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# The Dilemma of Last Resort Hotel – A Case Study

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#### **Abstract**

The case discusses how a booming and prosperous hotel, Last Resort, lost its glory overtime. The case highlights the events that caused the hotel demise. Basking in its glory and living on its brand affiliation, the hotel management failed to monitor its internal and external environment, which resulted in a level of complacency. Consequently, there was a loss of employee morale, poor management, absenteeism, poor productivity among many other internal issues. There was an overall decrease in quality service, leading to a reduction in guest, sales and profits overtime. With the negative publicity, poor sales, and declining customer base the hotel decided to act. Fix It Consulting was hired to investigate the issues and offer creative intervention strategies that would bring back Last Resort to the quality and boom it enjoyed when the hotel first opened its doors.

Keywords: Dilemma. Leadership.Recognition.Satisfaction.Managementintervention.Hospitality.Tourism

#### 1. Introduction

Last resort is a 5-star hotel property that was constructed in the mid-2007, under a well-known world wide hotel brand. This brand of hotel was built to meet the growing needs of a specific tourist segment as well as the needs of the business clientele in and around the surrounding area. At the time of the hotel's establishment, the location was attractive and was experiencing a boom in population as well as attracting new housing developments and numerous commercial businesses. The location is home to three (3) universities (1 private, and 2 public), a community college, several high schools, middle schools and elementary schools, both private and government supported.

In addition to these entities, there is an army base, a few major grocery stores, hotels (including a casino hotel), a mall; some strip malls, individual department stores, and over fifty (50) restaurants. The location also hosts three (3) major events annually that attract numerous vendors and customers nationwide. Based on its geographical location, the city is close to other major cities, as well as highways, railways, and airports. Additionally, both international and local guests have a favorable view of the destination. Besides the major events, many visitors also travel to the destination to enjoy other activities, which include: tours of historical sites, gambling, shopping, vacationing, entertainment, wine and beer tasting and tours, visiting family and friends, as well as for higher education.

Due to the influx of traffic, along with its newness, affiliation, and high-end amenities, it is assumed that Last Resort should be poised to benefit from this market. Other than the benefit of having a relationship with a well-established brand name and image, Last Resort also enjoys numerous other benefits. These include: access toa strong and viable product, competitive pricing strategies, marketing and advertising, promotion and publicity, a specific market segment, and a strong up-to-date reservation system network, among other benefits. The brand is also known for delivering excellent service, guests' satisfaction, and quality products and amenities, which has resulted in significant guests' loyalty to the brand.

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After the construction work was completed, Last Resort launched a soft opening. During this time, newly hired employees along with the community were able to enjoy the facility at a significantly discounted rate. After their brief stay, they were asked to complete a survey to provide feedback regarding the customer service experiences at the property. They were also asked to provide feedback on the quality of the food and beverage, room service and amenities, and the employees knowledge of the products and services.

Feedback from the surveys indicated that the customer service received was excellent, the quality of the food and beverage was exceptional, room service and amenities were great, and that employees were very knowledgeable of the products and services offered. Armed with this knowledge, management was confident that Last Resort was off to a good start, having received the excellent ratings, coupled with the booming and favorable environment, and a strong brand affiliation. As a result, management indicated that they should not encounter any major challenges or setbacks soon. The question on their lips was; what more could Last Resort do to exceed their current status, remain successful, create a competitive edge, and maintain a solid foundation for sustained economic growth?

Management concluded that there was not much they needed to do to as Last Resort seems to be off to a good start and had exactly what it needed to sustain itself and stay competitive. Instead, they became reluctant in their attitude to support the established setting. As a management team, it seems they lacked the leadership skills, and abilities to create and utilize systems and procedures that could maintain a competitive advantage in the tourism market and rival other popular brands and destinations, especially as new trends emerged.

# 2. End of the Honey Moon Stage for Last Resort

As Last Resort continued to bask in its high performance and ratings, no thoughts of sustainable competitive plans and continuity for sustained growth and performance were strategically planned. Management was sure their current situation would not change as they had a name, a brand, and an image. However, it is imperative that new business owners who want to ensure continued success and maintain its competitive advantage invest in strategies that will not only ensure its success, but also sustain those advantages (Grant, 1991; Yong Kim, & Oh, 2004)

As time progressed, Last Resort leadership team realized that the occupancy level percentages, revenues per available room, and the overall profits of the hotel began to dwindle. Executive meetings were used only as just meetings to assess sales and revenue trends. There was no strategic planning to determine the state and future of Last Resort, nor how the property could continue to sustain itself as competition increased. The leaders of Last Resort only focused on the present, even though it was clear that they were experiencing threats from another brand that had plans on entering the market with new properties slated to be built before the end of the current year.

