

*The Hiring Decision: Who Should Be The Next General Manager***Teaching Objective and Themes**

This case study is a real life example. The material for this case study has been taken from situations personally encountered in my 25+ years of operating hotels and positions in general management of individual and multi-unit hotel properties. The details have been altered slightly, the names removed, and a hypothetical hotel has been created to avoid any specific hotel and or individual portrayal. While this is a fictional hotel, each situation in this case study is based on circumstances experienced in my leadership career. Situations like this occur regularly and it is important that students are able to understand the dynamics of working in the hospitality industry, including the importance of leadership's effect on the success of a hotel. Furthermore, they can use this information to identify and develop those skills in themselves in preparation to be industry leaders. There will be multiple times in their careers in the hospitality industry where they will have to weigh input from various stakeholders from owners, management companies, franchisors, guests, suppliers, associates, family, and many more. A hotel leader's ability to create trust amongst stakeholders (Wang, Law, Hung, & Guillet, 2012) and consider each stakeholder's input, coming up with a decision that best benefits the hotel and its stakeholders will be crucial to navigating their career and operating a successful business.

The following are potential themes that may arise in your discussion of the actual outcome of the situation. Note that there are no answers given as "correct" answers because these questions are used to generate discussion. Where appropriate, I have added additional references that apply to the themes that might emerge from the discussion:

- What is considered ethical and appropriate in hiring (Bendick & Nunes, 2012)?
- Is nepotism ever appropriate in the work place (Padgett, Padgett, & Morris, 2015). This particular case dealt with a general manager. However, a manager may struggle to find enough help in departments like food service or housekeeping? Would it be a good idea to have multiple members of the same family working alongside each other? (Hiring practices)
- What skills are most important for general managers to possess (Tavitiyaman, Weerakit, & Ryan, 2014; Patiar & Wang, 2016; Ling, Lin, & Wu, 2016) ? (Transformational Leadership and Servant Leadership).
- Do the benefits of service in the community outweigh the benefits of the time away from the job? (Park & E. Levy, 2014) (Corporate Social Responsibility).
- Assuming the role of the management company, how would you handle the new general manager and his performance?
- While almost all actions will result in either financial gain or loss, what are some of the other consequences of poor leadership?

Target Audience

This case study can be used for both graduate level and undergraduate classes. The approach taken will be different depending on the target audience. When working with graduate students, it is suggested that you assign journal articles on the general topics prior to class that will be presented in the case and come to class prepared to discuss. For undergraduate audiences, it is suggested that you use periodicals or web references to prepare them for discussion. Periodical and web articles are generally broader in scope and can be an effective starting point of conversation generation. All target audiences should have a basic knowledge of the hotel industry including familiarity with words like occupancy, average daily rate, and revenue per available room. If that knowledge is not preexisting, then extra time will be needed to explain those concepts.

Class Instruction: (100 minutes)

1. Prior to facilitating this case study, assign the readings associated with this case study not including the instructor notes section. For undergraduate students, give them broad subject matters covered under the key words section of part 1 of this case. Have them search the web, periodicals, or journal articles in preparation for the class. Also have them read the case details before the class discussion.
2. Class facilitation part 1: (30 minutes)
 - a. Ask a student to recap the case study.
 - b. Discuss emerging themes related to the case study by listing student input on the board:
 - Potential methods
 1. Split the class in two and have half support the change in management and half argue for keeping the current general manager.
 2. Establish what the majority of the class feels and then play devil's advocate and try to sway their opinions
 - c. End with a vote on what decision should be made.
3. Class facilitation part 2: (30 minutes)
 - a. Handout the actual outcome section of the case study and allow them 10 minutes to read and ponder.
 - b. Discuss thoughts on the severity of the outcome and ask for opinions on whether this could be a realistic outcome or if it seems too drastic. Explain that this is a real situation

and the facts have only been slightly altered.

- c. Discuss new emerging themes that were not mentioned the first time. You can use the bullet points above for help in generating more discussion. These topics are by no means exhaustive and the flow of the conversation should dictate the direction of the case study.
4. Class activity: (30 minutes)
 - a. Have the students identify the real costs associated with this case study. Look at items like associate turnover costs (Tracey & Hinkin, 2008) the authors gathered data from thirty-three U.S. hotels and found that the costs of turnover were generally higher for (1. The cost of keeping a guest rather than finding a guest. The cost of unhappy associates on productivity (Kim, 2006). Take into account the cost savings of payroll due to the change in general manager and assistant general manager. Look at overtime costs. See if you can come up with an estimate of the total costs savings or loss. Look at short term and long term.
 5. Case Summary: (10 minutes)
 - a. Recap the case study and hand out reading assignment listed below in the suggested reading for discussion in the following class.
 - b. Discuss that even though the outcome in this situation is known, not all changes to hotel leadership result in negative outcomes. This case study could just as easily have had a positive outcome with improved financial performance while maintaining or improving service scores. Discuss what could have been done differently to minimize potential negative outcomes and maximize positive results

Actual Outcome

Shortly after the events depicted in this case study actually occurred, the current general manager was approached by a hotel development company who was interested in hiring him to open a new hotel in 8 months in a neighboring city. It was great opportunity for the general manager to experience opening a new hotel in a larger market. Additionally, he felt the opening would be challenging and invigorating. Because it was in a neighboring city, the general manager would not have to uproot his family and the benefits of taking the new job seemed to far outweigh the negatives. He decided to take the job; after all, even though it was never expressly communicated, he could tell the current ownership group was concerned with his salary and would like a general manager that placed more emphasis on cost control.

