Wyndham Worldwide Excels at Stakeholder Management

INTRODUCTION

Wyndham Worldwide, headquartered in Parsippany, New Jersey, is a leading global provider of travel-related services, including lodging, timeshare exchange, and rentals. The company can be broken down into three components: Wyndham Hotel Group, Wyndham Vacation Ownership, and Wyndham Exchange & Rentals. Each of these parts is comprised of different companies and brands that are well-known in their own right. Despite the many services the organization offers, Wyndham Worldwide is best known for its hotel chains. Wyndham Hotel Group consists of more than 7,200 franchised hotels, including Days Inn, Howard Johnson, Wyndham Hotels & Resorts, Super 8, Ramada, and Planet Hollywood.

Wyndham Worldwide was spun off from Cendant Corporation in 2006. In this short time, the company has achieved a reputation for quality and ethical leadership. Stakeholders view Wyndham Worldwide as a company with high integrity. The company’s ethical leadership and strong compliance programs act as a model for ethical practices within the hotel and resort industry.

This case analyzes Wyndham’s initiatives that secure its reputation as a highly ethical company. We begin by providing some history on Wyndham Worldwide to demonstrate the challenges the company encountered to get to its current position. We then examine the structure and corporate culture of Wyndham, which provides unique insights into why Wyndham has received rewards as a top employer. Next, we describe Wyndham’s corporate social responsibility and sustainability initiatives to show the company’s dedication to its communities and the environment. Finally, this case concludes by looking at some opportunities as well as challenges that Wyndham may face in the near future.

HISTORY AND BACKGROUND

Wyndham Hotel Corporation was founded by Trammel Crow in 1981. The company grew rapidly and merged with Patriot American Hospitality, Inc., in 1998. The newly merged company was renamed Wyndham International Inc. The new Wyndham embarked upon an aggressive acquisition strategy by acquiring other hotels and companies. However, the organization made the common mistake of growing too rapidly, acquiring massive debt in the process. Patriot American sought a $1 billion bailout from private investor groups. The company underwent an extensive restructuring process, in which Patriot became a wholly owned subsidiary of Wyndham International.

In 2005 Cendant Corp. bought the Wyndham hotel brand. The stock price of Cendant had remained stagnant since its merger with CUC International in 1997—a company that was later implicated in one of the largest accounting frauds of its time. Unfortunately for Cendant, the acquisition of
Wyndham did not do much to raise its stock price. One year later, Cendant spun off its lodging, vacation exchange, and rental businesses to create Wyndham Worldwide and the Cendant name was officially retired.

Despite these changes, Wyndham Worldwide continued to face challenges. For instance, its hotel brands had earned a reputation for inconsistency. Each hotel seemed to differ from the other, making it difficult for Wyndham to establish a solid brand identity. CEO Stephen Holmes blamed its identity crisis on ineffective marketing by previous investors. Holmes believed the key to success was to create a consistent look for the brand and hired designer Michael Graves to redesign its hotels. Then the recession hit. With hotel demand decreasing, Wyndham posted a quarterly loss of $1.36 billion in 2009 and was forced to sell more shares to raise needed funds. However, the CEO for its hotel divisions, Eric Danziger, continued to work to create a more consistent brand image for Wyndham hotels while simultaneously trying to maintain a local feel. Wyndham attempted a customer-centric approach to determine whether the design and services would be adopted. For budget hotel chains such as Howard Johnson, Danziger announced plans to give them an "iconic" atmosphere to reflect their history and family friendliness. In creating its new image, the company also began expanding its international reach by acquiring hotel brands in major international cities. Today, Wyndham Worldwide is located on six continents and employs 25,000 people globally.

**Wyndham’s Code of Business Conduct and Compliance Programs**

To maintain a strong corporate culture, Wyndham has implemented an extensive compliance program to reinforce ethics throughout the organization. The company has drafted a thorough Code of Business Conduct that has received top scores from the Ethisphere Institute for its comprehensiveness and availability to stakeholders.

