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Hospitality Sustainability Reporting: Slow, Steady Progress

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Hospitality Sustainability Reporting: Slow, Steady Progress

Abstract

In a far-reaching examination of the current status of sustainability reporting in the hospitality industry, the 2012 Cornell Sustainability Roundtable covered issues relating to sustainability reporting, customer perceptions of sustainability, supply-chain issues (both up and down the chain), the challenges of energy and water benchmarking, and innovation and best practices. The discussion highlighted the industry's continuing efforts to provide the most useful possible information on its sustainability initiatives in a format that is useful for stakeholders at all levels. Of those stakeholders, guests' attitudes seem inscrutable, since they say they support sustainability but often do not follow up on that principle in their purchasing decisions. Finding a key to unlock the guest conundrum remains a goal of all hospitality operators.

Keywords

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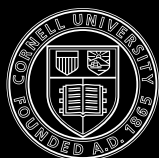
Hospitality Leadership Through Learning

Hospitality Sustainability Reporting: Slow, Steady Progress

Cornell Hospitality Proceedings
Vol. 4 No. 8, December 2012

by Eric Ricaurte, Rohit Verma, Ph.D., and Glenn Withiam

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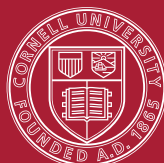
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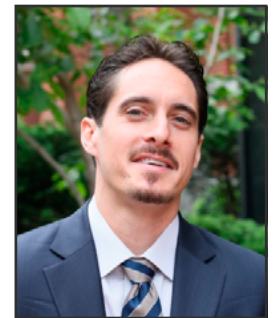
Hospitality Sustainability Reporting:

Slow, Steady Progress

by Eric Ricaurte, Rohit Verma, and Glenn Withiam

ABOUT THE AUTHORS

Roundtable co-chair **Eric Ricaurte** has helped several global hospitality companies measure and report on sustainability, in addition to his 10 years of experience in operations and consulting in diverse nature and cultural tourism projects throughout Latin America. Eric is a frequent speaker, organizer, and writer on sustainability measurement, Eric is currently a research associate at the Cornell University Center for Hospitality Research, where he focuses on sustainability measurement within hospitality and tourism. He began his research as a finalist in the Hotel School's student research competition in 2001 for his paper titled, "Carbon sequestration, offsetting, and trading, and their relation to travel and tourism." His recent industry work includes writing the *Cornell Hospitality Report* "Developing a Sustainability Measurement Framework for Hotels: Toward an Industry-wide Reporting Structure" and serving as technical consultant for Phase 1 of the Hotel Carbon Measurement Initiative, a joint program of the International Tourism Partnership and the World Travel & Tourism Council to standardize carbon metrics across the industry. His chapter, "A Guide to Measuring Sustainability" is included in *Hotel Sustainable Development: Best Practices and Principles*, published by the AH&LA Educational Institute. Eric has consulted globally for hotel properties; hotel companies; hospitality vendors; tourism operators, attractions and complexes; and tourism boards. A graduate of the Cornell University School of Hotel Administration he holds an M.S. degree in Tourism & Travel Management from New York University



Roundtable co-chair **Rohit Verma**, Ph.D., is a professor of service operations management at the Cornell School of Hotel Administration. He served as the executive director of the Cornell Center for Hospitality Research (CHR) during 2009-2012 and is currently the director of SHA's Executive Master Program Development Project. Prior to joining the Cornell faculty, he was the George Eccles Professor of Management, David Eccles School of Business (DESB) at the University of Utah. He has also taught MBA and executive development classes at several universities around the world. Verma has published over 50 articles in prestigious journals including California Management Review, Cornell Hospitality Quarterly, Decision Sciences, Journal of Operations Management, Journal of Product Innovation Management, Journal of Service Research, MIT Sloan Management Review, Production and Operations Management. His is the co-author of Operations and Supply Chain Management for the 21st Century textbook and co-editor of Cornell School of Hotel Administration on Hospitality: Cutting Edge Thinking and Practice. He serves on the editorial review boards of Production and Operations Management, Cornell Hospitality Quarterly, and Journal of Service Research.



Glenn Withiam is director of publications for the Cornell Center for Hospitality Research.



EXECUTIVE SUMMARY

The hospitality industry continues to make steady progress in its quest to find ways to document its many sustainability initiatives, but the target is a moving one, and additional issues arise each step of the way. Participants in the 2012 Cornell Sustainability Roundtable addressed current issues in reporting, benchmarking, the supply chain, and customer sustainability perceptions, as well as innovations in green operations. Due to the industry's complexity, hospitality firms may never be able to develop "one number" to benchmark or report their sustainability initiatives collectively. A major focus in reporting is to identify the key issues that matter the most to stakeholders—that is, the items that are most material to a business's impact with regard to sustainability. The value of sustainability programs to various stakeholders depends in part on the stakeholder's perspective. For owners, cost control remains an uppermost consideration, but many guests are only interested in green practices which don't diminish their experience. Often, being a "green hotel" is a tie breaker for booking the hotel when all other factors are equal. Customers are interested in green practices, but they are not currently getting the information they need. Furthermore, because sustainability is not customers' first priority, they're not seeking out green information. Even as individual guests display an "on holiday" attitude and seem unaware of green initiatives when making purchase decisions, most corporate and group planners seek sustainability information in their requests for proposals as part of their supply-chain evaluation. The hospitality industry has its own supply chain, in addition to being a supplier to other industries, which increases the complexity of reporting efforts. Most hospitality operators and their suppliers are trying to "do the right thing" with regard to sustainability, but so much of the activity occurs in the back of the house that guests simply do not see it. Indeed, the hospitality industry's focus on the customer's view of sustainability during the guest experience is itself unique. In the end, it's important to remember that the industry creates value from its operations, and one of its chief impacts is to foster secondary businesses in many destinations.

