**The Dilemma of Last Resort Hotel – A Case Study**

# **Abstract**

The case discusses how a booming and prosperous hotel, Last Resort, lost its glory overtime. The case highlights the events that caused the hotel demise. Basking in its glory and living on its brand affiliation the hotel management failed to monitor its internal and external environment, having developed a level of complacency. This resulted in loss of employee morale, poor management, absenteeism, poor productivity among many other internal issues. There was an overall decrease in quality service, leading to a reduction in guest, sales and profits overtime. With the negative publicity, poor sales, and declining customer base the hotel decided to take action. Fix It Consulting was hired to investigate the issues and offer creative intervention strategies that would bring back Last Resort to the quality and boom it enjoyed when it first opened its doors.

**Keywords:** Dilemma, leadership, recognition, employee satisfaction, management, intervention, hospitality and tourism

# **Introduction**

Last resort is a 5-star hotel property that was developed in mid-2007, under a well-known, worldwide hotel brand. This brand of hotel was built to meet the growing needs of a specific tourist segment as well as the needs of the business clientele in the surrounding area. At the time of the hotel’s establishment, the location was attractive and was experiencing a boom in population as well as attracting new housing developments and numerous commercial businesses. The location is home to three (3) universities (1 private, and 2 public), several high schools, middle schools and elementary schools, both private and government supported.

In addition to these entities, there is an army base, major grocery stores, hotels (including a casino hotel), a mall; some strip malls, individual department stores, and over fifty (50) restaurants. The location also hosts three (3) major events annually that attracts numerous vendors and customers nationwide. Based on its geographical location, the city is near other major cities, highways, railways, and airports. Additionally, foreigners view the location as a favorable destination. Besides the major events, many visitors also travel to the destination for other activities which include tours of historical sites, gambling, shopping, vacationing, entertainment, wine and beer tasting and tours, visiting family and friends, as well as for higher education.

With its newness and high-end amenities, it is assumed that Last Resort should be poised to benefit from this market. Apart from enjoying the benefits of having a relationship with a well-established brand name and image, Last Resort also enjoys the benefits of having access to a strong and viable product, competitive pricing strategies, marketing and advertising, promotion and publicity, a market segment, and a strong up-to-date reservation system network, among others. In addition, the brand is known for delivering excellent guests’ satisfaction which has resulted in guests’ loyalty to the brand.

After the construction work was completed, Last Resort launched a soft opening. During this time, newly hired employees along with the community were able to enjoy the facility at a significantly discounted rate. After their brief stay, they were asked to complete a survey to provide feedback regarding the customer service experiences at the property. They were also asked to provide feedback on the quality of the food and beverage, room service and amenities, and the employees knowledge of the products and services received.

Based on the feedback from the surveys, the results indicated that the customer service received was excellent, the quality of the food and beverage was exceptional, room service and amenities were great, and the employees’ knowledge of the products and services offered was high. Armed with this knowledge, management was confident that Last Resort was off to a good start, coupled with excellent ratings, a booming and favorable environment, and a strong brand affiliation. As a result, management indicated that they should not encounter any major challenges or setbacks. The question on their lips was; what more could Last Resort do to exceed their current status, remain successful, create a competitive edge, and maintain a solid foundation for sustained economic growth?

Management concluded that there was not much they needed to do to as Last Resort seems to be off to a good start and had exactly what it needed to sustain itself and stay competitive. Instead, they became reluctant in their attitude to support the established setting. As a management team, it seems they lackedthe leadership skills, and abilities to create and utilize systems and procedures that could maintain a competitive advantage in the tourism market and rival other popular brands and destinations

# **End of The Honey Moon Stage for Last Resort**

As Last Resort continued to bask in its high performance and ratings, no thoughts of sustainable competitive plans and continuity for sustained growth and performance were strategically planned. Management was sure their current situation would not change as they had a name, a brand, and an image. However, it is imperative that new business owners who want to ensure continued success and maintain its competitive advantage invest in strategies that will not only ensure its success, but also sustain those advantages (Grant, 1991; Yong Kim, & Oh, 2004)

As time progressed, Last Resort leaders realize that its occupancy level percentages, revenues per available room, and overall profits began to dwindle. Employees were not as happy as they once were when the hotel was doing well. Moreover, morale and motivation became increasingly low, resulting in staff complaints and the increase rate of staff turnover. The cost of operating the hotel also increased as excess funds were being spent on constant recruiting and training of new employees to fill the opened positions that became available. Additionally, the employees that remained, their productivity and output had reduced drastically. There was also an increased level of tardiness towards work and a high level of absenteeism.

Guests complaints also increased through online user-generated content. Guests had to resort to these media, as the hotel had no direct means to facilitate guests’ complaints and/or comments. Some specific issues at the hotel that guests have complained about were the poor customer service given by the front office staff. There were oftentimes no one available at the front office to attend to special requests from the guest, or the wait for an agent was long, as the front office staff were busy doing multiple tasks. To add to that, the check-in process was very slow as fewer staff seemed to be on duty at critical times.

