

SMALL ACTIONS BIG CHANGES: CAN DIRECTOR ROGAYAH HANG ON?

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ABSTRACT

To run a business, whether it is manufacturing or service sector, the principles and process of managing the business leaders has to apply is almost similar. The business leadership has to organise all available resources towards effective planning, organising, and controlling for growth and development of business. A case study was organised to understand the branding and rebranding of a hotel in Malaysia. The study followed strictly the qualitative research method. The case study was conducted to provide valuable insight into in fundamentals of hotel management, management, fundamental of marketing, entrepreneurship and strategic management in its relevance in the hotel industry. This case study will focus on leadership issues and re-branding. However, the observations really pointed out into operational and strategic issues of a business organisation.

Small Actions Big Changes

Rogayah, stood up by the windows in her office, a resort located in a famous island in Peninsular Malaysia. Since appointed as a director two years ago, she had tried to revive the THR's former glory. She took a deep breath. Deep in her thought, she was flashing back on the meeting between her and Rozali, the owner of THR. Both Rogayah and Rozali have a family connection, whereby Rozali was Rogayah's uncle. During the meeting, Rozali had explained that he was seeking a favor from Rogayah. She remembered that Rozali went into carefully orchestrating the transfer of power from the present administration to her, as a director. Before she was recruited in, THR was managed by Mustapha, Rozali's biological son.

Rogayah listened while Rozali laid it all down the THR business information. Rozali began to realize that over the years THR was financially not in a good health. A sense of vulnerability and insecurity crept into the ranks of the long-time stakeholders among employees, creditors,

suppliers, governments and hospitality players, who wondered whether the company had lost its edge. Moreover, many of the highly trained and experienced workers had opted for early retirement or bolted to other competitors. This triggered a question whether Mustapha was fit for the job, from a competitive and lucrative resort to be a *sitting duck* resort.

This made THR appeared awful and become a laughing stock within the *hospitality community*. "In order to stay in the lucrative hospitality industry environment which the market was stringent, a leader liked Mustafa must be in controlled either in managing the THR monetary or THR human capital. Though he (Mustafa) had plenty of money in his possession, there were never any guarantees. That's why Mustafa had failed to manage it", says Operation Manager Mamat.

Under Mustapha's management, the resort grew better, though the process had become more cumbersome. During his absence, most of the time, the human resource and marketing department had become more powerful and were championing THR. A wise decision turned bad. The rise of a little Napoleon had begun. Everyone in THR tried to influence their next to be bosses. Only a few good men were still faithful to the resort.

It was an uneasy for Rogayah to accept such favor and appointment as she had been working for her friend for more than 15 years at Hotel Kenyalang before. With the current position she was at then, the handsome pay check she was earning every month, the working flexibility with an autonomous authority, all the fascinating benefits and perk will not be the same. After some thinking and consideration, she accepted Rozali's job offer due to Rozali's need someone that can be counted on.

Suddenly, a lady knocked on the door and stood up in front of her. Her personal assistant passed her a document and went off. Now she remembered, she needed to discuss with the management team regarding issues and challenges faced by THR in its ritual presentation. While she was studying and browsing the document page by page, she realized that there were few issues highlighted by Mamat, her Operation Manager, which needed her immediate attention.

She needed to brainstorm on how to improve the THR's image. Facilities need to be improved, and a lot of work also needs to be done. Another big picture that came to her mind was expecting the Gen Y's fit in the THR workforce recruitment. There were two distinct generational

groups in the THR workforce - The Generation X's and Gen Y's. In trying to understand and retain the Gen Y's, sometimes Rogayah made an assumption and misjudgment that Gen Y's was similar to generations past. Rogayah bogs down thinking the strategies what she has to do next.

The Establishment of THR

THR is a privately owned and family operated resort for over twenty eight years since its establishment in 1985. THR has developed a reputation for being among the top favorite tourist resorts on a famous island in Peninsular Malaysia. The founder of the resort was Mr. Rozali, a pioneer in building small resorts along the deserted stretch of beach back in those days. Recalling how THR was first established, it all began when a foreigner from Holland came to Rozali's house for shelter.

At that time Rozali could only provide him a *dangau* for shelter and stay. Before the foreigner left the island, he posed Rozali with an idea which left Rozali to ponder on it for many days. Running a chalet seemed like a great idea but it would be a risky investment for someone like him. He did not have much money to run such a business but the foreigner's last words put him in a deep thought. Patting Rozali's shoulder he said, "You don't need a big capital to invest in this business. Trust me. One day this place will become famous."

