Sustainable Supply Chain Management: Education, Entertainment, Hotels, Temporary Help, and Publishing

Trey Antley, John Ross
Sustainable Supply Chain Management:
Education, Entertainment, Hotels, Temporary Help, and Publishing

Executive Summary

With increased public attention to sustainability, companies are increasingly developing policies and goals related to green practices. For some companies the movement towards sustainability has accelerated in the past few years. Sustainable practices are extending beyond the company to its vendors. Many companies have stated policies recommending or even requiring its suppliers meet minimum sustainability standards. Labor and human rights form another key element of supplier selection. Many of the studied companies had supplier diversity programs that actively strive to select women and minority owned suppliers. Such reporting mechanisms as the Dow Jones Sustainability Index and Newsweek Green Rankings document and rate companies based on their sustainable practices. This added visibility has encouraged companies to take sustainability issues seriously as they jostle for higher rankings.

Industry Overview

The five industries covered include the education, entertainment, hotel, temporary help, and publishing industries. The education industry specifically targeted in the report is the for-profit education industry. It consists of “universities and colleges that offer academic courses at baccalaureate or graduate levels, on a for-profit basis.” The industry has 170 businesses, produces $23.5 billion in revenue, and is expected to grow by 3% over the next five years. Key suppliers include IT consulting, book, magazine, and newspaper wholesalers, computer manufacturers, janitorial services, and office stationary wholesalers. The role of sustainability and education seems weak due to the lack of research in this area. Most searches return classes being taught on sustainability but leave out sustainability practices by the for-profit education industry.

The publishing industry “edits and designs books. Book publishers also engage in marketing activities and make distribution agreements with wholesalers.” The industry has 2,658 businesses, produces $26.1 billion in revenue, and is expected to grow by 2.8% over the next five years. Key suppliers are ink manufacturers, paper mills, paper wholesalers, performers and creative artists, and printers. The major threat to sustainability comes from paper consumption. Over half of the companies in this industry do not have sustainable procurement standards for paper. Unsustainable paper consumption fuels deforestation and poor farming practices, which in turn cause global warming.

The temporary help industry supplies “businesses with workers for limited periods of time to supplement existing staff. Although temp workers remain employees of the temp agency, temp agencies do not provide direct supervision of their employees at clients’ work sites.” The industry has 12,922 businesses, produces $93 billion in revenue, and is expected to grow by 2.7% over the next five years. Key suppliers are commercial leasers, computer stores, IT consultants, office supply stores, and wired...
telecommunications carriers. Roughly half of the industry lacks an environment management system. Greenhouse-gas emissions and general waste production accounts for most of the industry negative environmental impact.

The hotel industry category of the service industry includes lodging, restaurants, event planning, cruise lines and a broad range of others in the tourism industry. This industry has 39,772 businesses, produces $127.8 billion in revenue and is expected to grow by 3.3% from 2013-2018. Key suppliers to the industry are food and beer wholesalers and computer and software wholesalers. Employment in the industry is expected to grow by 1.6% over that period as well.

The entertainment industry includes a large number of sub-industries striving to bring entertainment to the masses. These sub-industries include theme parks, movie and television, radio and music. Specific statistics on the industry will require additional research as the entertainment industry alone is very broad.

Methodology

The methodology for this study involves retracing the research conducted by prior groups and filling in any missing/inconsistent information. This study verifies the links to secondary data for functionality and relevance and updates accordingly. It attempts to fill information by exploring company websites and academic databases through the North Carolina State University library.

Company Analyses

Apollo Group, Inc.

Apollo Group, Inc. offers for-profit education targeting working adults. Through subsidiaries like the University of Phoenix, Apollo Group, Inc. strives to meet the unique educational needs of working adults. Apollo Group, Inc. has several goals stated in its 2012 Sustainability Report to “Enhance program for environmentally responsible procurement and supply chain management.” Apollo has five sub-goals to accomplish this. First, it will start a survey about the environmental responsibility of the suppliers that account for 80% of its spend. Second, it will establish a baseline for environmental responsible indicators. Third, it will set targets for percentages of suppliers with those indicators from the baseline analysis. Fourth, it will make the survey a required part of the RFP process. Fifth, it plans to reduce paper consumption by 10%. Apollo also set goals for reducing energy/water consumption, environmental reporting, recycling, improving air quality, environmental education, and community involvement. Apollo has made notable progress on its previous goals, which are also included in the report. Although Apollo does not appear in the Dow Jones Sustainability Index, Newsweek ranked Apollo 86th among the 500 largest publicly traded companies.

Manpower, Inc.

Manpower, Inc. is a leading employment services company. It provides human resource services that allow its clients to focus on their core competencies. Manpower, Inc. promotes hiring a diverse workplace and lists several reasons that its clients should. It also has a Supplier Diversity program. The program seeks to include women, minorities, veterans, disadvantaged, and small business owners. The program has four components: outreach, certification, development, and utilization. Manpower actively searches for diverse suppliers. It certifies that the suppliers are minority or women-owned. It works with the suppliers to aid in their development. Lastly, Manpower utilizes the diverse supplier. It makes the database of certified diverse suppliers available to find suppliers in each state.

