

BMIH5007

Financial Management

Accounting for Sustainability

HOSPITALITY
AND
TOURISM
MANAGEMENT

Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Aims for today

- Sustainable development triangle
- Sustainable marketing
- Corporate Social Responsibility

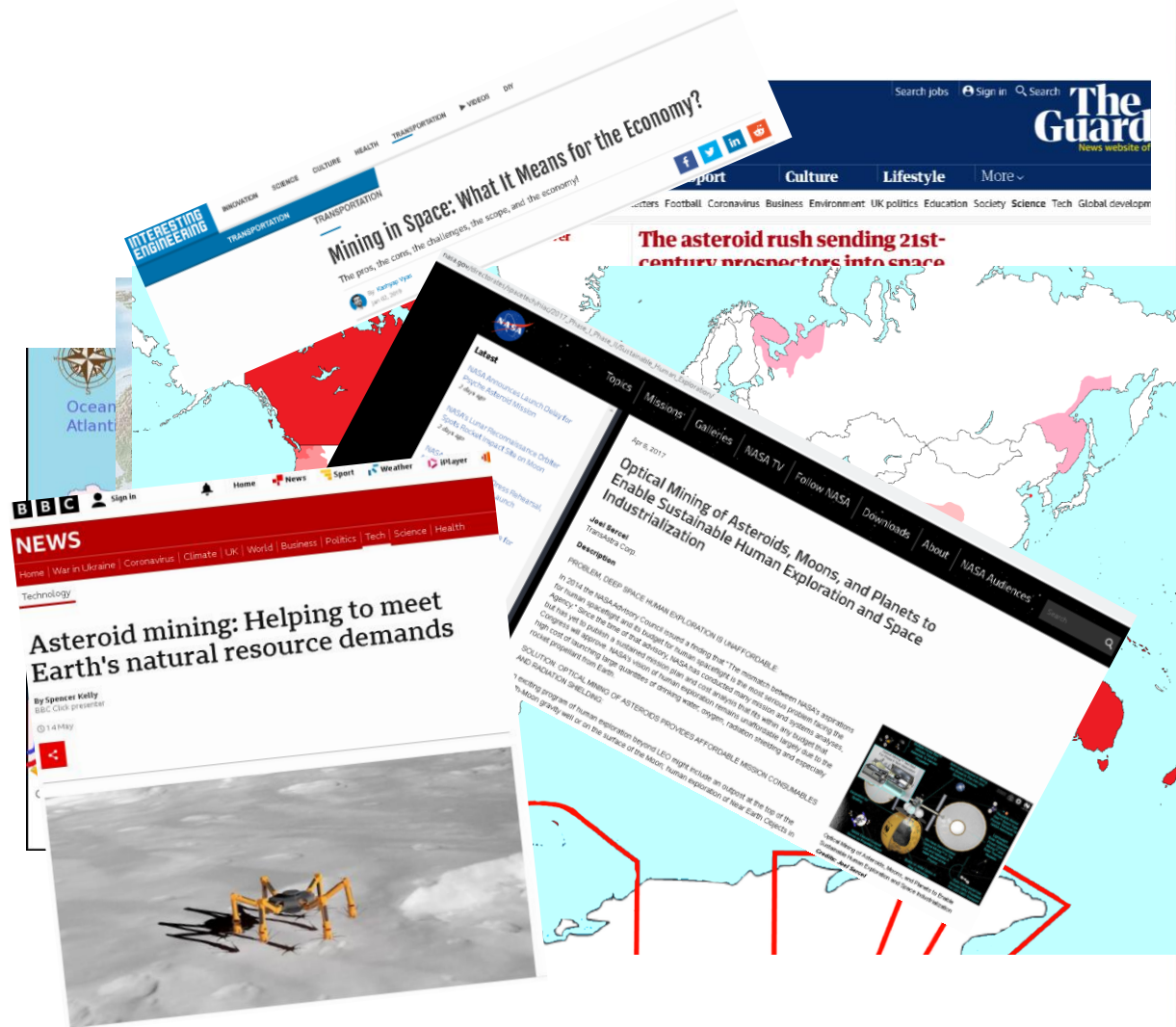
Sustainability.