A transformation begun, the *dangau* which became a shelter to the foreigner had now become tremendous phenomenon. At the beginning, Rozali used four *dangau* units as his initial capital investment. He did not have any intention to upgrade the *dangau* into chalet due to the financial constraint he was under. For the time being, he preferred to cater for the foreigner's market demand. Words of mouth had reached everyone in the surrounding of THR and Rozali's house. From coffee houses to wedding ceremony until night market, local people kept talking about how successful Rozali had become.

The word spread and travelled fast. People became thrilled about Rozali's visionaries. As a humble person Rozali appreciated what the local people did to him. He kept a devoted relationship between himself and the local people. THR became well known to everyone on the island, even though back in those days, business was very seasonal April through to October were the periods when most of the income was generated. However, business throughout the rest of the year was minimal. The island was

just starting to grow with better road systems, commercial airlines, air-conditioning, the building of hotels and providing a trend for people who wanted to escape. The island was on its way to becoming a unique tourist destination (see Exhibit 1).

In 1990's, five years after operating, it was possible for Rozali to take a sigh of relief. With the then THR's financially robust, he sought for an opportunity to further expand THR's business. Rozali's intention was to build a few more *dangau* to accommodate the expected increase in the number of tourists. Nevertheless, he had to also consider one other issue which required his immediate attention.

THR was not alone anymore in the resort business. Five other motels had emerged over the years with two new hotels just beginning their operation on the island. Rozali realized that competition had arisen and that the market had become more competitive, stiffer and stringent. He thought he had to act fast before the market became stagnant and saturated.

He had to consider a few options available to him then: i.e.

- (i) to be involved in a joint-venture with other parties,
- (ii) to penetrate into new markets, or
- (iii) to be involved in reverse engineering.

Looking back at Rozali's chalet, there was neither convenience shop nor coffee shop except for the sun, the sea, and the sandy beaches. Neither of the competitors provide breakfast, lunch or dinner packages. The guests were always mumbling on the transportation especially those who came with their families when they needed to feed their family in the morning or evening.

The main road system was still in progress back then and was expected to be completed in October 1991, just one month prior to the launching of the Maritime and Airshows Exhibition. All he needed to do then was discussing with Milah, his wife about getting the supply of *nasi lemak*, *mee goreng* and *kuih* from Mak Bedah, his wife's aunt. Mak Bedah was the major supplier for of *nasi lemak*, *mee goreng* and *kuih* for the local community near THR. His wild idea was that he might use his old bicycle to shuttle the supply from Mak Bedah. This might be a tremendous opportunity for THR to maintain the chalet market leader on the island.

Joint Venture	Market Penetration	Reverse Engineering
A joint-venture was only an agreement between parties for a particular purpose and usually under a defined time frame	HR needed to proactively play a role in adding onto the package.	THR planned to widen its service ranges to improve customer experience and to strengthen its brand identity. The new services had given a great benefit being a privately-owned business liked THR.
With just a handshake, an agreement between the two firms to share something in common may be formalized. The risk, however, was for the two companies with a totally different structure, corporate cultures, and strategic plans to be able to work together.	The strategic initiatives by THR may reduce risks and interdependency with external business partners in the supply chain. By controlling the supply chain, THR can also indirectly manipulate competitors by affecting their access to raw materials. In this way, he thought, THR can control the competition and the price.	From his perspective, he was able to empower and delegate tasks to the employees and to make decisions in the middle and lower levels, hence creating an entrepreneurial spirit within the THR. Trust plays a major role in the business culture. The key element that had been forgotten along the way by the leaders was to build and maintain trust-based relationship by communicating a clear THR vision, mission and plan of action to employees.
The differences often make them difficult to work together smoothly.	However, he was also aware that a businessman like him needed to identify, anticipate and satisfy the guests.	Poor communication, inconsistent guidance and lack of commitment from the staff had led THR into great trouble.

The Dawn of THR

In 2003, after eighteen years of dedicated and hard work in establishing THR, Rozali felt it was time for him to pass the baton to his son, Mustafa. He was grateful that his business had reached mountain peak. With 20

houses which he had transformed into a chalet, he was pleased with his succession and it was high time for him to spend more time together with his wife after all these years.

