

teaching note

The Hospitality Institute at Mattamuskeet Lodge: A case study of a small business proposal

Summary

This case focuses on the proposed development of a social business that includes the conversion of an old pump house building on a lake in a wildlife refuge in eastern North Carolina that housed a hunting lodge to a hospitality operation that incorporates an education and training component as well as a revenue generating function. The proposal considers the development of the Hospitality Institute at Mattamuskeet Lodge that would serve as a training facility for local residents free of charge, provide educational opportunities for students at a university nearby, and operate as a hotel and resort business with a social business structure. The lodge contains an observation tower, guest rooms, a kitchen, a restaurant, and a ballroom, and could also house a museum. The lodge is included in the National Historic Register and is located on the picturesque shore of Lake Mattamuskeet, an area beloved by hunters, fishermen, birdwatchers, boaters, and historians (Mattamuskeet Lodge, 2012). It is located in rural, eastern North Carolina in Hyde County, a sparsely populated, economically disadvantaged area. Business, environmental, and social sustainability will be essential to the learning environment of the institute. Long-term viability requires that the lodge make a profit through room and catering revenues and other supplemental lines of revenue. In addition to the room revenue and food and beverage revenues, other possible revenue lines include outfitter rentals (kayaks, canoes, fishing gear, etc.), wildlife tours, educational programs, a campground, a grocery store, and concessionaire rentals. The purpose of this case is to explore how the unique development of a property might enhance sustainable tourism opportunities in a relatively undeveloped rural area. Questions and concerns are raised about the challenges this proposed development faces to be able to operate effectively.

Teaching and Learning Objectives

Below are the teaching objectives of the case, followed by examples. These provide opportunities to understand and explain decision making processes of lodging and resort operators in a social business context. The teaching objectives of the case are to:

1. Analyze the benefits and drawbacks of the development of a social business related to hospitality and tourism.
2. Demonstrate an understanding of current principles of the study of lodging and tourism by identifying them in the case study and by students providing further examples of their own.
3. Evaluate the proposed conversion of a historic building to an education and training center and lodging operation and explore alternative ideas.
4. Suggest themes in sustainable tourism and practices for lodg-

ing and resort operators at facilities with similarities to those of the proposed project

5. Recommend ways and means to provide training for hospitality students and employees in authentic settings via a social business concept.

Examples of information related to the case's teaching objectives are presented below.

1. *Analyze the benefits and drawbacks of the development of a social business related to hospitality and tourism.*

Benefits of the proposed project include that the Hospitality Institute of Mattamuskeet Lodge would have a partnership with a nearby university's hospitality education program. The project offers the advantage of a creative social business concept that engages the local community to resolve issues of poverty and a lack of education and training. The partnership would be funded by hotel operations and private donations, while providing unskilled adults with training, in addition to business and life skills, to work in other commercial hospitality properties. If implemented, this proposal offers multiple benefits for Hyde County residents including permanent job creation, job training, sales tax benefits, and supplemental demand generation benefitting surrounding businesses. The project also offers opportunities to increase tourism in the county and to offer tourists and residents unique experiences and activities. In addition, students from the university's hospitality program would benefit by being part of the teaching and learning processes as interns, employees, mentors, coaches, and trainers. The management team for the lodge would also be part-time faculty members at the university's hospitality program and therefore, provide the social business with expertise and additional education resources. It is also estimated that there will be a substantial catering and banquets market, thus allowing the operation to make a profit in multiple additional revenue lines as well as the room revenues and other money-making ventures noted above.

Possible disadvantages of the proposal include the considerable investment of time, money, energy, and human resources needed to make the project work. In addition, location could be an issue. Hyde County is a sparsely populated, rural county in eastern North Carolina that currently has few visitors and lacks infrastructure.

Students are encouraged to think of other ideas for tourism

ventures that involve social business concepts and are encouraged to research unique social business that have been implemented already around the globe.

2. *Demonstrate an understanding of current principles of the study of lodging and tourism by identifying them in the case study and by students providing further examples of their own.*

Students will need to understand the use of numerous terms in the case study. These terms are defined below.

Definitions of Key Terms

ADR: Average Daily Rate; the weighted average of all rooms sold and rates charged. Total room revenue / occupied rooms.

Occupancy: The number of room nights filled versus room nights available. Total occupied room nights / total room nights available in the market.

