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Abstract
The April 2016 Sustainable and Social Entrepreneurship Enterprises roundtable brought together over 20 faculty, students, and leaders and entrepreneurs from a wide variety of mission-driven enterprises that focus on sustainability or social welfare. Jeanne Varney, lecturer at the School of Hotel Administration, opened the day by inviting attendees to speak to and even test some of their innovative ideas on fellow participants during the day. Varney noted: “One of our goals for the roundtable was to have a really diverse set of attendees and to hear a lot of different perspectives.”

Keywords
Cornell, Pillsbury Institute, hospitality industry, entrepreneurship, sustainability, social welfare

Disciplines
Entrepreneurial and Small Business Operations | Hospitality Administration and Management

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Highlights from the 2016 Sustainable and Social Entrepreneurship Enterprises Roundtable

by Jeanne Varney

EXECUTIVE SUMMARY

The April 2016 Sustainable and Social Entrepreneurship Enterprises roundtable brought together over 20 leaders and entrepreneurs from a wide variety of industries, including manufacturing, farm to table, consulting, food service, and lodging, together with faculty and students at the School of Hotel Administration at Cornell University. Discussion topics focused on issues that pertained to sustainability or social welfare concerns in their mission-driven enterprises. These topics included finding a market niche, social entrepreneurship problem-solving, integrating sustainable or social missions into a company’s core values, and attracting and retaining human talent in these entrepreneurial enterprises.

The opening discussion focused on finding the right market niche through repeated tests of an idea, and the importance of understanding how customer values fit into the business proposition. Next, participants discussed the generation of social entrepreneurship enterprises focused on solving a community-based problem and the proven benefits of these local NGOs. In many instances, the desire to solve the identified problem and the recognition of a business opportunity occurred in rapid succession in the establishment of social enterprises.

In the next session, the group discussed the power of integrating sustainable and social welfare principles into a company’s core values through policy, benefits, and volunteering activities. Finally, the panel discussed the entrepreneur’s view of the challenges of attracting and retaining talent. To retain employees, an entrepreneur must understand and promote a firm’s corporate culture, then identify traits of candidates that would fit that culture, and finally offer the appropriate working conditions, compensation, and benefits to workers who fit the culture and have the greatest potential.
Jeanne Varney is a lecturer at the School of Hotel Administration at Cornell University. A member of the facilities and property management, planning, and design department, she is responsible for the curriculum in Hospitality Facilities Management and Sustainable Global Enterprise in Hospitality. In Hospitality Facilities Management, she combines the technical facilities curriculum with a practical management perspective. In Sustainable Global Enterprise in Hospitality, she leads students through the principles, methodology, and tactical application of green hotel development and practices.

Varney is a principal with Olive Hospitality Consulting, where she provides practical sustainability solutions to businesses looking to improve the “triple bottom line” for their organizations. She has more than 20 years of real estate, operations, and sustainable hospitality experience. Prior to establishing Olive Hospitality Consulting, Varney was vice president of asset management at Host Hotels and Resorts, where she administered the full range of ownership responsibilities, including operational and capital expenditure budgeting, ongoing operational reviews, and long-term strategic planning for the properties. Varney previously held positions at Marriott International Corporate Headquarters and Horwath Landauer Hospitality Consulting, as well as positions with the Ritz-Carlton Hotel Company and Four Seasons Hotels and Resorts.

Varney is an international past president for NEWH, Inc., and is a founding member of the NEWH Sustainability Committee. She is also a member of U.S. Green Building Council, Sustainable Hospitality Council, Cornell Real Estate Council, and Cornell Hotel Society. Varney holds an MBA from the George Washington University and a BS degree in Hotel Administration from Cornell University.
The April 2016 Sustainable and Social Entrepreneurship Enterprises roundtable brought together over 20 faculty, students, and leaders and entrepreneurs from a wide variety of mission-driven enterprises that focus on sustainability or social welfare. Jeanne Varney, lecturer at the School of Hotel Administration, opened the day by inviting attendees to speak to and even test some of their innovative ideas on fellow participants during the day. Varney noted: “One of our goals for the roundtable was to have a really diverse set of attendees and to hear a lot of different perspectives.”
Getting Started: The Challenges of Finding the Market Niche for Environmental or Social Entrepreneurship Enterprises

Facilitator: Jeanne Varney ’85, Lecturer, Cornell University School of Hotel Administration

Jeanne Varney opened the session with the following question: “What were the motivating factors that led your company or you into this path of sustainable or social enterprise work?” Charley Knight, vice president of hospitality business at Interface, said that his company’s moment came a few decades ago when a customer asked Ray Anderson (founder of Interface) what Interface was doing for the environment. Ray noted that the question was “a spear in the chest moment” that started the company on its sustainability journey on how to develop a business model that allowed the company to do well by doing good. Knight noted: “The more awareness you create, the more you are prompted to a responsibility to act. This [environmentally responsible] business model is not necessarily a niche, but just a way of doing business.”

