Making the green choice
The Franchise on Green
How the corporate office can facilitate sustainable initiatives

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Global scrutiny of the hotel industry came to the fore following the 1992 Rio Earth Summit, and international chains were quick to respond, launching early environmental performance systems such as Green Globe 21. Larger hotel companies also drafted and signed the International Hotels Environment Initiative, launching an online environmental benchmarking system for hotels in 2001. Yet a gap between policy and practice is apparent. Despite a plethora of certifications, online information regarding sustainability for the hotel sector and express commitment to sustainable principles, a recent content analysis of annual and corporate responsibility reports for ten major US hotel chains, found that few referenced concrete environmental accomplishments.

At the same time, studies across a variety of international settings suggest that higher rated and chain affiliated hotels, rather than independent hotels, are more likely to implement environmental initiatives. A sampling of hotel managers in Accra, Ghana, for example, found that 3-5 star hotels were more likely to adopt environmental management practices than smaller and lower rated hotels. A separate European study also found that managers in chain affiliated hotels were more aware and had typically committed greater resources to environmental initiatives than managers of independently run properties. Likewise, a study of the Hong Kong hotel industry found that internal constraints to adopting sustainable practices, such as technical difficulties, were particularly pronounced for lower rated and small-scale hotels.

Finally, a survey undertaken in both Hong Kong and China on the motivations of hotel managers to adopt the ISO 14000 Environmental Management Standards, suggests that corporate governance significantly influences decisions about sustainability. No studies that we found, however, explicitly addressed balancing environmental initiatives with franchise requirements.

The focus of our study was a hotel management team that had recently overseen the construction of a new hotel while simultaneously pursuing enfranchisement and Leadership in Energy and Environmental Design (LEED) certification. The hotel we studied was the Holiday Inn and Suites Columbia-Airport in South Carolina, part of the Intercontinental Hotel Group (IHG) franchise. The hotel opened on Earth Day April 22nd, 2010 and achieved LEED Gold certification for new construction in August 2012. We interviewed the hotel owner, General Manager, Operations Manager, Guest Services Manager, Head Housekeeper, Director of Sales, and Director of Marketing.

Overall, IHG’s support for LEED certification was unequivocally described as “very enthusiastic.” Not only did certification efforts coincide with the launch of the franchise company’s own ‘Green Engage’ program, interviewees described “a big push… to engage this whole green movement” with awards and promotion on the corporate website recognizing franchised properties’ environmental achievements. LEED certification was also described as consistent with corporate mission statements. “At the corporate level, all of the brands… if you read some of their mission statements, incorporate sustainability, each one of them,” said one interviewee. Another, particularly encouraging trend that our interviewees noted is that incremental hotel business had been generated through corporate accounts where eco-friendly initiatives are increasingly included among selection criteria.

The hotel management team, however, also described challenges associated with enfranchisement and attempts to implement sustainable initiatives. Brand standards and purchasing policies do not necessarily incorporate environmental criteria. This became apparent when the management team at the Holiday Inn wanted to purchase greener products from suppliers other than those mandated by the franchise company. “So, when (the franchise company) has a certain type of soap that they want you to purchase or a certain type of coffee cup, we found that we were taking a lot time to go through the process of submitting waivers to the franchise, and these are basically your permission or justification to break from what their brand standard is and it could be anything from like the bed linen… being purchased locally versus selecting approved product that has to be shipped from overseas.” In other instances, brand mandated guest perks that are wasteful or that may have become obsolete are beyond the purview of individual hotel managers to alter or discontinue: “We have to offer a newspaper for guests and we have stacks of newspapers that are untouched but that’s a standard, it’s not even the cost of that it’s the waste that bothers me….”
expectations, especially where these are informed by brand standards, may be difficult to reconcile with environmental initiatives. For example, one energy savings strategy at the Holiday Inn and Suites included installing mini-refridges and microwaves in suites only, and not in each hotel room. In some instances this provoked strong reactions from guests who have come to consider such amenities standard issue. “So guests call and complain. We have to spin it and say I’m so sorry but we are power saving and seeking (LEED) accreditation. They then say how can the room rate be so high, they don’t understand the cost of going green…..They scoff, they do, they think it is a cop out. They view it as cheap.”

