

THE STRAND HOTEL, LIMERICK, IRELAND

Everything is business - everyone I meet is a potential customer. It's delivering that message to staff.

Introduction

When Sean Lally took up the position of General Manager at The Strand hotel, Limerick, he soon recognised the scale of the challenge facing him. With overstaffing, poor sales, poor relationships with customers and occupancy on some nights of 8 rooms out of 184, the Strand facing some serious business challenges. Add to that the decision to move from an established brand (Hilton) to an independently run operation and the fact that Sean was the 5th General Manager in a two year period and you begin to see a hotel that has lost direction and in need of a clear roadmap back to success.

The Strand hotel is Limerick's newest 4-star hotel and is located in Limerick city centre. The 6-storey hotel overlooks the river Shannon and is 10 minutes walk from Thomond Park (Munster Rugby) and King John's Castle. Shannon International Airport is 15 minutes drive away. Five years ago, when the Jury's Doyle hotel closed, a decision was taken to knock the existing building and construct a state-of-the-art hotel for the 21st Century. The resulting hotel operated under the Hilton brand for two years before the owners took the decision to relinquish the brand and run the hotel as an independent facility under the name: "The Strand".

With such a colourful history, this case study will look at the difficult decisions taken to restructure the hotel in unfavourable economic conditions. In particular, it examines the decision to abandon the Hilton brand; the advantages and downsides of brands; the move back to traditional service standards and "cead mile failte" with the outset of the recession and the process of embedding a customer service orientation among staff. The case study provides valuable insights into the importance of connecting with customers and the local market.

Branding of Hotels

The decision to run The Strand as an independent operation was a difficult one, but ultimately one that benefited the hotel. Branding provides hotel operators with a set of service standards and access to a range of resources (including specialist booking system, marketing resources and training packages). However, Sean Lally found that branding was not necessary to the success of The Strand. He outlines the merits and limitations of brands in the following terms:

"The problem with brands is brands. I essentially have spent 90% of my career working for brands and I have learnt an awful lot from brands. If we look at the Hilton experience here, it was very much a one size fits all and what works in New York, London or Dublin doesn't necessarily work in Limerick. Limerick is a completely different ball game - you need to be involved locally in terms of the local

market and what's going on and knowing about rugby in Thomond Park. You need to be putting your shoulder to the wheel of the locality. A brand is more important in Dublin than down here in Limerick. Obviously, you need to pay a couple of hundred grand to have a brand name stuck over your door. I've just finished a year as President of the Chamber of Commerce here in Limerick and I'm chairman of Meet-Limerick-Shannon – My biggest plus is that I have a huge amount of contacts and it's about using those contacts. The brand didn't bring that. What the brand brought is that it is known all over the world. It brought GDS business, internet business and brand loyalty – but it wasn't enough to justify keeping it".

Running key functions in house also allows a greater level of control over sales and marketing and gives the hotel an opportunity to personally interact with customers. With many hotel brands operating reservations centres, call operators are often not in possession of local information, have limited knowledge of local events and activities and provide quotations in sterling rather than euro. Getting on-site employees to interact on the phone with customers leads to greater authenticity and more in-depth cultural knowledge, rather than information gleaned on a computer.

Sean Lally predicts a sea-change in attitudes of hotel operators towards brands. He believes that hotel operators are questioning the return-on-investment that can be achieved from brands, particularly given the high cost of acquiring a strong brand. For his part, Sean Lally reckons that many hotel operators will look to engage the services of a talented local manager to drive sales and customer services, rather than paying branding fees.

Human Resource Challenges at The Strand

The demise of the Celtic Tiger and onset of the recession has forced a reassessment of human resource approaches with an emphasis on getting value for money. Sales are much tougher than previously with hospitality operators having to compete more aggressively for customers through offering more innovative and better value service offerings. Customer feedback has become more important due to the need to connect with what customers are seeking.

