

# B case study the imperial notes

Business



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This activity reinforces the ' story of The Imperial to students, helping them to be more familiar with the key events and the people involved In the case study. What do your students know about? Key events: Imperialism Position slowly deteriorated why? 49-50, All option, Chapter 2. 1 Very Important The Imperial: 1.

Roger Williams established Imperial Hotel In 1906 at Mambas, Kenya. 2. By 1920, the seaside hotel became very famous. 3. The hotel was an attractive room property with a private beach and easy access to Mambas Airport.

4. The hotel was very reputed and has a positive corporate image. 5.

Grandiose (Magnificent) Architecture, high quality service, (elegant D©cord) sophisticated designs and style. 6. This hotel was bought and sold several times from 1959 to 1989.

7. The imperial had five different owners. Global Properties: 1 . Purchased the Imperial Hotel in 1989, by making a subsidiary “ Private Limited Company’ 2. It Is an International investment group.

3. Its shareholders were from US, Japan and South Korea. 4. GAP did not wanted to be Involved In the Imperial. 5.

GAP preferred to have It work by “ A manager on Site”. 6. Profits of the Imperial may be distributed as dividends to Shareholders of GAP. Martin Smiths was the manager of the Imperial under GAP. Character Analysis Martin Smiths: 1. He was born in London.

2. He was a son of Axiomatic. 3. As a child he was a victim of racist bullying.
4. He went to university and graduated with a degree in Hotel Management.
5. He went with his parents to Kenya in the year 2000. 6. He got one of the positions as Receptionist In the Imperial. 7. After Five years he was promoted to Head Receptionist.
8. Four years after that when he was 30, he was appointed as the manager.
9. He was appointed as “ Manager” of the “ Imperial” in 2009. 10.

He married to Kenya girl

Anima. 11. His style of leadership was Laissez-fair. 12. He believed in authorization (empowerment) and delegation of work.

13. He allowed supervisors to resolve small problems. 14. He was warm, friendly and outgoing. Question: Functions of a manager? Responsibilities of a manager? Axiomatic: 1. He is the father of Martin Smiths (manager-Imperial).

2. Eventually, he was grounds-keeper during the time of Williams Family. 3. Jeff Williams helped Combo to get work permit to I-J. 4. Combo moved to London and worked rest of his career In Hotel Industry.

5. He got retired In the year 2000 and returned to Kenya.

Susan Chapman: studied hotel management in UK. 3. She came back in 2002 and started working in 2002. 4.

She was a daughter of Craig Chapman. 5. She had also applied for manager in 2009, when Martin was selected as a manager. 6. She thinks that GAP had made a mistake in making Martin a manager instead of her, so she works more harder and focused than ever.

7. She was efficient, hard working and task-oriented. 8. She liked bureaucracy (administration) and a clear chain of command. 9. She had scientific approach to decision making.

10. She demanded more work from the employees and was intolerant to minor stakes. 11. The employees found her attitude to be autocratic. 12. Manager Martin asked her to soften her leadership style and also thought that she needs leadership training.

13. She Roger Williams: 1. He was the founder of the Imperial hotel at Mombasa, Kenya in 1906. 2. He made large fortune in "Primary Sector" 3. He wanted to diversify his investment, so he established Hotel Imperial. 4. Soon, the business started facing "Financial Problems", biz. Cash flow problem and liquidity management. 5.

In 1959, Rorer's son Jeff Williams sold the family properties along with the Imperial Hotel.

Jeff Williams: 1. He was a Son and heir of Roger Williams. 2. He sold the Imperial in 1959 because of political unrest in Kenya.

3. He helped Combo to get I-J work permit. Anima Smiths: 1 . She was wife of Martin Smiths – the manager of the Imperial. Craig Chapman: 1. He was the father of Susan Chapman – who was head of House keeping at the Imperial.

2. He traveled to Kenya from Liverpool I-J in the 20th Century to open and operate an orphanage near Nairobi. 3. He had a humanitarian motivation.

Gutting: 1 .

He is an employee in the House Keeping Department in the Imperial under Susan. 2.

Susan dismissed him because of long absenteeism. Kangarooing: 1 . The owner and manager of the famous safari tour company “ Keeness” 2.

Option 3: Forming up alliance with the Imperial. Time Line 1. 1906: Roger Williams established The Imperial Hotel at Mambas, Kenya. 2. 1920: The Imperial Hotel became very famous.

It had a very positive corporate image and well-deserved reputation. 3.

1950: Political Unrest in neighboring countries of Kenya. 4. 1959: Rorer’s son Jeff Williams sold the family properties along with the Imperial Hotel.

5. 1959 to 1989: The Imperial Hotel was bought and sold several times. 6. 1989: Global Properties (GAP), an international investment group, set up a subsidiary “ Private Limited Company’ and purchased the Imperial hotel under it. 7.

