

STAFFING MANAGEMENT

STUDENT WORKBOOK



The Georges Hotel

Scenario C: Staffing and Employee Conduct

By Myrna L. Gusdorf, MBA, SPHR

PROJECT TEAM

Author:	Myrna L. Gusdorf, MBA, SPHR
SHRM project contributor:	Bill Schaefer, SPHR, CEBS
External contributor:	Sharon H. Leonard
Copy editing:	Katya Scanlan, copy editor
Design:	Terry Biddle, senior design specialist

© 2013 Society for Human Resource Management. Myrna L. Gusdorf, MBA, SPHR

Please note: All company and individual names in this case are fictional.

For more information, please contact:
SHRM Academic Initiatives
1800 Duke Street Alexandria, VA 22314 USA
+1-800-283-7476 (US only)
+1-703-535-6432 Fax

THE GEORGES HOTEL

The Hotel

- 163 guest rooms, 65-70 employees.
- Front desk: 10 employees.
- Valet parking services: 8 employees.
- Housekeeping: 28 employees.
- Engineering and facilities maintenance: 4 employees.
- Management and administrative: 15-20 additional staff members assigned to departments throughout the hotel, including management, office support and sales.

The Garden Terrace Restaurant

- Approximately 35 employees.
- The restaurant is open daily from 5:00 a.m. to 10:00 p.m.
- In addition to restaurant dining, the restaurant provides 24-hour room service and full catering services for meetings, conventions and other hotel events.

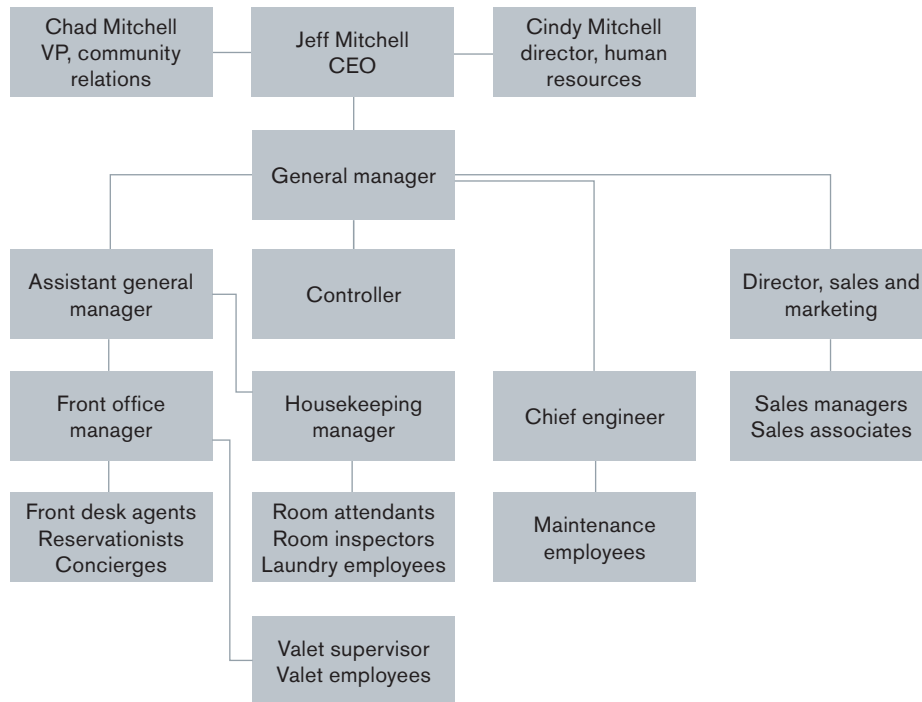
THE GEORGES HOTEL

The Mitchell Family

- Jeff Mitchell: Chief executive officer, owner and brother of Chad.
- Chad Mitchell: Vice president of community relations, owner and brother of Jeff.
- Cindy Mitchell: Director of human resources and Chad's wife.
- Michael Mitchell: Sales and operations associate, Chad and Cindy's son and recent MBA graduate.
- Brandon Mitchell: Chad and Cindy's son who is studying for a degree in culinary arts and anticipates a career as an executive chef. Not currently on staff.
- Julie Mitchell: Jeff's daughter who is about to complete an MBA program at a prestigious university. Not currently on staff but expects to work at the hotel after graduation.
- Dale Elsner: Catering service manager in the Garden Terrace Restaurant and Cindy's brother.
- Numerous nieces, nephews, cousins and friends of the family are employed throughout the hotel.

