

# Organizations incorporate strategic plans essay sample

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Organizations incorporate strategic plans to effectively execute goals. The fundamentals of strategic planning entail elements such as, researching, analyzing, implementing, and evaluating. Jay Pritzker founded Hyatt Hotel Corporation in 1957. Hyatt Hotels Corporation is a global organization in the hospitality industry. Hyatt has been a public organization since 2009. With approximately 549 properties of which are owned, managed, franchised, and developed. Hyatt prides itself on “ Being The Preferred Brand.” Hyatt has empowered brand owners in effective decisions that will directly affect the interested parties of that particular brand. Approximately five months ago, Hyatt Hotels acquired Hyatt Regency located in Orlando, Florida. This strategic plan will focus on the newly acquired property known as Hyatt Regency.

As stated previously, Hyatt’s primary goal is to “ be the preferred brand.” Because of this, Hyatt continually develops various strategies to stay on par with that initial goal. One form of a strategy, which allows an organization to focus on delivering superior customer value, is known as value strategies. Through this focus, a company can incorporate a variety of the three methods. These methods are operational excellence, customer intimacy, and product leadership (Pearce & Robinson, 2013).

For purposes of this strategy a focus on the implementation of customer intimacy, as it relates to Hyatt Regency will be provided. To achieve success for its objective of “ being the preferred brand,” Hyatt has various objectives that will need to be implemented. Hyatt’s objective is to acquire additional talent, differentiate its brand, enhance its customer intimacy, and

operations. These objectives will be measured through hiring and training staff, surveying customers, and accurately staffing personnel for efficiency purposes. The objectives listed will require the functional tactics of human resources, research and development, and production operations. Company Background

Hyatt Hotel Corporation was founded back in 1957. Hyatt has approximately 549 properties globally among 10 various brands. Hyatt's brands consist of Park Hyatt, Hyatt House, Hyatt Zilara, Hyatt Ziva, and Hyatt Residence Club. Of these various brands Hyatt manages, franchises, owns and develops each property. Hyatt's primary goal is to "be the preferred brand" for its guests, associates, and owners (Hyatt, 2013). Hyatt Regency is a newly acquired property owned by Hyatt Hotels Corporation. This acquisition occurred October 1, 2013. Formally known as the Peabody Hotel, Hyatt Regency is the second largest property owned by Hyatt in Orlando Florida. This acquisition totaled \$717 million with 1641 rooms and over 300,000 square feet of meeting space (Bloomberg, 2014). Hyatt Regency is the first location of its kind with a direct connection to the Orlando Convention Center (Hyatt, 2013). The executives of Hyatt Regency are confident that this acquisition will yield \$10 million annually. Mission and Vision

A mission statement is a broadly framed statement of a company's purpose (Pearce and Robinson, 2013). Hyatt's mission statement is "to provide authentic hospitality by making a difference in the lives of the people they touch every day" (Hyatt, 2013). A vision statement expresses the strategic intent of a company on achieving a desirable future. Hyatt's vision statement

is to “ be the preferred brand in each segment it serves for guest, associates, and owners (Hyatt, 2013). Occasionally, the mission and vision statements are combined (Pearce and Robinson, 2013). Value Statement

A value statement is often referred to as guiding principles on a firm’s stance and beliefs (Ehow, 2014). Hyatt’s value statement is “ to adhere to a set of core values such as, mutual respect, intellectual honesty and integrity, humility, fun, creativity, and innovation to characterize the culture of the company” (Hyatt, 2013). Hyatt provides its consumers with an intangible good, which is customer service. Hyatt values its personnel as an essential factor in achieving its strategic plan of authentic hospitality. Hyatt’s successful approach to empowering its personnel is its “ thoughtful approach to growth” and furthermore, emphasizes its strategy. (Hyatt, 2013).

#### Company Environment

Delicate consideration of factors pertaining to the internal and external environment, are a necessity in executing Hyatt’s ultimate goal of “ being the preferred brand”. Internal and external environments are factors that may be within or beyond the control of the firm. These factors influence the direction, action, structure, and internal process of an organization. The operating, industry, and remote environments are sub-environments that are associated to a firm’s environment (Pearce and Robinson, 2013). Its associates, guests, and owners through its presence in each community it is located in impact Hyatt’s environments. An analysis of a firm’s internal environment can be completed through various methods.