Guests would complain about restaurant employees’ attitude, as well as the decline in the quality of the food and service. The hotel, which has been known for its high-quality room service, now, has guests warning potential guests not to order room service as the order would be wrong, food could be cold, or it would take forever to be delivered to the room. Repeat guests especially were very disgruntled as what was once a sought-after hotel was now being shun especially by business guests who were often high-end users. Guests also had constant complaints about the tardiness in cleaning rooms by room attendants. Some guests even threatened to not stay at the Last Resort property anymore. With the myriad of issues plaguing this once highly service-oriented hotel, management and owners decided to do an investigation into plausible reasons for the overall decline.

With that in mind they decided to bring in a management consultant firm to do an intensive investigation into the matter. The management team was also asked to prepare a report of possible causes and intervention strategies that could have a positive outcome for the hotel. As such, Last Resort executive team hired ‘Fixit Hotel Consulting Firm’, a prominent hotel and marketing management consulting firm, known for its ability to turn around even the most troubled hospitality operations.

# **Delivering Hotel Last Resort**

Fixit Consulting decided that the first thing that needed to be accomplished was to conduct a detailed strengths, weaknesses, opportunity, and threats (SWOT) analysis of Last Resort to determine the root cause for their downfall (Kunle Ade, Mufutau Akanbi & Tubosun, 2017). Fixit Consulting decided that it would be logical to solicit input from line employees, supervisory level employees and guests who had stayed at the hotel, as they were familiar with the property. The company set up several meetings; the meetings were scheduled to include individual departments, as well as meetings with staff and management. The company also surveyed previous guests who were willing to put themselves on record. After the different meetings and analyses of surveys were completed, there were some very significant findings of interest.

The consulting firm found that Last Resort as a company had done no form of marketing and promotion outside of their brand affiliation. This has been the situation since they opened the resort and even after being in operation over 5 years, even though the changes taking place were evident. Neither had they researched the changes in the resort market regarding guest preferences. The only plan that was available was the old plan, which included the original old survey used after the hotel’s opening and when they were rated highly. Since then, no other surveys were developed or conducted.

Businesses need to pay close attention to trends and issues, as well as adjust their marketing mixes where needed to create sustained advantage (Buhler, 2013). Similarly, the guest surveyed alluded to the fact that there were no varieties of guest rewards/recognition for repeat visits, nor, were there any avenues for them to discuss their concerns, raise complaints or state how displeased they were.

Fixit Consulting also found that no recognition programs were in place to reward high performers. Employees were reprimanded when they went out of line, but never rewarded for outstanding performance. Similarly, there was no form of performance appraisal/evaluation to provide feedback to employees, neither were there any formal training programs established for employees. New employees once hired received basic orientation and put to work with the hope that they would catch on from older staff. These factors have continuously been shown to impact positive outcomes in organizations (Modh Masdek, Aziz & Awang, 2011). Moreover, employees that had been with the company since its inception were not given a refresher course as it pertains to their role and responsibilities. As a result, all tasks, processes and procedures were completed in the same manner since the hotel was built, even though there were many changes, in the company’s operatingenvironment.

There was also the issue of leadership. Employees lamented that the supervisors were not supportive. There was a lack of or no direct communication with line staff as all the communication was top down. Employees did not feel a part of the company and had no input in decision making even though they were the ones responsible for carrying out the daily operations of the hotel. Research has shown that participative management style can be effective in getting employees buy-in and cooperation and satisfaction (Stefano-Petkovska, Bojadziev & Mucunski (2015; Management training was non-existent in the hotel, even though many of the managers were former line employees that had moved into these positions.

These former employees were not exposed to any form of management training including how to interrelate with and coach and counsel employees. Similarly, there was a problem with scheduling which resulted from the increased absenteeism, overworked employees, and the high turnover rate. This issue had impacted the hotel quality service, and thus the occupancy and revenues were affected. With these myriads of concerns garnered from the analysis by Fixit Consulting, the executive team with the help of the firm set out to create various interventions to turn around Last Resort and restore it to its former glory.

# **Conclusion**

Last Resort was a hotel built to serve a target market in an area that was experiencing exponential growth. The hotel had done well and was meeting and exceeding the needs of its staff and guests with raving reviews, and riding on its brand name. However, there weren’t much consideration for future sustainability of this competitive edge. Changes in market conditions, reduce employee morale, high turnover, decreasing occupancy levels, decreased revenues, rising costs, among other issues have forced Last Resort to rethink its position. In this regard, the hotel embarked on a plan of action to address the issues in a bid to bring back the hotel to a position where employees will once again be energized to be a part of the company and guest again see Last Resort as the place of choice.

