

**Christian Anklin**, HVS Executive Search, and **Pierre Ricord**, HVS Valuation & Consulting, explain that hotels must commit to a green co-ordinator to achieve their CSR objectives

## Championing sustainability

In light of the general economic downturn and associated cost-cutting drives among hospitality companies, one might expect sustainability to be relatively low on many people's priority lists.

Following Maslow's hierarchy of needs theory, people are unlikely to focus on the greater good of society if their safety needs (ie financial security) are not met first. However, sustainability is more than a lofty ideal or Utopian dream that can be pursued as an afterthought. It is a fundamental attitude towards the way we work which affects every facet of society and has a very direct impact on the bottom line.

A recent article by HVS's Pierre Ricord and Tim Smith (*Pulling Together or Pulling Apart*) showed there are clear economic incentives for sustainable development. In addition, a recent study by the Center for Hospitality Research at Cornell University stated that the economy and environment are the second most important issues of concern to managers in the lodging industry. Sustainability is an issue that every hotel company must inevitably deal with. The sooner they address it, the better they will be equipped for the future.

In the business world, processes and strategies aim at minimising the inherent risk of business. There are very few areas such as sustainability where inaction carries such clear and inevitable consequences. During these trying economic times, instead of questioning whether a business has the resources to expend on supposedly philanthropic measures, executives need to realise that this is a complete no-brainer.

### Dedicated function vs integrated process

As a guiding principle, sustainability affects all aspects and functions in a company, meaning that all executives need to take some responsibility for this and all processes need to be adjusted accordingly. Despite the all-encompassing nature of sustainability, however, there is still a need for a dedicated champion who can facilitate and disseminate information and take the company through the learning

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Adding a CSR role can benefit the bottom line

curve. Over time, as the sustainability principle becomes more integrated into the company and its procedures, everyone can become a sustainability champion in their area of expertise.

### The need for an internal champion

Regardless of the size or geographic reach of the hospitality company, it is necessary to have a dedicated internal champion to reach sustainability goals. While the creation of this new position will require a slight reorganisation of a company's internal structure, the financial impact that high levels of sustainability can have on the bottom line, driven chiefly by energy savings, can generate significant returns on the investment.

As mentioned in *Pulling Together or Pulling Apart*, achieving sustainability goals requires both an in-depth knowledge of the company and full support of those who will execute the strategy. An insider is more likely to understand the culture of the organisation and thus be better equipped to implement change and fine-tune the sustainability drive to the specifics of the company. The ultimate goal of the sustainability drive is to instil the principle into all functions and actions of the company's day-to-day business.

John Scaggs, managing director of HVS Eco Services says: "Depending on the internal resources and geographic reach of the company, the efforts of the internal sustainability champion should be coupled with the expertise of a specialised consulting firm to assist with specific sub-tasks such as utility data management, commodity procurement, and analysis of local rebate and incentive programmes that accelerate retrofit payback periods.

"An outside consultant may bring a fresh and critical perspective to the organisation, as well as experience from other hotel companies and other sectors. However, the addition of an external consulting firm requires careful consideration."

To address the issue of sustainability, most of the large hotel management companies have in the past few years created a relatively new, dedicated role.

The exact title, remit and hierarchical position of this role varies from company to company, so for simplicity's sake we will refer to it as 'vice president of sustainability'.

To shed some light on this new function and in an effort to share best practice we interviewed three VPs of sustainability: Faith Taylor, VP Sustainability & Innovation at Wyndham Worldwide; Jan Peter Bergkvist, former VP sustainable business at Scandic (now founder of SleepWell); and Philippe Adam, executive VP for hotel design & construction and group purchasing and sustainable development at Accor.

### Evolution of the position

While this role is fairly new in its current incarnation (two to three years at the companies we looked at), its origins and first steps in this direction date much further back.

The concept of sustainability in hotel groups can be compared to a product life cycle in manufacturing that goes through different stages of development and maturity. According to Bergkvist, the VP sustainability role has its origin in the 1980s with TQM Total Quality Management (TQM) and the role of quality manager.

During the 1990s, issues such as diversity and the environment crept evermore into the public consciousness, which led to the emergence of diversity or environment managers and eventually managers/directors of Corporate Social Responsibility (CSR). Then, shortly after the dawn of the new millennium, the theory of sustainability evolved into the triple bottom line concept (social, economic and environmental), which led to the establishment of sustainable development executives, or VPs of sustainability.

The fluid nature of this evolution has led to different nuances between geographical regions, where North America initially focused on diversity and is now moving more towards addressing environmental concerns while Nordic countries focused primarily on the environment from the beginning.

Sustainability-minded hotel school and MBA graduates may wonder whether the relative maturity of sustainability in hotels has led to the establishment of a preferred career path.

While there are promising signs, such as the first Masters in Sustainability being offered at various universities, we must conclude from our interviews that the hotel industry is certainly not there yet. The backgrounds of our panelists, for example, vary greatly, spanning marketing through innovation, design and development to hotel operations. The cross-functional nature of the position means certain skills and personality traits are more important than expertise in a specific area.

