

Hospitality Capstone Project:
Leadership Expectations at the Benson Hotel

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Executive Summary

The Benson Hotel case study reveals a multitude of human resource and operational issues common in the hospitality industry. Mike Schwartz, Vice-president of operations, recently commissioned a consultant's report on the property in response to increasing pressure from the competitive and changing local marketplace. The consultant's report and Employee Audit revealed many issues both internally and externally that will be divided into the following areas of focus for purposes of this report: General Management, Employee Relations, Staff Training, and Physical Facilities. This report provides an issues statement, analysis, and action and implementation plan in respect to these areas of concern.

After further analyzing and evaluating the issues, a plan of action is then assessed based on both positive and negative potential outcomes. The report then substantiates a new plan of action that can positively influence key performance indicators such as the ADR, RevPAR, and Competitive Set in relation to the best method to turnaround The Benson Hotel. We also look at the role of leadership, characteristics, and principles required to formulate an appropriate course of action to solve these issues. The aim of the proposed solutions is to allow The Benson Hotel to compete within the local market segment and operate a more efficient and resourceful workplace within the hospitality industry.

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Issues Statement

The case study of the Benson Hotel reveals many significant issues that demand immediate managerial action. The key issues identified consultant's report have been summarized and listed:

1.) Results of employee audit

- i. Poor relationship between employees and General Manager
- ii. Lack of credibility on part of the General Manager
- iii. Poor leadership exposed

2.) Human Resources Department

- i. Poor training and support of staff in major revenue centers
- ii. Bad rapport between supervisors and employees
- iii. Major issues in dining room and kitchen operation

3.) Physical Facilities

- i. Sales office needs renovated
- ii. Banquet service area needs repurposed
- iii. Exterior garbage area needs enclosure
- iv. Rear parking lot insufficient
- v. ADA Accessibility adaptations needed
- vi. Lobby furniture and décor needs upgraded
- vii. Back office computer information technology needed

Analysis

The case study of The Benson Hotel reveals many common issues that are faced in the hospitality industry. Mike Schwartz, The Vice-president of Operations, made the correct and educated decision to commission an independent consultants report on the property in response to the changing marketplace and new competition. While Mr. Schwartz had knowledge of the issues amounting on this property, he was astute enough to realize the importance of having a second set of eyes evaluate both the immediate and deteriorating conditions at The Benson Hotel. One of the largest benefits of this decision was to gain access to the independent third parties employee audit that interviewed current employees on the multitude of issues. Through this action, the most immediate issue in management was identified as the very poor relationship between the employees and the General Manager of the property, wherein the consultant assessed that “something has to change”.

While Mr. Schwartz had recruited the current General Manager as a ‘rising star’ in the hospitality industry, it became highly evident that many of the issues the consultant revealed were based on poor leadership from this individual. Some of the key findings from the employee audit included the summation from the consultant “this is a case of employees working well in spite of the general manager rather than because of him”. In further analysis, it was also stated in the case study that “Mikes worst fears were confirmed” in relation to issues with the General Manager. This may suggest that Mike had recruited the young and relatively inexperienced Sean Waters either based on exterior motives or for inadequate reasons as it is not common in the industry to have such a young general manager. For example, according to Data USA analytics, the media age of General & operations managers of hotels is 43.8 years of age. Although the age of Sean Waters is not stated in the report, it is identified that he had only recently completed an undergraduate degree in hospitality which may led us to deduce a relative inexperience in such a position as a General Manager.

For these reasons, the most immediate step that Mr. Schwartz must take to solve the leadership crisis will be to address his General Manager directly and take forward action of

electing to either make big changes or terminate him. While it may be effective to have a serious conversation with the General Manager about the situation, it does seem that according to the employee audit the majority of the damage has already been done and the relationship between the business and the employees may be compromised. However, I believe the best route to approach the situation would be by talking with Sean as seeing if he is willing to talk about this issues and potential weaknesses he may have as a leader. According to Geoff Ballotti at Boston University, "The greatest leaders I know out there are very comfortable talking about their weaknesses, about what it is that they need to work on, to improve upon, and to do better." Effective leaders invest the thinking, the time, the energy and are prepared for the vulnerability of connecting with others." If I was the VP, I would then weigh how much potential Sean would have to make changes versus what may not be able to be fixed to make the best decision.

If it becomes apparent that Sean is unable show responsibility or accountability in his actions, the choice I would then make would be to terminate Sean as it's clear that the employees of The Benson Hotel need a new vision of a better workplace that will motivate them to work harder and have better relationships. In addition, Sean is still young, and it may be in his best benefit for his long-term career to face consequences now so that he may learn a lesson and have more growth in the future. I believe that the most successful leaders are those that empower others, and this must be the first step for vice-president Mr. Schwartz to solve the leadership crisis before it is too late.

