

Rainforest Alliance Sustainable Tourism Program

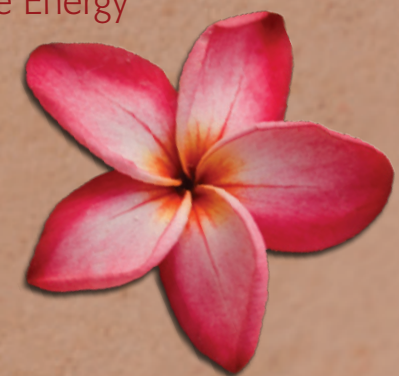
**The Costs and Benefits of
Implementing Best Management
Practices for Tourism Businesses**



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Tools for the Sustainable Management of Tourism Businesses

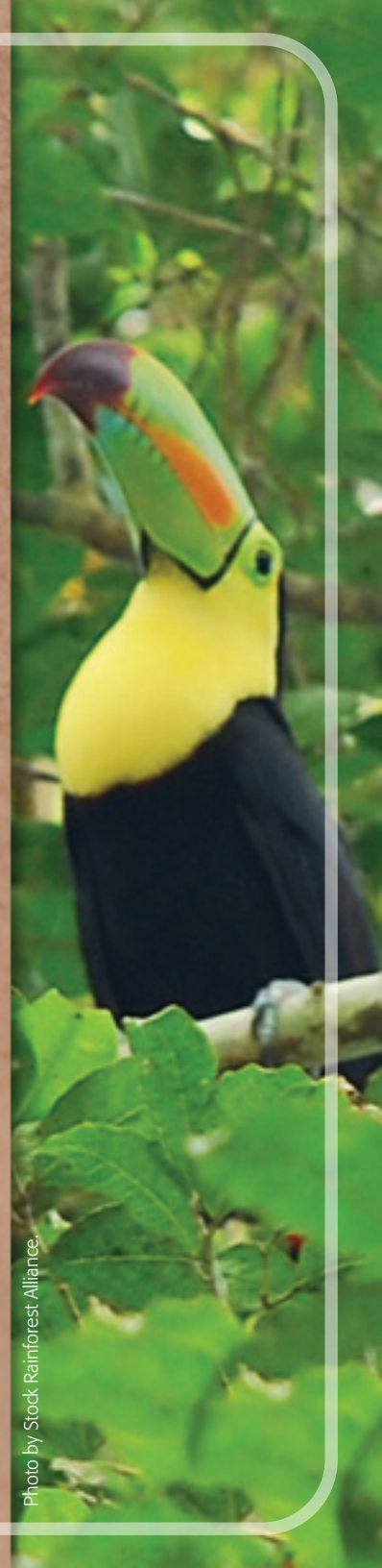
When managing a tourism business, one of the most important objectives is efficiency – the optimization of existing resources to lower costs and increase earnings.

If we combine the concept of efficient management with social and environmental responsibility, we end up with sustainability, which can be attained through the implementation of best management practices. By “best practices” we mean concrete actions geared toward the conservation and responsible use of environmental resources, contributions to the social and cultural development of neighboring communities and profitability that is rooted in social responsibility. Best practices are the focus of the Global Sustainable Tourism Criteria, an international initiative to harmonize the sustainability criteria currently being applied globally by tourism certification programs. (www.sustainabletourismcriteria.org).

The principal purpose of sustainable management best practices is to act as a guide so that the decision-making processes, administrative functions and daily operations of a business are carried out in a sustainable manner.

The Rainforest Alliance works with businesses to help them to adopt best practices for sustainable tourism¹. As demonstrated in this study, a tourism business that operates in a sustainable manner adds value not only at the micro (individual business) level but also at the macro level, where best practices affect everyone and everything connected to the tourism industry including other businesses, surrounding communities, the environment and even the economy of the country where the sustainable business is based.

¹ As part of the project “International Alliance for the Marketing and Commercialization of Sustainable Tourism Products and Services” (RG- M1103), carried out by the Rainforest Alliance and financed by the Inter-American Development Bank’s Multilateral Investment Fund (IDB/MIF)





Executive Summary

The Rainforest Alliance surveyed a group of business owners who have been involved in our sustainable tourism best practices program and asked them about the perceived benefits they've derived from their two years of investment and work in the program. The purpose of the survey was to examine and analyze sustainable management indicators.

The 14 tourism businesses that participated in this study are located in five Latin American countries; they operate in different market segments and environments and are of varying sizes. In other words, each company has its own unique supply of tourism products and services, which allows for an analysis of sustainable management's impact on a wide spectrum of businesses. Positive results have been demonstrated in all cases.

To collect this information, we sent business owners a survey, comprised of 44 questions² covering the costs and benefits of applying best practices – including environmental, social, cultural and economic aspects³.

Following the collection of the surveys, the data was processed using the Statistical Package for the Social Sciences (SPSS), which permitted the calculation of descriptive statistics – absolute numbers, averages, maximums and minimums, among others.

By adopting best practices, hotels have invested in the improvement of their employment teams and infrastructure, and they have drafted and executed plans for biodiversity conservation. They have also established commercial ties with local micro- and small enterprises and have worked toward the preservation of their community's cultural and historic heritage.

The analysis reveals clear benefits in areas such as operating costs and the improvement of tourism destinations—and, consequently, earnings.

² See Annex 1

³ This text is based on the study "Analysis of the Costs and Benefits of the Implementation of Best Management Practices in Tourism Businesses," a research paper by Evelyn Zamora Serrano, MS, August 2009.

The following are the most notable results, which are analyzed in greater detail, below⁴:

- Seventy-one percent of the hotels surveyed decreased their water consumption, while 31 percent decreased the amount of money they spent on water payments. The discrepancy between consumption and payment figures was due to increases in the costs of public services and the differing systems for setting water rates in each participating country. Nevertheless, any decrease in consumption implies decreased spending in the long run.
- In monetary terms, the decrease in water consumption resulted in average annual savings of \$2,718 per year; one Nicaraguan hotel reported a savings of \$7,900, the most of any property in the study.
- Ninety-three percent of the businesses decreased their energy consumption, even though 15 percent of them expanded their installations.
- The reduction in electricity consumption resulted in lower power costs for 64 percent of the businesses. The average savings in this area was \$5,255 annually, with one Nicaraguan hotel saving \$17,300.
- Seventy-one percent of the businesses reduced their solid waste production, and the remaining 29 percent maintained stable waste levels, even though their occupancy rates increased.
- The decrease in garbage production also generated savings, with 79 percent of the businesses repurposing discarded materials. For example, one hotel in Ecuador calculated an annual savings of \$3,600 from the repurposing of materials, which resulted in decreased waste transfer costs.
- The purchase of bulk supplies is another area in which savings were reported; 86 percent of the businesses that made bulk purchases cut supply costs for their operations.

⁴ All percentages and other statistical data refer to the 14 participating businesses.





Photo by Stock Rainforest Alliance.