Manpower, Inc. includes in its business code of ethics that it “seeks assurances from the businesses
Sustainable Supply Chain Management: Education, Entertainment, Hotels, Temporary Help, and Publishing

and individuals we work with—throughout our entire supply chain.”# Manpower specifically states it is against human trafficking, forced child labor, illegally low wages, exploitation of immigrants, and unsafe working conditions.

Manpower, Inc. was included in the Dow Jones Sustainability Index for the past five consecutive years for its sustainability-driven leadership in the Support Services sector.# Manpower, Inc. was ranked 16th on the Newsweek Green Rankings and 1st in the Professional Services industry with a score of 72.8. This was an improvement of 10 spots.

Marriott International, Inc.

Marriott International, Inc. is a large lodging company headquartered in Bethesda, Maryland with properties in 68 countries and territories. It has over 3,400 properties and 137,000 employees. Marriott International has received numerous awards and recognition related to sustainability and labor/human rights.# Climate Counts ranked Marriott 1st in the hotel industry for sustainable business practices in 2012. DiversityInc ranked Marriott first for supplier diversity. Many organizations have described Marriott International as one of the best places to work. Latina Style Magazine, Working Mother, Hispanic Business, and Black Enterprise have recognized it as an excellent employer. Marriott International plans to procure 75% of its furniture, fixtures, and equipment from sustainable suppliers.# It has released two a Sustainability Reports with the most recent one focusing on youth employment initiatives and preserving the environment.# Although it was not included in the Dow Jones Sustainability Index, it received a Newsweek Green Score of 58.1 and ranked 273rd among the 500 largest companies.

McGraw-Hill Companies

McGraw-Hill Companies offers global publishing, financial, information and media services. The company has four main segments: Standard & Poor’s Ratings (S&P Ratings), S&P Capital IQ, S&P Dow Jones Indices (S&P DJ Indices), and Commodities & Commercial (C&C). As a publisher, the major impact to sustainability is from paper consumption, and McGraw-Hill has an Environmental Paper Procurement Policy.# McGraw-Hill first attempts to reduce its paper consumption. It reviews its suppliers to ensure compliance with environmental regulations. McGraw-Hill encourages sustainable forestry practices. McGraw-Hill requires that its suppliers have clear policies against illegal logging. It encourages suppliers to use recycled fibers and requires pulp to be free from certain chemicals and meet EPA standards. McGraw-Hill expects its suppliers to continual improve and reduce their environmental impact. Environmental statements form a part of its contracts with suppliers. McGraw-Hill reviews its supplier to confirm their compliance and continuous improvement according to the Environmental Paper Procurement Policy. McGraw-Hill also maintains an Environmental Management System consisting of six key elements: environmental impacts, environmental policies, implementation structure and senior management responsibilities, environmental targets and sustainability strategy action plan, monitoring and verification, and communication and feedback.#

McGraw-Hill is a member of the National Minority Supplier Development Council and works with diverse suppliers to make them preferred suppliers.# It supports many organizations that support diversity, local communities, and labor/human rights; such as: Hispanic Alliance for Career Enhancement, YWCA, and Human Rights Campaign.

McGraw-Hill appears in the Dow Jones Sustainability Index and received a Newsweek Green Score of 72.8. McGraw-Hill moved six spots to be ranked 15th among the 500 largest companies and was 1st in the Media and Publishing industry.

Metro-Goldwyn-Mayer, Inc.

Metro-Goldwyn-Mayer, Inc. produces and distributes motion pictures, television programming, home
video, interactive media, music and licensed merchandise. Its 4,100 titles constitute the largest library of modern films. It is a private company, but MGM Resorts International is a publicly traded company. While little information is available for Metro-Goldwyn-Mayer, Inc., MGM Resorts International has some data on sustainability and labor and human rights. MGM Resorts has a supplier diversity program and asks that its general contractors look for diversity suppliers as subcontractors.

In 2012, MGM Resorts issued its first consolidated Corporate Social Responsibility Report committing MGM Resorts to: Diversity and Inclusion, Philanthropy and Community Engagement, and Environment Responsibility and Sustainability. MGM Resorts plans to fulfill these commitments through education, development, encouragement, and measurement. MGM Resorts requires its vendors to provide documentation of their environmental commitment. Although not included in the Dow Jones Sustainability Index, MGM Resorts had a Newsweek Green Score of 60.4. It ranked 122nd out of the 500 largest publicly traded companies and 3rd in the Hotels and Restaurants Industry, which showed an improvement of 35 positions.