The management company was in full support of the decision and, being aware of the ownership's concerns, encouraged the general manager to pursue the new opportunity. A search for the new general manager began. Three candidates emerged as potential replacements.

One was a female candidate currently operating a like-branded hotel in a neighboring market. Her reasoning for wanting a change was the chance to operate a larger hotel. The second candidate was running a hotel in a larger market nearby, but had family connections in the city where the hotel was located, and this hotel would be slight upgrade in quality of his current hotel. The third candidate was the relative of the ownership group who was currently running a smaller hotel of similar quality in a much smaller market with vastly different clientele.

After a thorough interviewing process, two candidates emerged as possible replacements. The recommendation from the management company was that the relative be eliminated from consideration and the ownership group consider one of the other two candidates. The explanation given for the management company's decision were proximity of location to the other two candidate's current hotels, familiarity with the market, and experience. The average tenure of the 2 recommended replacement general managers was 12 years. The relative being considered had only 4 years of total hotel experience and only 2.5 years as a general manager. Despite the recommendation, the management company was told to hire the relative. He was hired at \$70,000.00 annually with a relocation reimbursement of \$5,000.00.

The new general manager started and true to his commitment to the ownership group, he focused on cutting costs, and had some great ideas for doing so. Among them was an effort to utilize the night auditor's down time to prep the breakfast area for service the following morning. This saved on labor cost in the breakfast area without affecting service. He brought a new set of eyes to the hotel and was able to focus on certain areas that the previous general manager had not. Additionally, because he was related to the ownership group he was able to access capital money to address some badly needed issues at the hotel.

His focus on controlling cost was almost singular and he implemented some provocative practices that were controversial. Any annual increases in salary were limited to 3% when the previous practice had been on a scale of up to 5%. He increased the number of rooms assigned to the room attendants to seventeen from sixteen. He limited staffing at the front desk to two people per shift regardless of arrivals, departures, or occupancy. Preventative maintenance in the rooms and been reduced from 4 times a year to only once a year and records were not be kept to assure it was happening at all.

Because of his focus on cost control, he was hesitant to rebate or accommodate guest requests. If a guest did not show up for his/her reservation, the guest was charged a no show regardless of circumstance. When responding to guest feedback on social media, he was quick to defend the hotel and slow to show empathy. His comments verged on aggression and seemed to defensive rather than empathetic. Rebates for poor service were not allowed unless approved by the general manager. Instead of an environment where empowerment was encouraged, a culture of micromanagement began to form. The monthly associate

appreciation lunches were stopped because of the cost and when equipment was needed it always seemed to be delayed until the next month. Soon a lack of equipment started impacting guest service.

The housekeepers soon began to complain and when their complaints fell on deaf ears, they quit. This had three effects. First, those who could not quit because of circumstance worked extra hours incurring overtime. This negated any cost saving of adding the one extra room per shift that was thought to increase productivity. Second, the rooms were not being cleaned correctly increasing the number of cleanliness complaints and resulted in guests choosing to stay elsewhere. Finally, the stress it caused on the executive housekeeper was too much to take and she turned in her two week notice. In order to keep her from leaving, she was offered a \$10,000.00 increase to stay. She hesitantly agreed.

The rest of the employees at the hotel were equally impacted. All of a sudden the spirit of service that had previously existed, turned into a culture of fear. They could not seem to keep employees. The line level associate turnover rate went from 36% annually to 200%. The service scores went from 40th in staff service to below 300, and the overall satisfaction score followed, bottoming out around 326 out of 400 hotels. The assistant general manager, who was the property service champion, had her hands tied. Suggestion upon suggestion by staff and management alike had been ignored and even mocked as an unnecessary expense. So after 15 years with company, and 7 years at this hotel, the assistant general manager quit. The new general manager looked at it as an opportunity to save money and did not replace the position leaving associates feeling even more underappreciated and under supported.

Before long, the service failures impacted the guest frequency and four of the hotel's top ten corporate clients switched to new locations. This did not set well with the director of sales as he knew it would affect his quarterly bonuses and would reflect poorly on his reputation in the city. Having previously won sales leader of the year for his brand, he was a highly sought after employee and soon had another job offer. When he went in to turn in his 2 weeks, he was offered an additional \$10,000.00 to stay and reluctantly agreed to do so. However, the damage had already been done and it showed on the STR (Smith Travel Research) where the hotel had slipped from first all the way to 5th out of 6 hotels.

In hard costs, the switch from the experienced general manager to the current general manager saved \$33,500.00 annually. An additional \$48,000.00 annually had been saved a few months later by not replacing the assistant general manager. He had been true to his word and implemented several cost saving measures. However, at what cost?

The pressure of running a larger, more complex hotel eventually got to the new general manager. He could not understand why his staff did not support him. He hated coming to work because there was

no social interaction. He was spending 60 hours a week at work and there seemed to be no break in the expectations. Every day he had to answer more negative guest responses and he was growing tired of it.

After 8 months on the job he had grown tired and quit. Within 18 months of the original general manager moving to a new hotel, this particular hotel was on their third general manager.

References and Suggested Additional Readings

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