8. 2002: Susan Chapman started working at the Imperial. 9. 2008: Kenya experience post election violence, it was generally safe and stable. 10.

2009: Martin Smiths was appointed the Manager of the Imperial. 11. Novo.

2013: Tension in the Imperial. One employee of Housekeeping department dismissed.

Employees to go on strike in December 2013. Para-I Primary Sector:

Businesses involved with the extraction, harvesting and conversion of trial resources.

E. G. Agriculture, fishing, mining, forestry and extraction. Market

Opportunity: A market analysis studies the attractiveness and the dynamics of a special market within a special industry.

Earlier Roger made good money in primary sector. Now he wants to use this money in some other industry (market opportunity). Means he wants to “Diversify his Investments”. Diversify Investments: Len finance, diversification means reducing risk by investing in a variety of business. Now that, Roger wants to diversify earnings of primary sector and invest it in a hotel business.

Financial Problems: It is when a business finds difficulty in paying off bills.

Cash Flow Problems: When a business is not able to generate sufficient working capital to pay their employees, suppliers, financiers and landlords.

Causes of Cash flow problems: TAB pig 325 Liquidity Management: (working Capital) The business must successfully manage its current assets and current liabilities. Roger started the hotel as a sole trader. Sole Trader: A sole trader is an individual who owns his/her personal business.

Corporate Image: Para 2 Roger sold its business, and then on the Imperial was bought and sold for several times.

Para 3 Global Properties, an international investment group, set up another PL and purchased The Imperial Hotel under it. Private Limited Company: 1. It is a company that cannot raise share capital (money) from the general public. 2. Instead, shares are sold to private family members and friends.

3. Shares in private company cannot be traded without the prior agreement from the Board of Directors, so that directors can maintain overall control of the business. 4. Advantage: Owners have greater control over the business. Cheaper to set up PL.

Limited Liabilities. Output where total cost equals total revenue. Margin of Safety: Fig. 560 Learn whole topic 1 . It measures the difference between a firm's sales volume and the quantity needed to break-even.

2. I. E. It shows how much demand for a product exceeds the break- even quantity. 3. The larger the positive difference between Sales output and BEG, the safer the firm will be in terms of earning profits.

4. Positive margin of safety: Firms makes profit 5. Negative Margin of Safety: Firms makes a loss 6. Formula: Level of demand less (-) Break-even quantity.

Para 5 Performance Related Pay: 1 .

It rewards employees who meet certain goals like sales targets, successful implosion of a contract.

2. The goals achieved are evaluated and reviewed in “ Performance Appraisal Meeting”. 3. It is a little more flexible than profit-related pay. 4.

Types of Performance related pay / Advantages / Disadvantages: Fig. 248

Para 6 Limited Budget: 1. It is a plan that shows how much money an organization expects to earn and spend during a particular period of time, and how it will spend its money 2. A budget is prepared in advance, usually on a monthly, quarterly or annual basis. 3.

Importance of budget: fig. 34, 335 / Types of budget: fig 335 Box 3. AAA / Limitations of Budgeting: fig. 36-37 Trend: 1 . Trends involve looking at the statistical analysis of historical data over a selected time frame and charting the progression. If the data suggests consistent increases, decreases or even constancy or flatness, there exists a trend.

Businesses of all sizes use this kind of data to help predict the future or help shape strategic decisions Secondary Market Data: 1 . It involves the collection of data and information that already exists in another form biz. Internet, newspaper, Journals. 2.

Ad: It is cheaper and faster to collect because it is already available.

3. Disc. The data and information can be outdated and the reliability of the source might be questioned. Marketing Audit: 1 . It refers to a systematic examination and review of the current marketing position of an organization in terms of its strengths and weaknesses.



2. The audit examines internal and external issues: Fig. 407 Para 7 Profit Centers: 1 . A profit centre is a department or unit of a business that incurs both costs and revenues. 2.

A manager is responsible for the profit centre, including having to produce an independent profit and loss account. . Each profit centre is responsible or contributing to the overall profits of the business. 4. Having profit centers allows a firm to spot the areas that generate the most and the least revenues.

5. Advantage & Drawbacks: Fig. 552 Preparation of Final Accounts: legally obliged to report. These include the Trading Account, Profit and Loss Account and the Balance Sheet. 2.

Purpose of Final Accounts / Users of Final Accounts: Fig. 344 3. Trading Account & Profit and Loss Account; Fig. 345, 346, 347, 348, 349. 4. Final Accounts: Para 8 Problems of Human Resources: 1.

Recruitment: 2. Training 3. Safety 4.

To resolve Staff Conflicts Para 9 Leadership Style: Fig. 19 1 .