While we have now discussed the General Manager of The Benson Hotel and how this lack of responsibility, action, and vision is damaging the workplace, the next most critical issue to address is the lack of appropriate training and support staff in the major revenue centers of the hotel. While the case study revealed this issue primarily in the dining room and kitchen operation, it is likely that if by existing in these locations it also exists throughout other areas of the hotel operation. For example, the dining room supervisor is described by employees to be "unfair, unapproachable, and often playing favorites with her friends and family." It was clear in

the report that a subjective bias was observed in her actions rather than following an appropriate protocol that should have been made necessary in training. While this issue may be resolved by means of a few different relatively simple methods that will be discussed in our alternative action plan, the next issues with the kitchen operation get a bit more involved as there are inaccuracies within management controls of food inventory that relate directly with back office information technology. This issue will be critical to resolve as it is evident in the report that food is being wasted and a major issue with quality and sanitation is beginning to take place. The remaining major issue faced after this is the lack of efficient scheduling as revealed in reports of short notices to employees and inadequate staffing in the peaks and valleys of the restaurants schedule. We will be able to more thoroughly analyze this issue and solutions in our upcoming plan of action for the property. In addition, there are other instances of friction between employees that may be addressed through alternative means that will be proposed and implemented.

After now having addressed and analyzed some of the more critical issues relating to the people and employees of The Benson Hotel, we may move on to analyze some physical property issues. As described in the report, one of the most critical issues that need addressed is the back-office information technology system. The report clearly reveals that the current information technology is antiquated and solely devoted to a property management system. With an implementation of a new system as will be discussed in our plan of action, it will be revealed how this may begin to start solving other issues around the hotels operations from scheduling to food inventory and other areas. A newer and updated property management system PMS will give the ability to solve multiple issues at once.

The next few physical plant priorities that must be addressed will be renovations to some of the main areas such as the sales office, lobby, banquet service area, parking lot, and exterior garbage area. In addition, the hotel facilities currently lack access for persons with disabilities and this must be addressed in order to maintain compliance and prevent a potential lawsuit before it is too late. While these issues may seem like a lot of work, the reality is that this will

be much easier to solve and should be prioritized after the current issues within the employees and management of the Benson hotel are resolved.

Hospitality is the business of relationships and if the relationships between employees and staff is not healthy, it likely to say that business is not healthy.

Alternative Action

Human Resources & Physical/Operational Facilities

Section 1: Human Resources

Major Issue 1: Poor relationship between employees and General Manager

Plan of Action

- a.) Address his General Manager directly of the issue and results of the employee audit (without mentioning names). Assess the reaction he has and determine if he can accept responsibility and/or admit his weaknesses. Make decision based on this result.
- b.) If an undesired reaction occurs and it is clear the General Manager is unable and/or not worth the significant investment to make changes, make the decision to terminate. This may be the best option for reasons discussed in the analysis.

Major Issue 2: Poor leadership in other areas of management

Plan of Action

- a.) Address each supervisor in the major service areas listed in the report. Tell them the results of the consultant's report and briefly describe problems without going into details. Ask them for personal input in what they would like to see change in the workplace. See if this aligns with long-term goals of the hotel and either elect to keep them or terminate them.

Major Issue 3: Poor training and support of staff in major revenue centers

Plan of Action

- a.) Once the right supervisors are selected to stay with the company, discuss with them a new system of training that will commence on a certain date. Ask them for their opinions and see their reception to this.
- b.) Implement/hire a new training resource team that is dedicated to training the employees. There are many options that include both online and in person alternatives to better suite the needs of the hotel and the employees
- c.)

Major issue 4: Bad rapport between supervisors and employees/emotional friction and poor relationships in the workplace

- a.) Hospitality is the business of relationships. They must be inspired with a new vision by management to separate their professional lives in the workplace from their lives outside the workplace

- b.) If plan A is not effective, upper management may have to take necessary action to separate the identified individuals either by moving to different work area or through termination as a last resort

Major Issue 5: Dining room and kitchen operation

- a.) A large portion of this situation relates to the above issues of poor training, management, and relationships in the workplace. It should be a similar goal here to establish a vision and build healthy relationships in these areas of operation
- b.) Another main issue in the kitchen relates to food inventory systems that may be best resolved by updated technology in the

Section 2: Physical Plant Facilities

Major issue 1: Outdated back office computer information technology

- a.) It will likely be best to consult with an IT professional to assess what the exact needs and most suitable product would be for them
- b.) By discussing other issues around the hotel of employee scheduling and food inventory systems, the IT professional should be able to match the best software and programs that may help solve other issues going on
- c.) This can lead to more efficiency, safety, and profit for the hotel in the long term

Major issue 2: ADA Accommodations Needed

- a.) The hotel must address this immediately by consulting with an industry professional to be sure of compliance
- b.) It will not take excessive resources to become compliant and will likely pay of in long-term benefit from being able to attract and accommodate disabled guests.

