

# The case study: Myriad hotel/chain(s)

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*This text is derived from Martin-Rios (2017)*

## **Mr. and Mrs. Martin's former management and current succession: impact on staff management metrics**

The Myriad upscale hotel/chain was founded by Mr. and Mrs. Martin in the 1970s. For two years, Mr. and Mrs. Martin have entrusted the management of the Myriad hotel/chain to their twin sons. Charles, the eldest son, who graduated from a renowned university in psychology, was appointed Chief Executive Officer – CEO and General Manager – GM as well as Sales & Marketing Director. To please his parents, Charles never told them he has never been very interested in working in the hospitality industry. On the contrary, Stefan, his brother who graduated from a hospitality management school, has always been passionate about hotels. But to please his parents, he never tried to overrule their decision to make his elder brother the head of the Myriad hotel/chain. Thus, Stefan took control of the finance function at the Myriad hotel/chain two years ago, as Chief Financial Officer – CFO (**See Personnel Data, variable position and first two lines**).

For the last six months, Mr. and Mrs. Martin have been managing the renovation and expansion of the Myriad hotel/chain, so that its capacity will double in the next three months. However, Mr. and Mrs. Martin have settled on the idea that it is time for them to retire. Therefore, not only will they definitely and totally leave the company to travel the world, but they will also have to decide on which son shall become the owner of the Myriad hotel/chain while the other shall inherit the family real estate, comprised of properties and vineyards.

Mr. and Mrs. Martin were not as careful about human resource management (HRM) as they should have been. They preferred to run their business in a warm family climate. For them, it just seemed logical to hire employee referrals. Apart from the Internet aspects, the hiring process at Myriad hotel/chain has not changed since the 1970s. Once the Myriad hotel/chain publishes a job offer (Internet sites, local hotel schools, press, notice on the personnel main doors, bulletin board in the break rooms, etc.), showing most of the opportunities and benefits new hires can have while not mentioning the tough working conditions that are usually detrimental to the hotel industry's image, applicants send their CV and cover letter or bring them to the interview (**See Supplemental material, columns F to K about opportunities and benefits**). Then managers and/or employees on duty, whatever their position, can screen the application documents. To recruit as many applicants as possible for each position, all recruitment channels are used whenever possible, and especially referrals, which do not cost a cent. If not thrown in the trash can, the application documents are brought to the relevant department. Then, the department manager or an employee receives the applicant in a 30-minute interview, asking one core question to start with, like "*Why do you want to work with us?*", and then asking follow-up questions that spring to mind depending on the applicant's answers. Once hired, newcomers were assigned a "buddy" and had a 2-day informal but warm orientation period to get familiar with people (**See Personnel Data, variable training, about training days offered, for calculation and comparison purposes**). Because Mr. and Mrs. Martin were highly committed to introducing management practices that ensured employees' well-being and honored their responsibilities on the job, employees took part in most decision-making processes at both operational and strategic levels.

Maybe the Myriad hotel/chain was just lucky, but Mr. and Mrs. Martin's management approach generated some excellent employees, and the Myriad hotel/chain still has a lot of those first hires on staff (**See Personnel Data, variables seniority and absenteeism to consider staff retention and staff productivity**). However, since Mr. and Mrs. Martin announced six months ago that they would be retiring soon, employees have ceased to perform as they should while turnover rates have increased. Rumors among potential applicants say that employees compel newcomers to admit that the "*orientation stuff*" is not necessary and that everything should rather come naturally on the job. There is gossip about employees quitting the Myriad hotel/chain who try to discourage applicants and demotivate remaining employees. Some employees about to leave the company seem to convey rumors about unfair pay policies (**See Personnel Data, to check that rumor on salaries and benefits, variables healthplan and salary, based on gender, age and seniority for instance**). It also looks like for every high-performing employee the Myriad hotel/chain has on staff, they have two or three others who are not up to requirements (**See Personnel Data, variables absenteeism**).

