

How to make a  
business viable and  
profitable in a  
competitive industry  
as well as...

[Business](#)



Human resource management is a very crucial function in any modern organization that seeks to achieve its objectives. This is because people are the most important asset an organization as compared to other assets that aid in running an organization. Organizations need people and people need organizations. Organizations have a human purpose and they are always formed and maintained on the basis of mutuality of interest among their participants. People see organizations as a means to help them to attain their goals while organizations need people to accomplish their objectives. Therefore if mutuality is missing, it makes no sense in trying to assemble a group and develop a cooperation because there is no common base on which to build.

Therefore for attainment of organizational effectiveness, human resource is the most important asset that must be paid attention by the management. Human resource has the responsibility to coordinate all the activities within the organization and they have to ensure efficiency in productivity of the organization. It is obvious that all firms in the different sectors of economy aim to gain competitive edge over their rivals by practicing Strategic Human Resource Management (SHRM). There are several factors that affect the development of good practice in human resource management in relation to hotel industry. These factors are normally associated with what is termed as organizational fit which is a concept that reflects on the function of human resource practices in relations to organizational strategy.

Market research reveals that the primary objective of any business organization is to augment its market share in its respective industry in order

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to boost its production process which in turn leads to an increase in profit levels. For business organizations to attain such objectives it should be efficient and effective in its management, organizational culture as well as its production processes. Grand Cosmopolitan" Hotel and leisure group need to clearly understand that business environment keep on changing and businesses including Wheatley Park Hotel often has to adjust to any changes in the market place in this modern world. Such changes may be brought about by competition, globalization or saturation of home markets among other factors. Therefore, through marketing research, firms including Wheatley Park hotel must efficiently plan for there future by incorporating all the anticipated changes in business environment as well as ensuring that the target goals of the business are achieved with ease. 1.

1 Statement of Purposelt is evident that Wheatley Park Hotel is facing business challenges in the hotel industry. With unpopular public image already in the market place Grand Cosmopolitan" Hotel and leisure group has a duty to come with viable strategies that will ensure that the hotel will be restored to its original glory. There are clear problems facing Wheatley Park hotel and include declining publicity, allegations of poor quality foods that they cook, overstaffing, lack of motivation by employees as well as poor organizational structure among other issues, The following report will therefore discuss and evaluate matters regarding Wheatley Park Hotel. We have been asked to construct a Business Report by Frazer Digby on the important Operations Management issues which are apparent and what we believe it should be the plan of action for increasing profitability at the

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Wheatley Park Hotel. The report will be broken down into a number of sections highlighting the problems and potential improvements which can be made in the following year while Frazer Digby is still working there. 2.

0 Publicity and Quality Wheatley Park Hotel has had a number of problems with bad publicity in the past six months which have contributed to a downturn in the profits. The hotel previously had a very good reputation and made good profits before the takeover by Grand Cosmopolitan. A number of events had caused bad publicity which needed to be resolved in order to rekindle the success that the hotel previously enjoyed. They need to improve the quality of the service they provide. There is no set definition of what quality means however it can be broken down into five approaches. The most relevant for the hotel would be the “transcendent approach” (Slack, 2007).

They want to make their hotel stand out as being synonymous with innate excellence. The staffs need to be friendly, courteous and friendly in order to give off the appropriate image. This will help to attract business. 2. 1

Kitchens An inspection by the Public Health Inspectorate had resulted in the kitchens at the hotel being closed for six days. The kitchens were very dirty as well as much of the equipment needing to be replaced.

The replacement of the equipment had cost money; business had also been lost during the six days of closure. This is all contributing to the bad publicity that the hotel has been experiencing. During this period the hotel was not providing its stated service. This is a reduction in the quality of the hotel and

the hotel has become less reliable and functional in the service it provides (Slack, 2007).  
2. 2 Publicity in Local Papers One of the most damaging incidents to the hotel's reputation had been when a guest had a heart attack during a "murder mystery" function.

The staff and other guests believed that the man was an actor playing the "murder victim" and had ignored him. No blame had been pointed at the staff although the publicity was seriously damaging. The hotel and its staff were not displaying quality characteristics (Slack, 2007).  
2. 3 Check Out Currently too many people are trying to check out at once causing large queues to develop straight after breakfast and so clients are becoming frustrated and the staff are feeling very stressed because of it. The procedure is slow. This is reducing the reputation of the hotel and also causing a high staff turnover; a checking out system needs to be developed to resolve the problem.