These methods are value chain analysis, three circle analysis, SWOT analysis, and resource based view. Three circle analysis reviews the customers needs with company offerings for potential points of parity and value chain analysis focuses on the different activities in a business that may have value to the customer. SWOT, which is an acronym for strengths, weaknesses, opportunities, and threats of a firm and its environment. Resource based view identifies a firm's advantages based on assets, skills, capabilities and intangibles. Where as, an external operating environment considers the ability of acquiring resources or successful marketing of goods and services (Pearce & Robinson, 2013). For the basis of this analysis the SWOT analysis will be utilized. Remote Environment

A remote environment relates to elements beyond the operating environment of a firm. The remote environment considers five elements that may indirectly influence a firm. Economic, social, and political elements consider trends of the market, demographics, religious and ethnic conditions, and legal constraints of an environment in which a firm operates.

Technological and ecological elements consider changes in technology, global warming, and pollution. These elements highlight potential threats, opportunities, and constraints that a firm should consider during strategic planning (Pearce & Robinson, 2013). Because Hyatt Regency has stationed itself to cater to meeting planners, business travelers, and leisure guest, its remote environment is pertinent to the firm's growth. Prior to the acquisition, Hyatt considered Orlando's stance as a tourist destination resulting from the plethora of theme parks and attractions.

Hyatt Regency is the first location of its brand to be connected to the conventions sector. Moreover, Hyatt's high quality hotels will utilize this acquisition as a platform to embark on a new market. Hyatt is confident that this brand will produce future growth and profitability in the convention sector (Hyatt, 2013). Demographically, Hyatt has successfully positioned itself to support local partnerships. The partnerships are various organizations of general interest or affiliated with the hospitality industry. Through these partnerships Hyatt has created a bridge between marketing to their loyal consumers and consumers that may not indulge in traditional media outlets. Some of Hyatt's partnerships are the Association of Latino Professionals in Finance and Accounting, Catalyst, and Summer Hospitality Bridge Program (Hyatt, 2013). Through partnerships with these organizations, Hyatt maintains their relevancy during tough seasonal periods while becoming a diverse organization. Industry Environment

An industry environment considers competition that influences business that offers similar products and services. The industry environment highlights the optimism of competition. This element relates to how a firm strategizes based on its competition. The industry environment studies supplier power, buyer power, barriers to entry, and substitutes. These elements monitor the bargaining between a firm and its buyers or suppliers along with strategic planning of new entrants into the industry (Pearce & Robinson, 2013).

Hyatt's industry environment is imperative to the sustenance of its brand. Currently one of Hyatt's direct competitors is located across from the Hyatt Regency. Hyatt's competitor is the Rosen Hotel. The Rosen Centre Hotel also

has a connection to the Orlando Convention Center with 1332 rooms. The Rosen Centre Hotel prides itself on continuously offering lower prices, which is an important factor for Hyatt to consider especially during nonpeak seasons (Rosen Centre Hotel, 2014).

An imperative approach Hyatt has chosen is to enhance its industry environment is through Hyatt Thrive. Hyatt Thrive was created to enhance the communities that employee's and guest partake in as its corporate platform. Specifically, Hyatt thrives on health and wellness for healthier and more productive lifestyles through hormone-free meat, to dynamic fitness centers, as well as virtual fitness trainers (Hyatt, 2013). Hyatt Thrive allows the company to satisfy the necessity of healthier lifestyles and values. This approach creates another avenue of potential suppliers and buying power for Hyatt as it seeks non- traditional factors to enhance its competitive advantage. External Operating Environment

An external operating environment is relative to a competitive or task environment. In particular, an external operating environment considers the ability of acquiring resources or successful marketing of goods and services. The operating environment is a continuous improvement cycle. This environment maximizes efficiencies and improves the quality of business. The external operating environment encompasses its reputation to creditors and suppliers, competitive position, and its composition of customers (Pearce & Robinson, 2013). Hyatt has positioned itself to market to a few core segments. These core segments comprise of luxury, meeting and

groups, and extended stay guest. Hyatt focuses on targeting these customer segments through the application of data analytics.

That is surveying customers and incorporating their feedback where applicable. Hyatt categorizes each segment based on descriptive characteristics such as demographics, psychographics, and geographic (Hyatt, 2013). Going green has become an economical goal and a relevant matter to knowledgeable consumers. Because, Hyatt strives to be the preferred brand their goal is for consumers to first trade up but never trade over or down. This is executed through Hyatt's environmental sustainability. Hyatt participates in reducing energy and water usage, as well as a few other green tactics as the company's global initiatives (Hyatt, 2013). This stance aids in converting a regular guest into a loyal guest while enhancing its competitive position.

