

Module 4 – Presentations - Business Case –

zAnta Boutique Hotel

Background

In March, 2015, Anson Wong, CEO of zAnta Boutique Hotel was sitting in his office and wondering where it all went wrong. He was about to meet with his father, Michael Wong, the previous CEO and founder of zAnta Hotel (as it was previously known), to explain the reasons why the Hotel revenues had dropped by 40% since it was reopened a year ago. Anson wasn't sure what he was going to say. He and his father has meticulously planned the rebranding and restructuring of their family hotel into a boutique hotel aimed at business travelers and a younger and more affluent clientele. He felt he was letting down his father and his family, especially as they had entrusted him to turn around the fortunes of the business. There were issues related to staffing, customer service and the hotel's social media profile that needed to be addressed. Michael Wong, under medical advice, had retired once zAnta had reopened. His son was afraid that the recent disappointing performance of his family's hotel might lead to his father deciding to come out of retirement.

zAnta Family Hotel Background

Michael Wong's family had made a fortune selling and trading of jade and gold in Hong Kong since 1901. Michael was the second oldest of five brothers, and decided not to continue in the family jade and gold business. Instead, he wanted to use his share of the family money to start a hotel near his family home, in a peaceful area of western Hong Kong in 1975. As it was situated in a serene coastal area, he decided to name the hotel, *zAnta*, the Sanskrit word for peaceful. Michael Wong worked hard to build a successful hotel that catered for families hoping to escape Hong Kong's busy inner city areas and enjoy the natural seaside environment. By 2010, the area surrounding the hotel had developed rapidly and was in the middle of a new business district that had been developed by the government to facilitate e-commerce. The originally peaceful and serene environment had been replaced by office blocks and commercial buildings. Visitors to zAnta had steadily declined due to this changing environment and Michael Wong decided he needed to change his business strategy. Mr. Wong was approaching his 75th birthday and wondered whether he wanted to lead the restructuring of his hotel into the 21st century. He called upon his son, Anson Wong, for advice.

zAnta Boutique Hotel

In 2010, Anson Wong had just returned to Hong Kong after working as a mid-level manager in one of Europe's leading 5-star hotels for 10 years. Anson had studied at the premier hotel management school, Ecole Hôtelière de Lausanne in Switzerland and also completed an MBA degree at Harvard Business School. He had always wanted to follow in his father's footsteps, and relished the challenge of restructuring the family business.

The Wong family's hotel was the only one in the area of western Hong Kong and they saw an opportunity to convert their family oriented hotel into a boutique style hotel focused on capitalizing on business travelers and young affluent holiday makers looking for a trendy place to stay during their visit to Hong Kong. Wong senior and Wong junior planned the hotel's transformation over four years and reopened in January 2014. They had completely rebuilt the hotel interior to extend the capacity from 200 to 500 rooms and equipped the entire hotel with modern furnishings and facilities. New staff were also recruited to handle the hotel's increased capacity and new direction. The Wong family had high hopes and aspirations for their business.

Human Resources

Anson Wong had let his seasoned hotel manager, Sarah Smith, who had worked for his family for the past 15 years lead the recruitment drive for the new hotel. Wong Jr. only recruited one person, Amanda Liu, as assistant hotel manager. Anson and Amanda had both studied and worked together in Europe and had a strong working relationship. Sarah Smith had to recruit relatively young and inexperienced staff because she had a limited budget after most of the family's capital had been invested in rebuilding the hotel.

Problems started to arise when Liu reported to Wong Jr. that the hotel staff had formed into two distinct divisions, the old staff from the period under Wong Sr., and the new young staff hired for the 2014 rebranding of the hotel. Although, Smith recruited the new staff, she tended to show favor towards the old staff and this exacerbated the tensions between the two divisions. The matter was not helped when the new staff found out that their pay and benefits terms varied considerably in comparison with the old staff, despite similar positions and job duties. The morale of the young staff started to decline especially since they knew that their language skills and education levels were in fact superior to the old staff. In contrast, the older and more experienced staff felt the new recruits were not showing them sufficient respect. Resentment between the two groups was growing and the tension was becoming problematic, especially when both groups had to work together to serve the hotel guests. The tension was not only restricted to the hotel staff but also management. Sarah Smith knew that Amanda Liu was a trusted confidante of Wong Jr. and that Amanda had been reporting problems to Anson without going to Sarah first. This was putting a strain on their working relationship.

Customer Service Quality

Despite the decline in business of the old zAnta hotel, customer satisfaction levels had remained consistently high, at around 90%. However, within the first six months of the hotel's reopening in 2014, customer satisfaction levels had dropped to 50%. The main customer complaints included rude and inattentive hotel staff, language communication problems, long waiting times for room service and unclean bathrooms. It was clear that the two staff divisions were not working together well and customer service quality levels were suffering as a result. Staff turnover levels were also beginning to increase as the new young staff began resigning. Smith tried to recruit more young staff, however, the problems continued. The previous customer relationship manager had retired before the hotel's 2014 reopening, and Amanda Liu recruited Derek Price, her brother-in-law and IT specialist, to fill

this position. Price was also given the responsibility of raising zAnta's online presence and social media profile. Price was spending most of his working time on developing the hotel's online reputation and neglecting his customer service management duties. Smith had specifically instructed him to implement a new customer relationship management system but instead Price was following orders from Liu and Wong Jr. to focus on using social media to boost the hotel's business.

zAnta's Online Presence

The pressure on Derek Price was beginning to take its toll, especially since customer satisfaction levels had dropped to 50%. In a moment of desperation, he asked some of the younger staff to post numerous positive reviews on hotelguides.com, a popular hotel review website. Unfortunately, Price had neglected to factor in the hotel's Facebook page, which had received negative posts from previous guests and unhappy customer reviews. Now Price was in a dilemma because the two websites obviously showed conflicting information. He was also worried that the staff who resigned were going to expose him.

Anson Wong had numerous situations to manage and resolve. He knew he should have monitored the hotel situation more closely after its reopening but he had been preoccupied with finding more investors for his hotel. He began to regret his decision of entrusting his Hotel Manager to oversee the hotel's transition without proper supervision especially since it meant that his father might have to come out of retirement to provide help and assistance.

Case Data

Exhibit 1 – Room Occupancy Rates – Mar 2014-Feb 2015

Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
351	303	360	405	379	362	288	259	252	230	254	219

Exhibit 2 – Customer Surveys and Satisfaction Ratings

	Number of Customer Complaints			
	Mar – May 2014	Jun-Aug 2014	Sep – Nov 2014	Dec 2014 – Feb 2015
Staff Attitude	5	10	25	33
Language & Communication related	2	8	11	15
Room Service	3	6	13	12
Room Hygiene	2	5	6	8
-	-	-	-	-
Average Customer Satisfaction Ratings	85%	50%	45%	50%

Exhibit 3 – Staff Satisfaction Survey Results

	Mar – May 2014	Jun-Aug 2014	Sep – Nov 2014	Dec 2014 – Feb 2015
Staff Satisfaction	87%	73%	58%	53%

Exhibit 4 – Staff Levels

	Mar – May 2014	Jun-Aug 2014	Sep – Nov 2014	Dec 2014 – Feb 2015
No of Old Staff Resignations	1	0	1	2
No of New Recruits Resignations	5	15	20	19
New Recruits Required	6	13	16	22

Staff Numbers	72	70	65	66
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