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## **SUSTAINABILITY AS STRATEGY: THE CASE OF COMWELL HOTELS**

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# SUSTAINABILITY AS STRATEGY: THE CASE OF COMWELL HOTELS

## ABSTRACT

In 2016, management at Comwell Hotels decided to define their first formal sustainability strategy, refocusing the business according to social, environmental, and economic principles. Only four years later, the group won the title of most sustainable Danish hotel brand, according to the Sustainable Brand Index™, a title it has since retained. This is the story of how a chain of mainly traditional conference hotels successfully embraced the ideas of sustainable development, and what they learned in the process. Firstly, that implementing a sustainability strategy requires a change of mindset and behaviour from all actors involved. Secondly, that it is necessary to maintain the focus over time, as sustainability is a journey and not a one-time achievable goal. Thirdly, that sustainability has profound effects on human resource management. And finally, that sustainability is a strategic initiative, initiated and supported by top management, but driven by employees.

**Keywords:** Sustainability; Sustainable hospitality; Sustainability strategy; Sustainable hotels; Sustainability implementation; Barriers to sustainability

## **The Comwell group**

Comwell Hotels is a Danish family-owned hotel chain established in 1969. The group currently operates 16 hotels in Denmark, and two in Sweden. In 2019, the group signed an international branding franchise agreement with Wyndham Hotels & Resorts, covering Comwell's Aarhus hotel and the newly built Comwell Copenhagen Portside hotel and conference facilities, under the sub-brand Dolce by Wyndham. This new hotel is set to become the largest in the group with almost 500 rooms. Comwell Hotels has over 1'000 permanent employees, and in 2019 had a turnover of DKK 867.6 million. Comwell introduced their meeting concept in Denmark in 1969, then called Scanticon, and in 1992 opened its first spa hotel in Denmark. Conferences and meetings are core business areas today. Among others, the group has a key supplier agreement with the Danish state for conferencing.

## **The sustainability strategy**

The group has for many years had a focus on its wider social responsibilities. The logic behind this focus was on the one hand to attract and maintain employees, for example by offering attractive staff training opportunities. This resulted in Comwell being elected fourth among large Danish employers by Great Place to Work® in 2013. On the other hand, it was to deliver the brand's customer promise, which at the beginning of the decade could be summarized as "Intimacy, Precision, Harmony". The idea was to deliver a highly professional, yet personalized service. At the same time, there was a focus on the efficient use of resources, and of living up to environmental responsibilities. Comwell thus adopted the voluntary eco-label scheme Green Key for some of its hotels as early as 2009.

These early initiatives laid the foundation for what was to come, and in 2016 it was decided by group management to intensify the focus on sustainability. A first sustainability strategy was developed, and around the same time a sustainability steering group was formed, comprised of CEO, COO, CCO, HR Director, and a Food and Beverages (F&B) Manager. A new mission was defined as follows: "*Our mission is for us to be the industry's preferred sustainable hotel chain for our guests, employees and business partners*". The mission was deliberately formulated in terms

of customer preference, not in terms of any absolute measure of sustainability. The logic behind this was that sustainability initiatives themselves can easily be copied by competitors, and in fact this would even be welcomed, as it would ultimately benefit the environment. It is instead by developing unique resources and capabilities around sustainability, and by orchestrating these, that the company can build an advantage (Wu, He, Duan, & O'Regan, 2012; Sund, Barnes, & Mattsson, 2018). Once established, Comwell's position in the mind of the customer is something that is difficult to copy, as it is the result of the sum of all the individual initiatives and activities carried out across the hotel group, as well as the branding and service efforts accompanying these.

The conceptual model for the strategy was inspired from the original Brundtland idea of combining economic growth with both social and environmental responsibility, where these go hand-in-hand (Brundtland Commission, 1987). The original definition of sustainability was thus to contribute to a development of the hotel business without compromising the ability of future generations to meet their own needs. Rather than treating the three objectives of economic, social, and environmental sustainability as separate, the model was to make operational changes that would contribute to all three at once. The following basic principles were adopted as part of the sustainability strategy:

- *“We take responsibility for our resource consumption and minimise and reuse as much as we can.*
- *We focus on creating a balance and taking people and the environment into consideration every single day.*
- *We acquire new knowledge and new skills to carry out a sustainable conversion without compromising our guests' good experience.”*

## **Implementation**

It was important to the steering group that the basic principles adopted in the strategy would rapidly be turned into operational action. To do this, it was decided that every area of operations would contribute with ideas for more sustainable practices. For example, within the food and beverage area, a policy was defined, according to which the group would prioritize local, organic, and seasonal produce. For example, in the case of seafood, this would be sourced mainly from

Danish waters, and endangered species would be avoided, following the Marine Stewardship Council guidelines. Beverages would be moved towards organic variants, so that hotel bars and restaurants would carry mainly organic beers, wines, and sodas. Implementing this F&B policy required communicating the intention to all suppliers, which was done during 2016. The effect was that some suppliers would in the end be dropped, some would transition themselves over time towards supplying sustainable ingredients, whilst new suppliers would be found for products not available in organic or local variants from existing suppliers. The objective was whenever possible to engage in co-creation with suppliers to develop more sustainable solutions. Suppliers were thus involved in answering the question: *How do we introduce more sustainable and organic raw materials, without increasing the cost for customers?* For those suppliers that could meet this challenge, the group offered some degree of exclusivity, so that any increased costs for suppliers in terms of providing local and organic variants, would be offset by the economies of scale of becoming a lead supplier for the whole group. The move resulted in Comwell already in 2017 earning its first so-called “Økologisk Spisemærke i Bronze”, an organic label controlled by the Danish Food Administration, rewarding restaurants that source between 30% and 60% of their ingredients spending from organic sources. The same year Comwell was awarded the Organic food award (“Årets Økopris”) by Organic Denmark, an association representing Danish organic farmers, food companies, and consumers.