Hospitality Sustainability Reporting

Slow, Steady Progress

by Eric Ricaurte, Rohit Verma, and Glenn Withiam

In a far-reaching examination of the current status of sustainability reporting in the hospitality industry, the 2012 Cornell Sustainability Roundtable covered issues relating to sustainability reporting, customer perceptions of sustainability, supply-chain issues (both up and down the chain), the challenges of energy and water benchmarking, and innovation and best practices. The discussion highlighted the industry's continuing efforts to provide the most useful possible information on its sustainability initiatives in a format that is useful for stakeholders at all levels. Of those stakeholders, guests' attitudes seem inscrutable, since they say they support sustainability but often do not follow up on that principle in their purchasing decisions. Finding a key to unlock the guest conundrum remains a goal of all hospitality operators.



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Marjella Alma, *Manager External Relations, Global Reporting Initiative, Focal Point USA*
Chris Brophy, *Vice President, Corporate Sustainability, MGM Resorts International*
Howard Chong, *Assistant Professor, Services Marketing, Cornell University, School of Hotel Administration*
Amy Hamstead, *Director Corporate Communications, Host Hotels & Resorts*
Fran Hughes, *Head of Programmes, International Tourism Partnership*
David Jerome, *SVP Corporate Responsibility, InterContinental Hotels Group*
Robert Kwortnik, *Associate Professor and Academic Director of The Center for Hospitality Research, Cornell University, School of Hotel Administration*
Patrick Maher, *Partner, The Maher Group*
Mark Milstein, *Director, Center for Sustainable Global Enterprise, Cornell University, Samuel Curtis Johnson Graduate School of Management*
Brian Mullis, *President & CEO, Sustainable Travel International*
Denise Naguib, *Vice President, Sustainability and Supplier Diversity, Marriott International*
Sean O'Kane, *Director, Hotel Strategic Alliances and Thought Leadership, Schneider Electric*
Raj Rajan, *Vice President of Global Sustainability, Ecolab*
Eric Ricaurte, *Principal, Greenview*
Jenny Rushmore, *Director, Responsible Travel, TripAdvisor*
Tedd Saunders, *President, Ecological Solutions and Chief Sustainability Officer, The Saunders Hotel Group*
Andrea Schnitzer, *National Program Manager, U.S. Environmental Protection Agency*
Jennifer Silberman, *Vice President, Corporate Responsibility, Hilton Worldwide*
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Katarina Tesarova, *Executive Director, Global Sustainability, Las Vegas Sands*
Bennett Thomas, *Vice President of Finance & Sustainability, Hersha Hospitality Trust*
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Rohig Verma, *Professor, Service Operations Management, Cornell University School of Hotel Administration*
Rick Werber, *VP, Engineering, Host Hotels & Resorts*
Brigitta Witt, *Vice President, Corporate Responsibility, Hyatt*

Note: The following planned participants were unable to attend due to Superstorm Sandy.

Natalie Chan, *Senior Manager, Corporate Responsibility and Sustainability, Hong Kong and Shanghai Hotels, Limited*
Maisie Greenawalt, *Vice President, Strategy, Bon Appetit Management Company*
Charmaine Ong, *Director, US Strategy, McDonald's*
Lina Serpil, *Principal Manager, Global Support, Sabre Hospitality Solutions*
Brad Waldron, *Corporate Manager, Environmental Affairs, Caesars Entertainment*



Marjella Alma, manager of external relations for Global Reporting Initiative: A large amount of sustainability information is reported, but the challenge is to sift out the material data.

Global Reporting Initiative: What Really Counts

The Global Reporting Initiative continues to expand its efforts to assist businesses in various industries and sectors to report sustainability results. Marjella Alma, manager of external relations for Global Reporting Initiative Focal Point USA (GRI), noted that numerous companies report through GRI. The number of reports has increased by 50 percent in the last few years, but she sees a problem in the large volume of reports that do not focus on material issues. The material issues are those topics that really count to stakeholders and which genuinely influence a company's approach to environmental, social, and governance issues. Thus, the GRI is working to develop a list of material topics and to gain each sector's consensus on which sustainability factors matter the most. She points out that the logical progression is to determine the topics first and then develop indicators for those topics. In many cases, industries have done this the other way around and tried to develop the indicators first.

One of the complications in the GRI's efforts is that each sector considers itself to be unique, and so GRI has issued ten sector guidance supplements to its basic guidelines (for example, in oil and gas, financial services, and media). Ironically, Alma sees many overlaps in what is reported by these supposedly different industries, which may lead to additional consensus in reporting. The next, fourth generation of GRI reporting guidelines (G4) suggests that companies simply report what is material, but she sees value in the current, third generation standard of explaining *why* a particular measure is not material and therefore should be omitted. What makes sense, she added, is that one could start with



Eric Ricaurte, principal of Greenview: In terms of materiality, water is a rising issue for hospitality firms, both in terms of water use and water discharge.

the value chain and then determine what is material and where the impacts are at each step. Based on the discussions at this roundtable, co-chair Eric Ricaurte, principal of Greenview, has compiled an outline of topics discussed at the roundtable, as shown in the appendix.¹

The continued evolution of the definitions of sustainability and green operation are an issue for any reporting effort, as pointed out by David Jerome, senior vice president of corporate responsibility for InterContinental Hotels Group. For example, "green" used to mean just pollution, but now the industry is talking about energy and carbon, among other factors, and social issues are also a matter of concern.