In his mind, Mustafa was thought to be able to cope with the business daily operation. All he had to do then was to continue the milestone that had been established by Rozali. To ensure the management transition took place smoothly, both of them needed to have a mutual understanding about each other and the resort business. Both parties had entered into the management agreement to finalize the deal. It saw the birth of MTHR as an operator to THR. Details as followed:

Management Agreement		
Clause	THR	MTHR
Right	<ul style="list-style-type: none"> Rozali had right to active ownership upon THR. 	<ul style="list-style-type: none"> Mustafa had right to manage the THR daily operation as an agent/administer/steward/caretaker. MTHR assumes the sole and exclusive right to manage the THR's business.
Human Resource Management	<ul style="list-style-type: none"> Rozali would be solely responsible for all THR's labour, employment costs and liabilities. These would include salaries, wages and benefits, and any liabilities for employment related claims. 	<ul style="list-style-type: none"> Consulted and kept advised Rozali on all major activities and policy matters. MTHR had the authority to hire, train, supervise and fire employees of THR.
Risk	<ul style="list-style-type: none"> Rozali as an owner bears much of the risk of the THR's success or failure. 	<ul style="list-style-type: none"> MTHR via Mustafa had limited financial risk.
Tax	<ul style="list-style-type: none"> Rozali incur the cost of all taxes. 	<ul style="list-style-type: none"> Mustafa will have the right and authority on behalf of Rozali to pay all taxes, assessments and charges of every kind.

(continued)

Management Agreement		
Clause	THR	MTHR
Scope of work	<ul style="list-style-type: none"> Rozali borne, provide and maintain sufficient working capital at all times to ensure uninterrupted and efficient operations of the THR. Rozali should provide and maintain sufficient working capital at all times to ensure uninterrupted and efficient operations of the THR. Rozali had right to approve a detailed annual operating plan and annual capital plan. Rozali had right to MTHR performance standards. 	<ul style="list-style-type: none"> Mustafa would be held responsible for routine maintenance and securing other capital projects needed for THR. Mustafa had right to manage the THR consistent with an approved annual plan (operating and capital budgets) and also to cash for operating capital and approved capital-expenditure requirements. Provide a proper annual plan as the performance benchmark of the THR operations for the next 12 months consist of annual budget, the complete capital spending plan, and resort marketing plan. Mustafa report the balance of the profit and loss statement showing the results of the THR operations for the preceding month, and the year to date compared to the budget, to Rozali.
Auditing	<ul style="list-style-type: none"> Rozali had right to have access to and audit the books and records of the THR. 	<ul style="list-style-type: none"> Mustafa obligated to supervise and manage the keeping of full and adequate books of account and other records reflecting the THR operation's result.
Incentives	<ul style="list-style-type: none"> THR profits belong to Rozali. 	<ul style="list-style-type: none"> Mustafa would act as agent and received a base fee which was a fixed percentage of gross revenue and an incentive fee, which was a percentage of gross operating profit.

Mustafa saw an opportunity for running THR. It was a *milk run* with him because running the daily operation of a company like THR was an easy job. Six months after running the THR, he started to empower and to delegate his workload to the HR and Marketing departments with a

hope that THR would be more dynamic instead of just being a one man show company.

With the jobs empowered and delegated, he spent most of his time monitoring Mustafa Catering. He knew that Mustafa Catering had run out of cash lately due to late payment received from the government agencies. Although it was a standard procedure and practiced among government bodies, as a businessman, he needed a lot of cash to roll up his daily business operation. Time was getting short. A lot of orders came from both government agencies and private sector awaiting his pending move. Before new order was made, the previous settlements to the supplier must be done.

In silence, he crafted a strategy that might help Mustafa Catering. THR was managed via MTHR and that made Mustafa Catering became a sister company of MTHR (see Exhibit 2). Since both companies were managed by him, anything regarding the company financial was under his custodian. He knew how to extract THR honey pot and cash cow vault to Mustafa Catering's account.

Money changed hands from THR's wallet to Mustafa Catering's pocket without filling up any loan form. When Mustafa Catering received reimbursement, he would transmit the money which Mustafa Catering possessed from THR. He had arranged for sufficient capital injection from THR to Mustafa Catering in order to roll up its capital for three months.

While facing trouble at the frontier, it was a quiet moment at THR and their operations were running as usual. Looking at the current progress, Mustafa needed to appoint a new raw material supplier. The old raw material supplier contract had lapsed and needed to be replaced. Many suppliers came to submit their application for bidding.