Codes of conduct have several purposes. For employees, the code of conduct (or code of ethics) helps them to become familiar with the company’s expectations for them. It also provides an essential reference for employees when faced with difficult decisions. For stakeholders in general, the code expresses the company’s commitment to corporate social responsibility and ethical conduct. Therefore, the clarity and comprehensiveness of a company’s code of conduct is an important signal of a company’s dedication toward ethics, compliance, and stakeholder relationships. Wyndham received high scores for the company’s values and commitments within its Code of Business Conduct, its coverage of risk topics, and the code’s availability to stakeholders.

In addition to its strong code of conduct, Wyndham has created an Ethics and Compliance Program, a Compliance Governance Board, and a Compliance and Ethics Leadership Team. The audit committee on Wyndham’s Board of Directors is also involved with the Ethics and Compliance Program and receives quarterly updates on the program’s progress. The program is designed and directed by the Compliance Governance Board, which is made up of the company’s CEO, Chief Financial Officer, Chief Human Resources Officer, and the General Counsel. The Compliance and Ethics Leadership Team helps to keep the company on its ethical course. They receive updates regarding the Ethics and Compliance program, collect feedback, assess the company’s global risks, and train employees. All of these different positions and programs demonstrate an ethical tone at
the top. In other words, Wyndham Worldwide believes that ethical programs must start with ethical leaders to be successfully implemented throughout the organization.

**STAKEHOLDER RELATIONSHIPS**

Wyndham Worldwide’s vision is “to be the world’s premier branded-hotel operating company.” To make this vision a reality, Wyndham renovated its hotels to create a more consistent brand image and offers a number of benefits to its loyal customers and employees. It also actively participates in the communities in which it operates. Good relationships with each of these stakeholders are necessary for Wyndham’s future success.

**CUSTOMER RELATIONSHIPS**

When consumers consider the Wyndham brand, they most likely think of upscale hotel chains that cater to wealthy vacationers and businesspeople. In reality, Wyndham targets travelers from across the price spectrum. Hotels carrying the Wyndham name tend to be luxury chains—Wyndham Hotels and Resorts, Wyndham Garden, and Wyndham Grand Collection. However, Wyndham also owns the budget hotel chains Howard Johnson, Days Inn, Super 8, Travel Lodge, and others. The diversity in hotel chains enables Wyndham to target a wide range of travelers. This strategy allows Wyndham to avoid brand confusion by leaving out the Wyndham name from its budget hotels.

Wyndham offers its customers many different benefits to increase customer loyalty. For instance, Wyndham’s Rewards program awards points and air miles to customers for staying at its more than 6,000 hotels and resorts worldwide. Those with enough points can receive free nights at Wyndham hotels. Wyndham’s ByRequest program provides a more personalized benefit package; members get free Internet access, expedited check-in, and—after three nights—a snack and drink, extra items such as pillows, and the option to have the room personalized to the customer’s preferences.

In addition, Wyndham desires to encourage travel among businesswomen and make their stays more comfortable. Since 1995 Wyndham has run Women on Their Way, a program that specifically targets female business travelers. The program’s website offers advice and special packages for businesswomen planning their trips. Wyndham also prides itself on being one of the first chains to conduct research on the woman traveler when it was still an underserved area. Wyndham claims that its research and feedback from its female travelers prompted the hotel chain to offer improved amenities in the hotel rooms, such as full-length mirrors, coffee pots, and healthier menu options. The company has its own female advisory board and periodically conducts surveys and research in what it sees as an important market for future success.

