

Fresh ideas for surviving future crises in the hotel business

**Inspiring insights from professionals
and academics**

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Contexte

A *World Café* was held at EHL Hospitality Business School on July 5th, 2022, as part of an EHL faculty conference on the topic of “*Transformational resilience in the hospitality industry*”. The event was an opportunity to exchange ideas on the impact of past crises and future preparedness, with 50 hospitality industry practitioners, researchers, and economists from Western Switzerland. It was led by Professors Emmanuel Fragniere, Roland Schegg (*HES-SO Valais-Wallis*), Stefano Borzillo and Augusto Hasman (*EHL Hospitality Business School*). For the World Café the team was supported by Thomas Straub from EHL and Sarah Balet and Anne-Sophie Fioretto from HES-SO Valais-Wallis. In this article we present the highlights and lessons for the future.



Brainstorming session during the workshop

Successes and failures: management of crises in the hotel industry

1. HR's role in managing a crisis

Listening to employees, engaging with them, recognition, support and building trust were the key roles of HR to manage through the crisis. A consistent effort to listen to hotel employees and take their ideas seriously was vital. This fed into efforts to keep in touch with employees during lockdowns, which proved to be a decisive strategy. Establishing links with employees made a material difference, particularly to a workforce with a high representation of seasonal workers.

Similarly, with the talent drain towards more stable employment, focusing on strengthening teams was seen as a strategy to keep talent at all costs. Here, tactics included recognising work and supporting staff and managers. Hoteliers had to particularly work on building trust and resilience in their teams while maintaining relationships with guests. Due to hygiene measures, managers had to

be agile around logistics and staff deployment. For example, measures had to be taken to reorganise staff in terms of schedules and duties. Regrettably, in some cases, participants described how they had to sometimes outsource certain tasks and to fire employees who became 'harmful' to their team.

Finally, the discussion touched on how to better exploit the potential of refugees as a recruitment pool for the hotel industry. This would not only offer refugees a speedy integration into their new country but also ensure a pool of workers for the industry.

2. The crisis as an opportunity and strategies for adaptation at the asset level

The Covid crisis presented opportunities to the industry. First, many hotels were put up for sale enabling acquisition strategies. Second, increasing the window for renovation work, often difficult when a hotel is fully functioning. Third, the crisis pushed hotels to rethink their medium- and long-term strategy and take the opportunity to make fundamental changes to their approach and ways of working. The driver of this is that the habits of some stakeholders (i.e. guests, staff) have changed and there is no turning back (before the crisis). A 'new normal' has become reality. During the crisis, hotels had to move out of their comfort zone and learn to improvise in order to survive. Thus, having to become more resilient as an organisation both in terms of processes and management.

3. Searching for synergies between divisions, departments, teams, and function within the hotel

What keeps collaboration "dynamic, agile, flexible, and adaptive" (to the situation) is continuing to collaborate across organizational silos (e.g. divisions, departments, functions). This mode of transversal collaboration has fostered the search for innovative solutions during the crisis. It was agreed that this needs to be sustained rather than return to pre-crisis compartmentalisation in hotels and their larger organisations.

4. Cost, cash flow and liquidity management

Some participants mentioned that they had to keep a close eye on (and even learn to manage) cash flow management during the peak of the crisis. Indeed, they had to both try to reduce costs as much as possible and, at the same time, maintain liquidity/operational cash flow - in anticipation of uncertainty. Hoteliers did not know how long the crisis would last and thus had to ensure a sufficient liquidity/cash flow base to better cope with an uncertain future. Some even mentioned that the cost savings they made allowed them to build up some cash reserves, which they now believe can be reinvested.



The role of institutions and government during the crisis: what worked and what needs improvement.

1. *Institutions that matter*

This session looked at stakeholders across the tourism service chain and their management of the crisis, particularly, central government, municipalities and other 'umbrella associations'.

These stakeholders were identified as having been decisive in the management of the crisis, vitally through their management of the transmission of information. The hoteliers underline the reactivity and dynamism of the professional associations, as well as the initiatives of the State (done through a voucher system).

