

# Sustainable Business Practices in the Lodging Industry: Strange Bedfellows—Good Business

by Mitch Miller, J.D., M.B.A.



This article will be a slight departure from the technical legal themes of the past. Sustainability in business has long been a personal mission of mine that I have successfully deployed in numerous businesses, including hotels, dating back to 1990. Presently, I am on the board of directors of the Sustainable Business Institute ([www.sustainablebusiness.org](http://www.sustainablebusiness.org)). Our objective is to help business leaders formulate and deploy appropriate sustainable business practices in their respective business contexts, always designed to improve profitability and shareholder value. The hotel business is fertile with such opportunities.

Employing sustainable business practices (SBPs) in your hotel is smart business. Implemented effectively, SBPs can increase revenues and decrease expenses. Remember, every dollar increase in net operating income equates to an increase in the value of your asset; usually between 8 to 12 times the amount of that increase. In short, sustainability is smart business.

Recently, I attended the American Lodging Investment Summit (ALIS) in Los Angeles. For the first time, a breakout session was devoted to sustainable practices in hotels. The room was packed; standing room only. If you have the chance, visit [www.greenhotelier.org](http://www.greenhotelier.org), which publishes the "Green Hotelier" trade journal. I offer you this information to demonstrate that sustainability in hospitality is not a pipe dream for the future, but a huge opportunity for the present.

Sustainability is the ability to meet today's global economic, environmental and social needs without compromising the same opportunity for future generations. Business Sustainability is the opportunity for business to improve its profitability, competitiveness, and market share without compromising resources for future generations.

Throughout the world consumers are increasingly voting for sustainable products and services. In the United States, it is estimated that approximately 70 million consumers seek to buy products and services that are committed to sustainable business practices. The remainder of this article will present a number of examples of sustainable business practices that can be deployed in a hotel.

## **Social Awareness—Legal Compliance—Goodwill Market Positioning**

Often, people equate SBPs with environmentally-oriented "Green" policies. Clearly, Green policies are an important subset of SBPs, but SBPs should be considered in a larger framework.

The Americans with Disabilities Act requires hotels to provide accommodations for people with various disabilities including sight and hearing deficits. Few hotels that comply with these laws actually publicize this fact in their marketing materials. This is a huge market. Not all hotels, especially smaller properties, are required or, in fact, do comply with the ADA rules. Marketing to the disabled population may be as simple as promoting the existence of a TTY device, which almost all hotels must have. This directly communicates to the hearing disabled population and speaks more generally to hotels sensitive to disabled persons, which is likely to appeal to the disabled community as a whole. Using the international accessibility symbol is another means of communicating the marketing message. Be sure that the hotel does indeed meet the requirements and, if so, optimize the fact as a competitive advantage.

Legally, know the legal requirement for the hotel. This varies widely depending upon the property, its age, size, anticipated or past remodeling programs, etc. Be forewarned. Numerous individuals and lawyers roam the state looking for hotels and other public establishments that do not arguably comply with ADA requirements. Usually there is some infraction. Thus, litigating a successful defense is rarely possible. Under federal law, this can expose the hotel to legal fees. Under California law, this may also expose the hotel to damages or civil penalties based on discrimination. At a minimum, by knowing

your property's status under the ADA, and having a short-term and long-term plan to remediate any noncompliance, you will save thousands in settlement negotiations, should the situation arise.

Other examples of using social benevolence to one's competitive advantage are demonstrated by the following:

- Hilton International and Scandic, a Swedish Hotel Company, have begun serving coffee products produced by companies that have been certified by an independent agency for their commitment to living wage practices to the employees of the growers. The collateral materials and Web site information provided to guests can reference such policies.
- Implementing worker safety programs, of course, achieve the social goal of decreased occupational injuries. Additionally, decreased injuries reduce absenteeism, which in turn reduces overtime, as well as worker compensation premiums, all of which lower expenses and increase profitability and asset value.

#### **Global Citizenry—Environmental Conscience—Competitive Advantage**

Increasingly, my clients are building new properties, or doing substantial redevelopment of existing properties. All of them need to comply with Title 24 Energy Requirements. Going beyond the minimums often makes sense. One such example might be the design of "Green Roofs." Benefits may include: an aesthetic garden refuge for your guests, lower utility bills, increased longevity of roofing materials, and noise reduction. Some benefits directly enhance the guest experience, while others reduce expenses which can either be direct savings or redirected to other areas to increase occupancy, rate, and/or service.

This discussion could fill volumes. And, indeed, the whole movement will continue to evolve in innumerable ways. I encourage each of you in your businesses to embrace sustainability and the associated legal compliance requirements and to use sustainability to improve your business performance.

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