**EMPLOYEE RELATIONSHIPS**

The corporate culture at Wyndham Worldwide focuses extensively on employee well-being. The company considers its employees to be crucial to its success. For this reason, Wyndham offers a range of employee benefits, including health and welfare, retirement planning, employee discounts, education assistance, employee assistance, adoption reimbursement, flexible work arrangements, and domestic partner benefits. Wyndham also has several unique programs for employees:
• University Relations, which provides students with information regarding internship and job opportunities at Wyndham
• The Be Well program, which aims to improve the holistic health of employees and advocates for exercise, lifestyle management, emotional wellness, financial health, and the quality of the work environment through programs such as weight management and stress reduction
• The Count On Me! Service Promise, which holds employees accountable to one another in fulfilling Wyndham’s core service values of responding to customer needs, being respectful, and delivering a great experience

EMPLOYEE VALUE PROPOSITION

Wyndham Worldwide realizes that one of the best benefits it can offer its employees is knowledge. The company believes its employees have the chance to embark on long-term careers in the hospitality industry, and Wyndham wants to cultivate these skills. In so doing, Wyndham not only helps its employees learn the necessary skills but also creates benefits for the company as well, because more skilled employees translate into better service for customers. Wyndham created the Employee Value Proposition (see Table 1) to summarize the benefits of employment with the company

Table 1 The Three Es of Wyndham’s Employee Value Proposition

<table>
<thead>
<tr>
<th>Experience (expand know-how)</th>
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<tbody>
<tr>
<td>• On the job assignments</td>
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<td>• Job rotations and job shadowing</td>
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<td>• Development of a personal career development plan</td>
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<td>• Interaction with cross-functional, cross-business unit and project teams</td>
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<tr>
<td>Exposure (expand network)</td>
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<tr>
<td>• Interaction with senior leadership</td>
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<tr>
<td>• Personal feedback through self-appraisals</td>
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<tr>
<td>• Frequent “lunch-and-learns” and informational sessions</td>
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<tr>
<td>• One-on-one coaching</td>
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<tr>
<td>Education (expand knowledge)</td>
</tr>
<tr>
<td>• Wyndham Worldwide University's learning and development programs</td>
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<tr>
<td>• Research and study opportunities</td>
</tr>
<tr>
<td>• Online course offerings</td>
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<td>• Tuition reimbursement program</td>
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CORPORATE SOCIAL RESPONSIBILITY

Wyndham embraces the triple bottom line (TBL) business approach. While traditional business models only take into account the bottom line, TBL is a business perspective that considers three factors: people (social), profits (financial), and planet (environmental). This approach takes a more
holistic view of how businesses impact the environment and create value for themselves and society.

To become a global leader, Wyndham must not only offer superior services but also practice corporate social responsibility (CSR). Today, society expects businesses to operate with high standards of CSR. This is especially true for businesses with a global presence such as Wyndham. The company works “to maintain social responsibility, as a way of living, working and playing that fully encompasses the vision and values that Wyndham Worldwide has incorporated.” Wyndham Worldwide has therefore adopted five core values of corporate social responsibility including integrity, respect, individual opportunity and accountability, improving customer lives, and community support. Wyndham exemplifies these core values through the implementation of initiatives in human rights, philanthropy and sustainability.

**HUMAN RIGHTS**

Wyndham is committed to protecting the human rights of the people within the company’s “sphere of influence.” The company adopted a Human Rights Policy Statement in 2007 and focuses on the ethical treatment of all workers. Wyndham aims to provide a safe working environment, rejects all forms of forced labor (especially child labor), and supports the rights of employees to form unions.

**PHILANTHROPY**

Wyndham Worldwide has a number of philanthropic programs to address the needs of its stakeholders. The biggest program is Wishes by Wyndham, which works to support charities that help women and children through donations, volunteerism, fundraising, and raising awareness. Under Wishes by Wyndham, the company has adopted three charities:

- the Association of Hole in the Wall Camps, an organization that provides free programs to children with serious medical illnesses
- The Christel House, a learning center for children founded by Wyndham employee and board member Christel DeHann, who realized that helping people by providing food and clothing was only a temporary solution to the much bigger problem of poverty
- The Starlight Children’s Foundation, which provides entertainment and educational activities to children with illnesses

In addition to its corporate support of these programs, Wyndham strongly encourages its employees to contribute toward its philanthropic endeavors and gets its customers involved by giving them a chance to donate their rewards points to charity.