To avoid dissatisfaction among the bidders, Mustafa had instructed the supplier of the raw material to submit their applications under various names. Whenever there was accusation towards THR with regard to the bidding of the tender, Mustafa could wash his hand easily. Mustafa had known the newly appointed raw material supplier for THR which was associated with Mustafa Catering. Mustafa and the new raw material contractor, known as Malim, had a significant relation as Malim was a good friend of Mustafa.

Both of them had been together in this line of business within three to four years ago. Every time Mustafa had a problem with Mustafa Catering, Malim would hold Mustafa back. Malim knew that Mustafa will not let

him down. When Mustafa took over THR management, it was Malim, who was the first person called in to Mustafa office. Malim could not afford to finance the Mustafa Catering while in trouble.

But Malim gave an idea to Mustafa by looking at the THR financial. There was an opportunity for Mustafa to fund Mustafa Catering. As for Malim, he knew Mustafa soft spot and this would be an advantage for Malim to sustain his business.

Mustafa was a family man, and not a company man. He had a compassionate soul towards his family, relatives and friends. He would easily compromise though he was supposed to be firm. A man liked Malim, could easily influence Mustafa in making decisions. In realizing his own personal plan, Malim had increased the cost of the raw material up to 45%.

Mustafa did not realize that he had made an unwise decision after approving the quotation. Concurrently, the cost of the raw material was between 30%-35%. Raw materials for food and beverages inputs are the largest single cost component. With the hiking of the raw material cost, it had a chain reaction on direct and indirect influence towards THR operation. Sequence of the event had translated the THR's annual financial results into unprofitable and had pushed it into the red.

When Mustafa presented the financial year report, Rozali had given him a word of advice to improve THR financially for the next financial year. Rozali understood that Mustafa was still green in managing THR. As a founder, he had his own credibility to reinvent on his business without losing the trust and support from the old staff. Mustafa needed to learn an old trick when made a bold move by understanding the larger vision of THR better than anyone else.

A comparison between THR and Mustafa Catering was totally wrong. Both entities had different business style though it had a similar on the target market. The skills needed to invent a service liked THR was different from those needed to manage a business similar to what Mustafa had. Rozali hoped that, Mustafa would learn how to control it because that was the art of managing THR. From 2004 to 2010, nothing much had changed. THR financial has become worse.

Each year before submission of the financial report, Mustafa would ensure the report has been amended before presenting it to Rozali. This was to convince Rozali that THR had returned on track. Mustafa had

to convince Rozali in order to get a yearly budget allocation for THR. From there, he would keep the money before transferring it to Mustafa Catering to finance its operation.

Though Mustafa Catering had had its bad day in 2003, losing its market grip, with the capital injection from THR however, they were able to bounce back from the sharp dip to a well-known caterer. Mustafa had forgotten the unpaid amount / debts.

Mustafa also overlooked on the THR maintenance and services. Many returning guests and new guests complained about the services provided by THR but no actions were taken. The old furniture in the room was not in good condition. The leaking pipe in the guest rooms had never been repaired. Air-conditioners were sometimes out of gas and guests had to sleep in an uncomfortable warm condition. Insects such as cockroaches and ants became a threat whenever guests brought back food that they bought from outside.

While sleeping, the bed bugs and mosquitoes were the main companion to the THR guests. Many contractors and pest control companies avoided to accept any job offers from THR due to late payment and the outstanding debt. This had affected THR yearly sales which were sloping and had a digging trench.

Due to a bad financial crisis in 2004 until 2010, Mustafa had to pay staff salaries and the service point separately. By the month end, staff would earn their salaries while payment to the service points would be credited to the staff's account before 15 of the month of each month. As a result, many senior staff had resigned away from THR to join THR's nearby competitors.

The employees felt that they were neglected by THR on their welfare. Although Mustafa was nice and treated them like a family, they also have a family that needed to be fed. Their wages and *service points* still remained as it was. Wages and *service points* had never been revised during Mustafa's time. People in the surrounding areas know what we're happening in THR. Taxi drivers neither took tourists to THR nor recommended THR as a lodging, instead they took them to another lodging.

Throughout the years 2003-2010, Mustafa had received a lot of visits from his relatives and friends. Whenever his relatives and friends came, he entertained them either by allowing them to stay in THR rooms or

took them out for dinner at the THR restaurant. All his relative and friends took advantage of Mustafa's kindness. At the same time, THR financial conditions faced a heavy burden in rolling its daily operation. THR problems remained serious, they were a sitting duck.

