



EMPLOYEE AND LABOR RELATIONS

INSTRUCTOR'S MANUAL



The Georges Hotel

Scenario E: Supporting the Organization's Mission

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

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The Georges Hotel

The Georges Hotel is a small upscale boutique hotel located along the Magnificent Mile in Chicago. It is owned by two brothers, Jeff and Chad Mitchell. The Georges was rebuilt from an old hotel that was badly in need of repair when the Mitchells purchased it from a major hotel chain in 1995. After extensive renovation, the property was reopened as the Georges Hotel and has operated profitably since 1998. As the case opens, the Mitchells are preparing to acquire another run-down hotel in Chicago. It too will be renovated and reopened. This will be the second Georges Hotel in what they anticipate will be a small chain of Georges Hotels located in major cities across the country.

The case begins with introductory information about the organization and is then divided into five scenarios. Each scenario includes question sets for undergraduate and graduate students. A debrief is included with each scenario, but because management dilemmas can be resolved using a variety of solutions, expect that students may come up with solutions that differ from those included in the scenarios. This document contains only Scenario E: Supporting the organization's mission. The scenarios are as follows:

- Scenario A: Family-owned business and strategic planning.
- Scenario B: Succession planning.
- Scenario C: Staffing and employee conduct.
- Scenario D: Supervisors and equal employment opportunity.
- Scenario E: Supporting the organization's mission.

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.

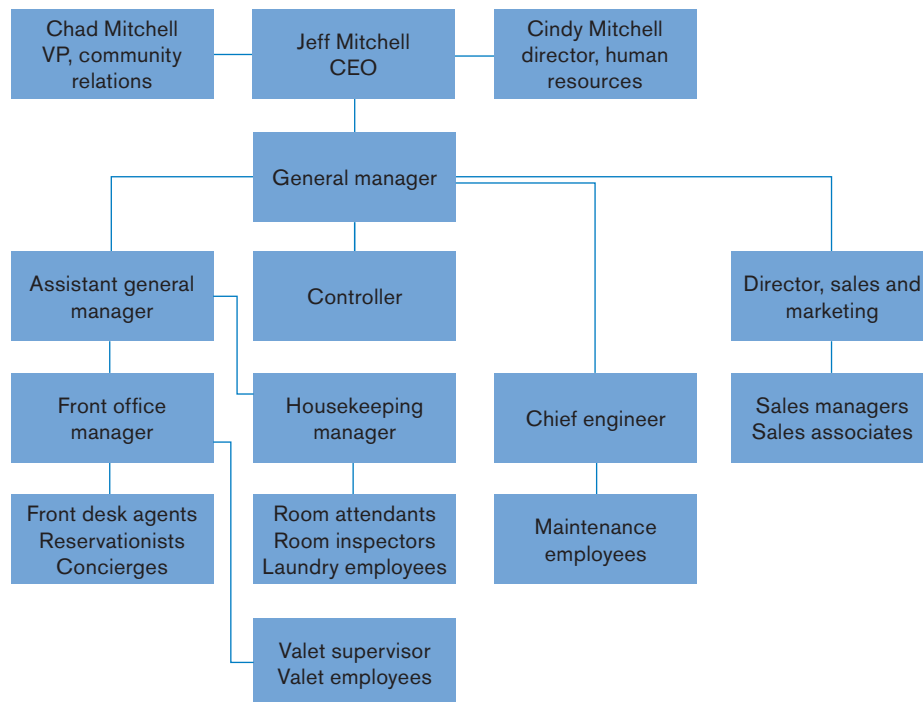
THE GEORGES HOTEL

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.

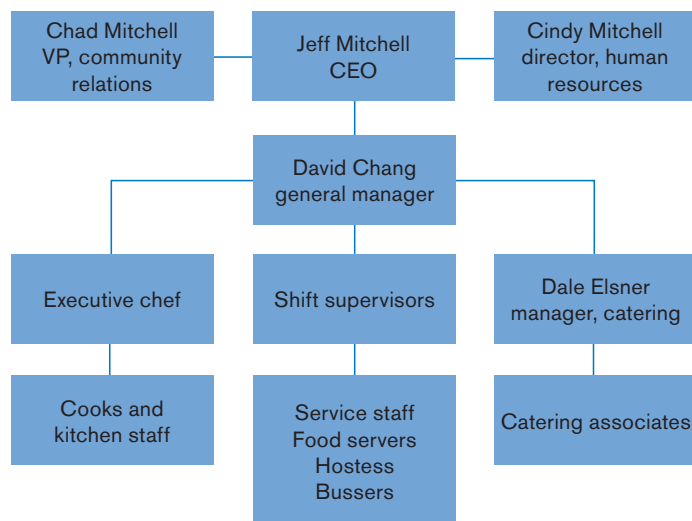
THE GEORGES HOTEL

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 E

Players:

- Cindy Mitchell, director of HR.
- Alan Stone, marketing manager.
- David Chang, Garden Terrace Restaurant general manager.
- Melissa, Andrew and Greg, new servers.
- Howard and Liz, long-time servers.
- Maurice, restaurant host.
- Estelle, expeditor.

