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Boutiquehotel Stadthalle Wien, Austria

- Type of restructuring:
Business expansion
- Employees before restructuring:
10-49
- Employees after restructuring:
10-49
- Nace/Sector:
Hotel / restaurants
- Country:
Austria
- Date:
26/03/2012
- Keywords:
Greening

Abstract

The owner/manager of the Austrian Boutiquehotel Stadthalle Wien was surprised by the media interest that was sparked when she expanded her premises to make it the first zero-energy-balance hotel in Vienna. By taking advantage of this, she achieved national and international awareness for her hotel. Two to three years after the restructuring, her company's performance is not only considerably higher than anticipated, but the hotel has also received several awards and has been the subject of numerous national and international press articles.

Organisational profile

The Viennese three-star Boutiquehotel Stadthalle Wien is the world's first zero-energy balance (ZEB) hotel in urban areas. The hotel has 80 rooms, 38 of which are located in a new building, the construction of which is the subject of this case study.

Respect for nature and its resources can be seen in all the company's activities. For example, the hotel uses solar energy for heating and rain water for toilet flushes. Guests are also offered a 10% reduction on their room price if they travel by train or bike. If they have electric cars they can charge them for free at the hotel's electric fuel station. Also, the substantial breakfast buffet consists, as far as possible, of organic food.

Michaela Reitterer is the sole owner and manager of the HS Hotelbetriebs GmbH of the Boutiquehotel Stadthalle Wien which administers the hotel and the real estate. Furthermore, she is the chair of the Österreichischen Hotelvereinigung (ÖHV), the Austrian association of hotels. Before she bought her parents' business in 2002, she ran a travel agency and worked as assistant to the chief executive officer of a catering company.

The Boutiquehotel Stadthalle Wien employs 32 staff members, which corresponds to 26 full time equivalents. Skilled and unskilled workers as well as administrative staff are active in four areas: housekeeping, breakfast service, reception and utilities management. There is no works council in the company.

Background to restructuring event

In 2002, Michaela Reitterer bought the hotel 'Zur Stadthalle' from her parents and decided to consider 'environmental awareness' as the main vision of the company. Her parents were already interested in this issue and their hotel had been certified with the Austrian 'Ecolabel'. Michaela Reitterer wanted to follow this route. Just after taking over the hotel in 2002 she had a solar energy plant installed. It is important personally for her to use natural resources and environmentally friendly and protective measures as far as possible, even if this does not immediately result in financial savings for the business.

In spite of the fact that, with the solar energy plant and the other environmentally friendly measures, the hotel was already the leading hotel with regard to the environment and sustainability in Vienna at this time, Ms Reitterer did not feel these measures were sufficient. Consequently, in 2007 she started planning a ZEB hotel which was to be an expansion of the initial company. At the same time, the original hotel was to be renovated to guarantee a coherent character of the whole company.

The aim of the restructuring was to increase the level of ecological sustainability the company was already embracing. Michaela Reitterer was more inspired by her personal interest in using natural resources than by the business idea.

Restructuring processes

Next door to the hotel which Ms Reitterer had bought from her parents, there was a residential building in a poor structural condition, which she also owned. She decided to have this demolished and a new hotel building erected in its place to expand the existing company. This new building was planned as a ZEB hotel.

When Ms Reitterer started in 2007 to develop her idea for a ZEB hotel, she soon realised that this was nationally and internationally an innovative issue. Environmental considerations were not yet very widespread in tourism or the economy in general, but there was increasing interest. Accordingly, there were hardly any experts available for her to approach.

As a consequence, it was mainly Michaela Reitterer who planned the new building, in cooperation with a technical planner and an architect. She describes the development of the ideas as a joint process. In the beginning, she pinpointed her objectives and received feedback from the technical planner and the architect regarding the feasibility and implementation of her ideas. However, the two soon realised what Michaela Reitterer wanted and made suggestions themselves. Some of them were incorporated, some rejected. In the later process – during the construction site meetings – other craftsmen and specialists involved in the construction of the new building also made suggestions that were jointly evaluated.

The planning phase took about one year, during which Michaela Reitterer met the technical planner and the architect about every two to four weeks. The entrepreneur describes this process as 'intensive'.

During this year, the required construction and operating approvals were applied for and received. Long waiting periods were experienced. However, this did not delay the progress of the project.

At the end of 2008, the construction of hotel began. The new six-storey building had 38 guest rooms. It was concrete with a façade specific to a ZEB house. The new building is a stand-alone structure, linked to the initial hotel only in the cellar and the ground floor. Plastic pipes through which water is circulated were installed in the massive ceilings and walls, enabling controlled heating and cooling. Furthermore, a photovoltaic plant was installed.