Water: A Critical Issue

Besides carbon, Raj Rajan, RD&E vice president, global sustainability for Ecolab, noted that water has become a critical issue in reporting, in part because the importance of saving water in one destination doesn't have the weight of water conservation in other locations. Since Ecolab has expanded its services beyond the hospitality industry, it has encountered the need to add context to reported metrics and not just put together a set of numbers as inventory. Rajan added that his firm started examining water use in the service industry and found a huge list of hospitality services

¹ For a detailed discussion of materiality issues, see: Eric Ricaurte, "Determining Materiality in Hotel Carbon Footprinting: What Counts and What Does Not," *Cornell Hospitality Reports*, Vol. 12, No. 12 (2012), Cornell Center for Hospitality Research. Also see: Eric Ricaurte, "The Hospitality Industry Confronts the Global Challenge of Sustainability," *Cornell Hospitality Roundtable and Conference Proceedings*, Vol. 4, No. 1 (2012), Cornell Center for Hospitality Research.



Raj Rajan, RD&E vice president, global sustainability for Ecolab: Water is critical in some areas, but not in others, complicating reporting efforts.



Rick Werber, vice president of engineering, Host Hotels and Resorts: Water and sewer have overtaken gas as an operating expense for some locations.

that touch water, one way or another. Thus, both internally and from the guest experience perspective, water is huge in terms of guest sustainability dimensions.

In many Host Hotels & Resorts locations, water and sewer have overtaken natural gas as an expense, said Rick Werber, Host's vice president of engineering. Properties have control over energy costs, he added, but controlling water costs is challenging. Chris Brophy, vice president of corporate sustainability for MGM Resorts International, agreed that water is a major issue, particularly given the size of MGM's properties. Echoing Werber's and Rajan's point regarding the differential importance of water, Brophy noted that the firm's Las Vegas properties have a different set of challenges than MGM's other properties given the overall challenge of using water in the desert.

Roundtable co-chair Ricaurte pointed out that issues involving water are rising globally, in terms of both water withdrawal and discharge. Whether water is material depends on the context of an operation, but a critical issue is how to address water stress in an area where a hotel property is diminishing the aquifer. In addition to that "upstream" issue of water use, Ricaurte pointed to the downstream considerations of dealing with graywater and wastewater treatment.

Tedd Saunders, president of EcoLogical Solutions and chief sustainability officer of the Saunders Hotel Group, pointed out that manufacturing companies have been dealing with some of these issues for many years, but now the issue has expanded to service industries. He also pointed to the connection of water with energy supplies. The electric grid is highly dependent on water to produce power, since water is the coolant in power plants. The many dimensions of water issues identified indicate that it will continue to rise as a material topic in hospitality.

Human rights. Water expanded beyond its status as a resource in Goa, where water use became equated with human rights issues, said Brigitta Witt, Hyatt's vice president of corporate responsibility. This went beyond consumption alone to a perception that water was being taken from local farmers. Witt added that hotel companies have ties to the local community, because that's where the employees live. One way that Hyatt connects with its communities is to offer community grants to local charities chosen by the employees. This goes beyond just giving grants, and the hotel becomes engaged in the community. Saunders Hotel Group has also implemented employee-based community philanthropy at its hotels since creating The Swan Fund for the Environment in 1992.

Human rights, and more specifically human trafficking, is the type of issue that is important even though it seems distant from hotel operations, said Jennifer Silberman, Hilton Worldwide's vice president of corporate responsibility. Hotels must address the potential for unlawful sex tourism and human trafficking in part because, although it is largely invisible, it would be a substantial problem if it were to be discovered at a hotel property. Fran Hughes, head of programs for the International Tourism Partnership, discussed ways the industry was addressing this through an ITP working group. The goals had focused on making people aware of this issue and enabling staff to identify instances, as they are emotionally connected and committed to this matter. Prevention, however, can be difficult given that events often occur outside of the hotel's operation.

Jerome added that a broader approach to protecting human rights, including forced labor, should be an industry focus. Again, he urges starting with awareness of potential problems. The industry does not usually focus on this be-



Brigitta Witt, vice president, corporate responsibility, Hyatt: Water has become equated with human rights issues in some destinations.



David Jerome, senior vice president of corporate responsibility, InterContinental Hotels Group: In addition to other impacts, the hospitality industry creates substantial wealth, as it meets guests' needs. Looking on, **Denise Naguib**, vice president of sustainability and supplier diversity for Marriott International, who pointed out that guests do want to know about hospitality impacts, for example, whether an operation is recycling.

cause it doesn't feel like an acute issue. For his part, Saunders feels that hotels should at least take advantage of the existing international certifications by taking such actions as purchasing Fair Trade tea, coffee, and chocolate.

Waste. Reporting on waste-related issues is difficult, Ricaurte suggested, because it's hard to get waste-related numbers. This is a material topic, but it may not come with a complete set of numerical indicators. Waste is a particularly difficult issue for stadiums and arenas, said Andrea Schnitzer, national program manager for the U.S. Environmental Protection Agency. The arena business has numerous parallels to the hotel business, and finding a meaningful way to measure waste is one of them. Guests do want to know whether an F&B operation is recycling, pointed out Denise Naguib, vice president of sustainability and supplier diversity for Marriott International.

Top line considerations. Mark Milstein, director of Cornell's Center for Sustainable Global Enterprise, raised the issue of whether it's possible to gauge the effect of sustainability reporting on revenue, perhaps with the creation of new products. Beyond that, he thought it would be valuable to develop a measure of the industry's overall contribution, specifically at tourism destinations where hotels are located. IHG's Jerome pointed out that this is an unspoken issue in the sustainability and impact discussion. Using its inputs, the hospitality industry creates substantial wealth while meeting people's needs for food and shelter. Beyond that, a lengthy list of organizations and destinations depend on the industry to create jobs and wealth. The hospitality industry is unique in the way it catalyzes other businesses. Silberman agreed that hotels help create secondary and tertiary businesses, but the hospitality industry hesitates to explain about the beneficial economic footprint that it creates.