Economic stakeholders such as shopkeepers, restaurant owners, suppliers, service providers, cultural and event stakeholders (e.g. artists) experienced and shared a "crisis process". This involved a state of shock, revolt, and frustration, but also a state of rebounding where their reaction was crucial to move forward. Reinventing business models was necessary to avoid bankruptcy, to proactively diversify and be innovative in the face of uncertainty with the simple goal of survival.

Hotel and tourism schools also played a constructive role for the sector in terms of reactivity and development of management tools. Also providing online solutions to help stakeholders to better rebound.

An interesting social phenomenon grew as hoteliers have come together as a community, perceiving themselves globally as "colleagues" rather than competitors as they used to be. Feelings of solidarity, mutual aid and exchange of experiences was born, allowing new collaborations and synergies between hotels and stakeholders.

There was also a sense of responsibility and willingness to be active during the crisis, regardless of the status of the institution.

Tourist offices were perceived by hoteliers as relatively "powerless" stakeholders, being too passive during the crisis. This was seen as a pity because it would have been an opportunity for them to reinvent themselves and to participate in this solidarity effort.

2. *The missing piece of the crisis management puzzle*

Hoteliers unanimously believe that it is absolutely necessary to maintain a collective state of mind. In general, participants felt that the Swiss Confederation (e.g. the State, politicians, etc.) were much more active/proactive/attentive to the hotels/establishments than the Municipalities (termed "Communes"); particularly about the need for subsidies. Real "legislation" is needed to promote a mutualisation of risks. Hoteliers also need to anticipate certain crisis scenarios to become more reactive in the context of support measures offered to increase resilience.

Participants raised the idea of taking inspiration from the management done by the ARH (Regional Hotel Association) at the federal level. The ARH was able to support its members thanks to a project offered by The Swiss Economic Agency (SECO) which organised workshops focused on rethinking the future of urban hotels. A second initiative would be to continue to develop tools introduced during the crisis: voucher system, enhancement of guest cards, customer benefits, etc. Hoteliers suggested

it would be prudent to create crisis management process guidelines to raise awareness and educate hospitality workers to prepare them for future crises.

Finally, it is absolutely necessary to diversify the markets and to raise awareness or to support stakeholders, in order for them to be able to always "reinvent" themselves.

3. A lack of "neutrality" on the part of certain commercial stakeholders

Participants expressed that some of the tourism/hospitality industry stakeholders - such as travel agencies, OTAs, online platforms (e.g. TripAdvisor) - lacked "neutrality", in the sense that these stakeholders favoured customers/travellers over hotels during the crisis. Hoteliers demand that in the future these stakeholders give the same degree of importance to hotels as they do to travellers/tourists. In return, hoteliers will increase cooperation with these stakeholders to better understand a future crisis, or to manage the continuity of the current crisis.

4. Proactive support from Hotel and Tourism-related Regional and National Organizations lobbying bodies (e.g. HotellerieSuisse, Association Romande des hôteliers ARH, Gastrovaud, Offices du Tourisme)

Participants expressed their satisfaction with all the promotional efforts that these organizations have made for the hotel and restaurant industry since the beginning of the crisis, describing it as "proactive". To build on this, in future, these organisations should actively promote the idea that the hotel business is a "real business" requiring real skills. Staff and hotels can capitalise this recognition to develop a professional career in this industry. This is an important message to communicate if hoteliers want to reinforce the attractiveness of the hotel sector for future collaborators/employees.

Participants also hoped that these organisations would provide them with concrete tools and solutions on "how to manage a crisis".

Some participants mentioned that in order for hoteliers to be able to be more effective and efficient, in the future, these commercial and lobbying stakeholders should coordinate themselves better to manage new crises. More cooperation would allow for increased information sharing and ideally transparency, allowing all stakeholders to have a more systemic and global view of the effects of the crisis, and to anticipate the implementation of solutions.



Crisis management preparedness: towards the future and new innovation strategies

1. Empowering staff

Empowering staff means taking a long and hard look at all aspects from recruitment to job content, to exiting as well as how staff are treated and engaged with and by managers.

Hoteliers need more "variable" recruitment and eliminate standards and adapt to different situations. A huge amount of work needs to be done to upgrade hotel jobs, especially difficult tasks such as room cleaning. Participants agreed that difficult tasks should not be outsourced because externals may not have the same commitment as direct employees. Hoteliers will probably also have to work with fewer employees but with more responsibilities and, on a positive note, higher salaries!

