

## ISHC Global Insights

## Sustainability can pump profits



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By Brita Moosmann ISHC, Kit Cassingham ISHC  
HotelNewsNow.com contributors

Sustainable hotel operations are responsible and profitable hotel operations. How so, you might wonder, since it is a common myth that sustainable also is more expensive? Responsible operations means you and your organization are doing what you can to make the bottom line better for all stakeholders—making it profitable for all concerned. You continue to run the hotel with the basic business principles of minimizing costs, increasing productivity and profitability, deleting waste and obtaining access to capital at a lower cost because those principles are also basic to sustainability. But sustainable development goes further and deeper; it becomes a value-creating model if it is planned and implemented well and suitable to the realities of the individual hospitality operation.

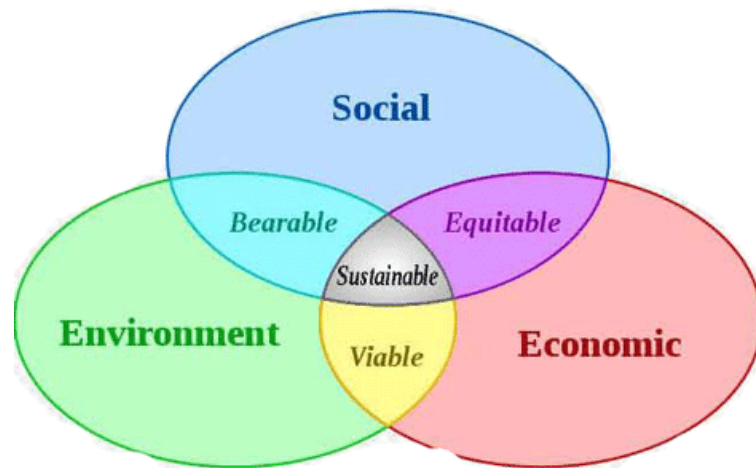


Brita Moosmann



Kit Cassingham

Sustainable development is an overlap of business and stakeholder interests. By managing according to principles that will strengthen rather than undermine the hotel's roots in the environment, social fabric and economy, sustainable development makes your hotel viable for the long term instead of being in survival mode in the short term. The concept of the Triple Bottom Line—also known as the 3Ps of people, planet, profit—is a model for attaining and measuring the impact of sustainable operations. Though it looks like an accounting term, and possibly should be, the principles outlined in the book of the same title by Andrew Savitz help you remember that all three elements are necessary in a successful operation: Profit (economic prosperity), people (social responsibility), and planet (environmental protection) will strengthen each other in the right mix and constellation. The following diagram shows the interconnectedness of the three elements:



Where social, economic and environmental considerations overlap is where sustainable profit for all stakeholders will be greatest in the long run. That's your sweet spot of operation.

In this context, sustainability is more than the green or environmental movement of "reduce," "reuse" and "recycle." It goes beyond that to include "rethink." Being sustainable requires rethinking where you generate waste in your procedures so you can plug that leak, as you would a leak in your plumbing. It also requires considering the consequences of all business actions on the social environment and on all stakeholders, including owners and investors. It sometimes requires thinking outside the box to find better ways of doing things, better ways of using your resources, better ways of communicating and measuring. Rethinking your operations can lead to greater efficiency and thus greater profits and sustainability.

## ABOUT THIS SERIES

This is the first article of a four-part article series that will explore how sustainable development can and will impact your operations—especially in light of evolving consumer trends, regulations and new technological developments on a national and global level.

## COMING NEXT:

An article that will appear on 11 November 2009 will focus on rooms operations and facility management, and how sustainable development can and must help you to come out of the downturn a better competitor and a better operator.

The third installment, which is scheduled to appear on 18 November 2009, will focus on sustainable events and the food-and-beverage side of the hospitality industry, an area in which consumer trends show very clearly that not being sustainable will put your organization at a disadvantage when competing for group and local business.

The final article of the series, which is scheduled to appear on 25 November 2009, will establish a methodology to help you with the implementation and measurement of sustainable development at your organization. We will introduce you to a collaborative tool created for a session at the recent International Society of Hospitality Consultants annual meeting called "3 Pillars of Profitability." It combines key metrics and values in rooms, F&B and sustainability by way of a score card and gap analysis.

Brita Moosmann, ([brita@vestaconsulting.com](mailto:brita@vestaconsulting.com)), a member of the [International Society of Hospitality Consultants](#), is principal of Vesta Consulting in Vancouver, British Columbia.

Kit Cassingham, ([KC@SageBlossom.com](mailto:KC@SageBlossom.com)), a member of the [International Society of Hospitality Consultants](#), is chief sustainability officer of [Sage Blossom Consulting](#) in Ridgeway, Colorado.