## Charles Martin, CEO, GM, and SM director: current management impact on staff and HRM metrics

Together with his fiancée Nicole (Rooms division and Talent manager), as well as Nicole's cousin named Eduardo (Food & Beverage – F&B Director and Event and Banquet Director), and Eduardo's daughter, Alice (Guest Service Agents Coordinator and Booking Director), Charles manages the day-to-day operations of the Myriad hotel/chain, sharing most of the decision-making with his teams. Charles has remained loyal to his parents' management approach, leaving it untouched, for the most part.

So far, the Myriad hotel/chain's mission has promised guests a highly personalized hotel experience. For employees, the hotel has promised a superior work environment and continued support for a satisfying career. Charles prides himself on being able to keep staff happy for the last two years (**See Personnel Data to check this claim against staff survey results, variables survey\_pay, survey\_relations, survey\_recognition, and survey\_growth**). Like his parents, Charles involves his employees in almost every decision made in weekly, informal group meetings. For instance, Charles and Nicole made several decisions that were based on random discussions they had with employees. Heavy silver trays were notably replaced with carbon fiber composites, making them lighter for the waiters. Eduardo and Alice have recently encouraged their teams to contribute to develop a new line of restaurant dishes and to introduce improvements in non-slip flooring. Thanks to daily personal contact, Charles, Nicole, Eduardo and Alice make sure their teams have all the necessary resources to thrive at work. They also organize quarterly staff parties to ensure staff cohesion. To foster the family atmosphere, families are always included in summer picnics and holiday parties that are hosted by the Myriad hotel/chain. Employees post their children's pictures and announcements of graduations, weddings and other family accomplishments on the bulletin board in the break rooms.

In this context, Alice, after conversations with employees from the Front Office Department, Rooms Division, and Sales and Marketing Office, implemented the innovative position of multitalented "guest service agent" – GSA, for short (**See Personnel Data, from line 19 to line 28**). Yet, there are no formal job descriptions for any positions in the hotel, as positions are only described in employment contracts in reference to O\*NET, <https://www.onetonline.org/>. For Nicole and Alice, there is no need to have job specifications considering it would be necessary to update them too often. Anyway, a GSA can check guests into the hotel, picking up their key and paperwork

from a rack in the lobby and then escorting them directly to their room. A GSA is a bellman, a doorman, a front-desk clerk, a concierge and even more. That position includes a range of responsibilities that cannot be exhaustively listed according to Nicole and Alice; but it is aimed at ensuring that each guest gets better, tailored service to their specific needs. For all those reasons, Nicole regrets, “*it’s really not easy finding people for these GSA positions!*”

When it comes to performance management, Charles, Nicole, or Alice hold informal personal meetings with staff members at random. Those meetings constitute an informal evaluation based upon self-assessment. Some form of reward is then given at their discretion – sometimes pay increases, lump-sum bonuses, but for the most part, entertainment or travel vouchers and discounts, sport clubs membership, bottles of wine or flowers, just to name a few. A variety of perks that Charles, Nicole, and Alice believe employees value. A variety of perks about which Stefan’s assistants were not able to collect any formal and specific data, as shown in Supplemental material. Since Charles became CEO, new average base pay and incentives were fixed for newly hired employees, on a more personal basis (**See Personnel Data, variable salary, for internal comparison purpose**). Charles believes that together with personal bonuses offered to all employees, benefits make the direct and indirect monetary compensation package as attractive as most of Myriad hotel/chain’s competitors. Charles is therefore confident that his management approach, akin to his parents’ one, does not need to change much. He is also confident that the more he involves his teams in running the business, the less he would have to manage it himself.