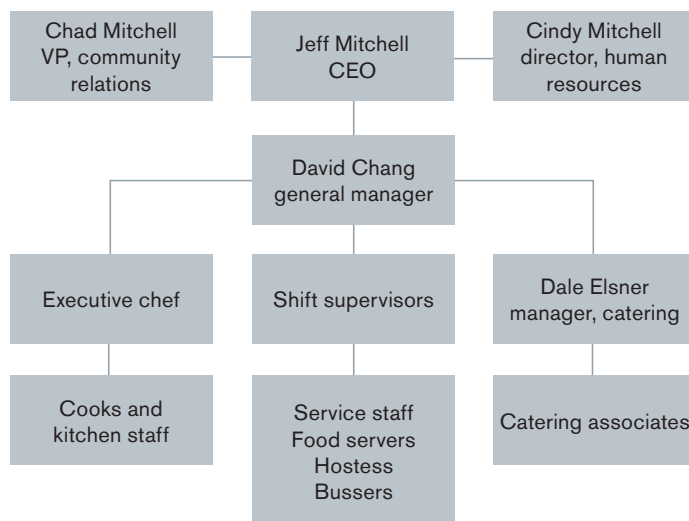
THE GEORGES HOTEL

Organizational Chart



THE GARDEN TERRACE RESTAURANT

Organizational Chart



THE GEORGES HOTEL

The Case

The Georges Hotel is a small European-style boutique hotel located along the Magnificent Mile in Chicago. It is co-owned by two brothers, Jeff and Chad Mitchell. The brothers grew up in the hospitality business; they were raised at the roadside motel their parents owned in the 1960s. Even as a child, Jeff loved the hospitality business. As soon as he was old enough, he worked side by side with his father and was happiest when greeting guests at the front desk and showing them to their rooms. He even enjoyed the less glamorous work and did not mind being asked to sweep the parking lot or to clean a room when housekeeping was short-staffed. It didn't matter what he did as long as it was motel work. He never tired of the guests, no matter how cranky they were on arrival. Jeff always greeted them warmly and was there again in the early morning to wish them bon voyage when they packed up their cars and drove away. Today Jeff is chief executive officer of the Georges Hotel. He makes most of the decisions and manages the hotel's day-to-day operations from his corner office on the top floor.

Chad is the younger Mitchell brother. He had no interest in working at the motel as a child, and he remains the same as an adult. Chad is vice president of community relations at the hotel, and he too has a top floor corner office. He still has little interest in the hotel business, though. He spends most of his time playing golf. When Chicago's weather precludes golfing, he jets off to his favorite courses in Florida and Arizona or to his second home in Palm Springs, leaving his wife, Cindy, to monitor his interests in the partnership. Cindy has no interest in golf, hates the hot climate of Palm Springs and greatly prefers her work at the hotel.

Cindy is the director of human resources. She has been a working member of the management team since the brothers bought the run-down hotel and renovated it to create the Georges. Although Cindy had no management or HR experience before her work at the Georges, she is a natural leader. She is personable, well respected by the staff and is an asset to Jeff in the day-to-day management of the hotel. In many ways, it's the perfect situation for all three Mitchells. Cindy loves her work, and her management role enables Chad to shun the office and remain nearly guilt-free while jetting from one golf course to another, and Jeff is not burdened by Chad's disinterest in the hotel. Instead, he has an excellent partner in Cindy, with whom he often consults on difficult decisions.

The next generation of Mitchells is already being groomed to take over when the time comes. Jeff's daughter, Julie, is nearly finished with an MBA program. She will start in sales and marketing after graduation and then move on to gain experience in operations and general management. Jeff wants her to have a solid background in all aspects of managing the hotel so she is fully prepared to assume the responsibilities of CEO when he retires.

Chad and Cindy have two sons, Michael and Brandon. Michael graduated with honors in his MBA program and is now a sales and operations associate at the hotel. Brandon is currently enrolled in a culinary arts program. He loves the creativity

and hands-on aspect of cooking, and Cindy doesn't expect they will get him out of the kitchen and into management. She and Chad anticipate that Michael will be the future CEO of the Georges Hotel.