"Meeting the needs of the present without compromising the ability of future generations to meet their own needs."

(United Nations, 1987)

"commercial systems that rely on environmentally and socially responsible practices in order to allow for continued responsible operation into the future."

(CFI 2022)



The sustainable development triangle





The Hotel Industry and Sustainability

- What problems do you think the Hotel Industry has in this area?
- How predictable are Hotel and Tourism needs?
- How stable are the resources needed?
- How forward thinking do you think financial managers are within the Hotel Industry?





(WRAP,2022)

The Courtauld commitment

A series of **voluntary** agreements beginning in **2005** that enables collaborative action across the entire **UK food chain** to deliver farm-to-fork reductions in **food waste, greenhouse gas** (GHG) emissions and **water** that will help the UK food and drink sector **achieve** global environmental goals. funded by **UK Governments** and the **food sector**, and delivered by **WRAP**

▪ The Hospitality and Food Service Agreement 2012

- An ambitious, **three-year** voluntary agreement over 230 leading hospitality signatories covering approximately 25% of the UK sector (calculated by food and drink sales, including wholesale and distribution). A number of these organisations are continuing to work under the Courtauld Commitment.

£2.5bn: The cost of food waste to UK Hospitality and Food Service

920,000 tonnes

of food is thrown away by the sector each year



This is equivalent to **1.3bn** meals ...



... or **1 in 6** meals served

18%

of all food purchased in the sector is wasted

£10,000

average cost per outlet per year

£2,800*

the cost per tonne



Waste and Resources Action Programme (WRAP, 2020)



(WRAP, 2020)

The hospitality impact

- key hospitality industry sustainability challenges
- Food waste.
- Water usage.
- Conserving energy.

OUR WATER RESOURCES ARE UNDER STRESS...



in England...

14% of rivers over-abstracted

86% of rivers do not meet good ecological status



and in global supply chains

90% of UK's fruit & 50% of vegetables come from overseas*

8 of the top 10 countries we source from are drought-prone
(*excluding potatoes)

WHICH IS WHY WE NEED THE



PRIORITISING
shared supply chains



DELIVERING
collective action projects

"Together our aim is that the UK's fresh produce, and other key foods, are sourced from areas with sustainable water management."

TOGETHER WE HAVE MOBILISED

6 catchment projects across the UK, Africa

HILTON'S 2025 Water Commitment

JOINING THE GLOBAL DIALOGUE ON WATER STEWARDSHIP, SIGNING THE UN CEO WATER MANDATE.
WORKING WITH OUR STRATEGIC PARTNER, WORLD WILDLIFE FUND (WWF), TO ADOPT A COMPREHENSIVE WATER STEWARDSHIP APPROACH.

