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## **Outrageous**

By Michael Oshins

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1 Photo Source: Getty Images

The complexity and challenges of owning and operating a hotel have changed over the years. Traditionally most hotels were owned and managed by the same person (or company). In today's marketplace, several entities can be involved, including owners, developers, management companies, brands, affiliations/consortiums and asset managers, resulting in a far more complex organization. The following scenario (created by colleague, Dr. William Kahn) features the relationship between the hotel owner and general manager and highlights the impact of this important relationship on the organizational culture of the hotel. The case was posed to several industry professionals who were asked to use their expertise to advise on how they might respond to this scenario. The BHR would like to hear your opinion; please share your ideas in the comment section at the end of the article.

### ***Scenario:***

Steve Leighton, a seasoned hotel manager, is in his fifth year as GM of The Seaside Hotel, a mid-sized property that is part of the world-renowned 60-year old Oceans By The Sea (OBTS) hotel corporation. Seaside was purchased just a year ago by successful manufacturing magnate, Ben Reston, a first time hotel owner. Recently, Steve began receiving more and more emails from Ben, all marked urgent and all addressing matters of day to day operations in the hotel. Much to Steve's frustration, none of Ben's communication responded to Steve's repeated requests for increased investment in the physical upkeep of the hotel, despite the need for capital improvements to address wear and tear in the function rooms and suites at a time when several big corporate contracts were up for renewal.

Today, Steve arrived at the hotel and found a new string of escalating emails from Ben. The first one, from 8:00 p.m. the night before, had the subject line, "Outrageous," and read:

*Hi Steve. I wanted to let you know about the experience my nephew and his friend had at the hotel earlier tonight. I told them that we had a new chef and that they should have dinner at the hotel, my treat. When he called me later, he said he could not believe how rude the desk clerk was to him. My nephew said that he simply asked about getting a cab to go pick up his friend, I think—and that the desk clerk barely gave him the time of day. He asked to speak to you, but you were gone for the day, and the Manager on Duty was busy in another part of the hotel. My nephew said that the dinner was okay (I want to talk to you another time about the salads, which I still think are presented poorly) but that the whole interaction with the desk clerk just ruined it for him. As you can imagine, I was mortified. Please call me.*

The subject line of Ben's second email, this one from late last night, was "Pelham."

*Steve: I called the front desk and found out that the name of the associate who was so rude to my nephew was Pelham. I think I remember him. Wasn't he the one that messed up one of my wife's cousin's reservations last spring? I think so. Anyway, I want you to look into this. If he is making this many mistakes, he's probably not doing the job that we want. I certainly don't want someone like that representing my hotel. We can't afford a reputation for rudeness. The market is just too competitive around here. I'll call you tomorrow about this.*

Steve found this strange. Kevin Pelham was one of the best associates on the front desk. He had a reputation as unfailingly polite and unflappable, calm in a crisis, good with the guests and the corporate customers. Terry knew that there was certainly another side to this particular story. He opened the third email from Ben, sent earlier this morning with the subject line: "Changes."

*Steve. We really need to make some changes. It's not just this Pelham fellow. There are other associates I've noticed recently who are not doing the kind of job that we want them to. Some speak too quickly to the guests, like they're trying to rush them. Others are too informal in front of the guests. They need to be more professional. They need to be shaped up a bit. Maybe they'll perform better after we do something about Pelham. That might scare them some. That works in my business—when my staff is afraid for their jobs, they work better and faster. I'm sure it will work at the hotel too. Anyway, I'm coming in around lunchtime, and will want to meet with you then.*

Steve went to see Ilana Baylor, the Manager on Duty the previous night. Ilana was surprised that Kevin Pelham was the issue. She told Steve that it had been a bit crazy the night before. There were two wedding receptions, a corporate function, and several mix-ups with guest room reservations, and they had been short-handed at the front desk because one of the associates was called away by a family medical emergency. Ilana said that as far as she knew Pelham did a good job holding the front desk together. She said that she would call him to find out what happened with the nephew.