Flexibility is a key requirement for hospitality operators to work effectively in this unstable environment. Sean Lally understands the importance of keeping the customer happy and bringing new business into the hotel. He recognises the ancillary benefits of introducing the business to new customers and the merchandising opportunities that arise from people moving through the hotel. On flexibility Lally says:

"Everything is business. Everyone I meet is a potential customer. It's delivering that message to staff. In the past, when the hotel was a Hilton, we had a national conference for older people taking place in Limerick. It was booked in this hotel – the conference organisers were happy with the rooms, leisure facilities, conference suites etc. However, there was a dispute over the dinner price and a 2 or 3 Euro difference between the general manager and conference organisers. 250 people were expected for the dinner... there needs to be flexibility in terms of price – in terms of what the customer wants".

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Lally spoke of how this type of inflexibility led to the hotel losing out on the booking worth tens of thousands to a competitor hotel.

Flexibility is also needed in order to meet varying levels of service demand at the hotel. When Sean Lally arrived he realised the hotel was overstaffed when compared to the level of business being transacted at the hotel. While sales have dramatically improved, he still recognises that fluctuations in staffing are needed to match fluctuations in customer demand. Often this variability is caused by the seasonal nature of the hospitality sector. As Lally states:

“If you are taking minimal revenue in a particular area at a particular time you need to reduce your numbers and it’s very important that you don’t forget to gear up when things get busier (e.g. when you have a Munster match in town) or you know you have a lot of people staying in the hotel. You know we would have geared down to one person a few weeks ago in January for serving breakfast; but once we get up to a certain level of bedrooms sold we gear up to two people”.

Communicating to staff on a regular basis is vitally important in making staff aware of the hotels objectives; their own departmental objectives and day-to-day operational issues. Staff is encouraged to take greater ownership for their own performance and that of their department. Consequently, the responsibility for driving new business is shared across the organisation and is not solely the domain of the sales department:

“In terms of communicating with staff, you need to give them the full picture – warts and all. It needs to be spelt out to them – the biggest thing is if they don’t know, the fear, the worry, the rumours start. Well, at 9:30am every day, we have a morning prayers meeting – discussing what goes on during the day and a weekly head of department meeting. At the end of the first quarter, I have a quarterly meeting with staff (general staff meeting) to look at sales. One of the challenges is that we have about 100 staff here in the hotel and how do I turn those 100 staff into 100 sales people. So, you know a waitress may pick up on somebody who has something coming to town and it’s about passing that message on to the relevant person who can actually go and do something about it and put a proposal in front of that person and hopefully secure the business... We hope to be slightly up on year-on-year sales compared to other hotels – most Limerick hotels are down 20% and one is down 40%”.

High levels of customer service are critical to driving sales and fostering a positive reputation at The Strand. In light of economic conditions, there is a realisation that the Irish hospitality sector needs to go back to a “cead mile failte” (one hundred thousand welcomes) approach. Underpinning the “cead mile failte” is personal contact between staff and customers. This approach should not simply be a written mission or brand

statement, but should be embodied by both staff and management at the hotel. As Sean Lally describes:

"In the past, we had cead mile failte because it happened naturally. I suppose the thing about Ireland is the craic and the culture – the influx of staff from Eastern Europe diluted that somewhat. It dimmed a little and became more about service and finding staff. Now it's back to the Cead Mile Failte. What I personally try and do at lunchtime is go around to customers and say hi or a wave or a smile or a thank you. I want to try and get my duty managers to do that. I want customers to get the feeling that they've had contact and feel like their business is appreciated. I get so many phone calls in terms of people who want to deal with a manager – or deal with someone they know. Guests should go away having met the assistant manager or general manager".

Conclusion

This case study examined the importance of structuring hotel operations to fit local conditions and customer demand. It is clear that much of the success enjoyed by The Strand hotel is due to the clear vision and direction being provided by General Manager Sean Lally. One of his primary achievements has been to instil customer with both a customer service and sales orientation. He recognises that hospitality service offerings must be closely matched with customer expectations and value for money. In this respect, he emphasises the need for flexibility and personal contact with customers and the local community. Regular communication with staff is necessary to ensure that staff understand the state of the hotel and to encourage them to take ownership for their own and departmental performance.