Family relationships at the hotel include more than just the immediate family. Although Jeff has been divorced since his daughter, Julie, was five years old, Julie's mother came from a large family. There is an extensive network of nieces and nephews—all of whom are Julie's cousins—employed throughout the hotel. The same is true for Chad and Cindy's family. Cindy's brother, Dale, is the catering services manager, and a number of Cindy's cousins and children of friends are employed at the hotel.

These family connections at the hotel occurred spontaneously because Cindy always preferred to hire by referral. As a result, many employees brought in family members as new hires. Cindy and Jeff believe that family connections among employees benefit the hotel. When jobs are available, Cindy continues to hire by referral, reminding employees that family connections are valued and not frowned on. Family and employees are so important that when Jeff, Chad and Cindy wrote the hotel's mission statement, they agreed to equally emphasize hotel guests and employees. The hotel's mission promises guests exemplary service and a memorable hotel experience. For employees, it promises a superior work environment and continued support for a satisfying career.

To foster the family atmosphere, staff members are encouraged to invite family members to lunch. Families are always included in summer picnics and holiday parties that are hosted by the hotel. Employees post their children's pictures and announcements of new babies, graduations, weddings and other family accomplishments on the bulletin board in the break room. Cindy and Jeff try to remember the names and relationships of staff members so they can personally congratulate parents on their children's accomplishments.

The hotel has done well financially in spite of the expense of renovating the original structure. The hotel was generating a profit within two years of opening, and it continues to be profitable with a high occupancy rate and a solid reputation as a desirable convention venue. Jeff believes it is now time to build on that success and expand to a second Georges Hotel. He has had his eye on another run-down hotel near the riverfront section of Chicago for several years. It closed years ago and has been abandoned and boarded up while a lengthy court battle ensued over ownership rights and bankruptcy. The legal cloud finally lifted after years of litigation; as the current owner, the bank is looking for a solid buyer. With the Georges' history of successful renovation and with current interest rates at historic lows, Jeff believes the time is right for a second Georges Hotel in Chicago. When the second hotel is up and running, he wants to move on to a third. And then, who knows? Jeff envisions a chain of Georges Hotels in major cities across the United States.

As exciting as the possibilities are, Cindy believes that to ensure their success as a multiunit organization, they need more structured management and employee policies than they currently have. The HR department has primarily been an

administrative agency, and there hasn't been much need for things to be otherwise. There is no employee handbook, little formal policy structure, no employee complaint procedure and very little supervisor training. Cindy anticipates that a larger hotel organization will require a far more strategic HR department than she currently manages.

Nepotism has worked well for staffing the current hotel, but Cindy recognizes the downsides to hiring friends and family and knows it will not be adequate for staffing a multiunit organization. For example, there is an assumption among some employees that if you are a close friend or are related to a supervisor or a manager, you have a job at the hotel for life. Consequently, some employees do as little as possible with no repercussions, and supervisors are reluctant to discipline employees because they are probably someone's family member or good friend. There are also attendance problems, but everyone protects their friends and family, and employees have little accountability for performance. Cindy wants to resolve these employee issues before opening a second hotel. At the same time, she wants to ensure that the implementation of new policies will not diminish the positive aspects of family that are inherent in the organizational culture of the hotel—values she believes have contributed significantly to the success of the organization.

In Cindy Mitchell's Office

Cindy picked up her phone and punched in the number for Jeff's administrative assistant. She is calling to schedule a meeting with Jeff for later in the week. She has drafted some policy changes she believes are necessary for the new larger organization, and she wants to share them with Jeff.

"Jeff loves construction," Cindy thought to herself while she waited for the administrative assistant to answer. "I remember when we built the first hotel. He got so caught up in the building process that he forgot about the management structure needed to successfully operate the facility after it was completed. Adding a second hotel is a huge challenge and the perfect opportunity to solidify our management processes so we can replicate it to additional hotels as we add to the Georges. I'm excited to get started."

THE GEORGES HOTEL

SCENARIO C

Players:

- Jeff Mitchell, CEO
- Cindy Mitchell, director of HR
- Savanna Worthington, assistant to the HR director

Jeff and Cindy's meeting included a discussion of a number of employee issues they agreed need to be resolved before opening a second hotel. Cindy was especially concerned about staffing and employee performance.

"I admit, Jeff, in the early years I wasn't as careful about hiring as I should have been. It just seemed logical to hire employee referrals. Maybe we were just lucky, but that generated some excellent employees, and we still have a lot of those first hires on staff. Do you know Max in corporate sales?"