The problem is likely to be made even worse in periods where the hotel is operating close to or at full capacity such as in December where 100% of the rooms are usually occupied. There are 100 rooms at the hotel and so potentially they could all try and check out on one morning. Figure 1. 31 below shows the percentage occupancy of rooms throughout the year. Figure 1 indicating rooms occupancy All of these are Management operations issues. They have all been very damaging to the hotel's reputation and have all contributed to the progressively declining profits.

Currently the customer's expectations are much higher than the service that the hotel is actually providing. This is a clear judge of the quality of the hotel.

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They should be providing a service that at the minimum meets the expectations of the customer if not exceeding them. The perceived quality is lower than the expectations. The hotel will do well to recover from these issues.

The quality is every one of the employees responsibility at the hotel. The recovery will rely on every one of them working as a team and providing a suitable service (Brown et al. 2005). Digby has already begun motivating the staff to work together and provide a better service. This has helped stop the hotels declining fortunes.

3. 0 Improving Operations at the Hotel  
The hotels situation can be resolved through careful planning and breaking down the operations into various strategic plans. These are short term, medium term and long term. The short term involve resolving issues with the quality such as the check out operations. The medium term involve replacing the laundry equipment and potential energy savings through insulating the hotel. They also need to deal with long term issues, they need to try and maximise profitability and competitive advantage.

They need to look into expanding and improving the hotel as well as managing the capacity of the hotel better.

3. 1 Short Term Operational Issues  
There are a number of short-term operational issues that were discussed in section one. These need to be addressed in order for the hotel to move forward and become a profitable organisation once more. The problems with the kitchen have already been resolved although they need to

ensure that they do not occur again. They need to keep the kitchen in an excellent operating condition and replace any machinery if it becomes damaged or unusable.

This will be an on going process but will save money in the long term as they will not lose business through have to close the kitchens again. The incident involving a death of a customer was very unfortunate but was not actually the fault of any of the employees. The employees need to ensure that they provide an excellent service by working as a team and make sure that the customers are always happy and comfortable. This is another ongoing process. The problem with the check out could be resolved by staggering the customer's check out times in the morning. Clients would be given an allotted checking out time and so this should reduce large queues building up and minimise the frustration for both the clients and the staff.

Figure 2. 11 below shows a very simple Gant Chart showing clients checking out at five minute intervals. This will allow checking out to run smoothly and help in the “ recovery” of the hotels image (Slack, 2007). They could employ extra staff on the check out desk during the morning as well to help speed up the process. If these problems are to be resolved it will rely on all the staff working together. They need to be made to feel like a team.

It is every ones responsibility. If the employees feel responsible then they will actively try and improve the service they provide as they are all shareholders in the hotel and its fortunes. 3. 2 Medium term Operational

Issues The hotel needs to look into medium term operational issues. These are necessary for the hotel to continue to run.

They need to be addressed as soon as possible as they will save money for the hotel in the long term. They involve a large injection of cash but they will eventually cover themselves which is very important. Once these issues are addressed they will reduce the operational costs. The Laundry equipment is old and needs to be replaced as it frequently breaks down. The cost of cleaning the linen is higher than normal and rising. Currently the normal running costs are fixed weekly costs of £1500 (£1000 for labour and electricity, and an average of £500 for insurance and breakdown maintenance call-outs) plus an addition of £10 per weekly room set.

Usually the hotel can expect 60% occupancy of its 100 rooms. The replacement of all the laundry would represent a capital cost of £50000. After the installation weekly running costs would be reduced to £800 and it would only be an extra £6 for each room set. This would mean that they make a saving of £700 each week as well as a saving of £4 on each room they have to set. Based on the hotel being filled to 60% occupancy on average this would mean a total saving of £940 each week.

The complete project of replacing the machinery would take 2 months. In order to provide continuity of service, a sub contract quotation has been received to undertake all laundry at £15 per weekly room set. The hotel should undergo the replacement during February and March as they have the lowest average monthly occupancy at 40% and 50%. This would mean

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they pay the sub contractors £5400. The total cost of the project would be £55400. This may seem like a lot but it will eventually pay for itself as it reduces the operational costs dramatically.