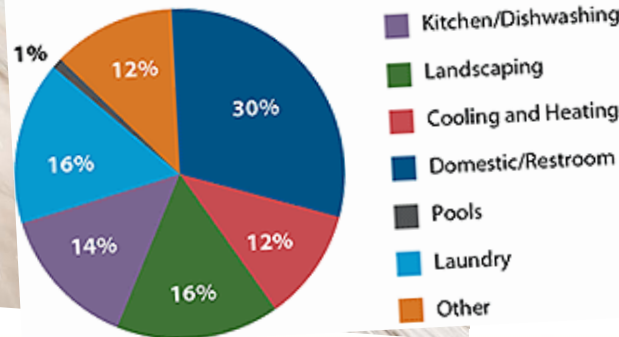


WRAP, 2020 - water

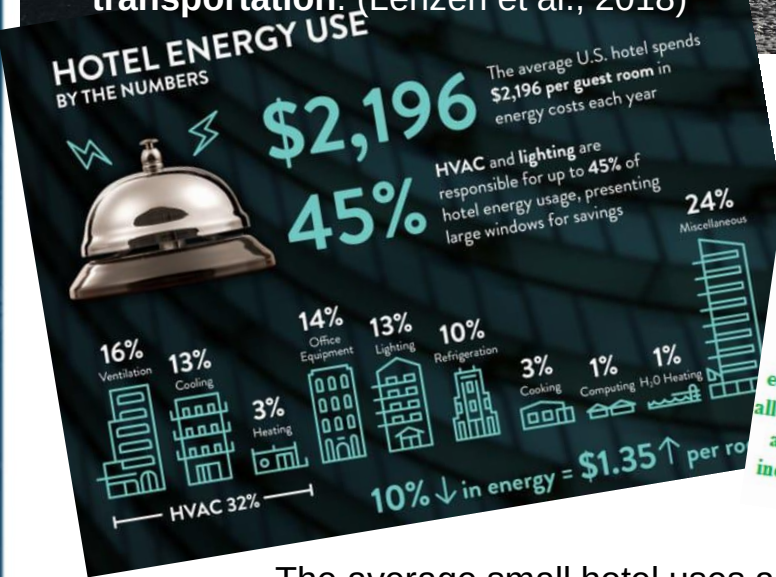
The hospitality impact

- Key hospitality industry sustainability challenges
- Food waste.
- Water usage.
- Conserving energy.

End Uses of Water in Hotels



■ According to one study, tourism accounts for **8%** of the world's greenhouse gas emissions. About **90%** of these emissions come from **transportation**. (Lenzen et al., 2018)



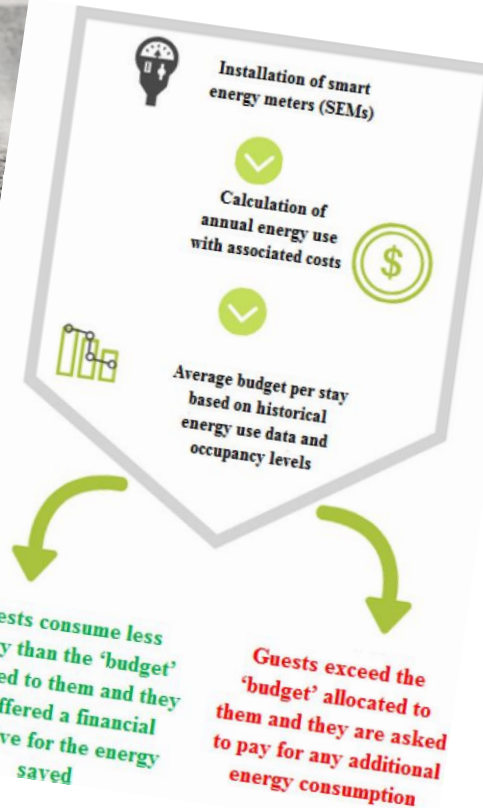
The average small hotel uses approximately **12,500 kWh** of electricity per **month**.

(House-3500kWh a year)

(OVO energy,2022)



(Filimonau,2020)



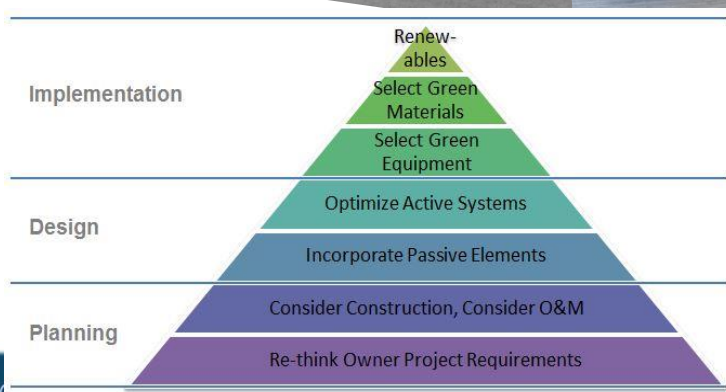
The hospitality impact

- key hospitality industry sustainability challenges
- Food waste.
- Water usage.
- Conserving energy.



The hospitality impact

- key hospitality industry sustainability challenges
- Food waste.
- Water usage.
- Conserving energy.
- Single use plastics.
- Integrating sustainability into the hotel architecture/business model.