The evolution of the VP sustainability position clearly highlights the transitory nature of the role. It adapts both to the continuing development of

the theory behind it as well to the degree to which the sustainability principle has been instilled in the company. As the various divisions and properties address their sustainability issues directly, the role becomes more advisory and less hands-on. Taylor at Wyndham Worldwide summed it up quite nicely: "The ultimate goal of the VP of sustainability is to work him/herself out of a position".

### Key skills of a VP sustainability

Among some of the key skills cited by our interviewees were persuasion, pragmatism and an entrepreneurial mindset. Due to the newness of the position, entrepreneurial skills are highly beneficial. A VP of sustainability is essentially writing their own job description, creating their own remit and devising new ways to get things done.

Once the road map has been designed, it is a matter of persuading employees to sign up to it. This is where operational credibility and personal conviction come to bear. The energy and effort dedicated to pioneering a cause and convincing an audience – be it owners, managers, suppliers or government bodies – takes more than devotion to the company; it must come from the heart.

### Structure and responsibilities of Sustainability department

Having identified the need for someone to oversee the social, economic and environmental aspects of sustainability, the big question that remains is how to integrate this position into the hierarchy.

The question of hierarchical positioning depends largely on two main criteria: the degree to which sustainability has been integrated into the company and the type of hotel product in the company's portfolio (eg urban vs resort hotels).

Our panel all recognised the need for support from the very top of the organisation – ie the chief executive and the board need to be signed up to the idea. But no matter how ambitious the strategy and goals are defined from the top, the impetus for implementation must come from the frontline of operations to be efficient and successful.

Hence there needs to be a central body that col-

lects, organises and disseminates information pertaining to sustainability as well as sustainability champions throughout the organisation, both on property and on a regional level. While the central body can spread general best practice and guidelines, specific initiatives at property level enhance efficiencies due to their local relevance and empowerment benefits.

One of the key challenges is to bridge the gap between the top and bottom of the hierarchy to ensure implementation. While there is no perfect hierarchical structure and each company must find its specific solution, it helps to have the right mix between top-down strategic planning and bottom-up implementation and feedback.

### Does size matter?

All our panellists work for quite sizeable hotel companies and we were curious to know if this presented any specific issues.

According to Faith Taylor, it actually facilitates matters: "Our size gives us more bargaining power with suppliers. In addition, because of the size of the Wyndham portfolio, even small initiatives have a major impact."

According to Philippe Adam, Accor allows for different regional initiatives to be championed by their staff at the frontline. The corporate sustainability office is then used to collect and communicate best practice.

This decentralised approach allows for a company with the size and global presence of Accor to adjust to specific issues such as the deforestation in Borneo, or combating sex tourism in Asia.

### Biggest challenge: prioritising then persuasion

The biggest challenge stems from the all-encompassing nature of sustainability. According to Jan Peter: "The easiest mistake is to try to do it all at once and too early." Taylor agrees that "it's a gigantic task and there's always more to be done".

To help prioritise initiatives and persuade decision makers, Peter suggests companies "focus on the parts that can be profitable in the short to

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medium-term first. Prioritise your measures that way. The best approach is to use 'backcasting'. Look at where you want to be in the long run then assess where you are now and define the path and steps you need to and can take to get there."

### Effect of the economic crisis

With cost cutting on everybody's lips these days, we asked our panellists how the current crisis had affected their departments.

Interestingly, it has actually had the effect of increasing Philippe Adam's staff budget for the moment. He commented: "Sustainability can translate into hard cash." With a remit that includes design, construction and purchasing and having previously been in charge of strategy & development, Adam is in a highly credible position to make such a statement and he was apparently able to convince his fellow executive committee members of this fact.

As part of the executive committee, he was obviously cognisant of the need to reduce costs wherever possible, but equally sure that sustainability can contribute to these savings.

Faith Taylor is utilising the heightened sense of cost consciousness among owners by highlighting the energy and cost saving benefits of sustainability. For Jan Peter: "Sustainability overall has been hit by the crisis, but not more than other departments. In fact, following the decrease on all levels it has gained market share. In relative terms, it has increased."

### Outlook

For an industry that has often been criticised for being overly conservative, slow to adapt and take on new ideas, it is quite heartwarming to see the degree to which sustainability has been integrated, not only within the companies of our expert panel but among most of the companies we have considered in our research for this article.

The hotel industry is not only labour intensive; it is a major global contributor in terms of waste and energy consumption. As such, the role of VP sustainability in hotel companies can make a significant difference, and it will only grow in importance over time.

Incidentally, because of its impact and its inherent role in changing things for the better, it can be a highly gratifying job.

Faith Taylor told us that, out of all the positions she has held, this was the only one that her child thought was a "really cool job".

If your hotel company does not have a VP of sustainability yet, it is falling behind the pack.



Global variations mean that not all companies are ready to hire a CSR champion