Katarina Tesarova, executive director of global sustainability for Las Vegas Sands Corporation, pointed out that while their projects are large, the firm discusses the environmental impacts with a destination's governing bodies. In the development process they frequently have the opportunity to improve the environmental quality of a brownfield site, especially since available sites often have pre-existing issues.

Sustainability: The Tie Breaker

Customers' behavior around sustainability continues to be a frustrating conundrum. Roundtable co-chair Rohit Verma, professor of service operations management at the School of Hotel Administration, opened this section of the discussion by summarizing research that shows two things. First, the more "green" programs a hotel offers, the more of them a guest uses. Second, no study has established a correlation between offering green programs and customer satisfaction.

As hoteliers long ago discovered, customers indicate an interest in green practices, but they display a big gap in behavior, said Jenny Rushmore, director of responsible travel for TripAdvisor. With its database of consumers' comments on hotels, TripAdvisor has a window into travelers' views on hotel operations (primarily, leisure travelers). In a recent survey, 70 percent of travelers espoused green travel, Rushmore said, but even if they say they want to do it, the majority do not seek out green hotels. Less than 25 percent of the travelers sought out green information on prospective hotels and fewer than 15 percent claimed that they stayed at a property due to sustainability considerations. Therefore a gap appears between the interests and willingness of travelers to seek green lodging, and their purchase choices, or more importantly the ability of hotels to offer services to meet the specific interest.



Jenny Rushmore, director of responsible travel for TripAdvisor: Guests espouse green travel but do not typically choose hotels on that basis. Still, most travelers expect hotels to be green.



Mark Milstein, director of Cornell's Center for Sustainable Global Enterprise: Not only do guests expect hotels to operate in a green fashion, but they may not come back if a hotel isn't green enough—and in any event they won't pay extra for such programs.

Consumer behavior gap. Analyzing the cause of the consumer behavior gap, Rushmore cited three issues. First, green operation is not a primary purchase consideration, and she does not expect it to become so for most travelers. Instead, sustainability functions as a “tie breaker” when other considerations are essentially equal. Second, people are not generally aware of hotels’ sustainability activities, especially since so much takes place in the back of the house. Rushmore said that 70 percent of would-be customers did not know about prospective hotels’ green activities and didn’t search out information about them. Additionally, most hotels fail to make it easy for guests to know about their programs in advance of their stay. Thus consumers find it hard to determine a hotel’s sustainability status, and they won’t put in the effort to find out—reflecting the trend of “slacktivism” where consumers want to do the right thing, but with minimal effort. Third, consumers are exposed to so much marketing spin that they have become skeptical about sustainability claims. About half of the U.S. travelers weren’t sure whether to believe any hotel’s statement about green operation. Rushmore sees a value in some kind of industry “green index” that gives customers advance knowledge of a hotel’s green programs.

Milstein pointed to what he called a “new normal,” as another challenging factor for the hotel industry. Guests expect certain green programs, but neither will they pay for the programs nor will they return if those measures are missing. Although Rushmore saw no difference in attitudes by age, Milstein pointed to considerable cynicism on the part of students, who assume that any sustainability-related statement is greenwashing. At the same time, there’s a “just one night” attitude in connection with a hotel stay, where many guests see no reason to be “good” for just one night.

With regard to greenwashing, Saunders does not see the hotel industry as being singled out by cynics. He believes that an attitude of skepticism extends to almost every entity in society, including government, the press, judiciary, and business. Brian Mullis, president and CEO of Sustainable Travel International, sees a resulting problem in “green muting,” where companies are afraid to announce their sustainability initiatives for fear of being viewed as fakes. This attitude is pervasive in all areas of the corporate world.

Another barrier to increasing sales or rates by having green credibility is that guests are aware that a hotel might be saving money by cutting its carbon footprint, as in the case of the archetypal linen reuse program. Silberman sees an attitude in which guests see no reason to pay more if the hotel is more efficient as a consequence of implementing a green program. Verma added that perhaps the goal should not be to encourage the guests to pay more for green service. Instead, sustainability might be a way to cement the loyalty of certain guests or to gain favorable word of mouth.

Considering organizations with a “green” credibility, Rushmore points out that these companies generally offer some other primary benefit. For Toyota’s Prius, consumers are purchasing superior gasoline mileage, in addition to the green aspects of the car. Moreover, Bennett Thomas, vice president of finance and sustainability of Hersha Hospitality Trust, pointed to a vanity aspect for customers who purchase certain products, such as the Prius, or those who shop at Whole Foods, for example. This could also be attributed to consumer pride and also to confidence in the product or service. He noted that hotels somehow have not invoked that strategy. Tesarova added that in general hospitality firms have not found a way to offer a product that is “the” signature green product, as, for example, Toyota has done.



Jennifer Silberman, vice president, corporate responsibility, Hilton Worldwide: Defining a sustainable supply chain is challenging.



Katarina Tesarova, executive director of global sustainability for Las Vegas Sands Corporation: Unlike some other industries, the hospitality industry has not developed “the” signature green product to distinguish hotel properties.

Looking at those issues, Brophy said that in the end it comes down to the lodging experience. So the guest experience should be front and center in a hotel’s business proposition. If green is at the forefront of that experience, it should be included in the hotel’s marketing collateral and service offer. In that context, Jerome sees a discussion of sustainability as yet another way to engage the guest.

