



Greening Your **HOSPITALITY BUSINESS**

For Accommodations,
Tour Operators, and Restaurants

Jill Doucette and
JC Scott

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Introduction



Business is, without a doubt, one of the most powerful forces in society today. With the power and ability to influence our communities comes the vast potential to make a positive impact on the world. The hospitality sector is poised to be a change-maker within the realm of sustainability. Hospitality business have a particular ability to influence society for a few reasons:

- They are places where people congregate.
- They are major purchasers of goods and services.
- They typically have a high environmental impact per square foot, compared to other industries.
- They are keystones of our cultures and communities.
- They are often respected and trusted brands and can inspire businesses in other sectors.

By greening your hospitality company and taking action on areas such as alternative energy, waste reduction, sustainable purchasing, and community support, you will see a shift in your corporate culture. You will see new loyal clientele, a change in your environmental impact, and have the potential to influence other companies.

Whether your business is a restaurant, hotel, resort, clubhouse, cafeteria, or another hospitality business, this book will show you how going green can help the environment as well as your business. The planet needs leaders in sustainability, and that leadership does not go unrecognized. Customers want to see action, and they are starting to choose businesses with values that match their own.

The chapters in this book will give you practical information for greening your business with real examples of sustainability projects implemented in hotels and restaurants around the world.

I. The Business Case for Going Green

A recent global population study stated that numbers will continue to grow this century and the world will have “between 9.6 and 12.3 billion people in 2100.”¹ Our lifestyles and many industries put enormous pressure on the planet. If the planet is to support 11 billion people in the near future, we need to change the way we live, work, and run our businesses to sustain and coexist with other species. Our natural wonders — the great ocean reefs, herds of grazing animals, lush tide pools, and clean rivers — are all at risk. Species in all habitats are in peril and we have already lost many due to human-induced changes to the environment.

The problems seem enormous but hope lies in the fact that we can make a difference, in the same way that real and meaningful change always begins, with small steps taken in the right direction. Businesses are starting to shift and the results are significant. We are now witnessing hotels that are completely “off the grid,” and restaurants that are sourcing 100 percent seasonal and local produce. This environmental leadership is raising the bar across the hospitality sector.

According to the American Hotel & Lodging Association, in 2012 there were more than 50,000 hotel properties and almost 5 million guest rooms in the United States.² In Canada, in 2015, there were more than 8,000 properties and almost half a million rooms.³ If every hotel in North America reduced energy and water consumption and tackled waste, the carbon footprint of the tourism sector would be drastically reduced.

Even more impressive is the number of restaurants worldwide — in the range of 7 to 12 million — but the industry changes quickly and

1 “World population stabilization unlikely this century,” *Science*, accessed September 2015. www.sciencemag.org/content/346/6206/234

2 “2013 Lodging Industry Profile,” American Hotel & Lodging Association, accessed September 2015. <https://www.ahla.com/content.aspx?id=35603>

3 “Hotel Industry Fact Sheet,” Hotel Association of Canada, accessed September 2015. www.hotelassociation.ca/forms/Hotel%20Industry%20Facts%20Sheet.pdf

developing countries are rapidly expanding various food services, so no one is sure of the exact number; there could be 15 million.

Though the hospitality sector took a tough hit from 2008 to 2009, it has staged a strong rebound, and more growth means more environmental impact. Full-service dinner houses and fast food restaurants are all looking at ways to minimize environmental impact to reduce costs, maintain a positive public image, and reduce the risks of climate change. Take a look at Table 1 for information about relevant carbon emissions.

Table 1
Carbon Emissions

	Carbon Emissions per Day
The average person's diet	7 kg CO ₂ e
Hotel rooms (mid-scale)	16.8 kg CO ₂
Hotel rooms (upscale)	33.338 kg CO ₂

Source: How We Calculate, Carbonfund.org, accessed October, 2015.
www.carbonfund.org/how-we-calculate

Reducing environment impact in your business has great perks such as marketability, staff retention due to stronger corporate ethics, regulatory compliance, and financial benefits through eco-efficiencies. As few as five years ago, one could imagine that a hospitality business could plan for the future with only passing attention to sustainability principles; however, today with climate change at the forefront, and the millennial generation expecting responsible social and environmental behavior from the businesses they support or want to work for, green is a new imperative for business.