Steve found himself increasingly annoyed with Ben. It seemed, from the emails, that Ben wanted to take a decidedly more active role in managing Steve's staff. Steve wanted Ben's support. But wanting Ben's support and involvement was different from wanting him intruding in the hotel's basic operations.

Steve walked back to his office. He was not looking forward to dealing with Ben later that day, but hoped that he could find a way to make it constructive. He sat down at his desk, saw yet

another “Urgent” email from Ben, sent just minutes before. There was no message, just a subject line: “See you at noon.”

***1. What are the key issues you see in this scenario? Which issues do you think are most important?***

***2. What initial steps would you take to address these issues?***

## Response: Tim Kirwan, Principal, Hotel Creation NE, Boston, MA

### Key Issues in Order:

1. Communication protocol
2. Defined Roles
3. Management Philosophy
4. Mutual Respect
5. Mutual Goals

### Initial Steps to address these Issues:

1. Approach the meeting from an offensive not defensive position
  2. Imagine the roles (owner/GM) were reversed
  3. Present and execute a retraining program addressing service observations
  4. Ask to formalize and establish an FFE schedule
  5. Emphasize financial and GSS results
  6. Agree that management by fear yields at best short term gains.
  7. Propose weekly “coffee” chats to keep door open
  8. Offer to “walk” the hotel once in a while.
  9. Follow up to benchmark Owners perception status
- If all this fails, update CV.



**Tim Kirwan** is the Principal of Hotel Creation NE located in Boston, Massachusetts. Prior, Kirwan was the Managing Director of the InterContinental luxury property located on Boston's waterfront. No stranger to Boston, Mr. Kirwan has been the sure guiding hand behind the openings of the Hotel Commonwealth, the Cambridge Hyatt Regency and the Bostonian Hotel, which he served as Managing Director from 1982 - 1990.

As Managing director of Hotel Commonwealth he created a new destination in Kenmore Square which included thirteen boutique stores, the award winning Great Bay Restaurant with Michael Schlow and Chris Myers, as well as Eastern Standard Brasserie.

He was the General Manager of the 364-room Westin Hotel in Providence, which he also opened and managed with distinction and national acclaim for seven years. In addition, he is deservedly credited with playing a key role in the re-birth of the city of Providence, both through his service as chairman of the Providence Convention and Visitors Bureau, as well as for garnering positive exposure for the city as chairman of the Providence Film Commission.

## Response: John Murtha, General Manager, Omni Parker House, Boston, MA

Three key issues are apparent to me and they are, in order of importance:

**The owner's relationship to operations:** It's pretty clear that Ben wants his hotel to operate at the very highest standard, which is a laudable goal. But he has no idea how to motivate his team toward this end. His style might work in manufacturing, but not in a hotel. A seasoned general manager like Steve will quickly tire of Ben's constant interference. Experienced general managers are most effective when given measurable goals along with the autonomy and necessary resources to attain them. Being micromanaged demoralizes good leaders and creates resentment, even if both parties share the same goal. Steve needs to show Ben that his constant emails and negative assessments are counter-productive. He should suggest having a regular weekly meeting with Ben to go over the operation and get Ben's input, at which time he could report out on progress made during the past week.

**Turnover:** Ben seems to believe that firing people solves problems, but that's rarely the case. Turnover is expensive and generally leads to reduced service levels until new staff are trained and comfortable in their positions. Again, Steve should speak from his experience in the hospitality industry and attempt to educate Ben on what works and doesn't work. Let's hope Ben listens!

**Staffing levels:** It seems that staffing could have been more robust on the night when Ben's nephew showed up. I'd review this situation to see if it points to a systemic problem and make adjustments as required.



**John D. Murtha, CHA**, is a 37-year veteran of the hospitality industry. He is currently General Manager of the Omni Parker House Hotel in Boston, the longest continuously-operating hotel in America. He has been an adjunct lecturer in the School of Hospitality Administration at Boston University since 2001. He was recently inducted into the Hall of Fame by the Massachusetts Lodging Association. John graduated from the Hotel Administration program at the University of New Hampshire, where he is currently a member of the Hospitality Leadership Council and Advisory Board.