Cindy knows there are staff problems in the hotel's restaurant. She plans to discuss the issue of improving employee performance when she meets with Jeff later in the week.

Georges Grill, the ground-floor coffee shop and restaurant, was recently remodeled and enlarged to be an upscale restaurant that is more in keeping with the boutique atmosphere of the Georges Hotel. The remodeled restaurant includes larger windows that open onto the hotel's courtyard garden and an interior design that incorporates potted plants and hanging baskets between tables as a visual link to the outside garden.

A new chef changed the menu from pot roast and grilled steak to lighter, healthier options that include small plates and tapas. The servers wear new uniforms with black slacks, pleated tuxedo shirts and black bow ties. It is a remarkable transformation. The old Georges Grill is gone and has been beautifully replaced by the Garden Terrace Restaurant.

Remodeling the restaurant was intended to enhance the upscale image of the hotel and reinforce the strategic goal of making the restaurant a dining destination of choice for Chicago residents. The marketing was designed to attract local diners and the after-work crowd. It was expected that local residents would create a revenue source for the restaurant in addition to the revenue from hotel guests and convention attendees. Alan Stone, the marketing manager, has been pleased with the results. The restaurant has been busy since it reopened, and the revenue has exceeded projections. Even now, several weeks after opening, the restaurant is enjoying that business surge when locals try something new.

The restaurant is staffed by a number of older, long-time employees who are extremely loyal and hard working but who have always worked in casual dining. They have never been trained for serving guests in an upscale restaurant. The staff also includes a number of new employees, the result of a hiring frenzy intended to get the restaurant up and going as quickly as possible. Although most of the new

hires are young and have little experience in food service, Cindy is pleased that her recruitment efforts brought in a few graduates from the local culinary arts school who have food service training and experience serving in fine dining restaurants. She hopes the new employees with culinary training can help the others get up to speed as quickly as possible; there was no time for group training before the remodeled restaurant opened.

The restaurant is new and beautiful, but not everyone is pleased. Change can be difficult, and unfortunately, with no time to train or onboard the new employees, there are some employee issues smoldering just beneath the surface. The long-time servers are upset that they had no say in the changes that occurred, and they do not like the new servers, who they consider too young, inexperienced and rude. The new servers from the culinary arts school feel like their work experience is not respected. They also wonder why the long-time servers are so mean and why they won't just help out. The two sides are at each other's throats. It's a wonder any of the guests get served.

During this morning's busy breakfast shift, two of the new servers, Melissa and Andrew, were overheard in earnest conversation at the coffee station.

"I'm bussing my own tables again this morning," Melissa said to Andrew as she angrily shoved the coffee carafe back onto the burner.

"I know, I saw that," said Andrew. "I'm doing the same thing. Did you notice how Howard and Liz get their tables cleared and reset before their guests are hardly up and out the door? We either bus our own tables or we just wait and wait."

"Yeah, I know," said Melissa. "Howard and Liz have been here forever, and they're both as old as the hills. It just means our tables don't turn as fast, and we earn less in tips."

"Yeah, it's a bummer. And then there's Maurice," Andrew said with a smirk.

"Don't even go there!" said Melissa. "Some host he is. He's been here for a hundred years and he still doesn't know what he's doing. He never learned how to properly seat anyone at a table, and have you noticed how he seats the difficult guests at our tables? How come it's always the new servers who get the squalling kids and the huge tourist groups from the casino?"

"I know," laughed Andrew. "He gave me that really old couple this morning and made a comment under his breath that a young kid like me could probably learn a thing or two from them. The only thing I learned was how tight those old folks were. You could tell just by looking at them that they still had their first nickel."

"I'll bet they left a generous tip," said Melissa.

"Tip?" said Andrew.

Their conversation was interrupted by a commotion at the other end of the dining room. Another new server, Greg, was in a heated conversation with a guest seated at his table.