Consumers, particularly millennials, are not only shopping for *value*, they are shopping to see whether *your values are aligned with theirs*. By making choices such as shopping locally; promoting organics; and selecting regional wines, craft beers, and spirits, you can connect with a conscious clientele who understands the impact of their spending.

Embracing and adapting to change is what survival is all about. Green changes that are now normal in restaurants, hotels, resorts, and throughout the hospitality industry include recycling, water conservation, energy efficiency, and increased social responsibility. Do you see any of these going away? The issues of resource scarcity will persist, and therefore, we can expect the “green movement” to be not a trend, but a paradigm shift in commerce.

Change is a necessary constant in business and the ability to be opportunistic in the face of change can be a determining factor in a business's success or failure. Failure to see, accept, and plan for change is dangerous. One of the biggest forces for change in the food and beverage industry in the next decade is likely to be some form of reaction to climate change affecting our food supply and necessitating increasing environmental regulations.

Your business can start charting the course to reduce environmental impact. Change in any business must be planned for and budgeted. The planning process will allow those in your company to realize that a sustainability plan has numerous benefits. For example, many jurisdictions and utility companies still have early adopter grants and incentives that can assist your business with changing lighting, water fixtures, and installing alternative energy systems.

More radical changes that are entering the market include solar heating, geothermal energy, photovoltaic energy, recycled fryer oil running biodiesel vehicles, LED lighting, induction cooking, and many more innovations. There will be more, many of which we will discuss in the following chapters.



Over the past few years, we have surveyed owners of restaurants and hotels asking them if they were actively engaged in sustainability, and if the answer was yes, what their reasons were. The responses were surprising. Most said they were engaged in sustainability because of personal ethics, but others stated their reasons were marketing, winning contracts, employee retention, regulation, and cost savings. Also interesting to note is that the main reason for going green was ethics, but the main barrier was the cost. Therefore, it was important for owners to justify their sustainability program by gaining cost savings to pay for new sustainability initiatives.

1.1 Ethics

One of the first reasons that people go green is their ethics, which is defined as a moral duty and obligation to do “good” and to do the “right thing.” Because people generally feel good about bringing their personal values into their places of work, corporate leaders in hospitality are steering their companies in a new direction. As our society learns more about global environmental issues, people in business are starting to find ways to mitigate environmental impact for the simple reason

that they would like to do their part to protect the planet. Knowledge is a powerful motivator when it comes to ethical action. The increase in awareness of the state of our planet has motivated the doers of the world to take action and lead by example in their businesses.

Despite the fact that not everyone is personally committed to sustainable change, most people see it as the future. Consider where your business will be in five years. Will you and your customers be more conscious about energy and resource consumption? We expect that the entire hospitality industry will be greener and more efficient and also that the sector will be reaping benefits beyond simple cost savings from an engaged and supportive public.

1.2 Marketing

The second strong driver in the growing green movement is marketing, because sustainability is a new deciding factor for a growing segment of consumers. There has been impressive growth in the green sector of the economy even in the aftermath of the 2008 meltdown. As the economy continues to recover, one can expect even faster growth throughout the green sector. Consumers today are seeking more sustainable products and services; they are looking for healthier food alternatives, higher quality products, local businesses, and many are interested in spending in ways that preserve the environment.

When a business is seen to “walk its talk,” it builds consumer confidence. People are skeptical of greenwashing claims (i.e., companies that spend time and money claiming to be “green” but don’t actually implement green practices) so credible marketing and communication is important. Be transparent about your business’s green practices by telling your customers exactly what you are doing and displaying the measurable impact.

Certification by third parties, through various agencies such as the Green Restaurant Association, Green Key Global, Leaders in Environmentally Accountable Foodservice (LEAF), and Leadership in Energy & Environmental Design (LEED), also lends credibility to your claims.

We will discuss traditional, emerging, and innovative marketing strategies in Chapter 12.

1.3 Staff retention

For many hospitality businesses that have made sustainability a key focus, the primary driver came from management who knew that value-based business operations would attract and retain workers. We have

witnessed dramatic reversals in head-office thinking after focus groups listened to the younger staff express their views about a company's sustainability policy and behavior. Staff engagement is an important retention factor and green policies and practices have been shown to create positive engagement, because people feel better about working for businesses that have environmental values. Bold and innovative leadership engages staff to follow with confidence and to feel good about their place of employment, leading to better attitudes and enhanced retention.