Major issue 3: Sales Office and Lobby need renovation/upgraded

- a.) This is one of the simplest solutions they may do to attract more guests and compete with the rapidly changing marketplace [Mikes confirmation of new competition in his Competitive Set STR [Comp Set]

- b.) It would be best to for Mike to consult with a hotel interior designer or other professional to obtain advice and get quotes
- c.) While the specific business analytics of The Benson Hotel are unknown, research in the industry reveals a direct correlation between the rate index and RevPAR gains associated with hotel renovations

Major issue 4: Rear parking lot and exterior garbage location

- a.) Mike needs to consult with the appropriate contractor and/or hospitality construction professional to gain advice and receive quotes for renovations/expansion of the rear parking lot.
- b.) One of the easiest ways to lose/deter guests is too not be able to accommodate them upon arrival. There should be a parking space available for every room in the hotel – in this case, 85 rooms.
- c.) Garbage area improvements should shield the area from the public eye. This will most likely be able to be approached/contracted work by the same construction professional that Mike will contact for the parking lot expansion

Major issue 5: Banquet service area needs repurposed

- a.) Renovate and convert to a usable space
- b.) Be sure that guests do not have visibility/access to this area

Recommendations

Section 1: Human Resources

Major Issue 1: Poor relationship between employees and General Manager

- I.) The choice of deciding to keep the general manager vs firing
 - a.) Pros of keeping – may include giving the GM the ability to correct his mistakes within the workplace and have a chance to recognize and take ownership of his weakness in order to promote new growth and better performance.
 - b.) Cons of keeping – workplace damage and poor performance has already taken place – some damage caused may be permanent and result in the inability for the employees to interact with him no matter how much he changes. He will likely have to be retrained and a significant investment of time and money spent towards this process

- II.) Firing the General Manager
 - a.) Pros of firing
 - Finding a new candidate may give a new opportunity for a better vision of leadership and direction for the company.
 - It will be positive for the employees to experience new direction and not prolong a poor relationship with the current GM.
 - The right new candidate can provide the ability to renew relationships in the workplace and provide a safer, healthier, and more productive working environment.
 - b.) Cons of firing
 - Mike will have to accept that it is the right choice for both him and the company
 - Mike will have his human resources department seek appropriate candidates for the position and begin the time-consuming interview process.
 - It is possible to select the wrong candidate and deal with secondary consequences
 - May potentially have to pay a higher salary to a more qualified and suitable candidate
 - Potential for any candidate to not perform as expected and have to repeat the whole process
 - Potential that other people in the company may not work well with the new candidate

Major Issue 2: Poor training and support of staff in major revenue centers

- I.) Pros of re-training and/or replacing management level staff
- Multiple issues throughout the workplace can be resolved at once with a new and more comprehensive training program
 - The right method of training makes employees happy and ultimately improves the guest experiences
 - Hospitality is the business of relationships. If the training/relationships of the hotel staff are not good, it is likely the experience of the guest will not be good
 - More efficient taskforce increases RevPAR and other indexes of hotel performance/success
- Cons
- It will take time and an investment in resources to better train the staff
 - New tools needed such as software at IT systems will have a learning curve and adjustment period
 - It may be necessary to hire contractors who specialize in these new systems to train the staff on the correct method to use them

Section 2: Physical Plant Facilities

Major issue 1: In need of renovations and upgrades throughout areas such as the sales office, lobby, banquet area, and parking lot

Pros:

- More modern appearance to compete with other franchises and competition in the area
- More efficient operation in a cleaner work environment
- More appeal to guests and likelihood of returning customers/guests
- Higher chance of satisfied employees when they like and feel comfortable in the workplace
- A chance to recreate the image of the hotel and begin new marketing efforts [potentially increase the star rating of the hotel and gain more prestige= higher room rates/ADR, RevPAR and occupancy]

- More accessibility and ADA compliance will prevent receiving an infraction and potential lawsuits and/or other fines

- More accessibility of guests to have parking spaces and more curb appeal

Cons:

- Expense and budget

- Potential time down during construction/renovations

- Effect on guests during the time of renovations

- Coordinating the correct professionals

- Potential to have something not go correctly and have more downtime

Implementation Plan

Major Issue 1: Poor relationship between employees and General Manager

- I. The decision to either keep or fire the current GM must be made by vice-president Mike Schwartz. He must do this by considering the thought process and action plan as discussed at the best time for he and the company operations team.
- II. The issue will be corrected here by acting in accordance with operational experience of the upper-level management team
- III. The issue may be prevented by using more diligence and hiring a more qualified General Manager that aligns with the company values and vision of leadership

Major Issue 2: Poor training and support of staff in major revenue centers

- I. The course of action will be implemented by the upper-level management team after consulting with industry specialists and trainers
- II. They must hire a professional consultant to evaluate key areas of weakness to focus resources on the correct items
- III. Correct training will also result in better relationships in the workplace and more thorough chain-of-command

Major issue 3: In need of renovations and upgrades throughout areas such as the sales office, lobby, banquet area, and parking lot

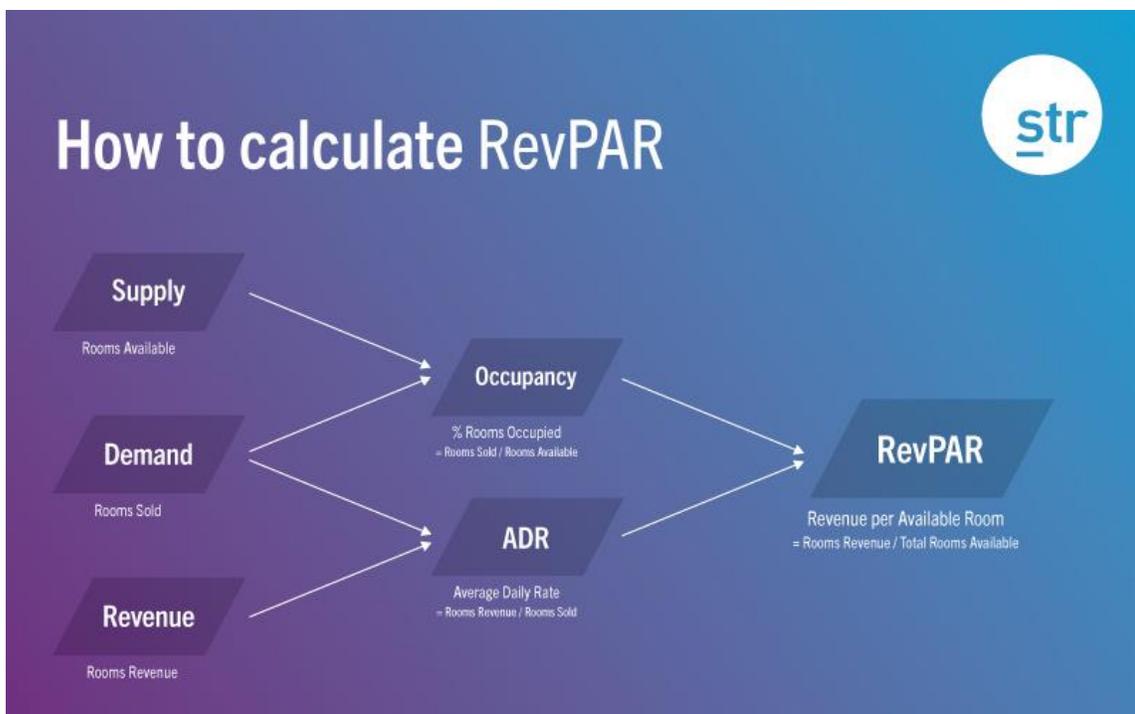
- I. Upper-level management will hire an independent professional to assess the correct needs and method of renovation
- II. Obtain quotes and appraisals from 2-3 contractors to formulate best choice
- III. Schedule best time for work to begin. This will most likely be during the slow/off season or during off hours such as in the night

Exhibits

Which are the hotel KPIs?



- Hotel Occupancy Rate
- Hotel Average Daily Rate (ADR)
- Hotel Revenue Per Available Room (RevPAR)
 - TrevPAR
 - RevPAR
 - GOPPAR
- EBITDA
- Total Hotel Revenue and Total Bookings
- Revenue and Bookings by Business Sources
- Average Length of Stay (ALOS)
- Average Rate Index (ARI)
- Average Booking Lead Time
- Marketing Return On Investment (ROI)
- Hotel Website Conversion Rate
- Average Revenue Per Guest
- Inquiry vs Bookings
- Cost per Bookings
- Cancellation Rate



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