Rajan expanded on the frustration for hoteliers caused by guests’ resistance to paying for green accommodations. He suggested that the frustration comes in part from a flawed assumption that people who are able to pay more will do so. Based on a 2011 consumer goods marketing study conducted by Interbrand in both mature and developing markets, he said it is clear that consumers who are not necessarily wealthy are more willing to pay a premium for sustainable products. They do this because they not only care about the future for their children, but they are better able to see the connections between their actions and the health of the environment immediately around them. For them this is survival in terms of creating a viable environment, not just feeling good. Mullis added that he sees people in developed markets as less likely to change their behavior.

Business connection. Sustainability is a different issue for business travelers, who often are not given the possibility of choosing their hotel or chain. Naguib pointed out that corporate travel offices use sometimes lengthy lists of sustainability questions in connection with their RFP process. In part, this process is driven by corporations’ drive to have suppliers disclose their sustainability status—a focus that continues to intensify. In response, some chains are flagging their “green” properties, somewhat arbitrarily in some cases.

Concluding this part of the discussion, the participants observed the contrasting juxtaposition of the large carbon footprint caused by flying on a plane, versus the relatively

modest footprint of a hotel stay. Travelers seem not to try to reconcile those two dimensions. For example, Rushmore said that holiday makers are generally unwilling to purchase carbon offsets (for flying), even if they want to stay at green hotels. However, Mullis sees a somewhat higher acceptance rate when the offset offer is positioned as being in support of the destination. Rushmore suggested that travelers who fly somehow feel better when they know that their hotel is green.

Supply-chain Considerations

Picking up on the hospitality industry’s position as both being part of a supply chain and also having a supply chain, Hilton’s Silberman said that defining a sustainable supply chain is challenging. A particular aspect of supply chain analysis is to determine where there are material risks and where a hotel has control of those risks. Beyond that, supply-chain connections are complicated because some suppliers are relationship-based, but others are merely transactional. She said the Center for Sustainable Procurement is examining the following questions, but so far there are no apples-to-apples comparisons regarding: (1) how to define a sustainable product; (2) where to get needed information; and (3) where to position sustainable procurement in an organization. Overall, supply issues involve a total life-cycle assessment, including sourcing, use, and disposal. In short, suppliers have to explain how they are defining a product as being sustainable.

Alma said that the Global Reporting Initiative is working to help suppliers determine what is important and to report those items. For example, GRI is working with 65 members of the Catalonia Chamber of Commerce in this regard. She has become aware of what she called “survey fatigue” on the part of many businesses, especially since



Brian Mullis, president and CEO of Sustainable Travel International: The hospitality industry faces a problem of “green muting,” where companies are afraid to announce their sustainability initiatives for fear of being viewed as fakes.



Chris Brophy, vice president, corporate sustainability, MGM Resorts International: Hotels often do not have necessary leverage with suppliers.

much of the requested information has already been publicly disclosed. Thus, before sending a questionnaire, purchasers might take a first step of checking to see if a company has reported to GRI, since many have done so.

Marriott's Naguib pointed out that MindClick has been developing a scorecard-type format for FF&E purchases. Because the supply chain is so complex, one of the major issues is how to help people make the right decisions. In the case of this scorecard, a huge number of inputs are involved, but the outcome is a score of 1 to 5, which can be used by brand design teams. As part of the continuous improvement process, the supplier is also given information about how to improve its score—and in fact merely having a score at this point gives a supplier an advantage (regardless of what the score is). The next step for MindClick is to develop a scale for operating supplies, notably F&B and cleaning supplies. One challenge here is that the survey must work for suppliers of all sizes. Echoing their guests' behavior, hotels generally don't want to pay more for green supplies.

The group was mixed on the industry's ability to make sustainability demands of suppliers. Although Walmart has famously pushed its policies through its supply chain, the hospitality industry is often not in a position to use that strategy. Milstein observed that Walmart's actions smashed the argument that supply-chain sustainability improvements don't cut costs. Brophy remarked that it's surprising how little leverage a large hospitality firm can have with some suppliers, but the real issue is to determine what exactly the industry is trying to manage. There's no standard method or approach. Tesarova added that scale does make matters more complex for large operations. So one goal is not to make life difficult for the purchasing agents. Silberman suggested that some product categories have only a few suppli-

ers, and it might be possible to create a unified definition of green supplies in those areas.

From his perspective as a supplier of maintenance products, Rajan suggested that designers should consider choosing sustainable building materials that are long lasting and also efficient to maintain. Likewise suppliers should work to make a product sustainable before it is pushed through the supply chain. With a relationship-based supply-chain model, suppliers can work with their customers, whereas a transactional model focuses only on the demand for certain products. He offered that Ecolab is willing to work with designers for the purpose of getting the cleaning chemistry right, in advance of launching new interior building materials, furniture, fixtures, or equipment. Patrick Maher, a partner in the Maher Group, and green advisor for AH&LA, pointed to the idea of having a sustainability score for each cleaning product, although suppliers are concerned that they could be cut out if they don't score well.

Ricaurte wondered whether the issue of supplier diversity was a part of that consideration. Witt noted that diversity is part of most suppliers' code, but it's also a U.S.-based designation. Globally, diversity as it is defined in America is not a term that makes sense. As a final supply-chain point, the group again considered the outside risks of small purchases in certain categories, since stakeholders may seize on those issues or items. ITP's Fran Hughes pointed out that the impacts of a product or practice are not necessarily related to spending levels, which raises another question regarding materiality. Noting commodities that carry reputational risks, Naguib listed such items as bathroom tissue and down products, along with food and beverage issues relating to GMO content, eggs and meats from factory farms, unsustainable seafood, and palm oil. Silberman added that human



Patrick Maher, a partner in the Maher Group, and green advisor for AH&LA: One approach to the supply chain is to have a sustainability score for each cleaning product, although suppliers are concerned that they could be cut out if they don't score well.