Greg has been at odds with the expeditor, Estelle, since the restaurant reopened. Estelle is a long-time employee who works behind the scenes. Her job is to check each plate before it is served to ensure it is done correctly. She checks to see if the plate matches what the guest ordered and that it is properly plated with any required garnishes or side dishes. Greg frequently gets plates from Estelle that aren't quite right. The first time or two, he thought it was simply a mistake. When it happened repeatedly, he wondered if it was just him or if Estelle was a little off and every server was getting improperly plated orders. Greg is not sure what the issue really is, but he suspects that Estelle may be intentionally sabotaging him, so now he tries to check every plate himself before serving it to a guest. Sometimes there simply isn't time and he serves the plate as is. "After all," he thinks to himself as he rushes another order from the kitchen, "isn't it Estelle's job to check the plates? I don't have time."

In this morning's rush, he served an incorrect plate. The guest complained to him, and Greg lost his temper and snarled back. When the guest threatened to report Greg's behavior to the manager, Greg picked up the plate and banged it back down on the table, spilling some of the contents onto the seated guest. Greg then used a racial slur in reference to the guest and followed up with, "I shouldn't have to serve the likes of you, anyway!" and turned and stomped into the kitchen where everyone in the restaurant heard him yelling at Estelle.

SCENARIO E: QUESTIONS FOR UNDERGRADUATE STUDENTS

When this morning's incident was reported to Cindy, she was incredulous. "If this continues," Alan Stone ranted to Cindy, "we'll never see a repeat customer. The local community will be gone and we'll be no better than the old Georges Grill, depending on hotel guests looking, for a quick, cheap breakfast."

Cindy had previously met with David Chang, general manager of the restaurant, so she knew there were issues with integration of new and existing staff, but she hadn't expected it to be this bad. The staff's behavior had to change. "Calm down, Alan," said Cindy. "I'll meet with David this afternoon, and we'll get it taken care of."

- How can these employee problems be resolved?
- What policies and procedures should Cindy implement to integrate the new employees and to create a high-performance work team at the Garden Terrace Restaurant?

SCENARIO E: QUESTIONS FOR GRADUATE STUDENTS

The behavior issues must be corrected immediately, but Cindy is most interested in a long-term solution. The hotel's mission equally emphasizes guests and employees. The hotel promises guests luxury accommodations and exemplary customer service, and employees are promised a supportive work environment and a satisfying career. Cindy wants to fulfill that promise to employees and also make the hotel an employer of choice in the Chicago hospitality industry. This is not happening at the Garden Terrace Restaurant.

- How can HR policies resolve the current issues while supporting the strategic mission of quality to guests and employees?
- What is required for the hotel to be an employer of choice in the Chicago hospitality industry?

DEBRIEF

SCENARIO E: QUESTIONS FOR UNDERGRADUATE STUDENTS

Employee behavior must improve at the restaurant. The staff is rife with conflict, and there is significant polarization among employee groups. Unfortunately, the hostility is reflected in poor customer service.

If a code of conduct does not exist, it's time to implement one. Just as a dress code is important to maintain an appropriate look among employees, a code of conduct is important because it helps establish a baseline for appropriate staff behavior. It is expected in the hospitality industry that guests will be treated with respect and dignity. This should carry over to the staff as well. Employees should treat their colleagues with the same respect and dignity given to hotel guests. The behavior of Greg, Estelle and Maurice is not acceptable.

The restaurant can benefit from a diverse workforce that is supported by a culture that respects differences as a strategic advantage. Staff training should be conducted that includes diversity and generational issues. In addition, specific restaurant training should cover how to speak to guests and how to serve guests in an upscale restaurant. Training will improve the skills of all employees and minimize the differences between long-time and newer employees, and it should defuse some of the hostility between the groups.

Some additional suggestions to improve employee relations are as follows:

- Increase communication by holding regular staff meetings. Allow 15 minutes at every shift change for information exchange. Staff members should be encouraged to share stories about what happened and to discuss what worked well and what could be improved. Ask the staff to generate suggestions for improvement, new processes or ways to resolve conflict.
- Management must share information. The staff should know how the restaurant is performing and how important they are to its success. Share sales numbers, marketing plans and enough financial information so employees can see the big picture and how they fit into the organization. Offer incentives to encourage teamwork and foster desired behaviors.
- Support the staff in resolving conflicts. Give them enough authority to resolve minor guest issues and allow for flexibility in their job descriptions so no one can ever say "it's not my job." Foster a culture in which employees understand that success is everyone's job.
- Allow team members to participate in staff selection when new employees are hired.
- Provide extensive orientation over a period of time to ensure that new staff members are fully integrated into the team.