More team training opportunities and increasing the versatility of staff will be vital. Retaining employees requires providing better working conditions, flexibility, and career choices. In parallel. For example, for employees who decide to leave, hoteliers should encourage them to return to their hotel in the future. Hotel service is only possible if there is real teamwork. Hoteliers must therefore cultivate the solidarity of the teams by valuing people from recruitment through employment and ending their employment on a positive note. Employers (hotels) must also strive to know their employees better in the future.

Finally, participants objected to the concept of the "uberization" of the hotel industry, often mentioned by experts in the field. They all agree that this is contrary to the very nature of the hotel business and that it is better to invest in people. This runs contrary to the strategies of large hotel groups.

2. Don't forget nor neglect the essentials

For hotel design in the future, it will be important to go back to the roots of the hotel industry and rethink the current business models to build greater resilience. It will be necessary to rethink the relationships between stakeholders and encourage better collaboration between owners and hotel groups.

In addition, there is a desire to focus on the human element and to refocus on the needs of the customer. Thus, favouring a holistic approach where the hotel becomes a destination on its own organising activities to attract tourists: wine discovery, food discovery, etc. The hotel of the future will have to constantly adapt to the needs of the customer and not the other way around as it was in the past.

It will be increasingly important to create flexible venues e.g. retirement homes, student residences, rental spaces for recurring children's activities, such as dance, theater, Zumba, fitness, taekwondo, capoeira, etc. Hoteliers can use these activities to build customer loyalty (e.g. holiday parties, ceremonies, etc.). This leads to a fundamental need to develop immersive experiences and to put the experience at the heart of the hotel stay.

Of course, hotels will need to continue to create a strong identity to differentiate from their competitors.

3. Technology as an enabler

Technology must support hotel activities, and not vice versa. Today, there is too much emphasis on data. Yet, there is a strong potential to use big data to anticipate crises and improve management through indicators and dashboards. Hotels have gained experience in crisis management e.g. how to make costs profitable, operate with fewer staff. Thanks to this shared data, they will undoubtedly be able to react better to the next crisis. However, it is necessary to optimise hotel communications so that when a hotel innovates, they know what to say, how to say it and when – both to customers and employees.

However, digitalization is not valid for all customers. It is important for some segments of the hotel industry - like Events and Business travellers - but not for premium stays and experiences. Technology cannot replace the human touch. However, having high quality Wi-Fi for the business clientele is seen as important. Post-COVID, the technical and technological requirements in terms of telecommuting and conferencing of business customers are higher.

Participants were convinced that even if the digitalization of events and meetings is more important than before, business traveller segments will continue to be a target because the need for people to meet physically remains essential. Participants expect a return to a pre-covid 'customer-mix'.

4. Sustainability is not a gimmick

Several themes relating to sustainability were covered, although directly as a concept by a younger participant. Themes such as a "less is more" or "degrowth" were raised. For hoteliers, sustainability is not only set of technical standards, it is important for a hotel's culture. Sustainability is about prioritising local suppliers' offers and services. It is important to send a clear message about the importance of sustainability.

The notion of slow travel is often evoked with the corollary to better consider the concept of mobility in the hotel offer in general. Thus, the participants are convinced that the change in the way of traveling will influence the length of stay (shorter or longer?) and the target markets.

Rather than giving up on the environment, it is better to work on the "sustainability paradox": attracting tourists from remote areas while being sustainable.



Concluding remarks

During the crisis, hoteliers had to work on building trust and resilience in their teams while maintaining relationships with guests. The crisis pushed hotels to rethink their medium- and long-term strategy and take the opportunity to make fundamental changes to their approach and ways of working. Feelings of solidarity, mutual aid and exchange of experiences was born, allowing new collaborations and synergies between hotels and stakeholders and this is expected to continue in the future.

Hoteliers need more "variable" recruitment and must eliminate standards and accommodate different situations. The hotel of the future will have to constantly adapt to the needs of the customer and not the other way around as in the past. Last but not least, hoteliers need to focus on the "sustainability paradox": attracting tourists from remote areas while being sustainable.

About the Authors



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