Staff training and ‘buy-in’ when it comes to the day-to-day realities of operating in an environmentally friendly manner was also frequently alluded to in the course of the interviews. One manager said: “When we first opened up the hotel there were a lot of other challenges…. We have (the franchise company) in here that will be training for all of their programs, so there is a lot of training going on. We have to do those to operate the hotel as a Holiday Inn. Then on top of that we have to train our staff on the whole green aspect of our hotel.” Not only is time and human resources an issue, but the integration of environmental commitment within an organizational culture can be a challenge. One interviewee commented: “It’s a challenge to continuously train and to continuously monitor staff…. getting employee buy-in is probably the most important because the reality is if you have a house keeper that doesn’t think it’s important to take the two recycling trash cans, divide them and recycle… they are not going to do it.” While the individual motivations of staff to perform such tasks may always vary, having a single standard may help re-enforce the importance of performing related tasks.

Finally, our interviews highlighted the costs and technical difficulties associated with implementation of environmental initiatives as outlined in prior studies. These may be no less pertinent, albeit at larger scales, at the corporate level where altering brand mandated procedures and operating systems may require considerable cost and effort. For example, sliding guest folios under doors at night remains standard practice for all hotels under the auspices of an international chain.

IHG’s Green Engage program further requires franchisees to submit environmental data such as water use, energy consumption, and recycling. Yet existing systems are not designed to capture or assess environmental parameters and entering the necessary data manually was described as particularly time-consuming. Said one interviewee: “With their Green Engage program, every month you go in and you plug in your electric bill, you plug in how many tons of materials you’ve recycled, you plug in all your relevant data on a monthly basis including your occupancy and how many guests you had. Then the system will tell you where you rank and where you are from last year’s savings - so it’s really good tool for overall measurement, and give us an accurate accounting of our progress per room rented, per person in the building. Now I so have to say, it takes time to do that”. A recognized need to integrate environmental data into organizational control systems is certainly not unique to the hotel industry, but given the clout of the international hotel chains globally, a move towards data interfaces that capture utility and resource consumption would certainly set a welcome trend, as well as encourage efficiencies within the sector.

In retrospect, the results of our interviews show that despite being under the umbrella of a corporate franchise with strong environmental policies, challenges persist at the individual and franchise company level when it comes to integrating environmental initiatives. At the same time, opportunities also clearly exist to facilitate implementation - and better align policy with practice. Streamlining systems to capture relevant environmental data, for example, may remove a significant barrier for hotel managers, especially where the importance of systemized data collection is well recognized for natural resource management. There is also huge potential where purchasing policies are concerned to influence market trends and push environmental standards up the supply chain. The tacit education of guests in the course of taking such steps is also a long recognized industry potential.

What is refreshing to see is that buying decisions are being made by customers based on LEED certification. This may only be the case for corporate customers of the hotel at the moment, but consumer trends point towards travelers choosing green products over others. As Marcos Cordero, CEO of the Green Business Bureau says: “the growing awareness among American consumers about what green really means, and how they can incorporate more sustainability into their everyday lives – at home and away – has made it more important than ever for all businesses to adopt green practices that go to the core of their brand.”

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Want to learn more about going green? The South Carolina Green Hospitality Alliance is a program of the SCRLA and the SC Department of Health and Environmental Control Office of Solid Waste Reduction and Recycling designed to help hotels, motels, restaurants and other hospitality facilities go green.

To be a member of the SC Green Hospitality Alliance, hotels and restaurants must complete an audit of their property’s compliance with unique eco-initiatives. Environmentally friendly measures that are reviewed include energy efficiency, water conservation, recycling, environmentally safe cleaning, etc. Properties are rated based on their compliance with these Eco-initiatives, from a single Palmetto Tree to three Palmetto Trees.

If you are a hotel or restaurant and would like to participate and become certified, please visit scrla.org.