Employees were not as happy as they once were when the hotel was doing well. Moreover, morale and motivation became increasingly low, resulting in staff complaints and the increase rate of staff turnover. The cost of operating the hotel also increased as excess funds were being spent on constant recruiting and training of new employees to fill the opened positions that became available. Additionally, the productivity and output of employees that remained had reduced drastically. There was also an increased level of tardiness towards work and a high level of absenteeism.

Competition increased as the new property offered more in terms of high-quality amenities and guest related services when compared to Last Resort. Some of Last Resort disgruntled employees were now happy employees in the new hotel, named "Beyond Paradise". The hotel had a Spa, in addition to new forms of entertainment for guests. The hotel offered shuttle services to many historic destinations known to the town. Guests of the hotel could participate free of charge. Beyond Paradise had "on demand feedback." As a result, the guests' of Beyond Paradise could text their concerns, comments, and opinions and receive immediate responses.

At the Last Resort, guests' complaints also increased through online user-generated content. Guests had to resort to these media, as the hotel had no direct means to facilitate guests' complaints and/or comments as the new competitor, Beyond Paradise. Some specific issues at the hotel that guests have complained about were the poor customer service given by the front office staff. Often, there was no one available at the front office to attend to special requests from the guest, or the wait for an agent was unusually long. The front office staff was busy doing multiple tasks. To add to that, the check-in process was very slow as fewer staff seemed to be on duty at critical times.

Guests would also complain about the restaurant employees 'attitude, as well as the decline in the quality of the food and service. The hotel, which has been known for its high-quality room service, now has guests warning potential guests not to order room service as the order would be wrong, food could be cold, or it would take forever to be delivered to the room. Repeat guests were especially very disgruntled as what was once a sought-after hotel was now being shun especially by business guests who were often high-end users. Guests also had constant complaints about the tardiness in the cleaning of rooms. Some guests even threatened to not stay at the Last Resort property anymore. With the myriad of issues plaguing this once highly service-oriented hotel, management and owners decided to do an investigation into plausible reasons for the overall decline.

With that in mind, Last Resort decided to bring in a management consultant firm to conduct an intensive investigation into the situation. Themanagement team was instructed to prepare a detailed report of possible causes and intervention strategies that could result in a positive outcome for the hotel. Last Resort executive team hired 'Fixit Hotel Consulting Firm', a prominent hotel and marketing management consulting firm, known for its ability to turn around even the most troubled hospitality operations.

# 3. Delivering Hotel Last Resort

Fixit Consulting decided that the first thing that needed to be accomplished was to conduct a detailed strength, weaknesses, opportunity, and threats (SWOT) analysis of Last Resort to determine the root cause for their downfall (Kunle Ade, Mufutau Akanbi, &Tubosun, 2017). Fixit Consulting decided that it would be logical to solicit information from line employees, supervisory level employees and guests who had stayed at the hotel, as they were familiar with the property. The company set up several meetings; the meetings were scheduled to include individual departments, as well as meetings with staff and management. The company also surveyed previous guests who were willing to put themselves on record. After the various meetings and a critical analysis of the surveys were completed, there were some very significant findings of interest.

# 3.1 Issues and Challenges at Last Resort – The Results

The consulting firm found several issues that Last Resort as a company was facing. Based on the results from the surveys, Last Resort had not done or was lacking in these activities:

- 1. Although last Resort enjoyed the benefits from their affiliated brand, they engaged in no form of marketing and promotion locally or outside of their brand affiliation. This has been the situation since they opened the resort and even after being in operation over 5 years, even though the changes taking place were evident.
- 2. Last Resort had not assess the impact of new and innovative hotels, destined to make things different and inviting for the guests.
- 3. Neither had they researched the changes in the resort market regarding guest preferences. The only plan that was available was the old plan, which included the original old survey used after the hotel's opening and when they were rated highly. Since then, no other surveys were developed or conducted.
- According to Buhler (2013), businesses need to pay close attention to trends and issues, as well as adjust their marketing mixes where needed to create sustained advantage. Also, the guest surveyed alluded to the fact that:
- 4. Last resort was lacking in avariety of guest rewards/recognition for repeat visits, neither was there any avenues for them to discuss their concerns, raise complaints or state how pleased or displeased they were.