**SUSTAINABILITY**

Wyndham Worldwide recognizes that its work practices have an immense impact on the environment. The company believes that using more eco-friendly products and reducing its environmental impact will not only help the environment but also save it money in the form of
energy savings—contributing to the financial aspect of TBL. It therefore aims to reduce its negative impact and support sustainable initiatives. Wyndham Worldwide emphasizes the following goals:

- Educate and influence internal and external stakeholders
- Reduce energy consumption and track performance
- Reduce water and energy usage and recycle
- Improve air quality
- Minimize waste by recycling and reusing materials
- Implement sustainable procurement practices
- Participate in local community environmental activities

To educate its stakeholders on its progress toward these goals, Wyndham Worldwide has a website dedicated to its green initiatives at www.wyndhamgreen.com.

Just as Wyndham has teams devoted to ethics and compliance, it also has a team committed toward improving the company’s sustainability. Wyndham has a Worldwide Team of 100 cross-functional members selected by the company’s senior leaders. Additionally, Wyndham collaborates with a variety of institutions to increase green practices in the hotel and leisure industry. Thus far, more than 300 Wyndham facilities have received green certification.

To become a greener company in every aspect of its operations, Wyndham Worldwide sets individual goals for each of its hotel brands. These goals target important subjects such as energy conservation, water conservation, recycle-reuse, education, and innovation.

**ENERGY CONSERVATION**

Some of Wyndham’s major energy conservation initiatives include replacing incandescent lights with energy efficient bulbs and using the ENERGY STAR® tracking system to measure energy use. Although many of these devices are expensive, most of them pay for themselves in a few years. Afterward, the company gets the increased benefit of energy savings. For example, Wyndham has installed an energy-saving DECTRON system in the hotel pools of its Hawthorne Suites by Wyndham. This device saved Wyndham an estimated $20,000 over two years. Additionally, the Wyndham Worldwide green website educates consumers by outlining important facts regarding energy conservation, removal/cleanup guidelines for compact fluorescent light bulbs, consumer product rebates, and tax incentives and rebates offered by state governments.

**WATER CONSERVATION**

Wyndham attempts to conserve water through a variety of products and initiatives, including the EarthSmart® linen and towel program; low flow faucets, toilets, and other appliances; the Ozone Laundry System; drip irrigation and drought resistant landscaping; and EPA WaterSense® certified products. Although some of these initiatives appear small in nature, the company has advanced significantly in water conservation. For instance, low-flow fixtures have reduced water consumption at Wyndham’s Vacation Ownership by 20 percent.
RECYCLE–REUSE

Wyndham uses several recycled products (including pens, key cards, coffee cups, and laundry bags) throughout its hotels to reduce its impact on the environment. One unique way in which Wyndham has reused materials is in its employee uniforms. At some Wyndham Hotel & Resorts, the uniforms of front-desk staff consist of recycled 2-liter plastic bottles. By making genuine attempts to recycle and reuse materials, Wyndham has been able to reduce the amount of construction waste that ends up in landfills by 88 percent at its New Jersey headquarters.

EDUCATION

Wyndham views the education of consumers on sustainability as a key driving force in achieving environmental success. In order to achieve its educational goals, Wyndham Worldwide takes steps such as educating guests and employees regarding environmental certification programs, green technologies, and ways to protect their natural environment. Additionally, the Wyndham Worldwide green website educates consumers by outlining important facts regarding education, green reading, air quality, and green kids. Wyndham Worldwide’s Green Program for Kids has been developed and designed around educating kids about the environment, communities, and the planet. In addition, the company’s Global Best Practices guide educates businesses about environmentally-friendly initiatives.

INNOVATION

Wyndham Worldwide has taken several innovative steps in trying to be environmentally sustainable. Some of these efforts include purchasing green items such as biodegradable laundry bags and recycled key cards, purchasing renewable energy, and installing solar panels for hot water and pool heating. Due to Wyndham’s commitment to the environment, all of Wyndham Exchange & Rentals offices in New Jersey and Indiana and half of the Ownership Resorts use eco-friendly products. The company has also won the LEED Silver certification for its headquarters, which means that it has met high criteria for sustainability in its construction and energy use.