(WRAP,2022)

The Courtauld commitment

- Food and packaging waste reduced by 11%, exceeding the 5% target
- 24,000 tonnes of food saved from being thrown away, worth £67 million
- Redistribution of surplus food doubled to 760 tonnes (=1.5 million meals)

• A series of farm achievements

• The
• An (cal und

the entire **UK food chain** to deliver help the UK food and drink sector delivered by **WRAP**

ing approximately 25% of the UK sector organisations are continuing to work

SAVE
costs by monitoring
energy, water and
waste to reduce usage

HOSPITALITY
AND
TOURISM
MANAGEMENT



Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Sustainability activity?

In groups brainstorm possible barriers to investing in sustainable practices?

And find evidence and examples...

Post your findings/links in the chatbox (be prepared to discuss!)

20 mins



Sustainability Marketing



Emergence and merging of numerous social and environmental issues affecting many industries, and emergence of a different type of marketing.

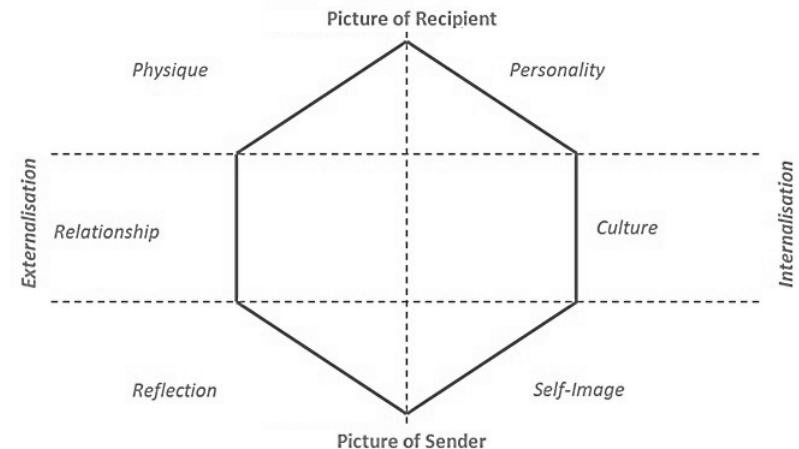
Focus of Conventional Marketing:

- On the consumer as an individual and their wants;
- On purchase as an activity;
- On transfer of product and its ownership;

Focus of Sustainability Marketing:

- On the consumer and their wants/needs in their social context and the collective impacts of consumption;
- On consumption as a process;
- On long-term flows of resources and value;

Brand Identity Prism



A brand provides a basis for the customer to reflect externally something about themselves to their peers through owning the brand (de Chernatony, 2001).



A positive experience and brand image makes consumers more likely to select a brand, endorsements and brand equity derive competitive advantage that is difficult to imitate and aims to fit the consumer's self concept.



Sustainable development and economic growth

Economic growth must be made:

- **less material intensive**
 - **less energy intensive**
 - **more equitable in its impacts**
-
- Economic growth may be reduced or curtailed to meet limitations imposed by environment, technology, or society