RevPAR: Revenue per Available Room. A metric indicating revenues generated for the hotel per number of rooms. Total Room revenue/ total rooms available; also expressed as Occupancy % X ADR. Comp Set: Hotels judged to be in competition with the “subject” hotel.

Area Review: Assessment of the economic health of your neighbor, market, region; including demographics and economic indicators.

Room night: The number of rooms in a hotel multiple by the number of days open. E.g. a 100 room hotel open for 365 days per year has 36,500 room nights to sell.

Social business: A business developed that has as one of its goals to benefit the local economy, its people, and society. A social business sits in a space between the three traditional sectors of the economy: for-profit businesses, non-profit businesses and government. It seeks to make progress in solving community problems, as do non-profits and government, but also seeks to do it in a way that is not dependent on tax payments or grant funding. Unlike traditional for-profit businesses, social businesses reinvest profits into the enterprise, enabling them to grow and sustain the business over time (University of North Carolina, 2012).

Training: Refers to teaching connected to job-related skills that is timely and that will apply immediately (American Hotel & Lodging Association, 2011).

Sustainability: A current usage of the term, developed by the United States Environmental Protection Agency (2010) defines sustainability in the following manner as: the satisfaction of basic economic, social, and security needs now and in the future without undermining the natural resource base and environmental quality on which life depends. From a business perspective, the goal of sustainability is to increase long-term shareholder and social value, while decreasing industry’s use of materials and reducing negative impacts on the environment. Common to both the public policy and business perspectives

is recognition of the need to support a growing economy while reducing the social and economic costs of economic growth. Sustainable development can foster policies that integrate environmental, economic, and social values in decision making. From a business perspective, sustainable development favors an approach based on capturing system dynamics, building resilient and adaptive systems, anticipating and managing variability and risk, and earning a profit.

3. *Evaluate the proposed conversion of a historic building to an education and training center and lodging operation and explore alternative ideas.*

This case study describes the proposed creation of an institute of hospitality to be housed at the Mattamuskeet Lodge in Hyde County, North Carolina. This Hospitality Institute, planned as part vocational school and part hotel business, would provide free job training to North Carolina residents. Mattamuskeet Lodge would function as a viable hotel business operation, providing job creation, while also offering opportunities to underprivileged adults in North Carolina by giving them, at no cost, the skills and education that will allow them to achieve gainful employment in a variety of hospitality organizations throughout the state and the nation, including hotels, resorts, casinos, clubs, and cruise lines, to name but a few. In the discussion, students are encouraged to find other examples of historic and innovative renovations.

4. *Suggest themes in sustainable tourism development and practices for lodging and resort operators at facilities with similarities to those of the proposed project.*

In addition to business sustainability, the lodge is an ideal location for the implementation and practice of “green” hospitality operations and exemplary human resources practices and thus, a sustainable hospitality and tourism resort. Students should be encouraged to research and think of a variety of ideas. Possible examples include that the lodge’s management staff members, employees, and trainees, and possibly North Carolina Wildlife Commission members could form an Environmental Committee that would be responsible for developing an Environmental Plan for energy, water, and solid waste management that uses the following “green” practices promoted by the lodging industry:

- Monitor the electric, gas, water, and waste usage information on a monthly and annual basis.
- Replace incandescent lamps with compact fluorescent lamps wherever possible.
- Install digital thermostats in guestrooms and throughout the hotel.
- Implement a towel and/or linen reuse program.
- Install 2.5-gallons per minute showerheads or less in all

- Install 1.6-gallon toilets in all guestrooms.
- Implement a recycling program –in private and public spaces -- to the full extent available in Hyde County and document efforts.
- Implement a recycling program for hazardous materials found in fluorescent bulbs, batteries, and lighting ballasts through licensed service providers.
- Purchase Energy Star labeled appliances and equipment.
- Purchase office paper products with 20% or more post-consumer recycled content. (American Hotel & Lodging Association 2012).

5. *Recommend ways and means to provide training for hospitality students and employees in authentic settings via a social business concept.*

Students are encouraged to be creative with their ideas and to engage in brainstorming and then further refinement of ideas. One option that the students might consider would be to have the lodge offer a wide variety of internships. Examples are presented below:

Hospitality Management. The lodge will require staff/interns in the three concentration areas of the hospitality management degree program at the university -- lodging, food and beverage, and meeting and event planning. The lodge has 14 guest rooms and will require front desk clerks and housekeeping staff. Restaurant and tavern style foodservice operations are planned and will be operated to serve the guests in the lodge and other guests who participate in activities and attend functions hosted at the facility. Therefore, food and beverage staff members/interns in front of the house and back of the house positions will also be needed. In addition, the lodge and surrounding areas offer a unique venue for meetings, reunions, outdoor activities, and other functions. Consequently, opportunities abound for those students interested in meeting and event planning to create demand for the facility through developing, planning, marketing, and delivering interesting, viable, and sustainable events and meetings.