Whilst busy with his Mustafa Catering, friends and relatives, Mustafa had left THR operation under the assumption that HR and Marketing departments will become dynamic leadership whenever he delegated and empowered them. It's about empowering others (HR and Marketing departments) to become dynamic leaders themselves. As a champion, both departments needed to mentor and guide other departments to follow both departments when he (Mustafa) was not around.

During Mustafa's occupation in the office, the staff would raise among themselves to show him that they were better than the others. Those who received compliments from Mustafa, will get Mustafa's attention. However, some workers who are loyal to THR, still carry out their work as usual even though Mustafa did not pay his attention to them. Mustafa did not realize that there was friction among his staff.

THR also faced major intimidation from the local authority and the government link corporations. For several times, THR had received reminder letters and notices of demand from the local authority reminding THR to settle the outstanding assessment rate and quit rent. But Mustafa disregarded all of them without taking any actions. Likewise, utility under GLC's screamed at THR when their representative came to their premise. The THR standard answer was that they would settle all the outstanding debt when they got reimbursement from the clients.

In 2005, THR was under the Employees Provident Fund (EPF) radar surveillance. They were charged under the EPF Act 1991, for failure to remit their employees' contributions to the Employees Provident Fund (EPF). They had been fined RM5,000 despite reminders that they will face legal action. The EPF Act 1991 requires all employers to pay their monthly contributions before or on the 15th day of every month. EPF then continued to monitor THR closely to ensure that the amount outstanding was paid in full.

By 2010, various contractors and local authorities had decided to start the legal process and filing for summons. The creditors could not tolerate THR anymore. THR began to receive injunction letters from the court via registered letters.

The court had seized THR's operation related to THR directors and officers, servants or agents and/or nominees and/or parties/companies who were in possession of the charged assets from removing, selling, dealing with, transferring, diminishing, destroying in any way whatsoever, disposing of the assets until the disposal of this case. With THR financial drying up, there was no way for Mustafa to manage the situation. He was confined within his own games, a check mate.

Orchestrating A Transfer of Power

The injunction letter was then handed over to Rogayah by Rozali. While Rogayah was reading the letter, Rozali's personal assistant came into the room and passed him a document. Rogayah was puzzled on what she was supposed to do and what was the connection between her and the letter. Rozali briefed Rogayah regarding what had happened to THR. She listened attentively while Rozali laid it all down. The document Rozali received from his personal assistant was an external audit report. All these years, Rozali had been manipulated by Mustafa. THR was facing bankruptcy. Rogayah felt sorry for Rozali when she heard his side of the story. The only asset left for THR was the building and its facilities. THR needed to be re-build. This was the reason why Rozali had asked Rogayah to meet him. Rozali had orchestrated a smooth transfer of power from Mustafa to Rogayah, a white knight, who came to restructure and to regularize THR's financial condition. MTHR contract needed to be terminated quietly. Rogayah took it pretty well, while considering the offer.

A few days after the meeting, Rogayah agreed to accept the offer. She had tendered her resignation at Hotel Kenyalang. Her resignation has rocked the island's hospitality community, as they were not prepared for another tidal wave to come by. A shockwave with a high magnitude had given an impact to the island's hospitality community whether Rogayah has gone insane to become a captain of a sinking ship.

But they did know one thing for sure, that Rogayah was a woman of honor. They could not deny Rogayah's triumph in the past. Without Rogayah, Hotel Kenyalang would be nothing. Hotel Kenyalang became well known hotel after Rogayah did major transformation. She had raised Hotel Kenyalang, though she had a big name in the industry yet she still ran her duty. The island's hospitality community had witnessed a revival which brought in new companies as well as new and potential guests into Hotel Kenyalang.

Rogayah and Rozali had a mutual understanding of THR for the upcoming future. She agreed to acquire, manage, finance and dispose-off THR liabilities under special purpose vehicle, which was under her flagship, ETS. Rogayah wheeled ETS vessel to support the recapitalization, revitalization and restructuring of THR business activities. ETS acted as an operator that would lease the THR resort (land, improvements, and the furniture, fixtures, and equipment) from Rozali's properties.