- All of the hotels utilized the services of micro-, small and medium enterprises in their area. As a result, 64 percent indicated that they have experienced savings in transportation and other costs related to goods and services.
- Businesses that implemented sustainable sourcing policies for the purchase of their supplies improved their supply chain performance; 71 percent of the hotel owners noted that sustainable sourcing improved the quality of the products and services they purchased. This development demonstrates the positive impact that a tourism business can have on its supply chain and how sustainability improvements can produce a multiplier effect.
- All of the businesses affirmed that their support for the conservation of flora, fauna and the surrounding environment increased the attractiveness of their hotels while improving the overall quality of the tourism destinations.
- Of the hotels surveyed, 83 percent supported the conservation of protected areas and believed that this support improved their businesses' competitiveness. In other words, there is a direct positive relationship between the conservation of natural areas and the competitive position of hotels and tourism destinations.
- The connection with local development is notable in various areas; 100 percent of participants hired local people, and businesses found that their employees were more motivated after attending sustainability training sessions and seeing improvements in job quality. Ninety-three percent of the businesses reported a decrease in staff turnover.
- Of the hotel owners surveyed, 79 percent indicated that, as a result of hiring local people and supporting microenterprises, the local community showed them more respect and collaborated with them to a greater degree.

- The health and safety of staff and clients were also positively affected. With the implementation of adequate hygiene practices, to promote good health, 86 percent of business owners reported improvements in the health of their employees and clients. All of the businesses decreased food waste, which had a positive impact on operational costs. Business owners also reported fewer sick days and insurance claims among their employees.
- Measures were adopted to guarantee employee and visitor safety, which contributed to an improvement in job quality and a diminished risk of accidents, according to 93 percent of the business owners.
- Also, 93 percent of the businesses signed the Code of Conduct against the Sexual Exploitation of Children and Adolescents and/or participated in related international and regional campaigns on this issue.
- Regarding the costs of implementing best practices, the greatest investments were time and the purchase of equipment and infrastructure. The range of investment was reported as being between 1 and 3 percent of the hotels' operating costs.
- Of those surveyed, 83 percent indicated that their businesses had invested in improving electrical installations, whereas 50 percent took other steps, such as using solar energy to heat their pools, installing heat insulation, creating natural cooling systems and producing educational pamphlets. The costs of these improvements were between 1 and 10 percent of annual operating costs.

More information about this data and other positive impacts resulting from the implementation of best practices are detailed in the full study, below.

Different Environments, Common Objectives

Fourteen exclusive destinations, each one with distinctive attractions, but all of which share a common goal of establishing practical ways to work under a system of sustainable development.

- **Hacienda Moravia de Chirripó**

Turrialba, Costa Rica. The Hacienda Moravia de Chirripó lodge is located 40 miles (64 kms.) southeast of San José, near the town of Grano de Oro, Turrialba, where indigenous farmers from the Chirripó Cabecar Indigenous Reserve sell their produce, including beans, plantains and jungle tubers known as malanga.

The lodge is located within a 2,845-acre (1,152-hectare) ranch – as the “hacienda” in its name suggests – and includes the property’s former ranch house. In 2000, the owners decided to remodel the ranch house and turn it into a lodge, which they currently run with the help of four employees.

Hacienda Moravia de Chirripó’s international guests book their visits through travel companies in the United States and Europe. With 13 rooms, a restaurant, social areas and a pool, the lodge offers visitors the chance to experience the agricultural elements (tree nursery, vegetable greenhouses, chickens, pigs and cattle) of a working ranch while enjoying the hacienda’s natural surroundings via horseback rides and hikes into the reserve, bird watching and camping in the Barbilla River Valley.



Foto cortesía del Hotel.

- **Hotel Villas Gaia**

Osa, Costa Rica. Located 22 miles (35 km.) south of Dominical, on Costa Rica's southern Pacific coast, Hotel Villas Gaia is nestled in a 3.5-acre (1.4-hectare) wooded area near Playa Tortuga, a beach on the Osa Peninsula. The hotel has 14 bungalows with private baths as well as a restaurant, pool and trails that take visitors through the surrounding forest. Villas Gaia employs 15 local people.

The property was designed in 1996 with the objective of providing guests with access to the glorious environment that surrounds it, and the hotel offers tours to Corcovado National Park, Ballena Marine Park, snorkeling at Caño Island, bird-watching, horseback riding, hikes in the Ojochal area, whale and dolphin watching and other tours.



- **La Cusinga Eco Lodge**

Bahía Ballena, Costa Rica. La Cusinga is located on Ballena Bay, on Costa Rica's southern Pacific coast. Conservation has been a priority since the hotel first opened in 1970. Its owner, John Tecemer, was involved in the creation of Ballena Marine National Park, and the current hotel manager, Geiner Alvarado, is a member of various conservation associations.

The hotel property covers 618 acres (250 hectares), most of which is protected forest and also includes a section that has been reforested with native species. Featuring 10 rooms, all with ocean views, the hotel offers food service for 40 people, a network of trails and beach access. The staff includes six local employees. Guests have access to the national park and can visit the reforestation project as well as the handicraft and furniture shop.



Foto: cortesía del Hotel.

- **Hotel Casa Naranja**

Managua, Nicaragua. Even though it is located in a central neighborhood within the country's capital, close to shopping centers, movie theaters, restaurants and banks, the Hotel Casa Naranja offers a tranquil and relaxing atmosphere. The original structure is a traditional Nicaraguan colonial-style house, which was remodeled and modified for maximum comfort.

The property now has nine rooms that can sleep up to 24 people. The bilingual staff (11 workers from the local community) provide excellent service. The hotel is a member of the Nicaraguan Small Hotel Association (HOPEN is the association's Spanish acronym) and was one of the first businesses in that Central American country to work with the Rainforest Alliance.

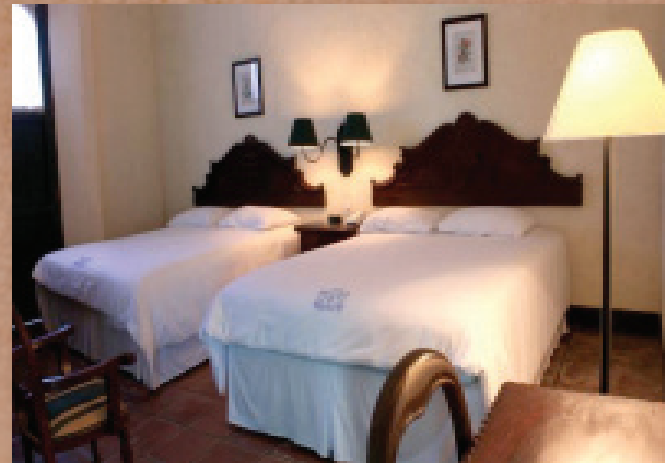


Foto cortesía del Hotel.

- **Hotel El Convento**

León, Nicaragua. The historic center of this colonial city, located 62 miles (100 km.) north of Managua, has been declared a World Heritage site. This wonderful setting is the site of Hotel El Convento, which features a central courtyard, wood and cast-iron fixtures and a barrel-tile roof. The hotel has a total of 62 beds in its 31 rooms, a gourmet restaurant with an international menu and a café called "El Patio," which overlooks the courtyard. The entire hotel is decorated with local handicrafts, antique furniture and original art.