Fixit Consulting also found that no recognition programs were in place to reward high performance among employees.

- 5. The employees were reprimanded when they were considered to not meeting performance standards, but never rewarded for outstanding performance.
- 6. Similarly, there was no form of performance appraisal/evaluation to provide feedback to employees about their progress; neither was there any formal training programs established for employees.
- 7. New employees once hired, received basic orientation and put to work with the hope that they would catch on from older staff.
- These factors, training, performance appraisals, and evaluations, as noted by Modh, Masdek, Aziz and Awang (2011) have continually been shown to impact positive outcomes in organizations.

- 8. Moreover, employees that had been with the company since its inception were not given a refresher course as it pertains to their role and responsibilities. As a result, all tasks, processes and procedures were completed in the same manner since the hotel was built, with scant regard to changes in the company's operating environment.
- 9. There was also the issue of leadership. Employees lamented that the supervisors were not supportive. There was a lack of effective communication with line staff, as all the communication was mostly from the top down.
- 10. Employees did not feel a part of the company and had no input in any of the decision-making process, even though they were the ones responsible for carrying out the daily operations of the hotel.
- Research has shown that participative management style can be effective in getting employees buy-in, cooperation, and satisfaction (Stefano-Petkovska, Bojadziev, & Mucunski, 2015).
- 11. To make matters worse, management training was non-existent in the hotel, even though many of the managers were former line employees that had moved into these positions. These former employees were not exposed to any form of management training including how to engage, coach, motivate and counsel their subordinates.
- 12. There was also a problem with scheduling which resulted from the increased absenteeism, overworked employees, and the high turnover rate. This issue had impacted the hotel's quality and standard of service, and thus the occupancy and revenues were affected.

With these myriads of concerns garnered from the analysis by Fixit Consulting, the executive team with the help of the firm set out to create various interventions to turn around Last Resort and restore it to its former glory.

#### 4. Conclusion

Last Resort was a hotel built to serve a target market in an area that was experiencing exponential growth. The hotel had done well and was meeting and exceeding the needs of its staff and guests with raving reviews, and riding on its brand name. However, there weren't much consideration for future sustainability of this competitive edge. Changes in market conditions, reduce employee morale, high turnover, decreasing occupancy levels, decreased revenues, rising costs, among other issues have forced Last Resort to rethink its position. In this regard, the hotel embarked on a plan of action to address the issues in a bid to bring back the hotel to a position where employees will once again be energized to be a part of the company and guest again see Last Resort as the place of choice.

### Section II

### The Dilemma of Last Resort Hotel - A Case Study

# Teaching notes and Questions

## 5. Review of the case

The case involves a range of business issues including competitive strategy, leadership, and employee motivation. The case is based on real and pertinent issues that organization faces in their operations. Although, most companies tend to have a vision and mission statements with goals and strategies, the plans they developed or envisioned to accomplish these goals are sometimes not executed as planned. Hence, the case also focuses on how failure to be proactive and having sustained strategies that addresses employees and guests needs, the operating environment (internal and external) as well as inefficient leadership and management can lead to undesirable organizational outcomes, as in the case of Last Resort. Organizations that are myopic in their views and practices will eventually find themselves challenged in the long run. A major part of an organization's ability to sustain a competitive advantage, especially those that are in the honeymoon stage, is to continually scan their internal and external environments, conduct SWOT analyses, and performance reviews so that they can stay informed. This will ensure that they are aware of both their employees and customers' needs, their operating environment, know what actions need to be taken regarding marketing strategies, and reacting to the competitor among other activities. Readers of the case are requested to do an analysis of Last Resort Hotel. As part of the analysis, identify the challenges that plagued Las Resort and eventually led to them struggling to stay competitive.