Based on the hotel making a saving of £940 each week it would take the project 59 weeks to pay for itself. Another project that involves a large cash investment is the improvement of the insulation. This would save the hotel 10% of its annual energy bill of £30000 but would need an initial investment of £24000. This would reduce the operational costs by £3000 annually and pay for itself in eight years. Another potential energy saving project is the installation of a computerised energy management energy system at a cost of £56000. This would save 24% of the hotels annual energy bill meaning a reduction of £7200.

This project would pay for itself in less than eight years. Both can be installed within a couple of days and are immediately available.

#### 4. 0 Clear Marketing Strategy

In the recent it can be noted that Wheatley Park Hotel public relations with external publics who are its main customers have deteriorated because of the above issues; such issues necessitates “ Grand Cosmopolitan” Hotel and leisure group to clearly come up with a good marketing action plan that will ensure that the hotel resumes its earlier successful business operation that it used to enjoy. A marketing strategy is a plan of action in which “ Grand Cosmopolitan” Hotel and leisure group will have to utilize in order to boost the current business performance of Wheatley Park Hotel as well as aid the hotel to counter the competition from

its rivals in the hotel industry and in the process attain a significant market share in the market place.

Since Wheatley Park Hotel is a big hotel not only within the outskirts of London but in the U. K. Therefore, the best marketing strategy of “ Grand Cosmopolitan” Hotel and leisure group is to focus on market penetration strategies whereby it will be involved in re-branding products i. e. the food stuffs, the barding facilities, swimming pools, and conference facilities in order to attract the existing and new potential markets in the industry. Such a strategy if it succeeds will lead to large market share in that the hotel will maintain the old as well as attracting the new customers (Bjbrkman and Fey, 2001) “ Grand Cosmopolitan” Hotel and leisure group should further put into practice marketing mix strategy, which make use of a “ 4 Ps” that is; product, price, place and promotion.

These four fundamentals are supposed to be integrated mutually and the hotel needs to apply in its existing and target market. This is an effective strategy in that since the hotel is customer oriented then it will be able to meet the requirements of the customers without further delay and at affordable prices; for instance check out will be improved as well as boarding and other social amenities with the hotel will be affordable and attractive when compared to the competitors. 5. 0 Marketing Research For all the strategies involved in the marketing plan of Wheatley Park Hotel Company an in-depth marketing research should be carried out not only before re-entering the market but it should be carried out frequently. It is only through carrying out marketing research that “ Grand Cosmopolitan” Hotel and

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leisure group will get to know of the true position of Wheatley Park Hotel competitors in the hotel industry.

It also provides an opportunity to the hotel management to position itself in terms of planning for the future on ways on how to survive and at the same time remain international in scope. Marketing research presents an opportunity to the “ Grand Cosmopolitan” Hotel and leisure group on both the internal and external factors that the hotel is subjected to in its arrears of interest in the hotel industry. Therefore with marketing research “ Grand Cosmopolitan” Hotel and leisure group can get an chance to identify its strengths, opportunities, weaknesses and threats that Wheatley Park hotel is facing in the hotel industry and thus can fully prepare itself prior to such happenings. Also without marketing research the group will not point out the political, social, legal and technological influences that might affect the running of the Wheatley Park Hotel business. 6. 0 Improving Wheatley Park Hotel Public relationIt is no doubt that public relation is considered as an ethical issue applied in business organizations.

Therefore in this regard, it is the process of correcting the reputation of the Wheatley Park Hotel to the targeted consumers in order to improve the current issues of the hotel. This will involve the “ Grand Cosmopolitan” Hotel and leisure group to evaluate both public and personal opinions over a particular issue e. g. murder allegation, formulation of procedures related to communication between the hotel and consumers, and co-ordination of communication programs within and external the particular departments of

the hotel. The use of public relations is, to enhance a positive awareness of the hotel to the public.

The span of public relations is extensive and can be measured from different perspectives. In this case the “ Grand Cosmopolitan” Hotel and leisure group management should ensure that several ethical considerations must be balanced for the hotel to be successful in its normal operations, relations with its employees and the surroundings of its business. This includes; Corporate communication which is a process that will be used to facilitate the exchange of information and knowledge of the hotel with its internal and external publics or individuals that have a direct relationship with the hotel. This practice can be applied in the Wheatley Park Hotel internal communications management as form the sharing of the knowledge to decision making with employees, customers, investors and the hotel’s partners. The corporate communication will be used to build the hotel’s bad past reputation among its stakeholders.