Within the HR department, a particular focus was on staff development. A partnership was made with a Danish hotel and restaurant school, to design and deliver a specialized further education programme for all staff during 2017 and 2018. Staff received training focused on sustainable operations, whilst frontline staff, such as sales or reception teams, focused more on sustainability communication. In terms of performance indicators, these were adjusted across the organization, to reflect a balanced scorecard approach measuring not just financial results, but also resource usage, such as water, electricity, and heating; food waste and re-use; and the meeting of external criteria for a variety of labels, such as the aforementioned organic food label. The thinking was extended over time to all areas of operations, with housekeeping reducing the use of chemicals, towels and sheets swapped for new ones made of organic cotton, and so forth. In several cases the close work with suppliers allowed these suppliers to introduce new sustainable products

onto the market that would be available to competitors as well, thereby benefiting both the supplier and the wider environment.

Today, Comwell Hotels are renowned for their extensive work within sustainability. The group's hotels are Green Key labelled, in addition to the organic cuisine label. Furthermore, the group adheres to the REFOOD label, which focuses on limiting food waste. This has been achieved by for example switching food portions towards more vegetables, and reducing meat portion sizes, whilst increasing the quality of meat. Energy use has meanwhile been reduced by over 20%, and there is a target to continue reducing energy use by 2% per year. Thanks to its sustainability policy and labels, the group has been able to win more conference tenders since an increasing number of institutional customers demand such policies as part of their own sustainability and responsibility drives. Finally, in 2019 Comwell was labelled Denmark's most sustainable hotel chain, a position it kept in 2020.

### **Lessons learnt**

Valuable lessons were learnt during the process of implementing the sustainability strategy. From an environmental perspective, implementing the strategy required a change of mindset and behaviours from all actors involved. For example, in addition to reducing food waste, it was necessary to start viewing waste as a resource. When a kitchen has left overs from buffets and production, instead of throwing this away as garbage, chefs need to rethink about how these could be used as a resource and upcycled for new meals. There was initially some resistance from chefs, who were afraid of the consequences of the new strategy for their usual routines, or even for their jobs. Suppliers as well needed to change perspective, and some suppliers were not able or willing to do so. One issue faced was bottlenecks, when suppliers initially moved towards organic produce and other supplies.

Furthermore, it was necessary to keep the focus. It is easy to celebrate initial wins and forget that sustainability is not a goal that is ever completely reached. Instead, it is a mind-set that needs to be constantly pursued if the group is to remain the most sustainable hotel chain, as viewed by the customer. It was necessary to keep measuring sustainability, keep setting new targets, and

to focus on sustainability during the induction of new employees, so they too could contribute to the process.

From a social perspective, sustainability became a surprisingly positive creator of meaning for employees and even their families. This was also the case for some suppliers. This could be seen in measures of job satisfaction, which rose as employees became proud of what the group was achieving in terms of sustainability. Quickly the group achieved some of the highest job satisfaction scores in the industry. Employee turn-over dropped as employees became more loyal towards the brand. Many employees became more aware of sustainability in their own personal lives as well, changing behaviours in their own households. It was also noted that the sustainability focus made it easier to attract new young talent. It was helpful that the group had a flat management structure, in which line managers and employees could take some degree of ownership over problems, and present local solutions to these. Policies within the different operational areas were developed in collaboration with employees, helping them to feel empowered.

From an economic perspective the big lesson was that social and environmental sustainability could be achieved with a neutral economic effect. Changing behaviours led to a general reduction in waste, a reduction in the use of resources, and an increase in re-use, reducing costs. For example, smaller portion sizes and less food waste in hotel restaurants created cost savings that neutralized the higher cost of sourcing local and organic raw materials. Furthermore, local suppliers of organic eggs, beers, and other products were able to gain in scale thanks to their close supplier relationship with the Comwell Group. For some of these local farmers and producers, this has resulted in an ability to achieve lower cost levels, making them competitive with multinational traditional non-organic suppliers. These suppliers have gone on to increase their market shares in other hotels, restaurants, and even supermarkets, converting other actors in society towards more nature and climate friendly consumption. Customer satisfaction scores have been on the rise since the implementation of the sustainability strategy as well.

Finally, it is worth noting that the strategy could not have been developed and implemented without the commitment and support of group management, who invested in training initiatives



and facilitated the sharing of best practice. Headquarters also facilitated communication about sustainability both inside and outside the group, ensuring that both employees and guests are constantly reminded of the importance of sustainability, and of what Comwell is doing to achieve its aim of being recognized as the most sustainable hotel group in Denmark.

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