Some areas that should be of focus include leadership and management skills of the hotel upper and lower level employees. A comprehensive SWOT analysis of the hotel to identify strengths, weaknesses that are internal to the organization as well as the external opportunities and threats that could have an impact on the hotel. Readers should also identify actions that can be taken to remedy the situation that led to the breakdown in employee morale as well as identify guest retention strategies. Readers are encouraged to provide an assessment of strategies and actions items that Last Resort Management could apply to help bring Last Resort Hotel back to its former glory.

# 6. Target Audience

A case of this nature is ideal for not only students studying at the undergraduate degree level in hospitality and tourism management but also students at the masters' degree level as well as other disciplines. The case focuses on analytical, critical, creative, logical and thought-provoking issues that students can explore, interpret and assess. Therefore, students can either be studying for a degree in hospitality and tourism management, business management, human resource management, marketing and any other form of leadership studies and strategic planning course. The case can also be used in seminars, clinics, various forms of workshop spanning management, marketing and critical thinking where the need to focus on organizational proactivity, competitive strategies and sustained advantage is of interest.

## 7. Learning Outcomes

The case is developed to engage and enhance the students' higher-levelthinking skills necessary to make pertinent strategic level decisions in organizations. Students utilizing this case should be able to critically assess competitive organizational strategies, review and analyze current leadership theories and strategies as well as human resource management strategies necessary for organizational growth and continued success. Students will also be able to look at, identify market trends, and assess competition in the hotel industry. Skills garnered may be used to solve organizational challenges in not only tourism and hospitality organizations but also may provide guidance to practitioners in other organization that intends to maintain its competitive edge. Below the instructional objectives of the case are presented:

- Identify methods to gather data regarding the organizational environment, both internal and external(for example, using PEST analysis and SWOT analysis) and how these methods can be used to develop competitive strategies for Last Resort.
- 2. Develop effective communication strategies within an organization
- 3. Design effective recognition and rewards programs for both guests and staff
- 4. Discuss and evaluate effective leadership theories and techniques
- 5. Evaluate effective survey techniques required to gather pertinent customer/guest information
- 6. Identify and create effective marketing programs forLast Resort
- 7. Determine actions Last Resort could take to retain repeat customers, improve employee's morale, and create an environment of sustainable practices.
- 8. Design effective management training programs to improve and enhance new and current management skills.

# 8. Teaching Plan

This type of case may be discussed and analyzed by individual students, in teams or among groups. Students need to be given enough time to read, understand and think about the case, paying special attention to the content, objectives and questions to be answered. The course facilitator or instructor should be clear on what facts, principles and viewpoint he/she wants to see evolve from the case analysis. Students should be placed in groups and allowed to make presentations based on their findings, as this approach will allow them to give their own perspective and interpretation. However, a discussion of the case should take place prior to the presentation of the case with instructor and students. Before the students, presents their solutions or perspective regarding the case, the course facilitator or instructor could also have the students' role-play pertinent parts of the case in to order to determine if the content of the case was appropriately assimilated.

# 9. Case Study Questions

## Question 1:

Since the case is based on real issues and challenges, assessing the market for hotels as part of a strategy review for Last Resort is crucial to their continued growth and sustainability. Based on the dilemma presented in the case:

1. Conduct an analysis of the information presented to you, along with some creative and logical thinking

- 2. What are the critical issues at stake for Last Resort and explain why Last Resort is not outperforming in this location?
- 3. What are possible reasons that contributed to the pitfall of Last Resort? Give detailed reasons for your answers.

## Response

- In the analysis, students should discuss Last Resort current and previous situation.
- Explain the critical issues the resort is facing, and
- List the reasons and give detailed explanation for the responses

# Question 2:

As the management company hired to turn around Last Resort Hotel and put it on a path towards growth and sustainability:

- 1. What changes would you recommend to Last Resort operational strategy?
- 2. Based on the overall findings by Fixit Consulting Firm, what are some general interventions that Last Resort could embark on to save the hotel?
- 3. In order to better understand the competition, Last Resort needs to understand what differentiates them from other competitors? (This could be viewed as, how might Last Resort think about segmenting the market in its immediate environ and uses it to their benefit?)