## CFO Stefan Martin’s current management impact on job specification, staff satisfaction, and HRM

Stefan has always been passionate about the hospitality industry, and especially about yield management. He does not like Charles’ collective way of managing the Myriad hotel/chain. However, for the time being, he does not complain and does what his parents ask him to do in a most efficient manner. As the Myriad’s CFO, Stefan has set principles on how he wants accounting and finance operations to be carried out by his two assistants. On a daily basis, Stefan sends emails to each assistant with specific assignments, which require specialized skills. To succeed in his endeavor, Stefan was particularly careful in selecting his assistants. To hire them, the hiring agency chosen by Stefan was required to use a work sample test, a GMAT (general mental ability test), a personality test measuring conscientiousness and integrity and structured interviews based upon the job descriptions and job specifications that Stefan sent to them, once he analyzed each position with subject matter experts. As a result, both assistants seem to perfectly match the requirements and fit in their positions, as Stefan regularly claims (**See Personnel Data, variables survey\_pay, survey\_relations, survey\_recognition, and survey\_growth and absenteeism to check that claim against data gathered**). Stefan states that his assistants feel a sense of self-accomplishment as they deepen their expertise and gain efficacy thanks to quarterly 2-day training sessions provided by external institutes, which are planned by Stefan (**See Personnel Data, variables survey\_recognition and training to check that claim against data gathered**). In order to create a company dashboard that would compile the Myriad’s business data and metrics, the assistants’ first assignment when they were hired one year ago was to create an Excel file. It took some time for both assistants to identify appropriate metrics and collect data. That is the reason why Supplemental material is a work-in-progress awaiting improvement. As Stefan puts it: “*Far more specific metrics and key-performance indicators entail data collection and data mining to run the company in a more rational*

*way.”* In order to plan for the future, Stefan’s assistants were also assigned to estimate the number and characteristics of people the Myriad hotel/chain should hire in the coming months, considering that the capacity will double. When Stefan urged Charles to help him plan ahead, especially considering person-power planning, Charles smiled at him ironically: *“It is not rocket science, just double the number of staff in rooms and F&B departments! Isn’t the headcount one of the column you have in your Excel file? Let me guess, column S, like ‘Stefan’s Super Stats? Let figures and numbers drive you...”* (**Assess that statement with Personnel Data, variables headcount and fte**). Now, Stefan really wants to convince his parents that they should bequest the Myriad hotel/chain to him. Therefore, he has prepared a whole speech to voice his intentions, full of concrete examples of his ambitions for the business.

## **Stefan Martin’s intended management impact on HRM metrics and the service-profit chain**

Stefan intends to establish a balanced scorecard to measure employees “performance across all hierarchical levels against a set of predefined targets and tie it to the Myriad hotel/chain’s profit and loss. He wants to make sure that everything that relates to hiring, training, payroll and work conditions, is in line with the business’s strategy through key-performance and key-business indicators. His intention is based on the service-profit chain approach, aiming to link staff performance and HRM metrics to customer-based data and finally to the overall company financial performance. That is the reason why his assistants also included data on occupancy rates (**provided in the text**). Stefan has also designed an organizational chart, and documented new rules, regulations, and disciplinary codes for each department. He wants to provide training related to standard operating procedures (SOPs). There will be job analyses built upon questionnaires and inventories. The time and movement necessary to perform the components of a job will be measured. Positions should all be specialized. For Stefan, too many employees currently have ambiguous and overlapping positions, as can be seen in the customer data. Specialization of functions and positions, in Stefan’s eyes, would clarify individuals’ accountability and allow better person-power planning and staffing and a better pay policy. Indeed, Stefan thinks that the Myriad hotel/chain is currently overstaffed (**See Personnel Data to assess that belief, by using the number of rooms [provided in the text below], occupancy rates [provided in the text below], and headcount and full-time equivalent staff numbers**). However, considering that the company will soon double its capacity – although several employees are planning to leave the Myriad soon – the hotel may not need to hire too many new employees. This is what Stefan thinks, at least, looking at the Personnel Data, about work visa end dates. Stefan also believes that staff is overpaid, while their qualification is too low (**See Personnel Data to assess that belief, by using the salary averages, and current staff salaries and benefits, as well as qualification levels**).