1.4 Regulatory compliance

With a changing political and social landscape, environmental regulatory compliance is becoming a big factor for many businesses. Green initiatives such as recycling are mandatory in many jurisdictions. By taking a proactive approach, a restaurant, hotel, or resort can often avoid potential issues with regulators.

Although only some green practices are regulated today, issues such as water efficiency, energy conservation, recycled materials, and waste handling are key issues for utility companies as well as municipal and regional governments. For example, sorting paper from cardboard, and glass and plastic from other waste is required for restaurants on the southern tip of Vancouver Island and the Gulf Islands in British Columbia. Composting food waste is now a financial consideration for waste-removal contracts. With drought conditions occurring with greater frequency, water efficiency and even water rationing is a reality not only in parts of the southern US where it perhaps could be expected, but also in Washington State and British Columbia. Continued energy shortages and brownouts have implications of increased regulation for energy use by businesses.

1.5 Grants

Linked to regulatory compliance, governments and utility companies offer different levels of incentives and grants, varying from place to place and year to year. The commonality about grants is that early adopters are generally the major beneficiaries. Once behavior becomes normal, then habits become rules, and the grants that were used to incentivize changes in behavior will no longer be required or available.

1.6 Financial benefits

The financial benefits of going green are a powerful incentive. However, going green should be considered a process and we encourage you to

start with the easy steps that will have the highest and fastest returns, often referred to as the “low hanging fruit.” If those savings are then invested in larger and more costly initiatives with a higher but longer-term return on investment (ROI), the greening can be self-financed until the point that your goals are reached and you have a green business with improved efficiency, better staff retention, a loyal customer base, and improved profits.

To make your dollar go further, you can install green systems and materials that reduce energy consumption, which will reduce your energy bills. New efficient systems also increase your profits and the value of your assets.

1.7 More reasons to go green

Here are some additional reasons to go green now:

- **It is easier than you think:** It has never been easier to go green than it is today; qualified help is readily available and there are ever increasing options.
- **To be competitive:** A green business is rewarding; ask anyone who has improved the sustainability of their business and he or she will tell you that people respond well to green businesses.
- **The health benefits:** Going green is good for your own health, for your staff, and for your customers.
- **Timing:** Going green now will give you a competitive advantage because tomorrow may be too late for your business to adapt.
- **Do the right thing:** Those who see the planet and commerce as an interdependent system know that going green today is the right thing to do.

The following chapters will help you improve your hospitality business and the planet by going green.



People, Planet, Prosperity



The payback model which dominates the green movement is the triple-bottom-line — people, planet, prosperity. As you will see, the paybacks to greening your business are threefold and they can be a game-changer in today's economy. Success for many business owners is not just about making money.

Measuring the three Ps can give you perspective on the health and vitality of your business and the impact it has on the world.

The triple-bottom-line perspective has redefined success as more than strictly capitalistic. It implies that business can not only make money, but also have a positive impact on society and the planet. If we measure planet and society factors as we measure and count our money, we start to treat them with equal importance.

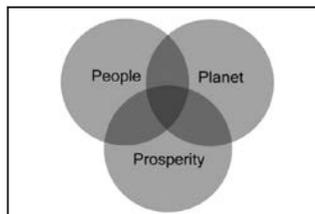


Figure 1: People, Planet, Prosperity

1. People

People are the lifeline of hospitality. Your staff and suppliers are as critical as your customers. If you map all of the connections that a single hospitality company has within a community, you will see a dense web of interconnections and relationships with other hospitality businesses, government and tourism agencies, local business groups, schools, transportation companies, linen companies, food suppliers, landscapers, and the list goes on.

A hospitality company has incredible potential to make a positive impact because it is at the nexus of a community. It forms a hub of people, and those people rely on your business in one way or another. Your social values and how your business interacts with people can make a big difference. Your business has the ability to impact the lives of hundreds of people. Consider your social values:

- What impression do you want to have on people?
- What do you want to leave in the wake of your business?
- What will be different in your community because your business exists?
- What issues can you help solve?
- How will your employees feel about their own lives after working for your company?



Case Study

Inn at Laurel Point, Victoria, British Columbia

The Inn at Laurel Point created a unique program called the “Courage Rate” for cancer patients who visit the city for treatment. People from nearby towns have to travel into the city for cancer treatments and stay overnight, but hotel rooms are often not covered by health care insurance. The Inn at Laurel Point felt these people, who are battling cancer, should have a comfortable place to rest after treatment so it introduced the Courage Rate to make their stays affordable. The Inn also offers complementary stays for patients who are struggling to make ends meet. Courage Rate customers have called Inn at Laurel Point staff “extended family” after such a heartwarming experience in a time when they needed support the most.