## Response

- Management should implement SMART goals align to the company's vision and mission statement. Additionally, these need to have some clear-cut objectives and well-defined strategies that will allow to achieve these goals.
- Open and effective line of communication between both guests and employees
- Ensure all employees are trained to deliver excellent customer service.
- Standard Operating Procedures (SOP's) that guides operational functions
- Management should positively react to both guests and employees concerns by using mediums, processes, and procedures that demonstrate genuine care and empathy

In terms of their market base

- Use the SWOT Analysis to determine whether the supply of hotels is greater than the demand.
- Conduct a market segmentation and market analysis in order to better understand the market as well as determine their target market based on factors such as:
- o Price the type of customer who enjoys premium services
- o Location Geographic customers will travel varying distance based on their jobs, leisure or business needs.
- o Demographics different hotels are designed to attract different types of customer
- Focus marketing strategies on their target market as this will help Last Resort to insulate themselves from the competition. By insulating themselves and building a strong loyal customer base they should be able to attract other customers who will then be loyal to them.
- Offer services and amenities that are of high quality and that differentiate Last Resort from competitors through these products and services.

These responses/factors are excellent. Also, students can discuss other factors and will elaborate more on each.

#### Question3:

Your specific task on this case is to look at the market trends and assess competition in the hotel industry.

- 1. Why is it important for organizations to monitor and assess its internal and external operating environments?
- 2. Identify the tools or resources that Last Resort could use to accomplish this assessment
- 3. What type of marketing initiatives if any, do you believe could have prevented Last Resort from experiencing the challenges faced in the case?

#### Response

It is critical for organizations to monitor and assess its internal and external operating environments. Monitoring
allows management to keep their finger on the pulse of the operation and what is taking place.

For example, if threats are looming, they are better able to intercept those threats and rectify them before they create bigger problems and vice versa when they identify an opportunity, they can capitalize on it. Assessment provides a platform where management can view and review issues in order to determine the most appropriate outcome.

- Students should apply theStrengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, and Technological (PEST) analyses while focusing on the different factors that they might analyze to determine what is going to happen to the demand for Last resort. In this case, students should focus on the drivers of demand for a hotel in the industry.
- **NOTE**: The instructor should keep in mind that although some of the factors take into consideration the external environment at a micro and macro level, students should be prepared to discuss the issues at this level. Even though such external factors usually are beyond the firm's control and sometimes present themselves as threats, if effectively analyzed, they could be used as growth and sustainable strategies rather than beseen challenges.

# Additional factors that students could mentioned and discussed are

- Trends in society towards more or less participation in hotel Whilst more participation in lodging accommodation may be positive for demand, people may prefer a particular type of lodging facility.
- Trends in available leisure time and money. If people have more spare time and discretionary income, they will be likely to use lodging accommodations more.
- Demographics for example, younger people are more likely to choose accommodations with activities/entertainment. Therefore, demographics should be carefully figured out.
   Excellent Answer will name most of the above factors, with more explanation of why they are important, and may

etc.

# Question4:

Discuss whether you believe that Last Resort management team should have hired a consulting company to determine what was happening in their establishment.

include other sensible suggestions e.g. aggressive sales and marketing campaigns, incentives, and high-end amenities

a. In addition, what other wayscould the management of Last Resort have learned about employees and guests' dissatisfactions?

# Response

- The issues/challenges at the Last resort Hotel could have been avoided or dealt with before it became a bigger problem. Management was not in tuned with what was happening around them in the environment, hence they were unable to detect the problem. On the other hand, they could have been aware of the situation and decided to look the other way, or they thought the problem would eventually go away and they would not have to confront it.
- In that case, we believe the Consulting firm would not have been necessary. However, the challenge as complicated as it is, it was in their best interest to get an outside body to help them analyze the problem and work towards a solution. At this point, based on students' response, allow them to explain their choice of response.
- Management of Last Resort could have learned about employees and staff dissatisfactions by providing opportunity
  for both to provide feedback as well as by conducting employees' performance appraisal, staff meetings among other
  activities.

### Question5:

- 1. List and explain some forms of recognitionLast Resort could have implemented to ensure employees were motivated?
- a. How could they have improved guest satisfaction and ensure repeat visits?

# Response

## Guest

 Repeat visits party, discounts, loyalty programs, membership club, and hotel rates that are competitive with other properties.

# **Employees**

• High performance incentives

- Employee of the month or year recognition programs at both the departmental and organizational levels
- Educational incentives.
- Individual staff milestone celebration eg. Birthday, years of service, etc.