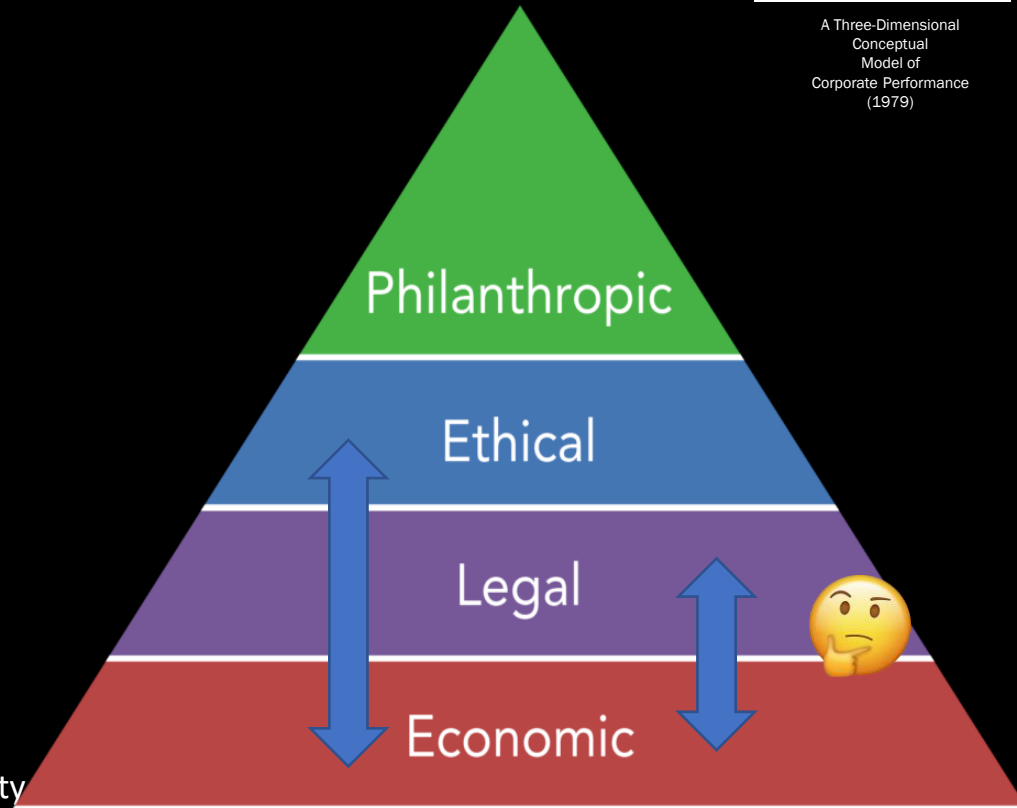
Archie B Carroll (1979)

CSR Pyramid



A Three-Dimensional
Conceptual
Model of
Corporate Performance
(1979)

- **Economic Responsibility:**
 - Be profitable
 - Deliver value for customers
 - Deliver quality at a fair price
 - Create and maintain jobs and wealth
- **Legal Responsibility:**
 - To comply with the law
- **Ethical Responsibility:**
 - Do the right thing – how one should act in society
 - Avoiding injury or harm / Sustainability practices
- **Philanthropic Responsibility:**
 - Purely voluntary obligations a company takes on (Discretionary or Charitable)



Two broad choices of business model cost structures

Cost-driven

- Focus on minimising costs wherever possible
- Aims to create and maintain the leanest possible Cost Structure using low price Value Propositions, maximum automation and extensive outsourcing
- For example, no frills airlines, such as EasyJet and Holiday Inn



Activity- you will be placed in random groups, you will vote for either value or cost driven to discuss..

You will make an infographic poster with referenced examples explaining the benefits for Value or Cost driven sustainable strategies in hotels.



Value-driven

- Less concern with cost implications
- Greater concern with value creation
- Aims towards Premium Value Propositions and a high degree of personalised service
- For example, luxury hotels with lavish facilities and exclusive services e.g Six Senses



Assessment 1 Recap

Assessment 1

DEADLINE: Friday 18th October
2000 words Report

Write a report with a view to comparatively analyse their approach to financial management when considering a number of areas:

- Total Revenue
- Market Position
- Growth Potential
- Financial commitment to sustainability

NOTE: the above is a non-exhaustive list. Students are welcome to discuss other elements which they believe to be relevant.

Ensure you include reference back to terminology and industry standard practices and approaches with reference to resources throughout. (evidence and examples!)

In your recommendations, as is typical in a Business Report format – Decide upon and rationalise ONE recommendation for EACH of the organisations.

FINAL Report

When happy with your final report, it must be **uploaded** to the correct link on Moodle (as below):

[Assessment 1: Business Report – FINAL Sept 24 Term](#)

DEADLINE: 23:59 Friday 18th October

Any questions?

HOSPITALITY
AND
TOURISM
MANAGEMENT

Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

I look forward to seeing you next week.

If you have any questions in the meantime,
please send an email from your student
account

t.hawkins@uwtsd.ac.uk

Next week.....

Cost Structure & Breakeven

Please have a look at the material on
Moodle, which will be made available
this Friday.