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## Corporate objectives

According to McDonald (2002), a corporate objective describes a desired result or destination and most often it is expressed in terms of profit. Thus, when people talk about objectives, they mean actual results that are expected in a certain period of time. In the case of Melia Hotel, which is described in this paper, corporate objectives refer to the way the company sees itself in the future, the position it wants to hold in the market and the other aspects of its functioning. Below, the main Melia’s objectives will be analyzed in detail, especially the ones company’s administration usually focuses its attention on, such as refurbishment, higher occupancy, 2012 Olympics and increase in profit. The measures Melia takes to achieve the objectives and the methods, in which this process is regulated, will also be described in the paper.

## Restaurant’s refurbishment

One of the Melia’s corporate objectives this year is refurbishment of their main restaurant in the lobby called ‘ The Place’. In the previous year, the restaurant didn’t earn the profit Melia’s management expected. Due to this reason, this year they decided to develop a business plan to study the causes of the problems faced in the past by conducting surveys and analyzing internal and external factors that might have led to this situation. After several months of research managers came to a conclusion that while having high-class food and excellent service, the restaurant was not attractive enough in the lobby. Guests tend to pass it by, rarely noticing it at all. Besides, it was concluded that the atmosphere and decoration of the restaurant needed improvement as well.

After discovering the weaknesses described above, the company decided to refurbish the entire restaurant by changing the tables and chairs, implementing new modern decoration and organizing a bigger reception area for the restaurant so as it was more noticeable to the guests in the hotel. Restaurant’s renovation took two months to complete and the place was officially opened to the customers in the end of September. At present, “ It is evident that the restaurant is more filled, even though it’s not at the breaking point yet. But we are definitely on the right track,” said David Sassoon, the General Senior Manager.

## Higher occupancy

Hotels always aim at maintaining high occupancy, when demand meets supply. By achieving this balance, Melia will not only keep the existing customers, but also attract new people, increasing its revenue in this way. Currently, Melia Hotel London has 600 rooms available plus 100 rooms for serviced apartments. Maintaining the use of the hotel rooms will allow for minimization of the fixed costs.

Fixed costs are defined as the costs that are the same regardless of the volume of products produced (Field, 2002). In the case of Melia Hotel they are the 600 rooms that the hotel has. Among the expenses involved in this business there are staff members’ salaries, utility bills and rent. If most of the rooms are occupied, the fixed costs can be effectively minimized. However, “ There are seasons when the demand for hotel rooms is very low,” said David Sassoon. In order to fill the rooms in such periods of time, the managers conclude contracts with football teams, airlines crews and big corporations, such as Santander Bank, which guarantees them returning customers that will come to them throughout the whole year.

## Increase in profit

The 2012 Olympics will take place in London, which is a great opportunity for the hotel to get new customers. According to the daily news, “ Tourists are facing the prospect of massive hikes in the cost of accommodation in London during next year’s Olympic Games”. It shows that Melia can considerably increase its tariffs, charging higher prices for rooms, which will allow them to get increased profits in the second quarter of the year.

Besides, the hotel deals with numerous corporations, such as Santander Bank, Barclays Bank, EDF energy and others. They conclude contracts with these organizations for a minimum of one year, in which the companies agree to hold corporate events in the hotel and send their employees to stay there when they need. In this way, Melia has a considerable number of loyal customers, owing to which new people can be attracted and kept, allowing for higher earnings within the year.

## Methodology for setting their objective

The Melia Group Hotel uses IT as a methodology to set and control their objectives. David Sassoon in the interview said that with the help of the latest technologies the tourism industry has achieved significant benefits. For instance, company’s operation has been considerably improved, owing to the possibility to find out more about the customers’ needs. Through the ‘ satisfaction surveys’ offered to the customers, the managers also discovered how to organize a better delivery of service and get more customers, conquering new markets. It also became possible to optimize their resources and increase efficiency. Below, the IT software Melia uses to set and control their objectives will be described.

## Data analytical tool

Data analysis is defined as the process of evaluating data with the use of logical and analytical reasoning to examine each component of the data provided (Business Dictionary). Melia uses special data analytical software to file information regarding their accounts, customers, business plans development and market research. This information is checked on a daily basis by the Melia head teams, which allows them to discover things related to marketing and other aspects. For instance, efficient market analysis can be conducted, which allows them to identify new customers and optimize their sales functions. Furthermore, this system helps them to establish new strategies that allow for obtaining fidelity of their clients when they offer them the hotel services and facilities they need most, as well as evaluating the clients’ satisfaction in general.

## Control of their objectives

The Melia Headquarters daily checks the information that is stored in the system to see how the hotel is running in terms of operations, profits, objectives and customers’ satisfaction. The team of the hotel, which consists of the General Manager, Sales Team and Finance departments, arrange weekly meetings to analyze and evaluate the stages of their objectives realization. The Melia group has fixed budget every year, which is the main control indicator of their objectives. This budget is used as a tool that is composed as a document, in which the forecast of the different elements of the hotel are quantified. “ This budget is a fundamental tool for our hotel,” says David Sassoon, “ since it allow us to plan, coordinate and control our operations”. This facilitates them to evaluate the results obtained from the hotel. If the objectives are not met, the responsible person (head of the team) is required to create a dossier of approximate 20 pages, where he/she has to explain why the objectives weren’t achieved. The General Manager has to approve this document.

## Bibliography

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