### Question6:

1. Leadership support plays a pivotal role in employee morale and organizational development, howcould the leaders of Last resort have supported the employees in their work role?

# Response

- Provide leadership support and development
  - Factors necessary to stimulate motivation
  - Mentorship and guidance
  - Providing the necessary resources

### Question7:

1. Discuss your impression of the communication process within Last Resort and state whether the process was effective? Give reasons as why or why not?

# Response

• The communication process at Last Resort seems to be lacking in professionalism and was ineffective. It appears to be non-effective and inefficient. It seems as if information was not flowing among or between employees in a manner that would allow the operation to function appropriately. Without a proper flow of communication, employees would lack the data/information necessary to carry out their job tasks. Communication cannot be top down only but bottom up as well and effective participation and communication should be both ways to ensure positive outcomes.

# Question8:

1. Do you believe that a well-designed refresher training program and development activities for long-serving employees and new management employees could have prevented some of the issues that took place at Last Resort? If so, list and explain some of the components necessary or some of the activities/practices that you think Last Resort could have implemented to keep employees abreast as well as connected to the vision, mission, and goals of the company.

### Response

A training program would help to assist with some of the challenges faced by Last Resort. However, it would not address or prevent most of the issues, as there are different components involved. As a result, varying approaches should be contemplated, and the most appropriate ones implemented to ensure the issues/challenges are being addressed. As mentioned previously, the case involves a range of business issues including competitive strategy, leadership, and employee motivation among others. The case is based on real and pertinent issues that the organization faces in their operations (Students should uncover other issues).

As a result, Last Resort could factor in training and development in areas such as:

- Information Provide employees with the necessary information they need to know and understand the organization's mission, vision, goals, and brand values, along with how customers feel about the organization. This will help employees to have a holistic perspective of the operation and knowledge of what they are working to accomplish.
- Inspire Connect employees to the organization's vision and values so they believe that these factors are important and take pride in their job and the organization. Trust your employees and have faith in their abilities to get the job done.
- Instruction Support employees with the training (knowledge and skills), coaching, and feedback they need to
  successfully achieve the organization's goals as well asdeliver the organization's brand promises to customers. Be clear
  and specific, do not assume they know, and provide them with examples. Use the most current and up-to-date
  technology available.
- Involveand engage Include and engage employees in decision-making. Know what they really want from the organization. Take action with employees when designing their jobs, improving work processes, and solving problems identified through customer or employee feedback. Allow employees to read customer service feedback.

Require employees to be active and engaged. Provide new techniques and skills to accomplish the jobs more efficiently. Low employee engagement has a price and can be costly.

- Incentives: Deploy appropriate systems to measure, reward, and reinforce desired employee behaviors and motivate
  employees to give their best. Invest in them and offer tangible incentives. Assess employees needs and wishes to
  increase productivity for the benefits of guests.
- Lead and Model Provide leadership and set examples. Model the appropriate behavior for employees to emulate. Develop a system for employee promotions.
- Create a Culture/Environment Create an environment that shapes the operation and has a positive impact on the team's mentality. Create time and space for employees to socialize and bond in a professional way.
- Weave a culture of transformational leadership in the organization. Ongoing leadership and developmental training should be the norm

# Question 9:

What key factors might you analyze to determine what is going to happen to the demand for Last Resort Hotel once the problems have been identified and resolved? (we are looking at the 'drivers' of demand for Last Resort in that location)

# Response

- A good answer could be: The information clearly shows that the demand and market for hotels have increased, hence the reason a new hotel was planning to enter the market. This trend may continue to grow rapidly into the future. This would mean that the demand for hotels would increase, as people would have an increasing need to stay in them
- Although the information states that a new hotel would be coming, demand and market have increase, however, the information is not clear as to what the market preference really is. Additionally, after Last Resort opened, people were happy staying there, therefore, the issue could be of an internal nature couple with some external ones.
- Hence, the importance of Last Resort/Fixit Consulting identifying the deep root cause of what the problem is and not
  do so based on assumptions.

**NOTE:** Based on the responses submitted, students should also be able to defend sensible answers when questioned or pushed on why a factor is important; often it is at this point in the case study where excellent candidates differentiate themselves.

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