Howard Chong, associate professor, Cornell University: There's no single measure of energy, but a major goal is efficiency, to maintain service levels while reducing inputs.

resources, wages, and living conditions are also part of supply-chain risk.

In Search of Energy and Water Benchmarks

As with so many other aspects of sustainability reporting, a single benchmark for energy or water use has proved elusive. A research study presented by Howard Chong, assistant professor at the School of Hotel Administration, analyzed several benchmarks that could be used for energy and water. While a single number would be a useful thing, Chong instead took a step back to examine the numerous drivers of energy use using monthly data. Such common measures as year-over-year data and Energy Star composite scores don't explain those drivers. He found that certain measures work well for one purpose but not another. So, for instance, in analyzing risks, the Hotel Carbon Measurement Initiative (HCMI) is a reasonable standard to assess what happens if carbon prices suddenly change, but it's not especially effective in selecting an efficient hotel. Energy Star is somewhat better in that instance. Energy Star also functions in identifying potential savings, as do carbon measures, particularly in regional comparisons where the basis for carbon production is relatively consistent.

Chong sees the goal of energy analysis as being efficiency, which he defines as less input for the same service, rather than conservation, which implies both lower inputs and less service. Monthly data can provide an understanding of energy use drivers, particularly pointing to what can be controlled.² Any averages must be decomposed to provide

² For a discussion of management-controlled expenses versus guest-driven expenses, see: Jie J. Zhang, Nitin Joglekar, and Rohit Verma, "Developing Measures for Environmental Sustainability in Hotels: An Exploratory Study," *Cornell Hospitality Reports*, Vol. 10, No. 8 (2010), Cornell Center for Hospitality Research.

useful information, he suggested, for example separating out heating and cooling from lighting in energy consumption, analyzing monthly data, and identifying variations from a base energy footprint over seasons. Better data lead to better benchmarks, which are affected by occupancy levels, peculiarities of the hotel (e.g., having a laundry or pool), and fuel choice. That said, no current measures really help hoteliers find a way to improve the guest experience in the context of energy and water savings. Attempting to control for the effects of different factors across regions is problematic, given the many remaining differences.

Jerome pointed out that although occupancy matters, it's clear that climate is key in energy consumption. Moreover, if the industry is to be judged on these metrics, it's important to know how those gauges will be used. In particular, any measurement approach must be able to demonstrate improvement as changes are made, rather than just present a static score. Werber added that occupancy drives water consumption. As an ownership REIT his firm is attempting to add value and remove costs, and utilities have to be a big piece of that effort. However, there's just too much noise in most data in this area. Thomas agreed that any effort to normalize the data would be massive. Alma added that comparability is clearly a challenge, but that does not mean that reporting should be disregarded. She sees a need to distinguish between reporting and attempting to benchmark. That is, the industry needs reporting, even without benchmarking.

Ricaurte pointed out that comparisons are nearly inevitable. Additionally a benchmark standard could be helpful for internal purposes. He foresees the possibility of mandatory data reporting, however, and the resulting unfair comparisons. Schnitzer said that such reports would allow operators to look at energy and water use over time



Andrea Schnitzer, national program manager, U.S. Environmental Protection Agency: Despite the possible drawbacks, benchmark standards might encourage operators to improve their practices, and such reports would allow operators to look at energy and water use over time and see how any modifications have affected usage.



Rohit Verma, professor at Cornell University: Many hotels' best sustainability practices involve water management.

and see how any modifications have affected usage. She said that Portfolio Manager allows benchmarking. Additionally, disclosure causes people to consider what they are doing and seek to do it better.

Mullis expects increased regulation of carbon as time goes on. Thus, companies need to check their carbon footprint and move toward zero carbon, or even net positive. This is a matter of risk management. Jerome said that the industry needs to be agile in this regard. Eventually, carbon cap and trade will be implemented—at the state level (as occurs in California) if not by the U.S. federal government.

Innovative Practices Become SOPs

In a study conducted with Faith Taylor, senior vice president of sustainability and innovation for Wyndham Worldwide, Rohit Verma presented innovations and best practices contributed by 97 companies in a sustainability innovation competition. The study found numerous best practices that are used throughout the industry, but certain practices are more common in the most sustainable operations, which are relatively consistent in their practices. Many of the practices involved managing water, whether using recycled water on plants, cutting down on storm water runoff, or reusing wash water in the laundry. One surprise was the consumer enthusiasm over a bed made of recycled materials. In a blind comparison, guests preferred the recycled bed, which is now marketed for sale.

Looking at the list of innovations, Ricaurte noted that it is interesting to track practices over time, to see what innovations become standard operating practices. Stakeholders' reactions to practices are important, Jerome said. For instance, people like the idea of green roofs and water harvesting, but they are not all that keen on shampoo and

soap dispensers in place of little amenity bottles. Guests agree that the dispensers are noble, but they don't want to use them, perhaps out of concern for hygiene. Overall, the biggest cost Jerome has seen in going green is the cost of LEED certification.

Other participants shared their firms' recent green initiatives and forms of sharing best practices. Sean O'Kane, director of hotel strategic alliances and thought leadership for Schneider Electric, pointed to Schneider's Energy University, a commercial-free set of internet courses designed to help the industry manage energy.³ Maher sees hotels working to shed consumption through demand response systems and innovative energy efficient systems, as well as adding electric vehicle charging stations. Werber cited such recent projects as retrofitting heating and cooling systems, some of which were (astonishingly) heating and cooling at the same time due to worn-out components (such as control valves). He cautioned that many projects appear to have strong ROI that doesn't materialize, based on assumptions that don't always hold up under scrutiny. Obviously, the logical choice is the project with the lowest internal rate of return, but Werber offered a cautionary note to make sure that management incentive fees don't work against energy saving projects, especially those with tax rebates associated.