## **Response: Chelsea Salamone, Front Office Manager, Washington Hilton, Washington D.C.**

The interaction between Kevin Pelham and the nephew.  
The communication between Steve (GM) and Ben (owner).

Regarding the incident with Kevin and Ben's nephew, the first step to a resolution is to inquire about the situation with the employee. It is important to never go into a discussion, or disciplinary conversation, with an anticipated outcome. It is vital to allow employees the opportunity to express themselves and share their point of view. Once hearing from said employee, the supervisor should then elect an appropriate course of action, whether the issue conclude with the verbal conversation, or be taken a step further with written documentation Kevin may have felt frustrated during his shift because of the heavy traffic in the hotel and limited staffing, but it is important to stress to him the importance of hospitality. Without it, our business would not exist. On the other hand, while Ben might be quick to fault Kevin, the core of the problem could be a lack of staffing due to the call-off. This might entice the GM or Director of the Front Office to look into part time staffing for situations such as this. On call employees would reduce fluctuation in quality of service by stabilizing staffing.

A conversation with Ben is a must. It is common for someone with limited hotel operations experience to lack a complete understanding of the hotel culture. While Ben might believe disciplinary actions against Kevin would "scare" other employees and "shape them up," it is likely to damper the trust between Steve and his employees above all else by turning the situation into a "he said, she said". Steve should explain to Ben that he has spoken to Kevin regarding the situation, and has informed him how his actions were perceived by Steve's nephew. Steve should also share Kevin's explanation for the situation. Steve should then proceed to deliver appropriate disciplinary actions and keep record of the conversation, whether it is a follow up e-mail or formal documentation. It is important to be cautious of disciplinary actions because employers should preserve a good balance between a structured work environment and maintaining trust with their employees.

Steve should also converse with Ben regarding the hotel's discipline process. He should explain that he apologizes for the unfortunate interaction with his nephew, and appreciates the feedback as he takes guest's complaints very seriously. Steve should clarify his step by step process for situations such as these, and assure that it will be handled properly. Moving forward, Steve and Ben should agree on a form of communication which eliminates the frustrations and hostility exhibited in these e-mails.



***Chelsea Salamone** currently serves as a Front Office Manager for the Washington Hilton in Washington, DC. Prior to this position, she completed the Management Development Program for Hilton Worldwide. She also worked with Pinnacle Advisory as a consultant analyst, and held interim positions in various hotel departments including Sales and Finance. Chelsea Salamone is a graduate of Boston University's School of Hospitality Administration.*

## **Response: Cyrus Heydarian, Regional Vice President of Germany & Middle for Capella Hotel Group, and General Manager of the Breienbacher Hof in Dusseldorf, Germany.**

### **Key Issues:**

- 1) There is only a rudimentary relationship between the new owner of the property Ben and the General Manager Steve. Steve needs to take the lead on building a strong professional relationship with Ben.
- 2) There is neither a focused nor a sustainable communication between Ben and Steve. Ben receives 'snapshot' impressions from his 'circle of trust' about latest service issues. He forwards these information to Ben with his proposed guidance without listening to the concerning parties' first or awaiting Bens feedback to the recent happenings.
- 3) There is a lack of training. Associates need to always put each guest in the center of their attention during each interaction.
- 4) Steve needs Ben's commitment and approval for capital investment in FF&E. Strategic capital improvements need to be made in order to maintain the hotel adequately.

### **Initial steps:**

- 1) During the upcoming meeting at noon, I would listen to all of Ben's concerns first and take notes. A transparent, clear and repeated face to face communication between operator and owner is necessary in order to provide a sustainable and long lasting financial partnership, which is satisfying for both parties. A meeting agenda needs to include all important topics and track their progress.
- 2) I would find out what Ben's top three goals are. In general, owners expect
  - a) return on investment (ROI)
  - b) maintenance of their product and
  - c) building a positive reputation/ image.