Hotel El Convento has a staff of 41 people and its amenities also include two conference rooms which can accommodate 400 people, and wireless Internet access.



- **Hotel Mansión Teodolinda**



Managua, Nicaragua. With its strategic location in the center of Nicaragua's capital, just a short trip from the international airport, the Hotel Mansión Teodolinda has long served business travelers and their needs. When it was founded in 1993, it had just seven rooms, but now its 42 rooms – singles, doubles and triples – sleep a total of 65 people. Each room is equipped with Internet service and a kitchenette, complete with a microwave oven, electric stove, cooking utensils, glasses, plates and cutlery.

Mansión Teodolinda has 81 employees from the surrounding community, and the hotel offers its guests a pool, gym, kiosk, restaurant and dance floor. It also provides useful tools and services for executives, such as cell phones, faxing, photocopying, printing and car rentals.

The hotel is situated near the Rubén Darío National Theater, the Managua Malecón and the popular cultural center La Casa de los Hermanos Mejía Godoy. It is also near shopping centers, movie theaters, banks, gas stations, restaurants, bars, pharmacies and a military hospital.



Foto cortesía del Hotel.

- **Hotel Patio Andaluz**

San Francisco de Quito, Ecuador. The Hotel Patio Andaluz is a boutique hotel located in the heart of Quito's historic center – a World Heritage site – and surrounded by churches, museums and national monuments. The building lies within what was the original city of San Francisco de Quito at the time of its founding. One of the hotel's principal attractions is its premier location, merely steps away from the Palacio del Gobierno, colonial churches, museums and countless sites of interest.

Hotel Patio Andaluz, which opened for business in 2004, has 31 rooms and offers all of the services one would expect from a property of its stature, including a restaurant, bar, café, meeting rooms and handicraft shop. It is part of the CIALCOTEL hotel chain, a group of colonial-style hotels with properties in five regions of Ecuador.



- **Santa Lucía Conservation and Sustainable Community Development Cooperative**

Bosque Nublado Santa Lucía, Ecuador. The rich biodiversity of the surrounding Santa Lucía Cloud Forest is the main attraction at the Santa Lucía Lodge, a community enterprise located 50 miles (80 km.) northeast of Quito. The project began in 2001, with accommodations for 20 people, and in the summer of 2008 its capacity was expanded with the construction of five private cabins that sleep a total of 10 to 15 people. All 12 of its employees are from local communities.

The lodge is located at the center of a forest that ranges in altitude from 4,600 to 8,500 feet (1,400 m. to 2,600 m.) above sea level, providing habitat for a great diversity of birds, which makes the property a paradise for birdwatchers. Guests also enjoy meal service, hot water and activities such as hiking, adventure sports and environmental education, as well as the lodge's breathtaking panoramic views.



Foto cortesía del Hotel.

- **Hotel Séptimo Paraíso**

Bosques de Mindo, Ecuador. A mere 43 miles (70 km.) northwest of the city of Quito, the Reserva Ecológica Séptimo Paraíso was founded in 2001 with the purpose of preserving the area's forest and ecosystem. The property's privileged location – in the cloud forests of Mindo – guarantees visitors plenty of contact with nature.

The hotel has 22 rooms – decorated in a rustic but elegant style and featuring private hot-water baths – as well as a bar, restaurant, pool, Jacuzzi and handicraft shop. Twenty-one local people are employed by the business. Visitors can engage in a range of activities including hiking, bird-watching, camping, canopy tours and adventure sports such as tubing, rafting and mountain biking.



Foto: cortesía del Hotel.



Foto cortesía del Hotel.

- **Hotel Termas de Papallacta**

Quito, Ecuador. This hotel is located 37 miles (60 km.) east of Quito and specializes in thermal spa treatments. Opened in 1994 by six Ecuadorian entrepreneurs, the resort contains 32 rooms and 13 bungalows and is surrounded by high-altitude forests. Visitors can soak in the hot springs, enjoy diverse spa treatments and experience a mix of recreation, health, adventure and rest. Three restaurants complement the other services. The property has a workforce of 96 employees.

Termas de Papallacta created Fundación Terra, which in turn owns El Exploratorio – a visitors' center created in 2006 to inform, educate and promote the conservation of the 617 acres (250 hectares) of Andean highland forests and wetlands that surround it.

- **Hotel Ajau**

Guatemala City, Guatemala. The historic center of the Guatemalan capital, known as Zone 1, features many neoclassical buildings. In 1988, Luis Rey opened the Hotel Ajau in one of them – a former home built in the early 20th century. His goal was to provide safe and clean lodging in the area.

The hotel, which now has 45 rooms, conserves the beauty of the old residence and offers a family-friendly atmosphere as well as high-quality service, which is provided by its nine employees. Their interest in improving the hotel's management led to the implementation of best practices and participation in the Green Deal Certification Program.



- **Hotel Villa Santa Catarina**

Sololá, Guatemala. The beaches and imposing volcanoes of Lake Atitlán are part of the spectacular landscape that surrounds this hotel in the Cakchiquel Maya village of Santa Catarina Palopó, located west of Guatemala City. Founded in 1988, Hotel Villa Santa Catarina has 36 rooms and offers its guests restaurant service, special events facilities, a gift shop and an array of options for touring a region that is dotted with historic and archaeological sites.

The hotel, which has a staff of 30, belongs to the Corporación de Villa de Guatemala, a national hotel chain of Guatemalan-owned properties that supports and works to develop the country's tourism potential.



Foto cortesía del Hotel.

- **Takalik Maya Lodge**

Retalhuleu, Guatemala. The Takalik Maya Lodge is owned by the agricultural company AGRECO, which entered the hospitality field as part of an economic diversification strategy. The company created an association with the local community and opened the hotel in 2005.

Located in the department of Retalhuleu, in southwest Guatemala – an area rich in culture and legends and famous for its natural beauty – the hotel is part of the original infrastructure of the Monte Elíseos coffee farm, which has been producing coffee for more than a century. In addition to nine guest rooms, Takalik features a restaurant (which seats 36 people), bar and pool and offers activities such as horseback riding, hiking and cultural and historical tours.

The project's principal goal is to improve the standard of living of the families that live on the farm and in nearby communities; 11 people from the area work at Takalik.



Foto cortesía del Hotel.

- **Hotel Casa del Caballo Blanco**

Mopan River Valley, Belize. Located in San Ignacio, in the Cayo District, 65 miles (105 km.) west of Belize City, the Hotel Casa del Caballo Blanco provides its guests with easy access to the Maya ruins of Cahal Pech, Xunantunich and Tikal and organizes tours to such natural treasures as Mountain Pine Ridge and the Macal and Mopan Rivers. The hotel is also a sanctuary for birds that cannot return to their natural habitat.

Hotel Casa del Caballo Blanco has five employees, and each of its six cabins is decorated with locally made furniture and equipped with a refrigerator, ceiling fan and private bath. The property's restaurant offers traditional cuisine and its conference room is available free of charge to community groups.



