

## **The Keweenaw Mountain Lodge Sustainability Case Study Project**

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## INTRODUCTION

The world is changing. The human race is evolving and adapting to the benefits of technology and easy access to information. This accessibility has opened the eyes of many to issues worldwide that must be addressed, and one of those is that our home is on the brink of a serious climate crisis. This realization has drawn people from all around the world to better themselves and their places of work to be more responsible with how we treat our mother earth. Businesses can no longer aim with the sole purpose of turning a profit and taking resources, but how they can give back to society and the environment.

The hospitality industry encompasses a wide variety of services such as lodging, restaurants, food services, and convention centers. The lodging sector consists of hotels, motels, resorts, and bed and breakfasts. Lodging properties can emit pollutants such as hazardous air pollutants, volatile organic compounds, and ozone depleting substances. These pollutants can potentially contribute to health problems with the guests, employees and the surrounding community. The Keweenaw Lodge is primarily a lodging facility, with about 70% of their budget focused on the lodging sector. Fortunately for us, John Mueller and the rest of his staff are already advocates for environmental sustainability and being environmentally responsible, and are excited to continue their journey to become B-Corp certified.

The Keweenaw Mountain Lodge is a wilderness resort at the top of the Keweenaw in the Upper Peninsula of Michigan and currently has a staff of 10-49 employees. The Keweenaw Mountain Lodge was built under the Works Progress Administration (WPA) in 1934, when FDR was the president of the United States and the country was going through the great depression. The Lodge currently consists of log cabins, a motel, a restaurant/ bar, a conference/ banquet center, and a 9-hole golf course. There are also mountain biking and hiking trails that run

through the property that connect to the renowned Copper Harbor Trail system, and a disc golf course.

## **BUSINESS BACKGROUND**

The Keweenaw Mountain Lodge has three main “Team Values” they follow; these include Fun, Joyous and Adventuresome. As part of the ownership and leadership change several years ago, a goal was set to build a culture that one could be proud of, and that people would want to be associated with; a culture that would be strong and withstand the test of time.

Culture consists of the beliefs and behaviors common to a group’s members, including the values of those individuals. At the Lodge, their core values are like a pyramid and they build from the bottom up. At the bottom they start with what they classify as “table stakes”, which include...

- Value our team members
- Value our customers and guests
- Value our community
- Value our environment

From there, they have a secondary set of values that they build on top of their table stakes. These secondary values include:

- Adapt accordingly to the situation and react in a positive manner
- Look conflict in the eye and gracefully wipe it out

- Be fearless and persistent in learning on a daily basis
- Respect others
- Leave ego at the door
- Appreciate life
- Be welcoming

By practicing this set of values it helps them pursue and achieve their core values, the core values of Fun, Joyous and Adventuresome.

The Lodge was built under the WPA in 1934, but their story starts in October of 1929 due to the crash of the stock market which contributed to the decline of local mining industry profits. On September 12, 1932, the mining companies announced that they were permanently suspending all mining activities. About 1000 families found themselves without work or money, and reported a 75.2% unemployment rate in Keweenaw County. At the time, this was the highest unemployment rate in not only the state, but the country. Soon, depression-era road projects started with the hopes of creating work for Keweenaw County residents. In 1933, the Road Commission reviewed several areas to build what was then known as the Keweenaw Park & Golf Course project. One hundred and sixty-seven acres was given to the county with the condition that a 9-hole golf course would be constructed and it would always be open to the public. Construction started in 1933 with a crew of 125 and a team of horses to assist the hauling of trees to be used for the lodge and its cabins. After 84 years of ownership, in 2018, Keweenaw County sold the Keweenaw Mountain Lodge. As of September 5, 2018, Keweenaw Resort, LLC became the owner and operator of the Keweenaw Mountain Lodge.

## **Governance**

The governance section consists of 21 questions that evaluate the company's overall mission, ethics, accountability, and transparency. Keweenaw Mountain Lodge scored a 2.8/21 on this section. When looking at the assessment there are areas including the code of ethics where they don't have the standards set in writing, although they practice them. One area they didn't receive points for was not sharing the social and environmental performances. While this may have been a barrier before because they may not have done assessments and didn't have data to share, they now have the B-impact assessment they could share those numbers with the company. Another area that has standards but aren't written out are the job descriptions of employees. These could be created by the leads of those departments given they interact most with each position and understand the duties best.

## **Workers**

In the workers section of the assessment they scored a 9.1/50 which is quite low. The 41 questions regarding workers evaluate the company's contribution to the workers financial, physical, professional, and social-well being. The lowest paid employee is paid an hourly wage of \$10 an hour which is below the living wage of \$12.77, however 75-89% of the employees are paid equivalent the living wage. One of the sections they did not score on and would like to improve on is worker empowerment. There is no formal system for complaints or input. While adding something that tracks employee input does require time, resources, and additional oversight to run, we believe it would be beneficial. The company's philosophy is that it comes internally and the employees have to be on board first, so allowing them to speak up would enhance that area of work. One area that the company is currently improving on is implementing

a retirement plan that will match 3%. This plan goes through a company who invests retirement funds toward fighting climate change.

## **Community**

Community impact is one of the higher scored categories in the assessment, where they scored 16.4/50. This section measures the contributions to the economic and social well-being of the communities through 36 questions. They could improve in this area by including statements on job postings about diversity, equity, and inclusion. One area that is lacking in their score is the management from underrepresented groups or those from diverse backgrounds. This can be seen as a challenge for the company based on their location and lack of a diverse community. The area of buying from suppliers who are more socially and environmentally responsible may be hard given the remote area and lack of accessibility. Instead the resort could implement more community service programs.