RR Donnelley & Sons Company

RR Donnelley & Sons is a Chicago based Fortune 500 company that provides worldwide print services. Since 2010, RR Donnelley has acquired several other companies as its sales have grown to a 2012 total of $10.4 billion. They use training methods to motivate employees to work and contribute to a safe and environmentally conscious way. They are consistently named to the Dow Jones Sustainability North America Index for sustainability leadership. RR Donnelley was ranked 352nd in the 2012 Newsweek Green Score Rankings with a score of 47.9. RR Donnelley was founded in 1874 and now employees more than 57,000 mostly in the United States.

RR Donnelley’s philosophy towards sustainability is to integrate both being cost effective and environmentally conscious. Specifically Senior Corporate Management lists its commitments in its Environmental, Health and Safety Policy. These include goals of an injury free workplace, complying with laws and regulations in its global operations, and continuous improvement of its policies through emission reductions, recycling and paper and energy use efficiency.

Starwood Hotels & Resorts

Starwood owns, operates, franchises, or manages 1,134 properties under nine brands worldwide. Its 171,000 employees make up such brands as Westin and Sheraton. Only 26% of its workforce is based in the United States. Because of its presence in so many parts of the world, Starwood stresses to its employees to focus on the environment and communities they operate in. They act on this global commitment through initiatives called Global Citizenship. The company is listed on the 2012 eligibility list of Dow Jones Sustainability Index. Starwood Hotels was ranked 226th in the 2012 Newsweek Green Score Rankings with a score of 54.3.

Starwood’s Global Citizenship program consists of policies and reporting, environmental initiatives, and community initiatives. Not only do these policies address environmental sustainability, and human rights, it also addresses the issues of human trafficking. The company has also established an alliance with the non-profit Carbon Disclosure Project to manage and share its environmental information. Another key partnership is with Conservation International. Starwood states a goal of 30% energy reduction and 20% water reduction from 2008 numbers by the year 2020.

Time Warner Inc.

Time Warner Inc. is a media corporation based in New York City. It stands only behind Walt Disney Company as the world’s second largest revenue producing Media Company. The company had revenues of $28.7 billion in 2012. The company is divided into two separate companies, Warner Commu
Sustainable Supply Chain Management:
Education, Entertainment, Hotels, Temporary Help, and Publishing

Walt Disney Company

With 2012 annual revenue of $42.278 billion, the Walt Disney Company is by far the world’s largest mass media corporation. The company was founded in 1923 and is headquartered in Burbank, California. In addition to its movie productions and 14 theme parks, Walt Disney Company owns and operates several television networks such as ABC, ESPN, A&E, and Lifetime. Walt Disney employs 166,000 people worldwide through its divisions and subsidiaries. In 2012, its Newsweek green score dropped slightly from 2011’s 69.6 score to 69.0.

Walt Disney holds its suppliers to a high degree of standards and stresses pricing, quality and integrity as some of its most important criteria in choosing suppliers. It has targeted the Minority and Woman Business Enterprises as an important partner in its future sourcing and procurement. Disney has an International Labor Standards program that is used to evaluate the safety and working conditions in facilities producing Disney products. It operates under three main goals: safety, risk reductions, and improving perceived poor working conditions.

Results

<table>
<thead>
<tr>
<th>Year 2012</th>
<th>Spend Management-12</th>
<th>Strategic Sourcing-12</th>
<th>Category Management-12</th>
<th>SRM-12</th>
<th>Weighted SCM-12</th>
<th>LH-12</th>
<th>Sustainability-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>#N/A</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>
Conclusion

The above industries total to over $270.4 billion in revenue, and therefore, represent a significant portion of the global economy. With such a large portion of global revenues, these industries can have a substantial effect with regard to global sustainability and human and labor rights. The above companies have all made some effort to define improvement in these areas. The level of effort varies from company to company as reflected by their respective Newsweek Green Scores and Rankings, which range from 16th to 352 nd. Certain industries perform worse than others. For example, the top ranked company in Professional Services is ranked 16th overall while the top ranked in Hotels and Restaurants is ranked 89th overall. Each industry faces unique challenges related to sustainability and labor and human rights. The nine companies analyzed in this study have improved or stayed constant in the criteria of labor and human rights and sustainability. This trend will likely continue as long as customer visibility and competition increase. Strong sustainability and human and labor rights may be the difference in selecting among comparable suppliers. Therefore, suppliers should practice continuous improvement not only for their processes but also for sustainability and labor/human rights. Any company that does not move forward in these areas risks being left behind and resulting with lagging financials.

5 http://thedailybeast.com/newsweek/2012/10/22/newsweek-green-rankings-2012-media-publishing.html
8 http://thedailybeast.com/newsweek/2012/10/22/newsweek-green-rankings-2012-professional-services.html
11 http://www.google.com/url?q=http%3A%2F%2Fwww.manpowergroup.com%2Finvestors%2Freleasedetail.cfm%3FReleaseId%3D706991&sa=D&ustz=1&usg=AFQjCNFIj9ISsJqjaxv2rbe0QP2xQ7CaDg
17 http://www.mcgraw-hill.com/site/about-us/diversity/suppliers
18 http://www.mgmresortdiversity.com/index.asp
19 http://www.mgmgrand.com/sustainability/