Hospitality businesses can consider the following initiatives for these groups to have a positive impact on society:

Employees:

- Introduce opportunities for staff training and career advancement.
- Allow employees to volunteer for one to three days per year on company time, for charities of their choice.
- Additional health benefits for committed employees.
- Provide free fruit and healthy food in the staff room.
- Install bike racks and provide transit passes for employees.
- Become a family-friendly workplace. Consider daycare allocations, or make it accessible and affordable for employees who are new parents. Introduce a progressive maternity/paternity policy.
- Survey staff every year to solicit feedback on how the workplace can be improved to reduce stress and maintain a positive work environment. Implement the changes you can to your workplace.

Customers:

- Include one meal on your menu that is healthy and affordable for anyone.
- Inform customers of what they can do to volunteer or take part in the community through supporting green companies, reducing waste, and/or volunteering for a cause.

Suppliers:

- Purchase from ethical vendors that have strong environmental and social practices.
- Support small-scale vendors and farmers in your community.
- Create a standard policy that requires all vendors to follow laws of human and environmental rights.

Community:

- Host an annual event to raise funds for a cause that is important to your local community.
- Create a special menu item or room package that donates profits to a local cause; allow employees to vote or choose the cause.
- Promote sustainable development in discussions with local government officials and business associations.

Businesses that have gone green have experienced increased staff retention and higher overall productivity. Integrating values into how the workplace operates allows employees to engage in a purpose beyond

the duties of the job. The top employees today want more than a salary; they want purpose.

When you consider training costs, severance payments, job-search posting fees, and management time for interviews, staff retention benefits can greatly lower costs. In turn, that money can go towards increased raises, benefits, and other people-related costs. A loyal and engaged workforce also shines through in customer service. The whole atmosphere is affected with a more positive and lively energy.

Many studies have indicated that workers, especially millennials, exhibit a different set of professional values. They are more motivated by personal values, ethics, and purpose beyond the paycheck. They see a job as a place to exercise their values and unleash their passions. Heightened awareness and environmental education means that young employees respect companies with credible and visible sustainable strategies.

As the tourism industry continues to expand, it is important for every business to foster a culture of social well-being and sustainability. I visited an array of ethical hospitality businesses across North and Central America that valued employees like extended family. They had greater customer loyalty; the employees were more supportive of one another; employees took initiative and generated new ideas for the companies in their spare time; and overall, the businesses were a more pleasant place to work.

2. Planet

From the poles to the tropics, the impacts of climate change are evident and expanding. These changes create an imbalance in the earth's natural cycles and affect the entire planet. Even without the notion of climate change in mind, the pressure on natural resources has an impact on the hospitality business. Rising food costs, higher utility bills due to energy and water shortages, and rising insurance premiums are just a few ways these changes will result in business challenges.

Being a green business and protecting the planet is also about industry resilience. Ultimately, working to localize the food chain, reduce energy and water costs, become more self-sufficient with off-grid energy sources, and create more natural spaces for guests to enjoy will all result in a stronger business.

Due to climate change and concerns around pollution, much of the focus of the green movement has been directed toward lowering

carbon-based energy and resource usage, managing waste and water, and improving air quality. As carbon-based energy and other resources continue to fluctuate unpredictably, lowering use by reducing demand and improving conservation efficiency is both economically and ecologically prudent. Our planet, more than ever, needs all of us to pitch in and take care of our own little corner. Even the most bottom-line driven and hard-nosed businessperson today must come to terms with these new pressures on commerce and recognize that finite and diminishing resources require a conservation plan built into the way a business operates. This planet is our home, so let's ensure that our hospitality businesses practice good housekeeping.

There is an ever-growing list of sustainable behavioral and methodological changes as well as improved technologies and equipment which can have results that range from minor to dramatic. A simple and very low-cost example are hands free, low-flow vanity faucets in public restrooms; they significantly reduce water use. The taps turn themselves on and off and get all the energy they need to operate simply from the lights in the bathrooms. With a higher investment, a business can install a solar hot water or photovoltaic system. To power a significant portion of energy requirements in a hotel or restaurant, an up-front investment is needed, but this can have a great long-term return on investment and will reduce the carbon footprint of the building. Consider the planet's bottom line for your business as you explore the following chapters, which discuss solutions in greater detail.