#### Company SWOT

As previously mentioned, SWOT is an acronym for strengths, weaknesses, opportunities, and threats (SWOT) of a firm and its environment. The SWOT analysis provides a review of the firm's current conditions. A SWOT analysis considers a firm's internal resources in comparison to its external factors. The purpose of a SWOT analysis is to provide important information for strategic planning (Pearce & Robinson, 2013). This SWOT analysis will be conducted for Hyatt's internal environment. Strengths

Hyatt Regency's new location has emphasized a considerable amount of details about the organization. Hyatt's strength is in the facility itself. Prior to



the acquisition, the facility experienced massive renovations valued at \$440 million to offer a more delightful ambiance. Hyatt has over 300, 00 square feet of meeting space with advance technology amenities. Hyatt offers high-speed wireless Internet along with electronic door lock capabilities to provide the ease of access throughout the facility. Hyatt's core strength is in its personnel, in which the company excels in training, educating, and empowering its greatest asset to excel in customer satisfaction and execute its primary goal of " being the preferred brand" (Hyatt, 2013). Weaknesses

Although there are many revealing characteristics that highlight Hyatt's strength, there are several weaknesses that are applicable. This is Hyatt's first meeting location in Orlando, so its core weakness is the lack of market share in the convention sector. Hyatt will maintain a vast amount of personnel from the previous owner so cross training of each will be required. This location has two towers with 1641 rooms with one executive team. The primary challenge will be in one executive team sustaining consistency in training and managing staff between two towers (Hyatt, 2013). With acquiring a new property, Hyatt will also acquire the previous firm's technology system. That is, computer software and a database system that is not affiliated with Hyatt's current technological network. Changing of systems will require retraining personnel. The conversion from one system to another may cause delays in servicing customers through check-in and checkout processes. This conversion may also result in the loss of pertinent information on customers and upcoming reservations. Opportunities

Hyatt has the opportunity of growth in this new sector through marketing to its current customer loyalty programs. Hyatt's customer loyalty programs offer favorability in this new venture because of its current strong reputation in the meeting planners sector. Hyatt also has favorability through the brand itself. Hyatt is a global organization with a presence in approximately 46 countries. With a global presence and adequate meeting space Hyatt has the opportunity to capitalize on future business in house and citywide with projected revenue of \$10 million annually (Hyatt, 2013). Threats

Hyatt's key threat is the inability to capitalize on market share because of longevity of its direct competitor (Hotel Business Review, 2014). Hyatt's competitor is The Rosen Centre. The Rosen Centre has been operating since 1995 with almost 90 percent capture rate since the initial year of business. Hyatt is aware that The Rosen Centre may capitalize on walk-in customers as it maintains a reputation for lower prices (Rosen Centre Hotel, 2014). Also, Hyatt has laid off approximately 60 members from the former executive staff, which leaves the company susceptible to possible retaliations or attacks (Hyatt, 2013).

Through the emphasis of associate engagement, Hyatt strives to engage in a service model that promotes genuine customer service. This model is dependent on exemplary actions from hotel managers in promoting associate engagement. However, with inadequate staffing or skilled associates Hyatt may run the risk of not supporting its service model. Experienced and talented personnel in the hospitality industry will be pertinent to Hyatt's genuine customer service. Insufficient skilled employees

may result in a decline in customer loyalty and market share. Company

### Position

Hyatt has positioned itself to embark on a new market. Hyatt is confident in obtaining success of this new venture through its current customer loyalty program. Hyatt's current customer loyalty program has approximately 14 million members. Hyatt deems this strategy as leverage against competitors that tend to seek potential business externally. Moreover, through this method there is the possibility of growth from word of mouth marketing (Hyatt, 2013). Because Hyatt has a luxury segment, they have strategically positioned properties located in Abu Dhabi, Chicago, Beijing, Buenos Aires, Dubai, Moscow, Paris, Shanghai, Sydney, Tokyo, Toronto, and Washington, D. C. and now Orlando, FL. (Hyatt, 2013). With the recent upgrades to the newly acquired property, Hyatt can offer differentiated services to support the needs of its customer base. This property upgrade has strengthened the amenities Hyatt will offer while providing authentic customer service.

### Company Structure

Currently, Hyatt's structure is based on a functional organizational structure. That is, task, people, and technologies necessary to do the work of the business are divided into separate functional groups. These groups are referred to as marketing, research and development, sales, and operations, with a manager or supervisor to oversee each function (Pearce & Robinson, 2013). This structure requires specific skills and expertise for each function to achieve its functional goals. Its essential that Hyatt maintains a balanced

and informative level of coordination between each function for the success of this strategic plan. Value Discipline