Other motivating factors for companies to prioritize environmental practices are risk management and cost savings. Cost savings and risk avoidance are often easy propositions to convey to corporations. But another side of motivational issues is how consumers’ attitudes are shifting in favor of bringing values to the marketplace. In turn, companies are showing the market that consumers’ values are relevant to the businesses. This matter of consumer values could be one of the least understood areas for businesses—one that is often discounted by management, thereby creating a lost opportunity for the corporation.

Companies that understand and exploit their customer value proposition effectively are enjoying superior profits. However, some participants noted that consumer research has its limits, and they agreed that entrepreneurs need to have a certain willingness to take risks and test variations of their business models.

The group discussed some of the potential benefits of certification for sustainable or social enterprises. Jason Salfi, of Comet Skateboards (one of the early certified B-Corporations), noted the many benefits his company has experienced by affiliating with B Corporations.1 These benefits include the validation of the company’s responsible practices, and Salfi also noted “the array of benchmarking resources, attracting talent and investors, and the networking opportunities with other certified B Corporations that really enhance the B-Corporation network.”

Problem-solving and Social Innovation through Social Entrepreneurship

Facilitator: Willy Legrand, Professor, IUBH School of Business Management

Willy Legrand, professor, IUBH School of Business Management, in Berlin, Germany, opened this session with a presentation of multiple case studies that examined socio-economic development using sustainable hospitality and tourism. Legrand noted that his research revealed that “social entrepreneurial community-based hospitality and tourism initiatives in developing economies yielded improvements in local infrastructure.” These improvements, such as education and day-care facilities, medical facilities, and better roads, were an important part of the work of the social entrepreneurship enterprises and were achieved with a high degree of independence from grants or charities. Commercial success and community development were clearly shown to go hand-in-hand.

Then Legrand posed a discussion question to the group: “Which came first, recognizing a business opportunity, or the need to fulfill a social mission?” Many participants noted that the two came almost simultaneously, but that the business opportunity was the primary driver for launching their enterprise. Robert Frisch, of Firelight Camps, stated: “The business opportunity and social mission initiative came at almost the same time, but the business opportunity recognition was slightly ahead of the social mission.” The business leaders’ “affinity” is what often drives a business’s framework. Many times corporate missions address a market opportunity or gap, but they could also lead to product extensions or additional companies with new products.

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1 B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. More than 1,600 Certified B Corps exist in 42 countries and over 120 industries. See: www.bcorporation.net/what-are-b-corps; viewed 7/13/16.
Entrepreneurs have to closely examine their own set of perspectives and to understand that not everyone wants what the entrepreneurs themselves want. Having a deep understanding of others’ needs is vital in establishing the right product. Zachary Gould, of Pliant Energy Systems, emphasized studying the market environment and immersing oneself in the context to know what the right questions are. Gould phrased it this way: “It’s like the square peg in the round hole issue. Regardless of where you start, if you don’t know what the hole looks like, you can’t determine the shape of the peg.”

In many instances, the issue isn’t that the problem or business gap isn’t recognized, but many social enterprises are small and operate at low levels. This is where the injection of new ideas, creativity, funding, and innovation becomes so important. Entrepreneurs must ask themselves: What are the mechanisms by which problems are accurately identified so solutions may be properly developed and brought to market? This problem-solution-identification process typically requires many iterations, combined with some level of taking risks within the business.

Anke Wessels, executive director, Center for Transformative Action at Cornell, noted that many of the social entrepreneurs that she works with experience a “moment of obligation that compels them into action.” She added that to enhance the success of the social enterprise, a system should be developed that allows those who have needs to participate in the solutions while maintaining their dignity. This theory was further bolstered through other participant examples that specifically related to integrating beneficiaries into volunteer or paid work within the organization.

