Sustainable Supply Chains - Case Studies

Case study 1: Aurinkomatkat

Aurinkomatkat, a Finnish outbound tour operator, began integrating sustainability measures into its supply chain system in early 2000. The company developed sustainability criteria for partner hotels, with priority given to good **water management** and **energy saving**.

Minimum criteria were established for partner hotels, including connection to a wastewater treatment system and water- and energy-saving measures. The sustainability program has been implemented in phases, to give existing contract partners a **several-year transition period** to meet the requirements of the program and understand what will be expected in the future.

The first phase of the program included **monitoring** of environmental performance, but did not actually require accommodation providers to meet all the requirements. The initial monitoring takes place through a checklist completed by a representative of the facility, which is then checked by Aurinkomatkat personnel at the destinations and verified annually. All Aurinkomatkat staff have been trained in sustainable tourism through lectures and round-table discussions. Training continues through discussions, an internet site, a newsletter on sustainable tourism and an information package. Responses to the program have been positive, and some hotel managers have provided information on their environmental performance before being asked to do so. Aurinkomatkat informs its suppliers about the program and how to fulfill the sustainability criteria through letters and personal visits, depending on the destination. Because many of the accommodations are family-owned enterprises, the environmental program and the criteria are translated into the language of the destination.

To provide incentives for its partners to improve their environmental performance, Aurinkomatkat has created a **sustainability classification system**. The classification system will soon appear beside the traditional quality classification in Aurinkomatkat brochures, web pages and marketing materials. The classification system is based on a 100-point scale. By meeting the minimum criteria of connection to a wastewater treatment system, and water- and energy-saving measures, a facility can achieve the 30-point minimum required for inclusion in the sustainability program. Additional points are awarded for having an environmental or sustainability policy, developing an effective waste management system, using renewable energy sources, implementing a sustainable purchasing policy and having a community relations program. Hotels can receive up to three stars for environmental performance. If there is negative feedback from customers or if issues arise that compromise the criteria, a hotel may have its environmental classification downgraded.

Concerned that integrating of environmental criteria into hotel contracts might increase the risk of losing touch with the socio-cultural and economic sides of sustainability, Aurinkomatkat has also integrated indicators for **social, cultural and economic sustainability** into the program. These criteria recognize that an 800-room hotel has a different scale of impact than a six-room holiday apartment hotel, and their resources are not comparable. A five-star multinational resort with eco-certificates is not always a “better” choice than a family-owned apartment building that has no environmental program but which employs the family next door and helps the local economy by encouraging tourists to buy food and other goods from local stores. Thus, the company has made it easier for **small family-owned properties** that cannot invest in environmental technology to the same extent as large hotels by giving an additional five points to small-scale locally owned accommodations. This will mean that a small family-owned hotel that uses water- and energy-saving measures and treats its sewage appropriately will meet the minimum requirements for inclusion in the sustainability program. Achieving a higher environmental classification will require more investment.

Case Study 2: LTU Touristik

In summer 2000, **LTU Touristik**, a German tour operator that specializes in package tours to all continents, launched a campaign to help contracted hotels improve their environmental performance. The campaign was based on the company's experience with contracted hotels that showed that most hoteliers felt a general sense of responsibility for the environment, but needed suggestions for how they could implement good environmental practices. To determine where assistance was most needed, LTU Touristik's Environmental Department worked with a consultant to distribute a questionnaire to contracted hotels. The department also held personal meetings with hotel managers in a number of destinations, allowing them to learn firsthand about the hotels' environmental practices and environmental impacts.

As the centerpiece of the campaign, the company developed a small manual, Das Umwelt freundliche Ferienhotel (The Environmentally Friendly Holiday Hotel) to give technical assistance to contracted hotels (those that are not directly operated by LTU Touristik). Topics addressed in the manual include drinking water, outside areas, energy, purchasing, waste and communication. Each section includes a general description of the problem and concise suggestions about how to solve it, presented in simple language and a user-friendly layout, showing how much time an action will take, the investment required, and the likely cost savings.

The manual, which targets hotel managers and other staff members responsible for hotel operation, was launched in all destinations worldwide where LTU Touristik does business. Now in its 3rd edition, the 20-page manual is published in German, Greek, English, French, Italian and Spanish. In 2002, about 15,000 manuals were distributed, and several large hotel companies ordered the manual to use for staff training or reprinted it on their own.

Where possible, the manual was distributed personally to hotel managers. Tour guides, buyers and the head of the destination agency delivered the manuals during routine visits, explained LTU Touristik's objectives and offered initial suggestions for environmental practices. These representatives then reported back on the first reactions of the hotel managers to LTU Touristik's Environmental Manager. Along with the manual, hotel managers received a personally addressed letter and a one-page questionnaire about whether they were able to use some of the practices in the manual, whether they needed further information and which environmental protection measures they already implemented. Nearly 20 percent of all contracted hoteliers have offered feedback to the company.

If hoteliers need further assistance beyond these first contacts, LTU Touristik provides it through its Environmental Department's two-person technical assistance team, thus guaranteeing a continuous dialogue with hotels that want to improve their environmental performance. Training is offered to buyers, heads of destination agencies and tour guides, and the Environmental Manager personally updates them on the campaign. Information is also provided on what type of technical assistance is expected from them and how to make an informal evaluation of the visited facilities. The company's web site provides all interested employees with more detailed information.

LTU Touristik has recognized that relying solely on manuals has its limitations, principally that there are no mechanisms for enforcement of the voluntary practices nor incentive for their implementation. The company's long-term goal is to be able to demonstrate the benefits of environmental action and to establish environmental standards for holiday hotels. As a next step, LTU Touristik plans to collect all information about environmental action introduced by the hotels and report its findings to other hotels and eventually to its clients.