Businesses incorporate various strategies to achieve its goals. At times, businesses may incorporate a combination of strategies. A value strategy allows an organization to focus on delivering superior customer value. Through this focus, a firm can incorporate one of three or a combination of the three methods. These methods are operational excellence, customer intimacy, and product leadership. For purposes of evaluating this strategy, customer intimacy will be the primary focus (Pearce & Robinson, 2013). Customer intimacy is a continuous strategic cycle of tailoring and shaping products or services to fit the customers wants and needs. This strategy entails rapid responses to the majority of customer needs. Customer intimacy offers customized products or services tailored to customers request that may result in customer loyalty. This strategy utilizes present investments for future gains. It considers the difference between profits from a single transaction in comparison to profits from a lifetime relationship (Pearce & Robinson, 2013). Strategic Choice

As stated previously, Hyatt's primary goal is to " be the preferred brand." Because of this, Hyatt continually develops various strategies to stay on par with that initial goal. One form of a strategy, which allows an organization to focus on delivering superior customer value, is known as value strategies. These methods are operational excellence, customer intimacy, and product leadership (Pearce & Robinson, 2013). For purposes of this implementation

plan customer intimacy, as it relates to Hyatt Regency will be provided.

### Strategic Evaluation

Hyatt's strategic choice of customer intimacy encompasses application of knowledge from the customers needs and wants to create valuable experiences. These valuable experiences will serve as a platform to the concentrated growth in the convention market. Figure 1 is an illustration of where Hyatt currently falls in relation to its recent acquisition. Hyatt's brand is global representing its market strength. Through its global stance Hyatt recognizes its established market presence in the convention sector and network of employees' as internal strengths to aid in the concentrated growth of its new property.

### Implementation

Essentially in implementing a strategy coming up with clear and concise objectives are important. These objectives are broken up into two areas, short-term and long-term. Short-term objectives refer to measurable outcomes achievable or intended to be achieved in one year or less. Long-term objectives are outcomes achievable in more than a year. Short-term objectives are detailed and specific, whereas long-term objectives are fairly basic and generic.

Table 1 is an illustration of Hyatt's short-term implementation plan to achieve success for its long-term objective of "being the preferred brand." Hyatt's objective is to acquire additional talent, differentiate its brand, enhance customer intimacy, operation efficiency, build brand preference,

and drive revenue. These objectives will be measured through hiring and training staff, surveying customers, and accurately staffing personnel for efficiency purposes, analyzing data intake from customers, and increasing sales. The objectives listed will require the functional tactics of human resources, research and development, and production operations, marketing, and sales. The resource allocation is based on an average salary for front desk agents. Hyatt's stance to build brand preference will employ its customer intimacy also. Hyatt utilizes an integrated marketing system (IMS) that maintains its guest information.

This system allows Hyatt to evaluate factors such as, accommodation needs, amenity concerns, technical support issues, or facility maintenance issues. Although, concerns such as facility maintenance may not generate a rapid response, other concerns are subject to rapid responses to satisfy customer concerns. The IMS is a tool to address customer concerns from each property and providing management the necessary information to enhance each brand. Each objective has different milestones of completion.

These milestones will serve as checkpoints to confirm whether the objectives are being functioned or not. By June 1, 2014 Hyatt is confident it will acquire enough talent to serve its customers. To differentiate itself, Hyatt deems it necessary to participate in quarterly training sessions for its employees and surveying its customers. These training sessions and surveys will serve, as refresher courses to avoid complacency and monotonous service. Because the training will coincide with employees off days training sessions will serve as a paid day. Strategic Control

Strategic control or a contingency plan in place is always smart business. Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments. The most pertinent strategic control for Hyatt Regency will be through its milestone reviews. Milestone reviews are point in time, or completion of strategy's reassessment that review the continuation or refocusing of an organization's direction (Pearce & Robinson, 2013). To monitor and maintain scheduled tasks, Hyatt will need to utilize a Gantt chart and check sheets.

A Gantt chart refers to the time involved in a task and the sequence in which a task can be performed. Usually shown in a bar chart, a Gantt chart will assist in remaining on track with each objective. A check sheet is a basic form that helps standardize data collection. In surveying customers, it will be imperative that all functional areas have access to the feedback obtained which will be provided through the check sheets. From the data obtained through the Gantt chart and check sheets Hyatt can analyze its strategy effectiveness for possible deviations and corrective action plans. Chart 1 illustrates Hyatt's Gantt chart. Chart 1

## Conclusion

Strategic planning is imperative to the sustainability of an organization. Hyatt's mission of 'being the preferred brand,' has positioned the firm to plan, implement, and evaluate efficient strategies for growth. This paper has provided an overview of Hyatt's mission, vision, and value statements. Likewise, an illustration of Hyatt's environmental scan and strategic

approach was given. Furthermore, Hyatt's implementation and strategic control was provided.

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