During the construction of the new building, the original hotel was also renovated (being given for example, a new heating system, new windows, and LED lighting) to ensure a coherent and authentic link between the existing hotel and the new building. At the beginning of the renovation, the original hotel was completely closed. During this period guests were accommodated in a nearby little boarding house also belonging to Ms Reitterer. One of the rooms of the boarding house was temporarily used as an office to administer sales and reception.

Of the 18 staff members working at this time at the hotel, about six or seven were employed in the boarding house during the renovation. These were mainly receptionists and cleaners. The other employees were temporarily dismissed (for differing durations, but with a maximum of four months), but given a written offer of reemployment. After completion of the renovation, all of them were reemployed. The employees could freely choose whether they wanted to be employed during the renovation or not, and the majority opted for a brief break which was, for example, used for travel or child care.

The atmosphere within the staff was positive, even somewhat euphoric due to the opportunity of participating in such an innovative project. This can, for example, be shown by the fact that the temporarily dismissed workers repeatedly visited the construction site to see the progress.

As the renovation progressed an increasing number of rooms were rented in the original hotel, and hence the business activity and employee number increased. Potential guests were clearly informed that construction was taking place and prices were adjusted accordingly. These 'facelift prices' were favourable for the guests and also cost-effective for the hotel. With the progress of the construction – and the quieter it became – prices were increased again.

The construction of the new building, for which Ms Reitterer herself conducted the site supervision, lasted about 11 months. The opening of the

new building took place on 27 November 2009.

When Michaela Reitterer developed her restructuring idea in 2007, she was aware that her ZEB hotel would be the first in Vienna, but she was not aware that she would also take a leading role in city tourism internationally. Accordingly, as soon as her idea became public she was surprised about the media interest. Nevertheless, she immediately took advantage of this for marketing purposes, to achieve national and international awareness for her hotel.

The restructuring was financed by a leasing company which drew up an agreement relatively quickly, and without major difficulties. The leasing company recognised the innovation and appreciated it, and it saw some potential for know-how and knowledge transfer for itself.

Challenges and constraints of restructuring

A challenge in the restructuring process was the novelty of the idea. Michaela Reitterer repeatedly encountered people who made statements like 'this cannot be done, as such a thing does not yet exist'. This resulted, for example, in long durations before required authorisations were granted as the authorities had to be convinced about the new ideas first, or there were no any standardised procedures for authorisation. Other challenges were the refusal of the banks to finance the project as the innovative concept was considered as unrealistic or too optimistic, and the very limited access to public financial support.

Another aspect of the novelty of the idea was that there were no or hardly any experts in the field for Ms Reitterer to consult. This situation has since improved, and due to her experience the entrepreneur now knows specialists in various fields who can support her in the further development of her ideas.

Restructuring advice and support

Michaela Reitterer involved a technical planner and an architect in the planning of the ZEB building. The technical planner was recommended to her by the environmental advisor who awarded her the Austrian Ecolabel. The technical planner, in turn, recommended an architect with whom he had already built a ZEB building.

She was very satisfied with this cooperation and would happily work again with this team, despite the fact that there are now more experts in this field.

Further support from private consultants was not used. Ms Reitterer carried out all meetings/discussions with banks or authorities herself and conducted the construction site supervision.

She received a small financial grant from the city of Vienna for the erection of the photovoltaic plant. However, this was paid for two years after it was built. Furthermore, she received a small grant from the climate energy fund, stemming from EU funds.

With regard to public support the entrepreneur wishes, first of all, that she could have had better understanding and open-mindedness from the authorities, followed by financial support and technical advice.

Outcomes of restructuring

The new building not only expands the original hotel but also offers a zero-energy balance. The hotel heating uses water heated by a 130 m² solar energy plant. A ground-water heating pump, three wind wheels and the more than 80 m² of large photovoltaic plant create so much energy that not only can the energy needs of new hotel be entirely served, but energy can also be emitted to the original hotel and the ecological electric supply network. The filling of the toilets' flushing tanks as well as the watering of the garden is done through a rain water collection system. The fresh air for the controlled air conditioning is warmed by a solar energy plant, and during the summer the building can be cooled by cold ground water which is pumped through the concrete ceiling. Thereby, the company does not have to use energy-consuming air conditioning, and energy consumption is also reduced by the use of LED and energy saving lighting reduces.

In 2012, more than two years after the restructuring, company performance (guest numbers and sales) is about 20% higher than initially expected. The new building and the renovation of the initial hotel resulted in a doubling of the hotel's capacity which also led to an increase of the number of employees from 18 to 32. New positions were also created, such as a quality manager and a person responsible for dealing with social media.