Management and leadership style refers to the ways on which decision makers behave or reveal their behavior. 2. Types of Leadership: Autocratic (Susan) Laissez-fairer (Martin) An autocratic leader or manager is one that makes all the decisions and prefers not to delegate any responsibility. Laissez-fairer leaders and mangers are who allow the subordinated to make their own decisions and to complete tasks in their own way. This style is

appropriate when the workers are unskilled and depend on directions and instructions of the leader.

This style is suitable in business or situations where retrieve ideas are important.

One drawback is that the opinions and suggestions of workers are totally ignored. One key limitation is that coordination and decision making can be time consuming since there is lack of supervision or direction. This style can cause dislike amongst employees who want to be part of the decision making process. This style can cause high level of motivation as staff may feel trusted and highly valued by their employer. Democratic : A democratic leader is one who prefers to involve employees in the decision making process.

Managers and leaders consult staff and consider their views before taking final decisions. The main limitation of this style is that it can delay decision making because more people are involved in decision making. This style motivates the employees. Bureaucracy: Fig. 190 1 . It is the execution of tasks that are governed by official and administrative and formal rules of an organization.

2. Bureaucracy organization are characterized by prescribed rules and policies, standardized procedure, and formal hierarchical structures. 3. It is often associated with the concept of " RED TAPE" I. E.

Excessive administration, paperwork and formalities.

Accountability: Fig. 180, 189 1. It describes the extent to which a person is held responsible for the success or failure of a task. 2. Accountability allows senior managers to have better control over the running over the business.

3. Those who achieve their targets are recognized. 4. Those who fail to achieve their targets can be clearly identified and held accountable for their mistakes. Chain of Command: Fig.

189 1 . The chain of command refers to the formal line of authority through which orders Short chain of command: They have less layers in firms that have flat hierarchical structures.

Long chain of command: They have many layers in firms that have tall hierarchical structures. Empowerment: Fig. 250 1 . Empowerment involves granting workers the authority to be in charge of their own jobs and to execute their own ideas.

2. Subordinates have some autonomy in decision making and can decide for themselves the best way to deal with a task or a problem. 3. Empowerment boosts motivation. 4. Empowerment can only be successful if the workers have adequate skills and have received the necessary training to independently tackle given tasks.

Delegation: 184, 189, 253 1 .

As manager is not able control all aspects of the business. Hence, passing on of control and authority to others is called delegation. 2. It involves the manager assigning and empowering staff to complete a task or project but holding them accountable for their actions.

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3. The responsibility still remains with the manager. 4. Effective Delegated tasks must be "S\_M\_A\_R\_T\_E\_R" Para 10 Autocratic: Done Appraisal: pig. 159, 177 1 . It refers to the formal process of evaluating the contributions and performance of an employee, usually conducted through observations and an interview with the appraiser's manager.

#### Para 11

Absenteeism: Pig. 175 1 . It measures the percentage of the staff absent from work in a particular time period. 2. A low rate of absenteeism means staff are motivated to work.

# 3. A high rate of absenteeism means staff are deliberately avoiding coming into work. 4. High absenteeism means productivity or work suffers and rising costs. Dismissal: 164, 177 1 .

Dismissal means the termination of a worker's employment due to incompetence or a breach of contract. 2. Reasons of Dismissal: Incompetence: lack of ability, qualifications or effectiveness required to carry out the job. Misconduct: unacceptable behavior biz. Tee at work, harassing other employees. Gross Misconduct: biz.

Theft, fraud, drunk at work. Legal Requirements: If the employee does not have the necessary skills or requirement for the Job, then the employer can legally dismiss the worker. Strike: Pig. 273 1 . This refers to the refusal of employees to work. 2.

Strike is the result of major industrial unrest biz. Pay disputes, serious complaints. 3. Strike can only be counted as official if it has the backing of majority of members of trade union. 4.

Workers carry out strike action in the hope that an agreement with the management can be reached. External Environment: Pig.

Strategic Decisions: Pig. Option 1: found that the Imperial has reached to its “ Decline Phase” of its product life cycle. To rebuilt the entire hotel. To introduce the new hotel with new Brand Name 3.

Martin sketched two approaches for Human Resources Strategic Plan:

Approach 1 : Up-killing the existing workforce. 1. Emphasis on “ Internal Recruitment” 2. Strong emphasis on training and development. 3.

No concern about staff retention rate, as most employees would be Kenya.

Approach 2: Building a new global workforce: 1. Emphasis on “ External Recruitment” 2. Little emphasis on training and development. 3.

Major concerns about staff retention rate, as most of the employees would be international. Option 2: 1 . To convert hotel rooms into self-contained apartments with small kitchens. 2. Marketing audit revealed that: there is increasing demand for such apartments. Very few hotels offers such apartments.

The market is small market has high growth potential. 3. Fixed cost and variable cost would decrease. 4. Under workforce planning: Housekeeping staff will be reduced by 70%.

Option 3: 1. To make alliance with the famous safari tour company “Keenness”. 2. Keenness would take 20% commission for all hotel guests booked through them.