I would build the meeting agenda around these mutual goals and would diplomatically discuss how to attain these goals in a sustainable way. Due to the high turnover and challenging maintenance in the day to day operation, hotels generally olden much quicker than comparable products like boarding houses, serviced apartments or other paid accommodations. For this reason most operators have contacted capital investment accruals related to the respective revenues. For example 3% FF&E accrual between year one and three after opening a new property, following 4%-6% of total revenue in the following years of operation depending on the standard of the hotel.

- 3) I would use a diplomatic approach to help Ben see the bigger picture, instead of letting snapshot impressions form his opinion. A strategic approach would be total quality

management: by reviewing existing processes and systems it can be determined what elements need to be revised in order to improve guest and owner satisfaction. I would strategically address the problems at hand and make progressive changes in attitudes, practices, structures and systems.

A first action item would be training and improved communication with the associates, e.g. raising the awareness/ knowledge about Ben and his family by using pictures and preferences. The Front office associates will be able to recognize and assist the key players in Ben's circle of trust more effectively.

A second action item should be interdepartmental cross training of associates, in order to use all resources strategically during peak business periods or when faced staff shortage. By providing lateral service, resources can be optimized and associates can assist where needed most.



Cyrus Heydarian is the Regional Vice President of Germany & Middle for Capella Hotel Group, and General Manager of the Breienbacher Hof in Dusseldorf, Germany.

His extensive hotel experience spans three countries and two continents including Germany, United States of America, and Switzerland for such brands as Broermann Hotels & Residences, Boca Raton Resort & Club, and Seiler Hotel Mont Cervin.

## Response: Lisa Pavlides, Director of Human Resources, Westin Boston Waterfront

Most outside of the industry and many within it probably perceive the role of a hotel manager to be one mostly focused on guests and employees. However, building and maintaining a healthy relationship with owners is critical. The healthiest and most profitable relationships must be based on trust – trust in knowing that we'll manage their asset and make the best possible decisions to drive the highest possible return on their investment. In all honesty, most large hotels are now owned by institutional investors who need to be able to focus on the capital side of things rather than operations and they will not tolerate a management team who they don't have complete confidence in. The case in question is a little different in that the owner is more personally invested in and closer to the asset. This is definitely a situation that could lend itself to a more difficult balancing act for a hotel manager, especially if the manager and the owner are not on the same page about their goals for the property and how the hotel should be managed. Steve is most likely to have a productive meeting and working relationship with Ben if they can agree a few key principals:

1. Managing the people in a service business is very different to managing a manufacturing environment and while Ben has achieved great success in the past, he may need to give Steve time to prove that a different approach to management is required here.
2. There are a huge volume of non-subjective ways to measure the hotel's performance, from financial metrics, to employee and customer surveys, social media sentiment, etc. The working relationship between Steve and Ben would benefit from setting clear goals around these kinds of KPIs than on the much more qualitative and subjective approach being used today.
3. Finally, it is clear that Steve cannot be successful in his role in the environment today. It seems like he may need to undertake a concerted effort to win Ben's trust but at the same time may need to convey to Ben that he is concerned for the future of their relationship and the property if they cannot change the dynamics of their relationship.



**Lisa Pavlides** is the Director of Human Resources at The Westin Boston Waterfront in Boston, Massachusetts. She began her career at the Westin Copley as a Rooms Management Trainee before moving into a human resources role where she chose to continue her career. In 2005, Pavlides took a role at Director of Human Resources for the Westin Waltham before transition her position to the Westin Boston Waterfront in 2007.

She was born and raised in Dublin, Ireland and received her bachelor's degree in business from Trinity College and a Higher Diploma in hospitality management from the Dublin Institute of Technology. Prior to moving to Boston in 1999, she lived and worked in London and California working in food and beverage, sales, and marketing.

## What steps and issues do you think are most important to approach this situation?



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