To enhance the job-person fit, Stefan wants recruitment practices to include realistic messages about the job and the organization, so that applicants are provided with a preview of their work environment. The employer brand would be based on realistic promises to applicants and employees, notably about merit pay and fairer rewards and processes (**See Personnel data, to check equity in salaries and benefits, based on gender, age and seniority for instance**). Stefan wants the selection process to be more formal, similar to what was done to hire his two assistants. His plans also include procedures aimed at distributing, coordinating and controlling tasks among line employees to clearly state what they have to do and how to do it. In this way, bottom-line employees

would not need to talk to each other while executing their specific tasks, and therefore, would be more productive and efficient. To emphasize the connection between an individual's work and the hotel's bottom line, individual incentives will be based on individual productivity. That is the reason why data were gathered about staff's absenteeism so far. But for Stefan, many other metrics are needed to really estimate staff's productivity. Stefan particularly finds it detrimental that Charles refuses to formalize the performance appraisal process and tie it to staff management decisions. While for Charles a formal performance appraisal system means too much control and pressure over people, Stefan considers it as a source of critical data necessary to run the company efficiently. Stefan regrets that his assistants were unable to collect data about staff performance, although they were able to gather data about absenteeism rates (**See Personnel Data, including no specific data about staff job performance, except the Customer Data, which contains customer satisfaction on personnel attitude and efficiency**). To make administrative decisions regarding pay increases and vertical promotions, Stefan thinks that managers should rate Myriad hotel/chain's employee performance on a scale from 1 to 5, considering quotas:

1. *Superior performance – 10 percent of employees;*
2. *Very Good performance – 20 percent of employees;*
3. *Good performance – 40 percent of employees;*
4. *Fair performance – 20 percent of employees;*
5. *Poor performance – 10 percent of employees.*

## **Mr. and Mrs. Martin's decision-making drivers: soft rumors and/or hard data?**

Mr. and Mrs. Martin must make their succession decision: who should own and run the Myriad hotel/chain and who should inherit the family's real estate?

Recently, they held discussions with senior staff who ended up quitting the Myriad hotel/chain about employees who do not pull their weight and managers who protect their friends and look the other way when things are not going well. Since Mr. and Mrs. Martin announced they would bequest the Myriad hotel/chain to one of their twin sons, and most likely the elder son, there is an assumption among employees that if you are friends with a manager, like a member of Charles' teams, then you will keep your job for life. Senior staff who left the Myriad hotel/chain also told Mr. and Mrs. Martin that new hires, the ones who joined the company less than one or two years ago, are far from loyal, have low integrity and conscientiousness. It is said that most of newly hired employees do as little as possible and managers are reluctant to discipline them because they are probably someone's family member or friend. Tardiness and attendance problems, which were revealed throughout the Excel file creation process, were also mentioned by staff who left the company but kept contact with Mr. and Mrs. Martin (**See Data file for analysis purpose, variable absenteeism**). Several former staff members recently complained that the Myriad hotel/chain had become a workplace where everyone protects their friends and family, and employees have little accountability. Some employees, who had not dared to criticize Mr. and Mrs. Martin's sons thus far, have started to complain recently to Mr. and Mrs. Martin about the unfairness of the total pay policy (**See Data file, to check equity in salaries and benefits, variables healthplan and salary, based on gender, age, seniority, qualification, and absenteeism for instance**). Mr. and Mrs. Martin also heard that there seems to be no more orientation and no more follow-on training. The latest rumors to reach Mr. and Mrs. Martin's ears were about training and development: "*Maybe management*

*expects that training would occur on the job, with staff sharing their knowledge with one another. But the incentive system does not reward this, while advancement opportunities are rare at the Myriad hotel/chain.”*

## Additional information about the data

The table below provides additional information on the hotel Myriad, which might be relevant for some inquiries.