As a tenant to THR, ETS assumed all operating responsibilities, as well as the financial obligations of funding, working capital, operating expenses, and rent. As a landlord owner, Rozali was passive, in all respects, to all operating decisions, i.e. not responsible for working capital or operating expenses. After settling all emolument ETS still made some profits. Rozali would receive a fixed rent, or possibly a combination of a fixed rent and a turnover.

Any business activities regarding THR must obtain the approval and consent from Rogayah. Rozali and his families, relatives, friends, agents who were related to the THR previous directors and officers, servants or agents and/or nominees and/or parties/companies were stripped off from interfering and/or influencing the THR's then operation under the ETS. Thirty existing staff under MTHR payroll that was attached with THR would be offered to roll over under ETS payroll. They were given three month probation period. Any staff that were not competent and who were not working in line with ETS policies will be terminated.

As Rogayah would be wheeling the THR manpower, she needed to bring in Mamat as well, to be her secondman in command as the Operation Manager. Mamat was Rozali ex-employee way back in the 1990s. Rozali had no problem welcoming back his ex-employee to THR. She planned to appoint Mamat to take care of the day to day operation.

Mamat's job is to ensure that the operation runs smoothly and provide feedbacks for immediate response. He is also required to perform as a trainer to coach and mentor new staff under his supervision and guidance. She knew Mamat has the capability for employee engagement. Mamat's historical background showed that he had been trained by a foreign chef during his career in the 1990s. Rogue knew it was never easy to work with a foreign chef at the old school as experienced by moment. Says Operation Manager, Mamat: "In the old days, as a new worker, I had to take note while the foreign chef was briefed in front of me. During the food tasting presentation, the foreign chef would know whether the

dishes that I prepared was based on the right texture, the right taste and the right flavor which can be served or otherwise. If the dishes were not satisfactory to the chef, I should be prepared to be screamed at in front of the others and the dishes were thrown away into the garbage. Nowadays, the local people were very fortunate to be trained by the local chef. They did not have to learn the hard way as I had to. If I were to use the same method as I had been trained in the past, there was a possibility that our local people will run away. I had to slow talk with them, reprimand them before taking any action”.

An operating lease agreement was entered by THR and creditors in 2010. The first thing that Rogayah did after taking over the operational management was to call up all the lawyers to their creditors in order to settle their debt off the court. Both parties negotiated and agreed with Rogayah’s initiative made under the ETS. The creditors welcomed and applauded to the repayment debt structure proposal as goodwill between parties involved.

She had no problem to convince the creditors as they knew her for a long time since she was at the Hotel Kenyalang. After about twenty four years, ETS may need to spend even more money on THR renovating and refurbishing each room which was left out by MTHR. Among others that needed her to prioritize was to revamp and rejuvenate the twenty units of chalet over minor and major repairs and improvement works.

Exhibit 3 indicates the chalet rate that will be absorbed by the guest in order to gain collection rolling for revamping and rejuvenating the 20 units of the chalet (see Exhibit 3). Rogayah needed to carefully manage the working capital before falling into a debt trap. When she asked for help, a few contractors among her friends came forward to assist her on this matter. ETS had no problem rolling its money for THR’s operation.

Brace for Impact: Gen Y Talent and Brain Drain Dilemma

With the THR rebranding was in progress, Rogayah needed to do housekeeping in THR. Since she took over, majority of the roll over staff from MTHR still practised the old fashion work culture during Mustafa management. They could easily slip out during operation hours without notifying to their superior. Mustafa had pampered the staff even though they broke the resort policy.

On the other hand, when Rogayah took over the management, the staff could not adapt the way Rogayah did. She was very firm with company policy. Several staff had been demobilized by Rogayah as they were unable to cope with her. Some of them, voluntarily opted out from THR, while others, remained and acted as Rogayah had reprimanded. It was only a matter of time before Rogayah terminated them. As a plan for contingency, Rogayah had put up an advertisement for the vacancy.

Surprisingly, all the candidates that she interviewed and appointed was from Gen Y, aged between 18 – 28 years old. The majority of them were SPM, Diploma and Degree holders that applied for the vacancies as their first time job without any work-related experience. She needed to juggle up between the need of THR workforce and grooming the young fellow at the same time. The cost of hiring staff without experience was cheaper than talented staff.

However, there was a higher tendency for newly trained staff to leave THR. Gen Y has caused quite a stir in the work environment. This generation had very different expectations and preferences when it comes to employment and how they want to be managed. For Rogayah, this needed to be resolved before it became a major problem in THR.