This communication involves the following: change management, issue management, corporate social responsibility, crisis communication and internal relations (Bagley and Savage, 2006)The objectives of corporate communications to “ Grand Cosmopolitan” Hotel and leisure group will be to inform and influence other people, promote policy change, raise funds, to monitor progress and to revise plans and to leave experience documented for the future of the hotel. Therefore Wheatley Park hotel in its current status needs a good internal communication system for it to build a consistent messages and analysis of its progress, to provide accurate and timely

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information to those who need it and to enable it develop an institutional memory and experience. 7. 0 MotivationThe success of Wheatley Park Hotel is mainly determined by its human resources and hence there is a need for a motivated workforce. In fact human resource of any firm has to be innovative, energetic, creative and motivated in order to remain focused in scope. Therefore the hotel should have guiding principles which help the employees to attain set goals and objectives.

Such principles define what each and employee is expected to do in the hotel thus attain their goals. Such principles will also points out how the hotel promotes trust, pride, professionalism, trust, teamwork and openness among staff in their undertakings. Research reveals that effective motivation systems need to actually focus on the overall positive reinforcement. It is widely known that positive reinforcement is a very effective tool since it acts as a stimulator to achieving the set goals. It will encourage the desired behaviour in organizations.

It would stimulate Wheatley Park Hotel to take positive actions since they would want to gain by getting valuable things which may either be external or internal in nature. When a program is effectively designed and managed, then it can help in the overall reinforcement of desired behaviour including performance. Another aspect is that each reward needs to be fully earned by the performer before he or she is rewarded in the hotel. This is because it is evident that Wheatley Park Hotel over the past rewarded employees and yet they have not fully earned the reward. For the entire performance of the employees to be improved, managers need to ensure that employees

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actually attain the laid down measures for them to be rewarded. When this is not effectively carried out, it works negatively on the employees' performance.

Reward systems will actually be very vital in the hotel. This is because they play a big role in improving the performance of the staff. Wheatley Park Hotel can use reward systems to improve the performance of their staff by praising employees who attain set targets. This can be done in organization meetings or also at individual level. Rewards have to be carried out often for then they achieve better results. Managers in organizations have to ensure that the set measures are attainable for them to motivate employees to improve their performance (Fiddler and Atton, 1999).

8. 0 Foundations of strategic human resource management  
The main aspects of human resource strategies in Wheatley Park Hotel should be; employee motivation and retention strategies, employee selection strategies and employee management strategies. This strategy if implemented simultaneously in the hotel creates a family-like community and environment in the organisation. Human resource management in business terms is the coherent and strategic approach to the management of the working force of an organisation. It combines academic, social and business practices in the application of techniques to manage a particular workforce.

These practices are designed to go inline with the company's goals, objectives, vision and mission with specific emphasis on growth and development. An organisation needs to attract, maintain and also manage its

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employees effectively. There is an assumption that employees are just business assets in an organisation, but human resource development professionals explain that, these employees have varying goals and needs in life which can be utilized by the organisation to meet its targets while assisting the individual persons succeed in their careers (Cullen and Parboteeah, 2005)The following are some of the core functions of human resource management that should be enhanced by the management of the hotel: Workforce planning Recruitment and staffing Promoting industrial relations Personnel development and performance monitoring Workforce planning Training, compensation and benefit management It is considered that the human resource practices used in strategic human resource management enhances techniques, systems and policies developed in line with the strategic management of the organisation's tasks. This strategic management therefore will promote strategic planning and thinking in all aspects of employee assessment, problem solving and counselling in Wheatley Park Hotel. Good knowledge of employee behaviours, performance and needs will help the management of Wheatley Park hotel to deal squarely with diversity issues e. g.

culture, religion, race etc. in fact; studies have shown that, certain human resource practices have contributed positively to firm performance through workforce alignment. It is also related to employee outcomes including Trust in management co-operation Higher commitment in workplaces Better employee efforts and involvement Manpower planning within Wheatley Park hotel will be very critical in that, cases of either overstaffing or understaffing

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is detrimental in one way or another. The economies of scale for the business together with specialization orders are lost if the organisation is understaffed. On the other hand, if overstaffing is sustained, it becomes a waste and also expensive for the organisation.