Foto cortesía del Hotel.

Best Practices for Efficient Business Management

As previously mentioned, our survey of the businesses listed above demonstrates the monetary and non-monetary benefits of implementing best practices, which help businesses move toward sustainable management.

The adoption of best practices for sustainable tourism had a positive impact on all of the surveyed hotels. Every business owner indicated that they obtained some benefit, be it in the environmental, social or management realm.



**Rainforest
Alliance**

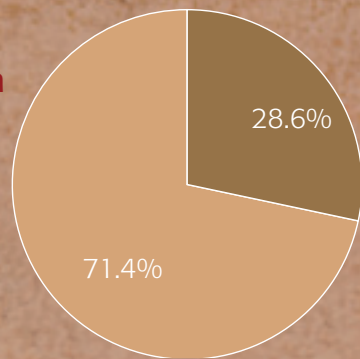
Reduction of Water Consumption

Water is one of the most vital resources used by hotel operations, which means that its efficient use is of great importance, since it can have a big impact on a business' operating costs. Consequently, the results obtained in this study are very relevant: after implementing best management practices, 70 percent of the hotels reported that their water consumption decreased.

Among those who decreased their water consumption, 31 percent reported that this decrease resulted in lower water bills. The discrepancy between consumption and cost decreases was due to the fact that many businesses are billed according to standard water rates or fixed rates that are independent of consumption levels; in those cases – 62 percent of the businesses surveyed – the amount paid for water did not change.

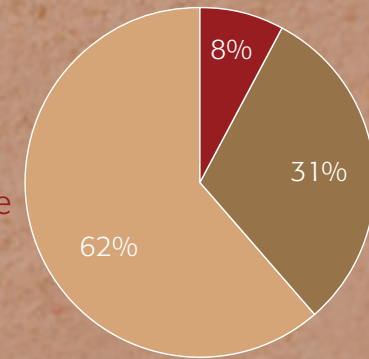
Has Water Consumption Decreased?

- Yes
- No



Water Payments

- Stayed the Same
- Decreased
- Increased



In some areas, a water service provider applied a standard tariff based on average levels of consumption, without allowing for variation in consumption rates – so even when consumption decreased, payment didn't change. Additionally, eight percent of the businesses reported an increase in their water bills, but this was due to the expansion of their operations and an increased volume of visitors.

A more precise way of quantifying benefits from the decrease in water consumption is to determine how much the cost of this resource decreased in the hotels' financial statements.

The amount paid by each hotel for water consumption can't be directly compared, given the differences in their sizes, occupancy levels and the payment systems of the various regional water companies. Nevertheless, important conclusions can be reached from analyzing the costs in relative terms.

It is for this reason that business owners were asked to provide the amount paid for water before and after the implementation of best practices as well as the hotel's total operating costs. In this way, we were able to establish the percentage of total operational costs that water consumption represented.

The information displayed in the following table shows that of the four hotels that provided their operational costs, three reported a reduction in the percentage they spent on water consumption relative to their total operating costs and one hotel reported no change. Thus, there exists financial evidence to support the 71 percent figure of hotels that reported relative decreases in water consumption.

Hotel	Percentage Before Best Practices	Percentage After Best Practices
Hotel 1	3%	1%
Hotel 2	10%	7%
Hotel 3	38%	35%
Hotel 4	267%	267%

In monetary terms, the decrease in water consumption signified an average savings of \$2,718 per year, with one Nicaraguan hotel reporting the largest annual savings: \$7,900.



Photo by Stock Rainforest Alliance.

More efficient use of electrical power

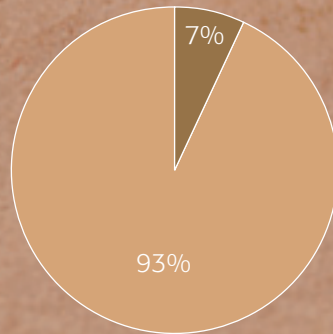
The second most important resource for a hotel's operations is electrical power. More than 90 percent of the hotels reported a decrease in electricity consumption after implementing best practices. The reduction in power use was also reflected in the hotels' operating costs. One interesting point is that 15 percent of the hotels registered a proportional reduction in the consumption of energy in spite of having expanded their infrastructure and services.

When reviewing the amounts paid for electricity, the situation is similar to that of water. Whereas 64 percent of the hotels managed to decrease their electricity use, 14 percent didn't note any change in their bills and 22 percent experienced an increase in payments due to hotel expansion and other factors.

It is important to note that a decrease in resource use always implies some reduction in final payment, even though this may not be obvious due to rate changes. For example, if a business cuts its energy consumption by 20 percent but ends up paying more than before, due to rate increases, its costs would have been even higher had it not cut its consumption by 20 percent.

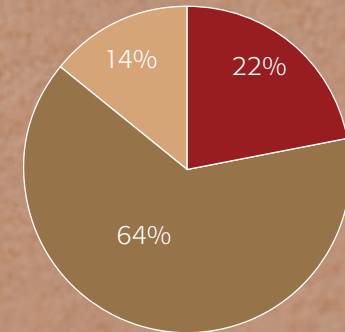
Has electrical power decreased?

- Yes
- No



Electrical payments

- Stayed the Same
- Decreased
- Increased



In order to observe the financial effects of electricity use before and after the implementation of sustainable practices, we analyzed data from five hotels. Two of them experienced a reduction in their operating costs, whereas the remaining three experienced either stable costs or an increase.

In monetary terms, the decrease in energy consumption signified average savings of \$5,254 per year for the eight hotels that provided this data. The business that reported the greatest savings, a hotel in Nicaragua, managed to cut \$17,300 annually from its electric bills.

Cost of Electricity as a Percentage of Total Operating Costs, Before and After the Implementation of Best Practices

Hotel	Percentage Before Best Practices	Percentage After Best Practices
Hotel 1	48%	35%
Hotel 2	18%	13%
Hotel 3	56%	65%
Hotel 4	53%	55%
Hotel 5	2%	2%





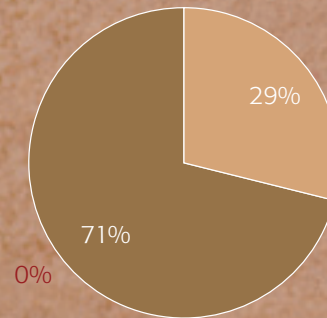
Photo by Stock Rainforest Alliance.

Decreased garbage production

A third area in which operating costs were positively affected is the treatment of solid waste. The application of best practices resulted in decreased garbage production in 71 percent of the businesses. The remaining 29 percent maintained the same quantity of waste production despite an increase in the number of tourists who visited their establishments.

Solid Waste

- Stayed the Same
- Decreased
- Increased



The hotels reused some materials, including bottles, glass and plastic containers and office paper and they recycled water bottles, paper and cardboard. They also increased the amount of garbage they recycled and even sold some of their recyclable waste, which generated non-traditional income.