The current workforce's market trend indicates that majority of the Gen Y will stay with an organization at least for one to two years. Two year commitment to a job is perceived to be a long enough commitment for Gen Y. Older generations like Rogayah, expected them to work for a long time before getting a move to somewhere else.

On the other hand, Gen Y believed that it was possible to achieve great things in a very short time. This made them a very difficult group to deal with in the workplace. They did not have patience for the things that previous generations had. Besides, they're unable to determine on their own the direction that they needed to take.

They expect others with more authority to give it to them. Left to figure things out on their own, Gen Y may resort to entertaining themselves until told otherwise or sticking to lesser tasks that lie within their comfort zones. In addition, Gen Y appeared as lacking in exposure experience, yet apparent to be overconfident and had unrealistic expectations about their expected salary, career advancement and immune to impose authority. Even though THR had only twenty five personnel from Gen Y on-board in 2010, the number has doubled and might increase to sixty personnel in 2013.

A harsh way might be the last resort in resolving the Gen Y workforce issues. Gen Y's will not be afraid to question the effectiveness of a certain methodology and seek environments which support the improvements. As an employer, Rogayah felt that the Gen Y required a much greater upfront investment for a substantial return that will only be fully realized over a long period of time. This was the dilemma that will occupy Rogayah manpower future plan for THR. She need to discuss with Mamat on how to tackle the issues of Gen Y's hiring recruitment and the brain drain matter.

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Exhibit 1

THR Map Early 1990

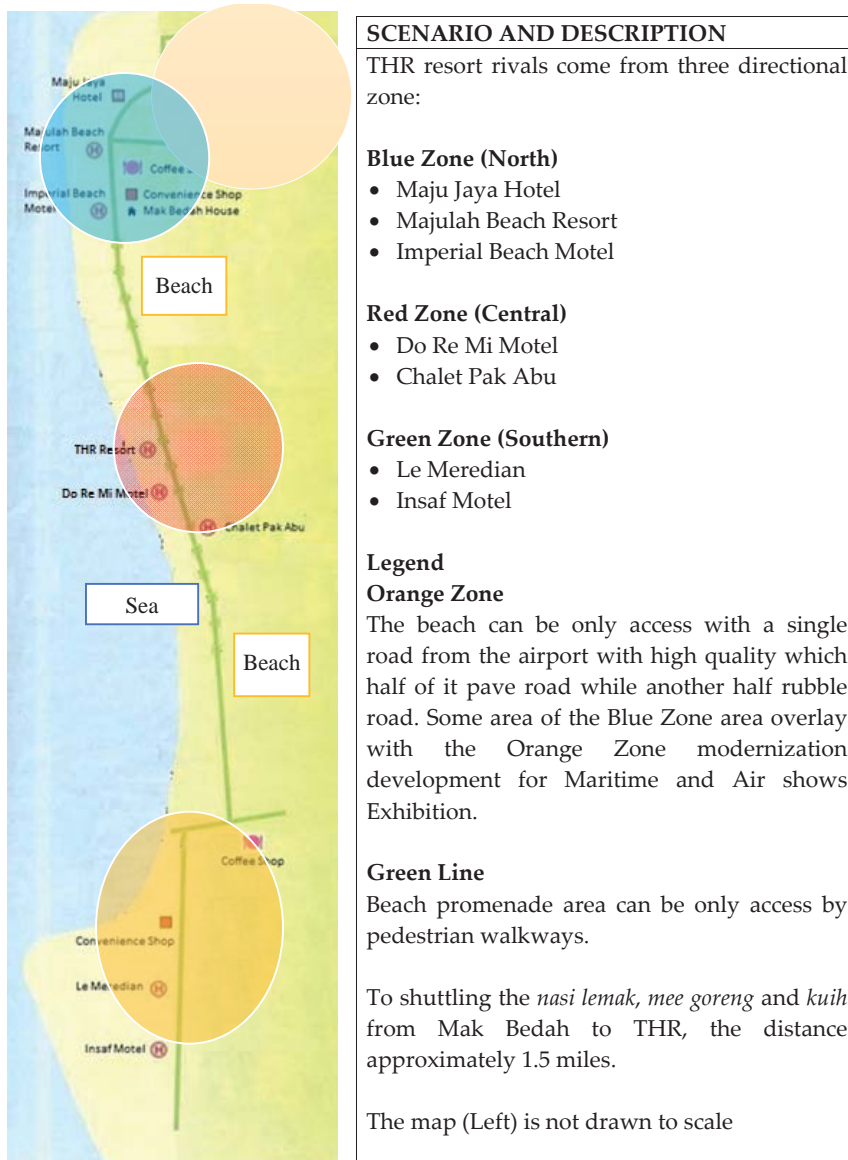


Exhibit 2
(The Dawn of THR)