Saunders's team has gone forward on a wide variety of measures, including custom-designed amenity dispensers and electric vehicle chargers, and was pleased to find a custom LED candelabra bulb for his retrofit of a historic

³ See: R. Sean O'Kane and Susan Hartman, "Energy University: An Innovative Private-sector Solution to Energy Conservation," *Cornell Hospitality Industry Perspectives*, Vol. 2, No. 3 (2012); Cornell Center for Hospitality Research.



Tedd Saunders, president, EcoLogical Solutions, and chief sustainability officer, Saunders Hotel Group: One step toward sustainable purchasing is to use existing certifications, such as Fair Trade commodities.



Bennett Thomas, vice president of finance and sustainability of Hersha Hospitality Trust: Consumers seem to gain a certain level of pride from purchasing certain green products, but this apparently does not yet happen with hotels.

hotel lobby. His firm uses hybrid and natural-gas powered vehicles and offers guests bike rentals, as well as purchasing carbon offsets.⁴

Werber added that theft of high-efficiency LED bulbs in guestrooms also complicates the ROI of retrofits, and noted practices in some hotels where the guest is notified that the light bulb is available for purchase, similar to the situation with bathrobes. The matter of guest theft complicates not only hotels' sustainability efforts, but also their operations in general, noted Cornell's Rob Kwortnik, academic director of the Center for Hospitality Research. He shared early results of a study that examines why guests take items from hotel rooms. In justifying their removing such things as bathroom amenities and other small items, Kwortnik said guests view some of this loot as part of the room rate. Even those who swiped slippers gave that explanation. The few people who took pillows justified their theft on the grounds of needing them for personal use, and appreciating their high quality. Top reason given for taking the ashtray or similar items was to have a souvenir. Kwortnik added that this idea of guest souvenirs may mean that some purloined items should be charged to the marketing budget, including door hangers, pens, mugs, and stationery. But he also found that guests responded favorably to educational campaigns by leaving items in the room.

⁴ Lina Serpil, senior manager of global support, North America, product advocate, Sabre Sustainability Initiatives, was unable to attend the roundtable due to the storm. After reading these proceedings, she offered the Green Label Hotels program maintained by Travelocity.com as an innovative practice. Serpil said that Travelocity is seeing increasing revenue and bookings due to this sustainability label. Sabre also maintains several other certification programs, which will allow guests to have additional sustainable travel options.

Going Forward

Ricaurte said this roundtable discussion puts a clear focus on the need to seek further industry agreement on key topics and their related measurements through such frameworks as the Global Reporting Initiative. A particular insight from Alma, who deals with many industries, is the hotel industry's focus on customers' reactions to sustainability. This makes the hospitality sector unique, since most businesses are strongly focused on investors. She advises the hospitality industry not to be held back by this fact, and instead to move ahead even if that includes pulling the customer along. Rushmore noted that one problem for customers is trying to make sense of all the purported green information. The industry needs to find a way to assist in creating sustainability coherence. Schnitzer said that beyond this, the industry needs more information on demand-side drivers of sustainability.

Verma highlighted the need for more data regarding the hospitality supply chain, including determining what research is needed and to look at the special aspects of F&B supply. Naguib suggested that risk areas need a better focus, since the industry can spend a fair amount of money on issues where not much can really be done.

Werber said that the industry needs more understanding of the sustainability issues surrounding capital renovations, in particular, the balancing act of incremental cost and return. Milstein added that destination sustainability needs more attention, with a multilateral approach to evaluating and managing the issues for destinations, particularly in connection with competitiveness.

Hughes pointed out that the impact of air travel is still a huge issue. The industry may need to find ways to balance



Fran Hughes, head of programs, International Tourism Partnership: The impact of air travel is still a huge issue for carbon footprinting.



Sean O'Kane, director of hotel strategic alliances and thought leadership, Schneider Electric. The firm conducts a sustainability idea contest for students, in conjunction with the Sustainability Roundtable. As explained below, this year's winning concept involved providing incentives to guests for sustainability.

that impact, perhaps by promoting the fact that tour groups support international parks and preserves that would not otherwise be supported without long-haul travel.

In addition to examining the supply chain, Jerome suggested that operators need to look back at their business partners. The vast number of different franchise agreements make consistent reporting difficult, but such matters as human right issues should be on the table. To that, Silberman added that it's the company's brand name on the door, so it's important to be aware of the scope of risk for all inputs. Beyond that, she sees a disconnect between the green back-of-the-house and the added value that you can offer the guest, since the guest can't see the back-of-house activities. Thus, the industry must look at sustainability through a much broader lens, going beyond just environmental issues. That said, comparing social metrics is even more challenging than working with green measurements, which itself is difficult enough. However, the social components are perhaps more relevant to the guest.

Verma agreed that sustainability has become conflated with the environment, but we cannot overlook broader corporate social responsibility issues. We could, for instance, look at checklists of practices and determine what is the environmental and social value of each. Chong concluded that green adds value when done right. Luxury versus green is not a dichotomy. ■

Student Sustainability Concept Competition

Schneider Electric, a partner of the Cornell Center for Hospitality Research, sponsored a student sustainability competition in conjunction with the 2012 Sustainability Roundtable. Student teams were given the assignment of developing a sustainable product or service for a hypothetical full-service hotel chain. Three teams were selected as finalists that present their concepts to the roundtable participants, who determine the winners.

The results of the 2012 competition were as follows:

First Prize of \$2,000.00 went to the student group "Nova" that included Nancy Chan (MMH '13), Pranav Gupta (GRAD), Divya Natarajan (GRAD), Brian Matuszewski (GRAD) and Enlin Zhou (MMH '13). The "Nova" concept involved providing guest incentives for sustainability.