"Yes, of course I know Max," said Jeff. "He's been great in sales. He brought in several conferences last spring that I think will generate repeat business for a long time to come. We couldn't ask for a better person to represent our hotel in the business community."

"Did you know he's Teresa's son?"

"Teresa? You mean Teresa in food service?"

"Yes. She came to me several years ago when Max was just out of high school. She told me he was taking business classes at the community college and that he was working hard to get into sales, so I told her to send him around when he was ready. I wasn't sure when he first came on, but I couldn't tell him no, and his mother was counting on it. Fortunately, he's been a real success story here."

"Teresa must be very proud of him," said Jeff.

"I'm sure she is. But the downside to my employee referral system is that for every Max we have on staff, we have two or three others who are not up to speed. Employees seldom come to me with complaints, but I know there are rumblings about employees who don't pull their weight and about supervisors who protect their friends and look the other way when things aren't going well. We certainly can't staff a new hotel without a better process."

"You're absolutely right, Cindy. How do you want to handle it?" asked Jeff.

"First, I want to correct our past mistakes. I want to go through our employee records and make sure they are compliant and up to date in all areas. I don't have time to go through the records with the detail we need, so I want to hire an HR assistant to help me get things in order. I've already written a job description for the new position. When that project is done, we need to create a staffing plan that will

carry us into the future. We need a plan that is appropriate for the current hotel and that will carry over to new units.”

“Good idea, Cindy,” Jeff said as he started to laugh. “Do you have somebody’s cousin available that you can hire for the new HR position?”

“No, Jeff! That’s just the point,” Cindy smiled. “I’ve posted the job notice on our website, and I’ve already received a few applications. I want someone with an HR education and job experience. It’s probably best if they’re not anyone’s cousin,” Cindy said. She was laughing too.

A Few Weeks Later

The job posting generated several qualified candidates. After interviews and background checks, Cindy hired Savanna Worthington. Savanna had a bachelor’s degree in management and experience in the HR department of a large hospitality organization. She was a great fit for the new position. Cindy was delighted with her new assistant.

Savanna’s first task was to ensure that all employee files contained proper documentation and are current. Cindy explained that in the early years when she was hiring many friends and relatives, she did not always do a thorough background check or insist on proper documentation for I-9 requirements. Cindy said to Savanna, “How could I ask my cousin’s daughter for ID when I was there when she was born? It seemed ridiculous at the time, but now we have a hodgepodge of incomplete files that need to be corrected.” She gave Savanna permission to run background checks, get DMV records and ask employees for ID whenever the files were lacking. She also asked Savanna to report any issues that could present problems for the hotel. Savanna found a number of issues that needed to be addressed in the next few weeks:

1. A number of employees have no I-9 documentation on file. Savanna asked them to provide current documentation, and most have complied. However, there are four employees who have not presented documentation. They are all long-time employees.
2. A background check found that a three-year employee in housekeeping is a registered sex offender. He is the son of the valet services manager. There is a completed I-9 in his file, but no background check was conducted at the time of hire.
3. A DMV record check shows that an employee in catering received a DUI three months ago and had his driver’s license suspended. The employee drives the hotel van to make catering deliveries. He never reported the DUI to HR. The employee is the son of the hotel accounting manager.
4. Two kitchen employees were previously in a romantic relationship. The relationship went sour, and the two are no longer together. A no-contact restraining order had been served against one of the employees, but the employees still work in the same area.

SCENARIO C: QUESTIONS FOR UNDERGRADUATE STUDENTS

- What should be done about these employee issues?
- Devise a process that can be used in the future to ensure that these issues do not happen again.

SCENARIO C: QUESTIONS FOR GRADUATE STUDENTS

Cindy was right to hire Savanna to correct employee issues and to ensure that documentation is up to date and appropriate in employee files. Hiring Savanna to manage that process will allow Cindy to focus on the bigger challenge: ensuring there is appropriate staff when the hotel becomes a multiunit organization. Hiring by referral has largely been a success in the past, but Cindy knows it will not be adequate for the future. There is no staffing plan for the hotel. Cindy wants to start the strategic planning process with a particular emphasis on staffing.

- Create a staffing plan for the Georges Hotel.
- Your plan must correct the current staffing issues and address staffing needs for future hotels as the organization expands.

If you are not a SHRM member and would like to become one, please visit
<http://www.shrm.org/about/membership/pages/default.aspx>.



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

1800 Duke Street
Alexandria, VA 22314-3499