At the same time, it has to be mentioned that the company restructuring brought about changes for the employees which were not thought of as positive by all of them. There were, for example, staff members who could not cope with the higher pressures related to the now larger hotel. Two of the initial workers left the company for this reason, which can be seen as negligible, bearing in mind the generally high staff fluctuation in tourism. However, there are also employees who feel the current hectic business activity is inspiring and for whom the visits from ministers or EU clerks as well as the media spotlight on the hotel is motivating and rewarding.

Before the restructuring, the entrepreneur expected the changes to improve business. However, she did not expect that the results would be so

positive. Business development and progress are now also closely monitored (sales, number of guests), and marketing is strategically conducted.

The restructuring was carried out according to the initial concept, but went beyond this in some fields as it was only during construction that some aspects materialised which the entrepreneur could not have foreseen. For example, it became gradually apparent that the guests expected breakfast to be organic, although this is only in a wider context related to the ecologically sustainable concept of the hotel. Nevertheless, this concept was developed in a flexible way, based on demand. To a certain extent also diversification can be seen to have taken place, as next to the hotel's day to day business activities now there are also activities related to ecological sustainability. For example there are daily tours of the hotel to show the innovations to interested people.

From a personal point of view, the process of planning and implementing the restructuring was a very intensive process for the entrepreneur. However, she did not experience this as such, as she worked towards her objective in a very concentrated way. Only at the end did she realise how exhausting the process had been.

The company is the role model for environmental friendliness and sustainability in tourism in Vienna and has been awarded the EU Ecolabel as well as with numerous Austrian eco awards (for example, Ecolabel of the Republic of Austria, eco award of the city of Vienna, climate protection award, Green Brands Certificate). Furthermore, the hotel is showcased in numerous national and international press articles and events as a successful practical example of what can be done in this field. Ms Reitterer presumes that the reason for this interest from institutions and media is based on the tangibility and the success of her project. Her example shows that measures for ecological sustainability are not only theoretical scenarios, but can be realised in practice and work well.

Together with her team, Michaela Reitterer again and again initiates new projects, particularly to raise awareness among international guests on the topic of sustainability and environment. As a sign of success the entrepreneur would like to further expand the hotel.

Commentary

The restructuring of the company was a very ambitious undertaking as there were no national or international reference projects for the entrepreneur to follow. However, Michaela Reitterer was of the opinion that somebody needed to make the first step and was willing to take this role. She wanted to show colleagues in the industry, guests, banks and supporting authorities that such an undertaking not only is ecologically valuable and economically sound, but can also set an example for Austrian tourism. To other people thinking of following her example, Ms Reitterer recommends not getting diverted by scepticism from authorities or banks about innovative entrepreneurial ideas, but to question this scepticism in order to arrive at a situation in which arguments and discussions are purely factual.

The entrepreneur mentions the support and motivation of her employees as an important success factor for the restructuring. In this respect, it is important to communicate to the staff from the very beginning the reasons and plans for the restructuring and to get their commitment. A personal management style, as well as the personal commitment by the entrepreneur, are good ways of achieving this. At the same time, the individual needs of employees need to be considered, for example by offering job security if such is necessary while finding other motivators (such as the possibility to participate in innovative developments) if this is more suitable.

Also the optimal timing – to be involved from the very beginning in a new development which later on proved to be seminal – considerably contributed to the success of the new idea.

The entrepreneur sees an important difference between SMEs and large companies: on account of their small scale, SMEs can present their concepts and visions in a way that is more authentic, practical and closer to the needs of its customers, which is a big advantage..

Michaela Reitterer is very willing to share her experiences, participate in national and international discussions of the topic and advise sectoral colleagues in Austria and abroad. She does not think that this could harm her business due to increased competition as she thinks that the market is large enough and can further benefit from increased customer awareness.

Finally, she applauds the recent trend of including successful entrepreneurs in think tanks, thereby leading to a better liaison of economy, science and policy. In her opinion, this is advantageous for the creation and implementation of innovation.

Author

Irene Mandl, Eurofound

Information sources

Interviews

Michaela Reitterer, owner and manager, Boutiquehotel Stadthalle Wien

Company address

Company website

<http://www.hotelstadthalle.at/en>

Practical company examples

respACT — austrian business council for sustainable development: <http://www.respect.at/site/projekte/praxisbeispiele/database/359.html> (10 August 2012)

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Eurofound, Wyattville Road, Loughlinstown, Co. Dublin, D18 KP65, Ireland

Phone: (00) 353 1 2043100

E-Mail: information@eurofound.europa.eu

Press: media@eurofound.europa.eu



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