## **Environment**

The environment sections evaluate the company's environmental stewardship through 40 questions. The resort scored a 6.1/20. The biggest place for improvement with the environment is their green standards. They marked that less than 20% of the company's facilities are certified to meet the green building standards. We think that the resort would benefit from making adjustments to the facilities. We do foresee that cost would be an issue for this improvement as it would require new technology. However these changes could start small with things like shower heads that reduce water.

## **Customers**

The last section of customer stewardship evaluates the value that your company creates for your direct customers and the consumers of your products. Of 12 the resort scored 2.6. While they are doing quite a bit in this, most of the areas unchecked are policies not written in writing. This could be solved by putting those policies practiced into formal documents.

## **Governance Recommendations**

While talking with the business stressed their philosophy is everything comes internally. Our recommendation to improve on governance is to put your sustainability goals and code of ethics in writing for employees. This provides written standards for all employees and will help to create internal alignment. Another recommendation we have is to create an annual report to track the performance of their sustainability goals. An annual report will give the team an idea of areas they are doing well and areas that can be improved. While change can be a slow process this will also give them a benchmark to set goals on year to year improvements.

## **Workers Recommendations**

Similar to our recommendation for governance, we think a formal process for evaluating workers would be beneficial. We suggest having written goals for each department or position then performing an evaluation to see if those goals were met. To accommodate those working just in the summer months, evaluations could be performed bi-annual. Evaluations could be held at the end of the summer to evaluate those who leave and perform the second at the end of the winter months or approximately 6 months apart. The second suggestion to improve worker empowerment is to implement an employee satisfaction survey given to employees as a way to share their satisfaction, complaints and suggestions. These surveys could be sent out prior to the evaluations so any concerns could be talked about further.

## **Community Recommendations**

As we look at how the resort can help within the community, we understand that because of the region the resort is located in, recruiting to be more diverse may not be the most effective option. However we can suggest putting statements on job postings that you are an equal opportunity employer. The assessment says there is diversity equity and inclusion training. We suggest to keep doing these by either offering more through external resources. The UN sustainability goals provide webinars on various topics. Another suggestion is to give a couple paid days off for employees to spend their time volunteering or putting on events in the community. This not only will help the local community but could give the employees a possible opportunity to interact with diverse groups and use what they learn in training or webinars. The last suggestion is to screen the resort's suppliers. Again this is a task we understand might be hard due to the location of shipments, however even switching just a couple suppliers will make a difference. We know that the restaurant and the quality of food being served is important is a big part of the lodging experience. Looking for local farms to supply with meat will not only ensure fresh food but helps the community by shopping locally.

## **Environmental Recommendations**

Looking environmentally, they already do a lot to take into consideration the fact that they are in the woods and using mother nature's resources on a daily basis. The previous owners of the lodge did not have many environmentally friendly initiatives, but that changed with ownership. They have now implemented a recycling program and a compostable food containers initiative, they are in the process of changing all of their lights to LEDs (both inside and outside on street lamps), as well as running their own water treatment plant to constantly monitor their water usage to ensure they are not using an excess amount. To make this change efficient and

supporting local, we suggest they partner with Eco Smart Home Pros to make the transition into more sustainable solutions.

The Keweenaw Lodge is also taking steps in the right direction in applying to become a certified *Dark Sky Park*, diving into what it takes for its golf course to become an *Audubon Society Certified Golf Course*, contacting both Rivan and Tesla about the possibility of installing electric vehicle charging stations, and looking to become a certified B-Corp. All of these are wonderful and they should continue to make strides towards achieving these goals.

Having goals to become an *Audubon Certified Golf Course* is rather important when it comes to being environmentally friendly. Golf courses, historically, are known for not being good for the environment. From their massive amounts of water needed to maintain fairways, the chemicals used to maintain the greens, and cutting out a section of land that may displace animal habitats, on paper they aren't all that good. Having an owner who is passionate about the heritage and lineage of the game of golf and is taking steps to counterbalance these issues is a big plus, and we hope they reach their goal in the future.

### **Lodging Recommendations**

The first thing that comes to mind about Keweenaw Lodge is the actual lodging itself. As a business, how can you make where your customers stay more environmentally friendly? There are a couple solutions where implementing them could prove beneficial in the long run. The installation of smart thermostats would be a great start, as these use algorithms and sensors to become more efficient over time, lowering emissions. Next-generation thermostats learn over time by gathering and analyzing data, remembering your choices and memorizing your routines, adapting to the dynamic nature of day-to-day living.

Continuing with the lodging, something to potentially stride toward could be dynamic/high performance glass. Currently, these are rather expensive, but in the future these alternatives will be much more easily accessible. What these do, and how we see benefit in the lodging, is the glass reacts to the weather to make heating and cooling much more efficient. By minimizing unnecessary energy use, it reduces emissions. This, along with the smart thermostat, could make quite a difference in the emissions the lodging gives off.

## **Conclusion**

The Keweenaw Mountain Lodge has a very passionate group of people with strong leadership, a concrete vision and set of values, and are willing to put their best foot forward.

While they did not score high enough initially to become B-Corp certified, they are well on their way. While already implementing many environmentally friendly techniques, there are a few areas they can still capitalize on. These range from improving worker empowerment, to promoting that you are an equal opportunity employer, and even partnering with another local business to make your lodges more environmentally friendly.

The world is changing. The human race must adapt and be proactive to sustain life on this earth for years and years to come. Though the Keweenaw Mountain Lodge may not have international impacts, it's special to know that their little corner of the world is on the right side of history and is changing for the better of the world.

## Resources

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