These factors are therefore part of the planning process being carried out by human resource development officers. They ensure that the organisation's workforce is certainly enough to meet the general duty requirement (John and Keith, 1997)<sup>9</sup>. <sup>0</sup> Economic Evaluation It is clear that the demand of hotel booking is on the increase and therefore the measure of hotel and accommodation demand is always affected by the costs of bookings, and the prices of existing hotels that offer the same services. According to several economists, the price elasticity of supply is always high in the long run while it tends to be price inelastic in the short-run model of supply. This change may include an increase or a decrease in the booking prices.

In this case we find that these shifts in supply are meant to measure the effects of these product changes of the hotel. This introduces the law of supply and demand which states that, as the price of a product increases its demand decreases, also when the price reduces the products demand increases. This is best explained in the figure below where it is evident that when the prices are high the supply is low and vice versa (Mandel, 1962) Figure 1 Describing the Relationship between the Hotel and accommodation Prices and Demand<sup>9</sup>. <sup>1</sup> Planning assumptions The Grand Cosmopolitan" Hotel and leisure group had to make assumptions that will foster attainment of goals in Wheatley Park hotel. The planning of activities

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should be well outlined in a way that employees should get satisfied with their allocated tasks and thus lead to attainment of goals.

9. 2 Forecast sales, arrivals and costs  
The use of times series method of forecasting by the hotel should be adopted and such procedures will aid the hotel to have the ability to forecasts sales, arrivals and costs for future years with certainty.

9. 3 Forecast profitability  
The use of break-even analysis should be utilized in order to forecasts profitability of the hotel. The company's revenues should be fully outlined and the expected costs ascertained.

10. 0 Further Recommendation  
The most critical factor that resulted to poor management of Wheatley Park hotel is that of the inability of its senior managers to provide necessary support for the accomplishment of hotel objectives. It is substantiated that the behaviour of many senior managers and other senior staff for instance the Chief Chef has contributed immensely to poor success of the hotel. This may explicitly be attributed to the hotel's decision making process. It is evident that senior managers have adopted behaviour of self centeredness and they always think that they are the only one who makes viable decisions in relation to goals being attained hence resulting to low morale by existing workforce and that might have been the case in Wheatley park Hotel.

This has resulted to lower level managers and employees not to perform quality work because they are always not motivated when carrying out their respective duties. No matter how well the hotel's values and culture is

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drafted it requires the will of senior managers to maintain such motivational values and cultures. The senior managers can change the attitude of their employees if only they can lead by example which will lead to good motivation and thus successful attainment of set objectives. Human resource is the most vital asset in any organization and senior managers have to concentrate their management efforts in their staff development in order to boost their morale and thus increase in productivity. (Fiddler and Atton, 1999) Employees' satisfaction strategies should be formulated by Grand Cosmopolitan" Hotel and leisure group in the hotel in order to ensure smooth running of the hotel.

It is the key to the economic success of the company. Research has shown that a satisfied employee does his job well and in return the company's performance is greatly improved. Employer and employee relations are very important in ensuring that the hotel realizes its mission. In fact, it has been researched and found out satisfied employees usually translate to satisfied customers and this leads to improved productivity within the organization, hence, with proper policies , strategies administrative skills, employee relations managers can create good relations among employees. This strategy is suited to Wheatley Park Hotel.

Therefore for attainment of organizational effectiveness, human resource is the most important asset that must be paid attention by the management of Grand Cosmopolitan" Hotel and leisure group. Human resource has the responsibility to coordinate all the activities within Wheatley Park Hotel and they have to ensure efficiency in productivity of the hotel (Armstrong, 2006).

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11. 0 Conclusion We can therefore conclude that business organizations, including Wheatley Park Hotel are expected to adjust their behavior to suit their business deals because the ethical nature of those they must interact with may be different from those existing in its own society. Though these values may be different, they are sometimes good and right and they can be borrowed in any good business organization setting.

Interactions are good for developing the intercultural understandings. It is important for a human resource manager to create a climate of humanness and equality in the business. This means that every employee is treated with acceptance, trust and respect. A diverse workforce includes differences in gender like men and women employees, cultural differences, religious or political differences in an organization. Usually, managers have to determine good and right values for the organization. Theories in management are usually abstract and may not work in all business.

In ethical points of view point there always exists a conflict as to whether the concept of good can be universal (Maund, 2001)