Recreation and Leisure Management. To provide additional space for overnight guests, a campground with tent and recreational vehicle hook-ups is proposed to be developed. This additional venue offers a different product and provides opportunities for those students who might wish to focus on outdoor recreation and tourism to practice and develop leadership skills in capacity management and guest service. This option will also provide local entrepreneurs with concession opportunities.

Hospitality and Resort Services. Additional amenities and recreational services also provide opportunities for a wide variety of unique internships. Facilities and service intern-

ships could be offered to provide students with an interest in facilities management and maintenance with specific experiences related to their interests and needs. Recreation-oriented internships could be offered to students interested in leading outdoor activities and providing programming and interpretive services. For example, these interns could lead programs, workshops, and clinics on a variety of topics such as canoeing, kayaking, and fishing and could offer guided tours and interpretive services that might include history and bird watching. In addition to the outdoor service internships, there are opportunities for students with specific backgrounds and interests in biology and history to work in interpretive services. Retail-oriented internships could be offered in the retail/grocery store, outdoor equipment rental, and concessions operations planned for the site. Marketing internships could be offered for students interested in promoting the lodge and its outdoor and ecological activities, plus its suitability as a site for meetings and events, such as weddings and other celebrations. Sustainability internships could be offered for those interested in the triple bottom line of sustainability to provide not only environmentally sound practices such as recycling, but to also include attention to the socio-cultural context of the site, and its economic viability as a unique education and training facility and tourism attraction.

Students are encouraged to think of other ways that educational institutions can partner with community ventures that involve social business concepts.

Suitability for Use

This case is suited for use by instructors and students in undergraduate and graduate lodging and hospitality and tourism marketing courses, in settings where the instructors wish to provide students with opportunities to develop an understanding of lodging feasibility and sustainability issues and encourage them to think about and discuss issues critical to the success of a lodging facility with a unique social business focus of educating and training local people in partnership with a university.

Sources and Methods of Collecting Information for the Case

Information for this case was collected via an observation on-site at the facility and through reading the related literature and perusing related websites.

Related Reading

- Grove, A., & Berg, G. A. (2014). Social Business: Defining and Situating the Concept. In *Social Business*, (pp. 3-22). Springer Berlin Heidelberg.
- Polatoğlu, H. (2013). Why does Social Business matter? The ETİ group and social responsibility. *Social Business*, 3(4), 279-284.

Teaching Approach and Suggested Sequence or Timeframe

Instructors may use this case in a variety of ways. These include using the case as:

1. An individual, out-of-class written assignment
2. A group, out-of-class written assignment
3. An essay item on an exam—perhaps as a take-home exam question with extended time to process the case and to research the answers to the questions
4. A class discussion exercise for the entire class or in groups
5. Any combination of the above—including individual and group assignments and activities

This case could be assigned to read out of class and then a two to three hour in-class session could provide students with an opportunity to discuss and process the case carefully. This case provides much detail to help students process the idea of the institute. The case can be used over several class sessions if students are required to complete the points for discussion prior to class and then come to class either face-to-face or online ready to discuss the varied topics and issues related to the case, such as the need for profitability on the part of the lodge and the ways in which it is possible and logical to incorporate education and training. As an individual assignment in a smaller class setting, students might be assigned the case to read and answer several or all of the discussion questions, followed by a class discussion and comparison of their answers. On an exam, students might be challenged to read and analyze the case by identifying the problem and analyzing the situation and then deciding their particular views on the feasibility of this proposal and the various ways that it might be possible to make it a reality. The related reading might be assigned as part of the background research on the case before a class discussion to provide added depth.

Additional Discussion Questions

- What is a social business and why would this proposal be considered a social business?
- What do you need to consider when you introduce a new concept into a market?
- Is every concept profitable? Why or why not?
- How do you determine market demand?
- How could or would you drive demand for this proposed property?
- What facilities would you operate as potential revenue sources and why?
- What kinds of revenue could you potentially see from the rooms segment? Provide example scenarios.
- What other ideas do you have for a social business related to hospitality and tourism?