The Power of Integrating Environmental and Social Initiatives into the Core Values of an Entrepreneurial Enterprise

Facilitator: Michele Sarkisian, President, P3 Advisors

Michele Sarkisian, president of P3 Advisors, moderated this session with a focus on several specific initiatives and influencing factors that prompt companies to transform their policies. She opened the discussion by emphasizing the need for companies to have humanitarian policies and employee training related to these policies. She examined the issues surrounding human trafficking and labor issues from several perspectives. Sarkisian noted: “The (hospitality) industry is doing an amazing job addressing human trafficking issues head-on, and we as an industry should be proud of the work we are doing.”

She added, however, that the industry can do more: first, by setting no-tolerance policies related to employees using company resources for the acquisition of illegal services; second, by providing education and training for employees to recognize illegal activities on the premises; and third, by ensuring that the company’s supply chain participants adhere to established high standards. She pointed to resources for both large and small organizations, such as Amnesty International, ATLtrafficking.com, International Tourism Partnership, BEST, and The Code.

The other side of the issue was also explored when Anke Wessels posed the question, “Why do families sell their children into slavery?” In addressing this question, the group discussed how industry and non-profits can come together to alleviate the poverty that most often prompts tragic decisions of this type. Customized micro-lending programs for regions often provide appropriate opportunities. Educating adult leaders in these communities regarding the value that the social enterprises create will enhance the welfare of the entire community. For established corporations, David Jerome, of MCA Foundation, said, “Partnering with NGOs may help a company accelerate their initiatives as well as provide ways to operationalize meaningful programs throughout the organization.” These partnerships with standard-setting NGOs (such as the Global Reporting Initiative) can be edifying to leadership committees in the organization, as to what these outside parties want companies to consider.

The value of integrating sustainability and social initiatives into the core values of a company goes beyond the environmental and social benefits. Today, a company’s core values (or lack thereof) have taken on a priority role in attracting and retaining employees. As entrepreneurs create enterprises that relate to their personal affinities, so employees choose to work for companies that relate to their own personal values.
Jenni Moon, of Greenview, raised the possibility of using partners to facilitate initiatives through the large meetings and convention business. The goal of improving environmental and social outcomes may be accomplished more quickly when the meeting planners influence the supply chain of service providers for an event. Moon said, “When meeting planners set their environmental and social goals for a meeting, they can educate suppliers and also influence them to contribute towards meeting the goals, with the hope that they leave behind legacy projects.” For example, if a food supplier pledges to donate leftover food from a conference banquet to a local soup kitchen, hopefully that donation would continue with future events.

Examples of resources discussed were Opportunity International, Sheissafe.org, Dributts, Toms Shoes, Year Up, Vets-Connects, Randstad Staffing, and Plywood People.

Attracting and Retaining Human Resources Talent

David Jerome, Manager, MCA Foundation

David Jerome opened the session by setting the context for entrepreneurs. The world today changes in dynamic fashion with exponential disruption, making it an ideal environment for entrepreneurs. Today’s mobile phone technology has dramatically changed how we communicate, use resources, and develop connectivity. Connectivity makes almost anything possible. Start-ups aren’t necessarily relegated to a location, and entrepreneurs can open source almost anything.

Jerome’s take on the work environment: “Entrepreneurs are always working, everything is urgent, almost everything is digital and on the cloud, good or bad knowledge spreads instantly, ideas come from everywhere, and continual learning is the norm.” Participants agreed with these sentiments.

Jerome referenced a Steve Jobs quote that rings true for most entrepreneurs: the desire to “put a ding in the universe” with their products and services. Many times entrepreneurs take “moonshots” first and then repeatedly adjust and test the concept until the product fits the market.

In many cases, particularly for the smaller entrepreneur, the human resources function is commonly outsourced, and the entrepreneur is the HR manager by default. When looking at hiring, participants suggested evaluating an applicant’s potential to do the job, versus their known skills. Walker Lunn, of Grid Waste, asks would-be employees whether they have done this before, and is there a high probability of them doing it again? This was a common sentiment for many in the room. Prospective employees with experience are often too expensive, so when hiring someone that has the potential to do the job, interviewing for cultural fit and taking those attributes into account may increase the probability of hiring the right candidates.

Participants debated the benefits of hiring entrepreneurial employees, arriving at the conclusion that the benefits depend on the organization and the type of work required of the em-
ployee. One potential pitfall of empowering employees to behave as if they were the entrepreneur or owner is the failure to then provide them with some of the financial benefits of ownership or the corporate structure needed for success. This can backfire and create resentment from the employees if they are not fairly rewarded. In addition, some entrepreneurs spoke of positions that they felt had minimal outlet for entrepreneurial-minded employees. Either way, most were in agreement that active solicitation of employee input and ideas was an important part of company growth and success.