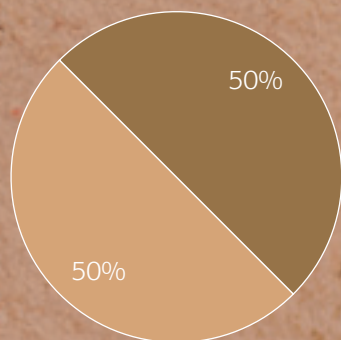
Naturally, such measures were reflected in their operating costs: for 79 percent of the hotels, the decrease in garbage led to a reduction of expenses thanks to the repurposing of materials. For example, one hotel in Ecuador examined the savings it generated by reusing materials and quantified it in terms of decreased waste-transportation costs, which added up to \$3,600 annually.

Savings in Supply Purchasing

The purchase of supplies is another important area of a tourism business' costs. Therefore, it is interesting to note that half of the hotels consulted bought in bulk and 86 percent of those say that this practice had a positive impact and decreased their supply expenses.

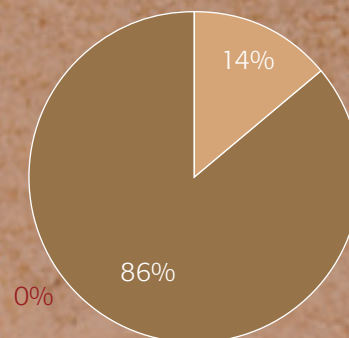
¿Did You Make Bulk Purchases?

- Yes
- No



The Cost of Bulk Purchases

- Stayed the Same
- Decreased
- Increased



In terms of the kinds of suppliers used, whether for goods or services, best management practices produced another relevant change. All of the hotels utilized the service of micro-, small and medium enterprises in their area. As a result, 64 percent of the hotels indicated that they experienced savings. (Other benefits related to communities and supplies are analyzed later in this report.)

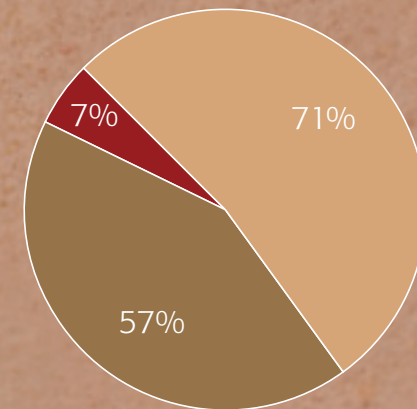
Suppliers and the Sustainability Chain

The decision to use products and services from suppliers that follow best practices also produced a positive impact on management: 71 percent of the hotel owners noted that sustainable sourcing improved the quality of the products and services they purchased. The punctuality of product delivery and services also improved with the use of certified providers.

In addition, this measure has encouraged the adoption of best practices among suppliers, according to 57 percent of the hotels we consulted. This demonstrates the positive impact that tourism businesses can have on their supply chains and how this impact can produce a multiplier effect of sustainability's benefits.

Impacts of Sustainable Sourcing

- Improved the quality of goods and services purchased
- Encouraged the adoption of best practices
- Other Positive Impacts



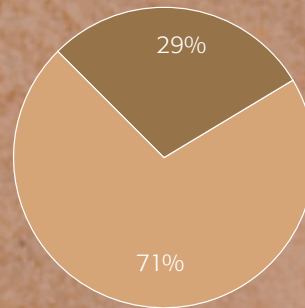
Protection of Biodiversity

The benefits obtained through sustainable management aren't limited to quantifiable savings. They also include intangible improvements that can result in a competitive advantage.

A prime example of an intangible improvement is the conservation of biodiversity. As demonstrated in the chart below, 71 percent of the hotels in the study actively tried to conserve the flora and fauna in their area. The benefits of these efforts are felt not only by the biodiversity of a given region but also by the hotel itself and the surrounding tourist destination.

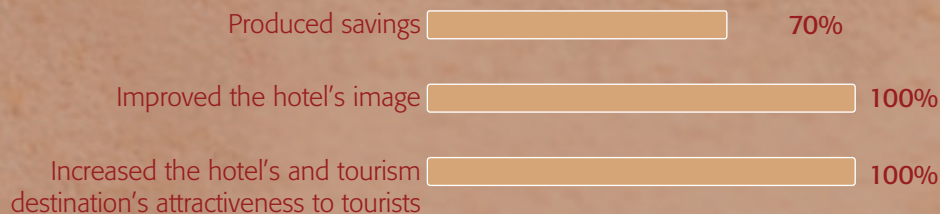
The Hotel support Biodiversity conservation?

- Yes
- No



It is important to note that 100 percent of the surveyed hotel owners said that by supporting the conservation of the species that live in their area, they have increased the attractiveness of their hotels to tourists. Another benefit is that the image of a hotel is improved by its reputation as an environmentally responsible business.

Effects of Biodiversity Conservation



Preservation of Natural Areas and Environmental Protection

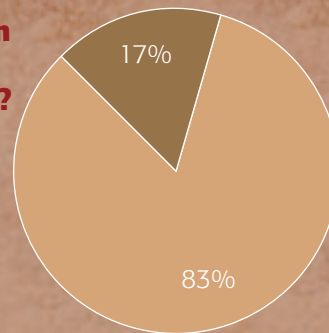
Regarding the preservation of natural areas, the same relationship between protection and positive consequences was repeated. The majority of the hotels supported conservation of natural areas; of this majority, 83 percent believed that their actions improved their competitive position. In other words, there is a direct positive relationship between the conservation of natural areas and the competitive position of both the hotel and the tourism destination.

Both the proper management of sewage and the use of biodegradable products count as environmental protection measures. All 14 hotels have taken some such measures on their properties, and 93 percent of those surveyed indicate that this has improved their hotel's image as well as improving tourist demand.

Environmental education is also linked to conservation and was undertaken by 13 of the businesses, whose owners affirm that, as a result, they have observed more responsible behavior on the part of their guests and employees.

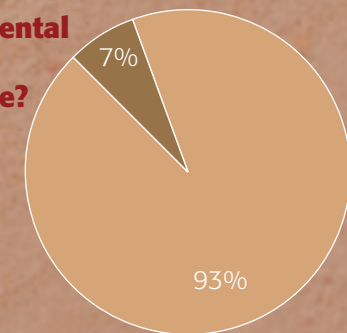
Have Your Conservation Practices Given You a Competitive Advantage?

- Yes
- No



Have Your Environmental Protection Practices Improved Your Image?

- Yes
- No



Community Development and Job Quality

Local Human Resources

Most of the hotels surveyed have hired people from neighboring communities and, in some cases, all of their staff is from the surrounding area. As a result, 79 percent of the hotel owners indicated that the community shows them greater respect and recognizes their efforts to support community development.

