant-centric foods and preparations to those from animal sources, leveraging flavor strategies of traditional food cultures around the world to support menu innovation.

5. Focus on Whole, Minimally Processed Foods. Emphasize slow metabolizing calories, and leave room for healthy processed foods—from frozen vegetables to low-sodium tomato paste and canned beans.

6. Grow Everyday Options, While Honoring Special Occasion Traditions. Expand everyday food and menu choices that embrace current nutrition and environmental science.

7. Promote Health and Sustainability Through Inspiring Menus. Lead with messages about flavor, rather than actively marketing health attributes.

8. Right Size Portions. Reduce portion sizes without undercutting profits by changing the value proposition for customers from an emphasis on quantity to a focus on flavor, culinary adventure, new menu formats, and the overall dining experience.

9. Celebrate Cultural Diversity. Savor our culinary heritage while reimagining those elements of culturally-based food traditions that may be less healthy by limiting portion size, rebalancing ingredient proportions, or offering these foods less often.

10. Design Operations for the Future. Create kitchens that support the optimal, environmentally friendly preparation of fresh, healthy foods, and eating spaces that lead consumers towards healthy, sustainable choices.

FOODS AND INGREDIENTS

1. Think Produce First. Focus on fruits and vegetables first—with great diversity across all meals and snacks.

2. Make Whole, “Intact” Grains the New Norm. Choose 100 percent whole-grain bread, brown rice, and whole grain and/or higher protein pasta.

3. Potatoes: New Directions for Sides. Limit your use of potatoes as a “plate filler” by combining smaller portions of them with other, non-starchy vegetables, featuring them less often, and offering healthier vegetables instead.

4. Move Nuts and Legumes to the Center of the Plate. Nuts and legumes are an excellent source of protein. They also add flavor and increase satiety.

5. Choose Healthier Oils. Fats high in unsaturated fats, such as canola, soy, peanut, and olive oils, as well as fish, nuts, seeds, avocados, and whole grains, are heart healthy. Avoid trans fats.

6. End the Low-fat Myth. Use beneficial fats, associated with optimal nutrition and healthy weight, to increase the appeal of other healthy ingredients such as vegetables and whole grains.

7. Serve More Kinds of Seafood More Often. Introduce diners to a wider variety of seafood sourced from responsibly managed fisheries.

8. Milk, Cheese, and Yogurt in a Supporting Role. Limit servings of dairy to one to two per day, leverage the flavor

of cheese in smaller amounts, minimize the use of butter, and highlight yogurt (with no added sugar) as a choice in professional kitchens.

9. Poultry and Eggs in Moderation. Both are good choices of healthier protein with a far lower environmental footprint than red meat.

10. Red Meat: Smaller Portions, Less Frequently. Feature red meat in a supporting role to healthier plant-based choices, and also experiment with red meat as a condiment.

11. Reduce Added Sugar. Turn to ingredients like fruits, whole grains, dark chocolate, nuts, and healthy oils as alternatives in desserts, and substantially reduce sugar across the menu.

12. Cut the Salt. Stop relying on salt to deliver flavor. Instead use high-flavor produce, spices, herbs, citrus and other aromatics, healthy sauces, and seasonings.

13. Reduce Sugary Beverages and Innovate. Offer smaller servings, discourage frequent consumption, and promote the products of emerging and established brands that are developing solutions in this challenging area.

14. Drink Healthy. Serve water (plain, with fruit, herbs and aromatics, or other natural flavors), plain coffee and tea, and wines, beers, and spirits (in moderation, and with caveats).

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HEALTH IMPROVE INNOVATION INTEGRATION KNOWLEDGE LEADERSHIP MODEL MOVEMENT NAVIGATE NUTRITIOUS OPPORTUNITY PART
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2ND ANNUAL LEADERSHIP SUMMIT

JUNE 9-11 2014

The Charles Hotel | Cambridge, MA

For more information, visit www.MenusOfChange.org

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