Second Prize of \$1,000.00 went to Timothy Chen '13 and Amy Tsuei '14 for their "Sustainalytics" product, which proposed integrated property environmental management.

Third Prize of \$500.00 went to Daniel Metcalf (CALS '13) and Colby Heiman '13 for their "Green Roof Innovations."

Topics Discussed at the 2012 Sustainability Roundtable

1. Downstream impacts of disposing fixtures, furnishings, and equipment (FF&E) from operations and actions taken to mitigate these impacts.

Hotels have a diverse supply chain encompassing hundreds of products. It is important to identify which purchases have the most significant impact in their disposal. Significance may be by weight of products, their environmental impacts from associated materials, the reusability or recyclability of their design and waste infrastructure. Examples mentioned include mattresses and carpeting.

Potential Related GRI Aspects covered in GRI report content (G3.1):
Environment:

- materials,
- emissions, effluents, and waste,
- products and services, and
- transport.

2. Upstream impacts of supply chain purchases for hotel operations and actions taken to mitigate these impacts.

Hotels have a diverse supply chain encompassing hundreds of products. It is important to identify which purchases have the most significant impact in their upstream lifecycle. Significance may be by scarcity of raw materials, environmental and social impacts of their manufacture and distribution, and stakeholder perception. Examples mentioned include bathroom tissue.

Potential Related GRI Aspects covered in GRI report content (G3.1):
Environment:

- materials,
- emissions, effluents, and waste,
- products and services,
- transport, and
- biodiversity; and

Human rights: investment and procurement practices.

3. Impacts associated with water withdrawals and usage in water-scarce locations.

Water scarcity has the potential to impact operational costs, feasibility of development, community relations, and other environmental impacts. The impacts associated with water may go beyond operations inside the hotel building. In addition, the guest experience can be affected in several ways relating to water.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Environment: water; and
Society: local community.

4. Unlawful sex tourism.

Sex tourism and its related risks of human trafficking and child abuse are rare in occurrence within hotels. However, instances of occurrence have substantial impact. Hotels may not necessarily have the ability to prevent unlawful sex tourism; however, they can take measures to identify occurrences and consequently act to remedy the situation. Operational control is also a factor as brands may franchise hotels but not manage day-to-day operations.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Human Rights:

- child Labor,
- forced and compulsory labor,
- assessment, and
- remediation.

5. Unlawful child labor.

Hotels are labor-intensive operations, and instances of child labor have been identified. However child labor is defined differently country-by-country. The industry can take measures to prevent child labor, identify occurrences, and consequently act to remedy the situation. Operational control is also a factor as brands may franchise hotels but not manage day-to-day operations.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Human Rights:

- child Labor,
- forced and compulsory labor,
- assessment, and
- remediation.

Topics Discussed at the 2012 Sustainability Roundtable (concluded)

6. Management of environmental and social issues among operators and franchisees.

Many hotel owners do not participate in the operations of the hotels they own. Likewise many hotel companies franchise their brands to third parties over which they do not have financial or operational control. In this instance, franchisees represent a significant piece of the value chain and their engagement in issues is complex but similar to current engagement methods in other aspects of hotel development and operations.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Environment;

Human rights: investment and procurement practices.

7. Customer perceptions of a hotel's environmental and social performance.

The guest is central to the discussion of a hotel's business model and its efforts around sustainability. Examples of linen and towel reuse programs, hybrid-electric vehicle charging stations, and health and wellness options will involve the guest experience and have the potential to influence guest behavior to participate in the mitigation of impacts. Measurement and analysis of guest satisfaction is a commonly occurring practice among hotels. Examples of backlash and negative perceptions have been noted. Likewise companies have experienced "greenmuting" or purposefully holding back on claims of environmental and social efforts in order to avoid negative backlash from perceived greenwashing. In addition, some consumers have been termed "slacktivists" or desiring sustainable outcomes from products and employers without themselves actively participating in the efforts.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Product Responsibility:

- product and service labeling,
- marketing communications, and
- customer health and safety.

8. Community impacts associated with hotel operations

Hotels have a complex web of positive economic, environmental, and social impacts in their locations of operation. Economic multipliers, improvement in the quality of lives of employees and communities, and environmental remediation are possible examples. Likewise hotels have the potential to cause negative impacts.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Society: local community;

Economic: market presence; and

Labor Practices: occupational health and safety.

9. Impacts associated with hotel development and construction.

Hotel companies often do not directly control, operationally or financially, the development and construction of the hotels themselves, but center their business model on the management and branding of existing hotels. However, instances do occur of hotel companies participating in the development and construction of hotels. This brings significant economic, environmental, and social impacts to host communities in several ways.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Human Rights:

- indigenous rights.
- assessment, and
- remediation;

Environment: biodiversity;

Economic:

- indirect economic impacts and
- market presence; and

Product Responsibility: compliance.

10. Practices and impacts associated with food and beverage procurement.

Food and beverage operations are often part of full-service hotels, though they may not be directly under the hotel's operational control. Furthermore, F&B operations are rarely the primary revenue source or business model for a hotel. At the same time, environmental and social issues surrounding F&B are often among the most relevant to guests and other stakeholders. As such, the scope of material issues for a food and beverage company has certain overlap with full-service hotels, but in relation to other topics and aspects of hotel operations, may be less material. Practices relating to F&B should be further evaluated as to their level of inclusion in reporting.

Potential Related GRI Aspects covered in GRI report content (G3.1):

Environment:

- biodiversity,
- emissions, effluents, and waste, and
- transport; and

Economic: market presence.

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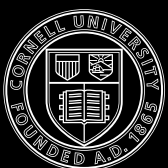
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