As we have mentioned, sourcing from local suppliers results in economic savings, but in addition to the monetary advantages, hotel owners also noted that purchasing goods and services from local micro-, small and medium enterprises allowed them to support local industries, such as handicraft production. The following chart clearly illustrates the benefits:

:

Results of Purchasing from Local Suppliers and Hiring Local Workers

- Savings for the hotel
- Improved relations between the hotel and the community
- Greater security and respect for the hotel
- Encouragement of handicraft production, thereby contributing to the local economy

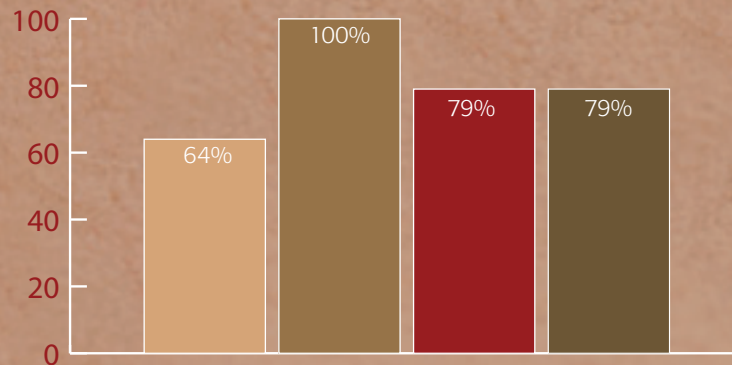


Photo by Stock Rainforest Alliance.

Training That Motivates

Regarding personnel, some of the hotels provided training for their employees. According to hotel owners, the training positively motivated their employees, which resulted in decreased staff turnover for 93 percent of the businesses. Additionally, having staff members that were more motivated, better trained and more experienced resulted in greater efficiency.

Healthier and Safer Workplaces

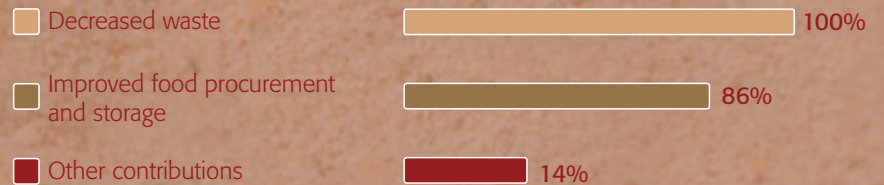
Social responsibility is also reflected by a business' internal health and safety conditions. For 86 percent of the hotels surveyed, improved food procurement and storage procedures have had a positive influence on protecting the health of employees and clients.

Other changes, such as a decrease in waste coupled with greater order and control of functions within the hotel, are additional benefits of implementing health-related criteria.

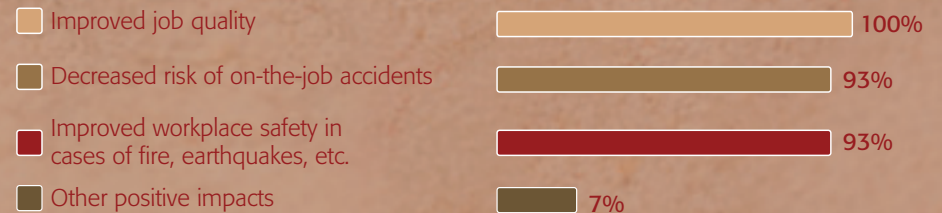
The 14 businesses also made changes to improve the safety of their employees and guests. These measures contributed to a better workplace.

A total of 93 percent of those surveyed indicated that they improved security conditions to better respond to fires, earthquakes or other disasters, and a comparable percentage reported that their improved security efforts lowered the risk of on-the-job accidents.

Impacts of Health-Related Improvements



Impacts of Safety Improvements:



Respecting Local People and Cultures

Sustainable tourism best practices also address the cultural and social aspects of the communities in which hotels are located. For this reason, the businesses surveyed fostered a respect for the cultural and historic heritage of nearby communities.

These measures have borne fruit, improving the quality of the tourism destination, which in turn generated economic benefits for the hotels. Of those surveyed, 100 percent said that they perceived such benefits.

Another area related to local populations is the fight against the sexual exploitation of children and adolescents. 93 percent of the businesses reported that they participated in international and regional campaigns and/or signed a Code of Conduct against the commercial sexual exploitation of children and adolescents.

Have You Supported the Fight Against the Sexual Exploitation of Children and Adolescents?

- Yes
- No

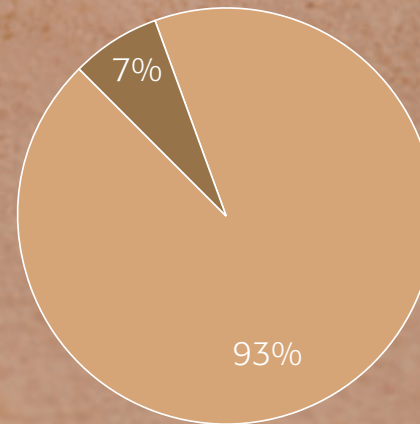


Photo by Stock Rainforest Alliance.

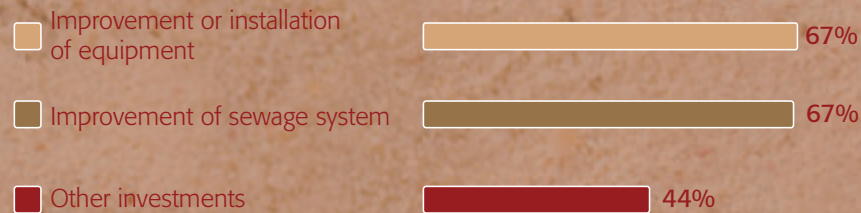
Benefits Requires Investment

Equipment to Cut Water Consumption

Clearly, each hotel had to invest time and money to achieve the benefits of best practices. In the case of water use, most hotels (67 percent) concentrated on installing better equipment or infrastructure to reduce consumption. This included the installation of timers, pumps, wells, pipes or an improved sewage system.

As we can see in the following chart, another 44 percent installed leak control and detection systems, composting toilets, low-flow showers, commercial washing machines and/or low-capacity toilet tanks.

Investments Made to Decrease Water Use



Despite the variety of improvements made, the amount spent on investments was between 1 and 3 percent of total operating costs, according to the financial statements of three hotels.

In terms of dollars, the minimum amount invested was \$100 and the maximum was approximately \$10,000. Investments in water management averaged \$2,884.

Investments to Reduce Water Consumption, as a Percentage of Total Operating Costs

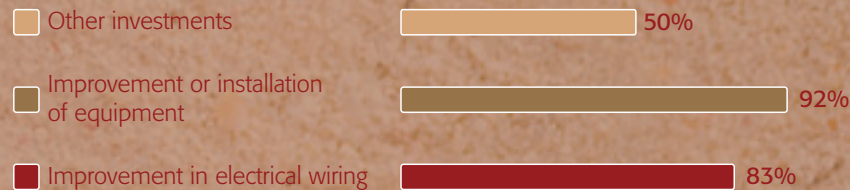
Hotel	Percentage of Operating Costs
Hotel A	3%
Hotel B	1%
Hotel C	1%

Equipment to Reduce Electricity Consumption and Foster the Use of Alternative Energy

When it came to reducing their power consumption, 86 percent of the hotels installed fans, efficient air conditioners, gas driers, water heaters and energy-saving light bulbs.