**Section II**

**The Dilemma of Last Resort Hotel – A Case Study**

**Teaching notes and Questions**

# **REVIEW OF CASE**

The case focuses on how failure to be proactive and having sustained strategies that addresses employees and guests, as well an inefficient leadership can lead to undesirable organizational outcomes. Organization that are myopic in their views and action will eventually find themselves challenged in the long run. A major part of an organization’s ability to sustain a competitive advantage, especially those that are in the honeymoon stage, is to continuously scan the environment and complete a SWOT analysis so that they are always in the know how. This will ensure that they are aware of both their employees and customers’ needs and know what actions need to be taken regarding marketing strategies and so on.

Readers of the case are requested to do an analysis of Last Resort Hotel and the challenges that have plagued the hotel over the long run. Areas that should be of focus include: Leadership skills of the hotel management. A SWOT analysis of the hotel to identify strengths, weaknesses that are internal to the organization as well as the external opportunities and threats that will have an impact on the hotel. Identify actions that can be taken to remedy the situation leading to the breakdown in employee morale and identify guest retention strategies. Readers are encouraged to also provide an assessment of strategies/actions that management can use to bring back Last Resort to its former glory

# **TARGET AUDIENCE**

A case of this nature is ideal for not only students studying for an undergraduate degree but also students at the masters’level as the case delve into critical and thought-provoking questions. Students can either be studying for a degree in hospitality and tourism management, business management, human resource management, marketing and any form of leadership studies and strategic planning course. It can also be used in seminars, clinics, various forms of workshop spanning management, marketing and critical thinking where the need to focus on organizational proactivity, competitive strategies and sustained advantage is of interest.

**LEARNING OUTCOMES**

The case is developed to enhance the students’ higher-level thinking skills needed to make pertinent strategic level decisions in organizations. Students utilizing this case should be able to critically assess competitive organizational strategies, review and analyze current leadership theories and strategies, human resource management strategies necessary for organizational continued success. Skills garnered may be used to solve organizational challenges in not only tourism and hospitality organizations but may provide guidance to practitioners in other organization that intends to maintain its competitive edge. Below the instructional objectives of the case are presented:

1. Identify methods to gather data regarding the organizational environment, both internal and external environment (PEST analysis and SWOT analysis)
2. Develop effective organizational communication with an organization
3. Design effective recognition and rewards programs for guests and staff
4. Discuss and evaluate effective leadership theories and techniques
5. Evaluate effective survey techniques required to gather pertinent customer and guest information
6. Identify and create effective marketing programs forLast Resort
7. Demonstrate general actions Last Resort could take to retain repeat customers and improve employee’s morale
8. Design effective management training programs to improve new management skills.

# **TEACHING PLAN**

This type of case may be discussed and analyzed by individual students or in teams. Students need to be given ample time to read and think about the case, paying special attention to the content, objectives and questions to be answered. The course facilitator or instructor should be clear on what facts, principles and viewpoint he/she want to see evolve from the case analysis. A discussion of the case should take place prior to case presentation by individuals or teams. Before official presentations of the solutions/reasoning of the case the course facilitator or instructor could have the students’ role play pertinent parts of the case in to order to determine if the content of the case were assimilated.

# **Case Study Questions**

**Question 1:**

What is the critical issue at stake for Last Resort?

**Question 1 - a**

What are possible reasons that contributed to the pitfall of Last Resort? Give detailed reasons for your answers.

**Question 1 - b**

Explain why Last Resort is not outperforming in this location

**Question 2:**

As the management company hired to turn around Last Resort Hotel and put it on a right footing, what changes would you recommend to Last Resort operational strategy? Why? Would you recommend them to introduce this strategy and how?

**Question 3:**

Why is it important for organizations to monitor its internal and external operating environments? Identify the tools Last Resort could have used to accomplish this assessment

**Question 4:**

Discuss whether you believe that Last Resort management team should have hired a consulting company to determine what was happening in their establishment. Also, what other way could the management of Last Resort have learned about employees and guest dissatisfaction?

**Question 5:**

Explain what forms of recognition could Last Resort have implemented to ensure employees were motivated and how could they have improved guest satisfaction and ensure repeat visits?

**Question 6:**

Leadership support plays a pivotal role in employee morale and organizational development, how could the leaders of Last resort have supported the employees in their work role?

**Question 7:**

Discuss your impression of the communication process within Last Resort and state whether it the process was effective? Give reasons as why or why not?

**Question 8:**

What type of marketing initiatives if any, do you believe could have prevented Last Resort from experiencing the challenges faced in the case?

**Question 9:**

Do you believe that a well-designed refresher training program for long-serving employees and new management employees could have prevented some of the issues that took place at Last Resort? If so, list and explain the components needed.

**Question 10:**

Based on the overall findings by Fixit Consulting Firm, what are some general interventions that Last Resort could embark on to save the hotel?

**Question 11:**

What key factors might you analyze to determine what is going to happen to demand for Last Resort? (we are looking at the ‘drivers’ of demand for Last Resort in that location)

**Question 12:**

In order to better understand the competition, Last Resort needs to understand what differentiates them from other competitors? (This could be viewed as, how might Last Resort think about segmenting the market in its immediate environ and uses it to their benefit?)

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