

SCANDIC HOTELS: A Natural Fit for The Natural Step



Scandic Hotel Sjölyst was built in September 1997 in accordance with Scandic's environmental policy and includes recyclable rooms

It is the largest hotel chain in the Nordic nations. Equipped with 97% recyclable "eco-rooms," 13 different categories of waste separation, and cost savings of approximately \$800,000 in 1997 as a result of environmental efficiency programs, Scandic Hotels is using the principles of The Natural Step to change the way it does business.

Scandic operates over 120 hotels in nine different countries throughout Europe, and is the largest hotel operator in Scandinavia. Less than a decade ago, Scandic was a company in crisis. A recession in the early '90s in North European markets devastated the hotel industry and exposed many weaknesses in Scandic's business operations. They were losing money and struggling to survive. Today their stock is trading at three times the issue price just two years ago, profits are soaring, and sustainability is playing a key role in Scandic's turnaround.

In 1992, **Roland Nilsson** entered the scene as Scandic's newly appointed CEO. Nilsson quickly assembled a new management team and brought with him the insight that environmental responsibility is an important customer value. From the beginning, sustainability was integrated into the new corporate strategy and Scandic's environmental activities became part of their business objectives. Included in their environmental policy was the

statement, "Our objective is to become the most environmentally friendly company in the hotel industry and operate in accordance with the conditions of nature."

With the environment serving as a core unifying value for the company, The Natural Step was chosen as the model for implementing sustainable practices at Scandic. Nilsson describes TNS as a "very logical, natural, and simple way to handle a rather tricky question," and was drawn to the framework for many reasons. First, because TNS did not attempt to set the agenda for Scandic, instead it offered direction and a common language. Also, working with TNS enabled Scandic to proceed with their new vision at a comfortable pace and focus first on re-building a healthy company.

How did they do it?

Believing it critical that all employees, from senior management to cleaning staff, share a common vision and language, Ola Ivarrson, Director of Corporate Purchasing who was quickly renamed Director of Corporate Purchasing and Environmental Affairs, instituted a train-the-trainers program based on an adaptation of the TNS framework to fit Scandic's needs. Today the program is translated into five different languages and is being implemented by a group of fifteen in-house trainers. Trainings are suited to each region's environmental priorities and

last between 6 hours and 6 days depending on the needs of the staff. To date, 5,000 of the 6,500 employees at Scandic have been trained in TNS.

In addition, a decentralized network of environmental coordinators, one in each hotel, facilitates local programs to accomplish step-by-step measures toward environmental improvement. Coordinators use an **Environmental Guide**, created to galvanize thinking and action, when engaging hotel staff in what is called the "Environmental Dialogue." Once employees have received TNS training and have a mutual frame of reference to work from, they convene small cross-departmental groups to determine objectives and action plans for their hotel. Currently an impressive 2,000 measures generated from the Environmental Dialogue have been implemented.

Scandic Hotel's Environmental Guide

- 1 to the greatest extent follow the principles of nature's cycles in our work and the business will successively align with nature's cycles
- 2 follow the rules and norms in each environmental area and hopefully be one step ahead
- 3 develop products and services so that we use nature's resources as sparingly as possible
- 4 choose only raw materials and recyclable packaging--products that do not meet these criteria should not be used
- 5 strive to use environmentally safe and recyclable energy sources and use distribution systems that put fewer burdens on the environment
- 6 reduce waste and promote waste reduction through responsible methods
- 7 choose, influence, and educate our suppliers to help us implement our environmental policy
- 8 develop an environmental network of enthusiastic representatives at each hotel
- 9 every year review the results of our environmental policy and establish goals for future development

RECYCLABLE ROOMS



Once The Natural Step training started and all Scandic employees began working toward the same vision, Scandic instituted a second level of environmental action to hold people's interest and address the issues of resource efficiency. The program is called The Resource Hunt and the objective is based on Scandic's goal of being "the world's most resource efficient hotel company." The Resource Hunt projects that in three years Scandic will reduce their total energy use by 20%, water use by 20%, and unsorted waste by 30%. It promotes friendly and productive competition between hotels and amongst countries. Twenty-percent of all cost savings are channeled back into staff development and the program naturally overflows into Scandic's cost-efficiency goals. After just 11 months, Scandic estimated savings of approximately \$800,000 in 1997 as a result of reducing energy use by 7%, water use by 4%, and unsorted waste by 15%.

How do they measure success?

Ivarsson uses three feedback mechanisms to monitor progress and obtain measurements. He admits these systems evolved with time and experience, illustrating one of the core concepts of TNS--that every business knows its business processes best. First, each hotel submits a quarterly status report called the Environmental Barometer that records accomplishments against objectives. Secondly, Scandic has developed an Environmental Index that identifies nine areas and sixty activities that should be performed on a quarterly basis and awards points to hotels for meeting these objectives. Lastly, an internal benchmarking system (BNIC--"Best In Class") was established that measures eighteen key ratios including financial indicators, customer and employee satisfaction, and Resource Hunt results. The figures are then posted publicly to encourage information sharing and self-education throughout the company.

Recognizing its environmental goals, policies, and actions are directly connected to

Each year Scandic refurbishes approximately 1,500 of their 16,000 rooms. Renovations include replacing plastics and carpets with wood, substituting natural fabrics for nylon and acrylics, switching to water-based paint and wood treatments, and installing their prototype 100% recyclable shampoo and soap dispenser. The results measured show an estimated annual decrease in plastics of 90 tons, metals of 15 tons, and mercury of 50 kilograms. The project has required the intense participation of suppliers to help locate responsible materials and refine manufacturing processes to be in alignment with the principles of The Natural Step. Although the initial investment is 15-17% higher than standard restoration, costs are offset by eventual savings of over 30% throughout the lifespan of the room. In addition, recyclable rooms offer guests more comfort, safer and healthier living conditions, and gives Scandic a competitive edge in the industry. To date approximately one-fourth of all of Scandic's hotel rooms have become 97% recyclable.

its future prosperity, Scandic is working at all levels of business and community to fulfill their environmental objectives. They work with suppliers on projects such as designing a **recyclable room**, significantly reducing the amount of chemicals and cleaning agents used in the hotels, and eliminating chlorine bleaching from linen-washing processes. Scandic has arranged waste handling programs within the community and engages local school children in their work as environmental performance monitors for the hotels.

The result is an impressive program with concrete results and extreme potential. And the best kept secret in the midst of it all is that much of Scandic's success can be attributed to an empowered staff with shared vision and purpose. In addition to providing guiding principles for Scandic, TNS training has significantly increased employee morale and job satisfaction. The environmental focus provides a place for people to gather around values regard-

less of job responsibilities or location. According to Nilsson, there has never been a program at Scandic as well received. He explains, "everyone loves taking care of the world."

After a few years of encouraging accomplishments and success, Scandic employees are asking what's next. With the understanding that achieving sustainability is an endless process, Scandic is looking for ways to move beyond eco-efficiency and advance their vision on the road to becoming a sustainable, even restorative enterprise. ☺

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Information in this article furnished by Brian Natrass and Mary Altomare, authors of the upcoming book, The Natural Step for Business: Wealth, Ecology and the Evolutionary Corporation, New Society Publishers, publication date January 1999.