At the same time, 83 percent invested in wiring improvements, whereas 50 percent made other changes such as installing solar heating systems for their pools, heat insulation and natural cooling systems and creating educational pamphlets and signs.

Investments Made to Decrease Energy Consumption



One of the most noteworthy results was the increased use of alternative energy sources: solar power to heat the water in guest rooms, thermal energy to heat floors and rooms and varied applications of hydroelectric power.

The operating costs for implementing these improvements turned out to be greater than the cost of improving their water systems but did not exceed one-tenth of total operating costs, according to the data provided by five hotels. On average, the five businesses invested \$12,278, ranging from a minimum of \$250 to a maximum of \$56,530.

Investments to Reduce Energy Consumption, as a Percentage of Operating Costs

Hotel	Percentage of Operating Costs
Hotel 1	10%
Hotel 2	10%
Hotel 3	1%
Hotel 4	1%
Hotel 5	3%

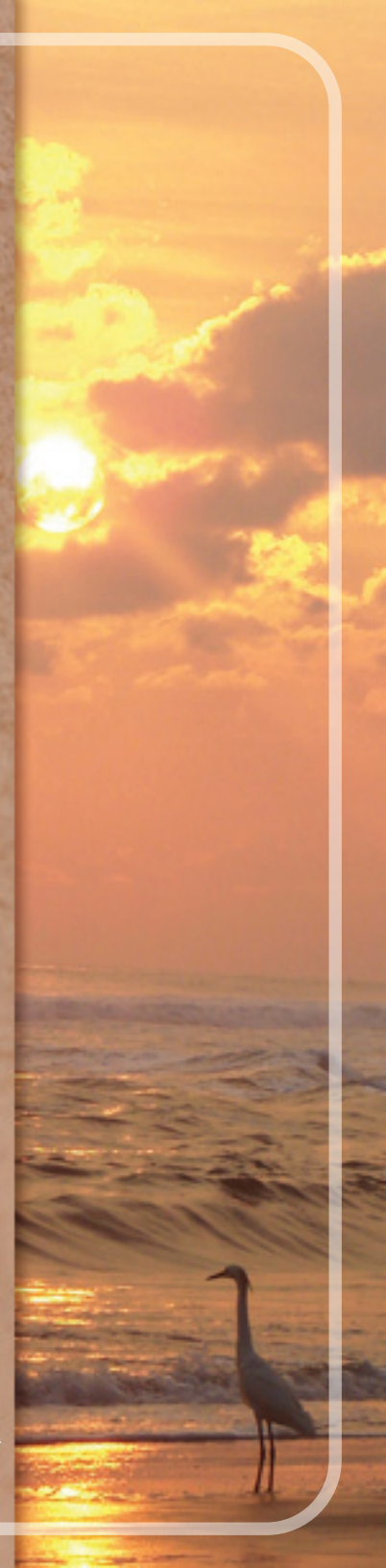




Photo by Stock Rainforest Alliance.

Efforts on Behalf of Biodiversity and Local Development

As with cost-cutting efforts, improvements to the image of a hotel and tourism destination—and the competitive advantages that these improvements provide—are the result of investment and hard work.

In the case of biodiversity conservation, 57 percent of the hotels surveyed invested in measures to prevent noise and lighting from affecting wildlife. One hotel in Guatemala even went so far as to purchase land for reforestation, which is an above-average investment in this area.

The average amount invested toward conservation and local development was \$33,708, a figure that was skewed by the above-mentioned land purchase. The smallest investment was \$100 and the highest, \$180,000. If we review the investments made to support local development, we find that the businesses spent an average of \$5,526, with investments ranging from \$1,500 to \$14,038.

Summary of Results

The impact of implementing best practices is indisputable. As is evident throughout this study, the environmental, social, cultural and economic benefits are numerous and far-reaching.

For changes to be considered relevant when seen through a statistical lens, they should occur in at least 40 percent of the sampling. In this study, the changes were registered in at least 70 percent of the businesses.

More Than Mere Data

Our research not only shows that best practices generated results but also demonstrates how those results in turn affected the businesses and opened the door to a series of local and national impacts.

For example, if we consider environmental management benefits, such as the decrease in water and electricity consumption and biodiversity conservation, the changes produced the following sequence:

Results, Effects and Impacts of Environmental Management Improvements

Results: Decrease in a hotel's operating costs.

Effects: Improvement of the tourism destination.

Impacts: Increased earnings for the hotel and greater attractiveness to tourists.

In other words, the monetary savings were followed by improvements in the business' image and a better competitive position for the hotel, which in turn brought better earnings for that business. The following graphs detail this three-part process in the areas of human resources, health and safety and suppliers:

Training

Results:

Improvements in job quality.

Effects:

Greater employee motivation.

Impacts:

Decreased personnel turnover.

Health and Safety

Results:

Improvement in the quality of products and services.

Effects:

Decreased waste and fewer on-the-job accidents.

Impacts:

Greater earnings.

Contracting Certified Suppliers

Results:

Improvement in health and safety conditions.

Effects:


Providing suppliers with an incentive to adopt best practices.

Impacts:

Improved product quality leading to greater earnings for the hotel and its suppliers.



Photo by Stock Rainforest Alliance.



Costs versus Benefits

By studying and quantifying the benefits of sustainable management alongside the investments that these businesses made in order to implement best practices, we observed that, in economic terms, the benefits far exceeded the costs. Nevertheless, this study only quantifies savings in energy and water consumption, given the great difficulty of gaining access to the businesses' confidential financial information.

In the case of water consumption, the investments that these businesses made averaged \$2,884. The savings produced by greater water efficiency were slightly less – \$2,718. It is important to note that the latter number is based on information provided by only four hotels, whereas the average investment figure is based on data from eight hotels. It is possible that a larger sample of savings data might have shown savings exceeding costs by a greater margin.

If we consider the investments made to reduce energy consumption, we find that the average amount was \$12,278, whereas the average savings from best practices in energy use was \$5,254. At first glance, one might conclude that the investment was greater than the savings, but because the energy savings refer to an annual average, they are repeated year after year, even though they result from a one-time investment.

The data for average savings was provided by only five hotels whereas the average investment data is based on information provided by eight businesses. As with water consumption, a larger sampling might have shown savings exceeding costs.

The Road to Sustainable Management

We have seen how best practices provide a roadmap for businesses that seek to operate sustainably, and that sustainable management is synonymous with efficiency and a consistent means of reducing spending, both in the short term and well into the future.

We have also observed that the protection of biodiversity and natural surroundings result in improvements to a tourism destination. These improvements are also achieved by properly training personnel as well as establishing a connection with the local community, respecting local cultures and supporting area businesses.

Finally, it is important to note that the nature of the group of hotel businesses that participated in this study allows us to affirm that – regardless of the size or type of hotel business – sustainable management can be adjusted to match the scale and practical realities of an individual enterprise, allowing all businesses to benefit from the implementation of best practices.