3. Prosperity

Of all the topics we will discuss from a green perspective, prosperity should really need no explanation to anyone in business although this important topic was often overlooked in the early days of the green movement. The story used to go like this: Going green is a novelty that costs too much money and compromises the financial bottom line. Today, that is simply not true because a strong case can be made for green investments, most notably in the area of lower operating cost.

When I began promoting green hospitality, although there were measurable cost savings to be had, the initial investment was substantial and presented serious obstacles to client uptake. Many alternative products and technologies were only available from Germany or Vermont. Today the only real impediment to green investment is inertia and habitual behavior.

*The Dictionary of Sustainability Management*¹ defines payback period as the following:

“An accounting term indicating the time required to recoup an investment. It is expressed as a ratio of investment cost to savings or income (usually annually). For example, if a new high-efficiency boiler costs \$10,000 to install and saves \$2,500 per year in fuel, the payback period is four years. Payback periods are critical to environmental and energy efficiency. Currently, conventions of short-term business thinking look at time periods less than common payback periods for alternative energy and other sustainability improvements. Until businesspeople consider longer term periods of time or new technologies to reduce the payback period of ‘green’ technologies, there will continue to be lackluster interest in many sustainable solutions.”

3.1 Long-term sustainability

Change can involve significant costs so the primary question for any business is: Is this cost worth the investment of time and money? For example, new LED lightbulbs are more expensive than standard incandescent and fluorescent bulbs; however, LEDs use far less energy to create the same amount of light so the investment in LED lights has a short payback period because of the energy savings. This cost is sometimes mitigated by grants from utilities looking to lower commercial energy use. There are also labor efficiencies because LED lightbulbs last far longer which lowers maintenance costs.

Our model suggests a planned and staged investment in these costs whereby savings from the first steps are used to finance or at least justify subsequent steps.

For building owners looking at costs to increase efficiency, there are virtually no proven green initiatives that cannot have a life-cycle payback model that is shorter than a mortgage. Even some of the most costly steps such as geothermal energy, photovoltaic solar energy, commercial heat pumps, waste-energy recovery, and other infrastructure improvements are proving to be good investments for those businesses which have taken a leadership position and been among the first to make these big changes. For example, in Victoria, the Grand Pacific Hotel has installed solar panels on its roof, and added heat pumps in its maintenance room for massive summer energy savings. The hotel is already looking at a shorter payback period than originally expected.

¹ “Payback Period,” *The Dictionary of Sustainability Management*, accessed August 2015. www.sustainabilitydictionary.com/payback-period/

Table 2
Measuring Financial and Environmental Investment Options

Initiative (Example)	Cost (materials and installation)	Annual Utility/ Material Cost Saving	Annual Environmental Savings (water, energy, or carbon)	Total Payback Period
New boiler system	\$25,000	\$11,000 (natural gas)	450 GJ natural gas	2.3 years
Switch all kitchen lighting to LED	\$3,000	\$1,505 (electricity)	13,000 kWh	4 years
Change toilets to low-flow models	\$7,500	\$4,500 (water)	1.5 million liters	1.7 years

It’s worth doing the math on investments with a higher price tag to determine your long-term return on investment, taking into account the life expectancy of the system. This can help you make sound financial decisions and prioritize the areas of operations you can shift to reduce environmental impact.

We use the term “prosperity” instead of “profit” because of its broader definition of “thriving” as a company. To prosper is to gain wealth in the many ways it presents itself such as natural capital, social capital, and financial capital. The three are interlinked and interdependent, and can work in sync to benefit your business and grow all three bottom lines. Your business can reduce costs, increase marketability, and create a culture of sustainability by taking steps to become a triple-bottom-line business. A more sustainable planet, social stability, and a more profitable business is a good recipe for long-term prosperity.

Table 3 shows you the metrics for measuring your business’s triple-bottom-line success.

Table 3
Metrics for Measuring Triple-Bottom-Line Success

People	Planet	Prosperity
Employee satisfaction	Total Carbon Footprint (tonnes of CO ₂ e)	Gross profit margin
Overall employees' health (e.g., sick days)	Total energy, water, and fuel use	Year-over-year revenue growth
Employee retention rate	Ratio of recycled waste versus trash	Returning customers
		Annual utility bill savings