AWARDS AND RECOGNITION

Wyndham Worldwide’s efforts have not gone unnoticed. The company has received many awards regarding its ethical initiatives. Recently, Newsweek magazine ranked Wyndham Worldwide as one of the 100 Greenest Big Companies and ranked it in the top 10 of its Media, Travel and Entertainment category. Additional awards include the following:

- The Lodging Hospitality Chain Leadership Award
- Fortune magazine’s World’s Most Admired Companies
- Working Mother magazine’s 100 Best Companies
- ConEdison Green Pioneer Award
- DiversityInc.’s 2010 Top 50 Companies for Diversity
- PINK magazine’s 15 Top Companies for Women
Wyndham Worldwide's numerous initiatives in sustainability and corporate responsibility may be a key factor in enhancing Wyndham's reputation and contributing to future success.

**THE FUTURE OF WYNDHAM WORLDWIDE**

Wyndham has come far since its lowest point during the economic recession. In October 2008, its stock price was at a low of $7.73. Since that time its stock price has quadrupled. However, this does not mean that Wyndham is safe from threats. For instance, in 2006, a class-action lawsuit was filed against Wyndham-owned timeshare company RCI. The lawsuit claimed that RCI’s Weeks Program, which allows members to place their vacation weeks in a spacebank to exchange it for a more desirable week in the future, was deceptive. According to the lawsuit, RCI rented out the most “desirable options,” making them unavailable to the program’s members. Members accused the company of abusing the system. RCI and the members eventually reached a settlement, with RCI making changes to its exchange system. Such lawsuits are typical for large companies, which makes it imperative that Wyndham have a plan in place to handle these issues when they arise.

One opportunity for Wyndham that could prove profitable is expansion into emerging economies. Approximately 10 percent of Wyndham Worldwide hotels are in emerging markets such as India and China. With property prices at a low and a rising middle class in these countries, the disposable income makes these countries increasingly lucrative markets to capture. The company seized this advantage with the announcement that it will open seven additional hotels in India.

Going forward, Wyndham must be certain to carefully survey its competition. Four large competitors that represent potential threats to Wyndham include Marriott Hotels, Starwood Resorts, Wynn Resorts, and MGM Mirage. All of these hotels are widely admired and score high on brand awareness. To improve its competitive position, Wyndham will need to identify, monitor, and react to threats and opportunities in a rapidly changing business environment.

**CONCLUSION**

Wyndham Worldwide has made great strides in ethics and compliance. It has been recognized for its thorough Code of Business Conduct and has created a number of teams to oversee the integration of ethics in all facets of its global operations. Unlike many companies, the Board of Directors at Wyndham appears to take an active approach toward ethical oversight. Wyndham has also demonstrated its concern for a variety of stakeholders by embracing a stakeholder orientation and the triple bottom line approach.

Although Wyndham seems to be on the right track, it still faces a variety of risks and ethical issues such as lawsuits. Since these issues are inevitable in large corporations, Wyndham must ensure that it has plans in place to address these risks. Additionally, Wyndham must avoid complacency in its continued efforts to integrate ethical conduct into its global operations. Many companies with a reputation for superior ethical conduct have faced misconduct disasters because they became too complacent in their ethics and compliance programs. Now more than ever, Wyndham should
continue to actively pursue ethics and social responsibility initiatives to increase its standing as an ethical corporation. As consumers become increasingly concerned with environmental issues and ethical business conduct, Wyndham’s strong stakeholder relationships and reputation for corporate social responsibility will likely prove a valuable asset that gives it a competitive edge over its rivals.

**QUESTIONS**

1. How does Wyndham Worldwide meet the needs of its stakeholders?

2. Are there any stakeholder groups whose needs are not being met? Could these groups create ethical risks to Wyndham?

3. Consider Wyndham’s Triple Bottom Line (TBL) approach to business. Do you think it helps or hinders their success as a business?

**Sources:**


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