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See Appendix 1 for the case study survey

Thank you for taking the time to fill out this survey. Its objective is to identify the costs and benefits of implementing best practices for sustainable tourism.

General Information

Name of business: _____

Country: _____

Address: _____

Full name of survey responder: _____

Title: _____

Email: _____

I. Environmental

Water

1. Have you reduced water consumption as a result of implementing best practices for sustainable tourism?

1. Yes ()
2. No () Go to question 3

2. Has the reduction in water consumption also decreased the amount paid for that service?

1. Yes ()
2. No ()

3. The amount paid for water after the implementation of best practices:

1. Stayed the same
2. Decreased
3. Increased

* If increased consumption was the result of hotel expansion, please note that here:

4. Indicate the amount (in dollars) that your hotel paid for water service the year before the implementation of best practices:

5. Indicate the annual amount (in dollars) that your hotel paid for water service after the implementation of best practices:

6. Has your hotel invested in equipment or infrastructure changes in order to reduce water consumption?

1. Yes ()
2. No () Go to question 9

7. Indicate the kind of investments you made in equipment or infrastructure to reduce water consumption (you may check more than one option):

1. Improvement or installation of a water management system

2. Improvement or installation of equipment, including timers, pumps, wells, pipes, aerators
3. Other

8. Indicate the amount (in dollars) that your hotel has invested in infrastructure to reduce water consumption:

9. Indicate the total amount of operating expenses reflected in your hotel's financial statement the year before the implementation of best practices:

* Note: Be sure to use the same year as for questions 4 and 14.

10. Indicate the total amount of operating expenses reflected in your hotel's financial statement the year after the implementation of best practices:

* Note: Be sure to use the same year as for questions 5 and 15.

Energy

11. Has the implementation of best practices for sustainable tourism resulted in the reduction of electricity use?

1. Yes ()
2. No () Go to question 15

12. Has the reduction in electricity use also decreased the amount paid for that service?

1. Yes ()
2. No ()

13. The amount paid for electricity after the implementation of best practices:

- 1 Stayed the same
- 2 Decreased
- 3 Increased

* If increased consumption was the result of hotel expansion, please note that here:

14. Indicate the amount (in dollars) that your hotel paid for electricity the year before the implementation of best practices:

15. Indicate the annual amount (in dollars) that your hotel paid for electricity after the implementation of best practices:

16. Has your hotel invested in equipment or infrastructure changes in order to reduce electricity consumption?

1. Yes ()
2. No () Go to question 23

17. Indicate the kind of investments you made in equipment or infrastructure to reduce energy consumption (you may check more than one option):



Photo by Stock Rainforest Alliance.

- 1 Improvement of electrical installations
- 2 Improvement or installation of equipment, including bulbs, fans, air conditioners, gas dryers, water heaters
- 3 Other

18. Indicate the amount (in dollars) that your hotel invested in equipment and infrastructure to reduce energy consumption:

Biodiversity

19. Has your hotel supported activities for the conservation of biodiversity in your area?

1. Yes ()
2. No () Go to question 21

20. The practices that you have implemented to help conserve species and increase local populations of flora and fauna have (you may check more than one option):

1. Increased the attractiveness of the hotel and the destination to tourists
- 2 Improved the hotel's image
- 3 Resulted in savings (for example, decreased garden maintenance costs as a result of using native plants)

21. Has your hotel invested in measures to avoid noise and lighting that affects wildlife?

1. Yes ()
2. No ()

Natural Areas and Conservation

22. Has your hotel supported the conservation of natural areas?

1. Yes ()
2. No ()

23. Has the conservation of natural areas in your region benefited your competitiveness and improved your area's appeal as a tourism destination?

1. Yes ()
2. No ()

Solid Waste

24. After the implementation of best practices, the amount of garbage your hotel generated:

1. Stayed the same
2. Decreased
3. Increased

25. How much has the volume of garbage changed? Indicate the change in tons:

26. If your hotel reuses materials, has this activity reduced costs?

1. Yes () Explain the savings generated
2. No ()



Photo by Stock Rainforest Alliance.

* Note: Some examples of these kinds of savings are: returning spa containers for refill, using disposable plastic bottles in the nursery, recycling paper, etc.

27. Does your hotel make bulk purchases?

1. Yes ()
2. No () Go to question 29

28. How have changes in bulk purchasing affected costs?

- 1 Stayed the same
- 2 Decreased
- 3 Increased

Environmental Protection

29. Has your hotel undertaken environmental protection measures, such as the proper management of sewage, the use of biodegradable products, etc.?

1. Yes ()
2. No () Go to question 32

30. Indicate the amount (in dollars) invested in environmental protection measures:

31. Have the environmental protection measures resulted in a better image for the hotel and/or have they improved tourists' appreciation of your business?

1. Yes ()
2. No ()

Environmental Education

32. Has your hotel undertaken environmental education efforts or provided information on protected areas, flora and fauna?

1. Yes ()
2. No ()

33. Have your environmental education efforts resulted in more environmentally responsible behavior on the part of your guests and employees?

1. Yes ()
2. No ()

II. Social and Cultural

Contribution to Local Development

34. Does your hotel utilize the services of local micro-, small, or medium businesses?

1. Yes ()
2. No () Go to question 38

35. From how many local business do you buy goods or services?

36. Indicate the amount invested in supporting development initiatives in nearby communities:



Photo by Stock Rainforest Alliance.

- 37.** The purchase of local supplies or the hiring of local labor resulted in (you may check more than one option):
- 1 Savings for the hotel
 - 2 A better relationship between the hotel and the community
 - 3 Greater security and respect for the hotel
 - 4 The encouragement of handicraft production, thereby contributing to the local economy

Respect for Local Culture and Communities

- 38.** Have the steps you've taken to encourage respect for your region's cultural and historical heritage improved the quality of your destination?
1. Yes ()
 2. No ()
- 39.** Does your hotel support the fight against the commercial sexual exploitation of children and adolescents?
1. Yes ()
 2. No ()

III. Economic

Training of Personnel

- 40.** After you provided staff with training:
1. They became more motivated about working for the company
 2. Their motivation didn't change
 3. Their motivation decreased
- 41.** Has personnel turnover decreased?
1. Yes ()
 2. No ()

Health and Safety

- 42.** Health measures taken at your hotel have (you may check more than one option):
- 1 Improved food procurement and storage
 - 2 Decreased waste
 - 3 Other___
- 43.** Safety measures taken at your hotel have (you may check more than one option):
1. Decreased the risk of on-the-job accidents
 2. Created a safer environment
 3. Improved job quality
 4. Other ___

Supplies and Suppliers

44. Sourcing from or contracting suppliers with good environmental and social practices has (you may check more than one option):
- 1 Encouraged the adoption of good practices by suppliers
 - 2 Improved the quality of the products and services that you purchased
 - 3 Other _____

Photo by Stock Rainforest Alliance.

Credits

Proyect "International Alliance for the marketing and Commercialization of Sustainable Tourism Products and Services (RG-M1103)".

Case Study: The Cost and Benefits of Implementing Best Management Practices for Tourism Businesses.

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