Crist Inman, of La Paz Group, noted that when starting a company in a location that is not a home community, you are new and unusual to the environment and community. He noted that even though his firm goes to great lengths to integrate, they are just starting to scratch the surface of understanding the communities in which they operate in India. On the other hand, in Costa Rica, where they have been in operation for almost twenty years, they finally feel that they understand their sense of place and that they are an integral part of the community. Inman added that they are “successful because of listening, asking questions, patiently observing their surroundings, and not pushing their will on the community.”

Diana Dobin, of Valley Forge Fabrics, shared some of her company’s “people strategy” for successful employee retention. Dobin explained: “Several years ago, we made some successful, transformative changes in how we hire and retain employees.” The firm upgraded their company technology integration, implemented the hiring strategy outlined in *Who: The A Method for Hiring*, by Smart and Street,2 made sure that they had high quality work space (others agreed that work space very much matters), and ensured that they had leaders with good emotional intelligence.

Later in the session the question arose related to entrepreneurs’ inability to provide their employees with meaningful feedback. This may be common for start-ups and smaller companies. There may be phases in an enterprise’s growth where feedback could be minimal because leaders are focused on enterprise stability and high growth priorities. Employees may need to work for a period of time with little feedback until the company reaches the level where it can support a more formal leadership structure. A suggested strategy for seeking feedback or clarification of what success looks like was for the employee to write down what they feel success looks like and bring it to leadership for confirmation.

The group also pointed to the tactic of retaining employees through creative benefits. Understanding the stressors that your employees are facing (both internal and external) will help a company choose the most valued benefits. Participants were unanimous that adopting time-saving technologies is essential. Giving employees flexibility with work-life accommodations as appropriate (e.g., telecommuting, job-sharing, and flexible work schedules) could help retain top talent. Offering benefits such as student loan repayment in place of a 401(k) contribution, for example, could be a better option for employees with student loans.

The final points of the session were tried-and-true employee retention strategies, including hiring people who fit the corporate culture (meaning the entrepreneur’s vision of corporate culture), and the critical need for leaders to coach and mentor employees for retention and growth—both of the employee and the enterprise.

Moving Forward

The closing commentary from roundtable chair Jeanne Varney stressed the value of further collaboration within the diverse group of roundtable participants, faculty, and students. With the vast array of engagement opportunities available both on and off campus, participants are encouraged to continue to bring their perspectives as sustainable and social entrepreneurs to the hospitality industry and beyond, through the Pillsbury Institute for Hospitality Entrepreneurship and the School of Hotel Administration.

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Roundtable Chair:
Jeanne Varney ’85, Lecturer, Cornell University School of Hotel Administration

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Daniel Chapman ’02, General Manager, Finger Lakes Fresh
Stephanie Creary, Assistant Professor, Cornell University School of Hotel Administration
Diana Dobin, President and Chief Sustainability Officer, Valley Forge Fabrics, Inc.
Robert Frisch, MBA ’13, CEO, Firelight Camps
Zachary Gould ’11, Engineer, Pliant Energy Systems
Meghan Hilbert ’13, Director of Global Business Development, Terracycle
Arnie Inman, P ’14, Design Director, La Paz Group
Crist Inman, MBA ’90, PhD ’97, Founder and Managing Partner, La Paz Group
David Jerome, Consultant, MCA Foundation
Charley Knight, Vice President of Hospitality Business, Interface
Willy Legrand, Professor, IUBH School of Business and Management Bonn, Germany

Walker Lunn ’03, Founder and CEO, Grid Waste
Karli Miller-Hornick ’12, Manager, Farmigo
Mark Milstein, Clinical Professor of Management and Director of the Center for Sustainable Global Enterprise, Cornell University
Jenni Moon ’10, Program Manager, Greenview
Jason Salfi ’92, President, Comet Skateboards
Michele Sarkisian, President, P3 Advisors
Anke Wessels, Executive Director, Center for Transformative Action

Student Participants:
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Heather Mullen ’18, Open Mic Luncheon Participant, Cornell University School of Hotel Administration
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This report is produced for the benefit of the hospitality industry by the Leland C. and Mary M. Pillsbury Institute for Hospitality Entrepreneurship at Cornell University, in conjunction with the Cornell Center for Hospitality Research.

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Published in conjunction with
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