- Establish a buddy system and mentoring programs for new employees so they can learn the practices that are specific to the restaurant's culture.

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DEBRIEF

SCENARIO E: QUESTIONS FOR GRADUATE STUDENTS

The service and satisfaction hotel guests receive is a reflection of the hotel's organizational culture, as is the quality of an employee's work life. Culture sets the tone for what happens in day-to-day interactions for guests and employees.

Cindy must create an organizational culture that provides exemplary guest service and a superior work environment. This is especially important now that the hotel is about to expand into a multiple-unit chain. Becoming the employer of choice would assure a steady supply of job candidates and would buffer the hotel from the effects of high employee turnover that is characteristic of the hospitality industry.

What does it take to become an employer of choice?

Reputation. Employees want to work for organizations with good reputations in their community. This involves customer service, appropriate marketing and good community relations. To be an employer of choice, HR systems must be designed to attract, motivate and retain employees. How well the organization manages employee issues and provides support for employees will either enhance or diminish the hotel's reputation as an employer of choice in the Chicago hospitality industry.

Compensation. The employer of choice is not always the organization that pays the best, but employees do want compensation that is equitable and appropriately rewards them for their work. Cindy should participate in regular salary surveys in the Chicago hospitality industry to ensure that the compensation at the Georges Hotel is competitive.

Career opportunities. Most employees want mobility and a career path in the organization. Although many jobs in the hospitality industry are low-skill positions, the hotel industry does have an advantage of offering a variety of jobs that allow for some employee mobility. Cindy must ensure that there is a transfer and promotion system at the hotel that is perceived as equitable and available to all and that is not hampered by past nepotism practices.

Training. Employee training starts with orientation and continues throughout the employee's career. Orientation should be thorough and take place over several months so new employees are not overwhelmed at the start. It should include information about the history and culture of the organization, company policies and necessary job information. Training and development opportunities should be ongoing throughout an employee's career.

Resources for success. Employees must have the resources necessary to be successful in their jobs. This includes equipment and supplies, training, good supervision, supportive management, pleasant co-workers and the time needed to complete job processes. This will require that HR maintain an appropriate staffing level that meets the needs of the hotel.

Good management. The hotel needs well-trained supervisors and support from managers all the way to the top of the organization.

Performance management. Processes must fairly assess an employee's work and provide feedback with a focus on growth and accomplishment. Besides developing appropriate and equitable appraisal systems, Cindy must ensure that supervisors are trained to administer the appraisal, and there must be a grievance process available in which employees' concerns can be heard if they disagree with their appraisal.

Open communication. Employees always want to know what's going on. Managers should share information about the organization, including where it is now and what is planned for the future. All managers, including senior leaders, must be accessible, maintain an open-door policy and be willing to listen to and respond to employees' concerns. Employees should feel comfortable talking to any member of management without fear of retribution or of violating the chain of command.

Appropriate and equitable employee relations. There should be systems in place that respect employees and are administered equitably. Discipline must be consistent throughout the organization. Managers must be trained on how to administer discipline, and the system must respect the rights of employees and be perceived by employees as fair and appropriate in the circumstances.

Comfortable working conditions and pleasant co-workers. This requires staff areas to be available and adequately maintained. The organization must have a code of conduct that requires respect among employees. Every organization has an occasional bad apple, but when all pieces of the culture are in harmony, pleasant co-workers will likely be the norm.

Ethics. Ethical behavior must be a primary organizational value at every organizational level. It must be supported by training and reinforced as part of the criteria for selection and performance evaluation.

Pride in the organization. When everything is properly in place, pride in the organization will naturally occur.

The same policies used to become the employer of choice in the Chicago hospitality industry will also ensure that the organization is fulfilling its promise to employees and guests as stated in the mission statement. The mission statement promises employees a superior work environment and continuing support for a satisfying career. This can be accomplished by focusing on the previously discussed attributes.

The second part of the organization's mission statement promises hotel guests exemplary service and a memorable hotel experience. Research shows a link between engaged employees and increased innovation, customer loyalty, quality and increased profits.

In a 2012 survey by CareerBliss.com, Hilton Worldwide was rated as America's happiest workplace. Hilton's chief human resource officer, Matt Schuyler, said, "As an employer, we know that if we treat our team members well, they will, in turn, treat our guests well" (Kane, 2012).

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