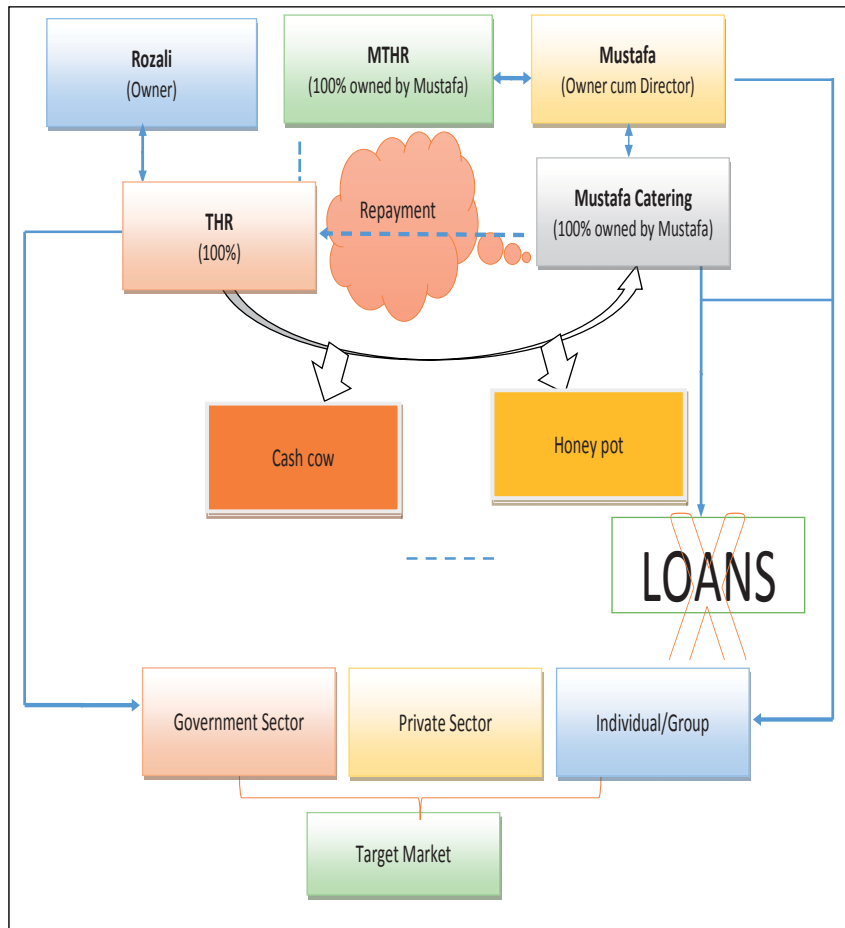



Exhibit 3

(THR Room Type, Room Rate and Facilities)

Room Style Type		Room Tariff	In Room Facilities
	Garden View Standard	RM110 2 Single Bed Breakfast for 2 pax	1. Air-conditioning 2. Colour T.V. 3. Bathroom. 4. Tea & Coffee making facilities 5. Hot Shower 6. Complimentary Breakfast
	Beach Side Superior	RM150 Queen Bed Breakfast for 2 pax	
	Beach Side Superior 2	RM160 Queen Bed Breakfast for 2 pax	
	Garden View Deluxe	RM170 2 Double Bed Breakfast for 4 pax	

Teaching Note

Small Actions Big Changes: Can Director Rogayah Hang On? Context

The THR is a privately owned and family operated resort for over the twenty eight years in a famous island in Peninsular Malaysia. THR was built by Mr. Rozali in 1986. Mr. Rozali was a pioneer in building small resorts along the vacant stretches of beach that were available in those days. The island was just starting to grow with better road systems, commercial airlines, air-conditioning, the building of hotels and providing a trend for people who wanted to escape. The market had become more competitive, stiffer and stringent with the emerged five other motels over the years and two new hotels just beginning their operation on the island.

In 2003, after sixteenth years worked with dedicated and hard work establishing THR, Rozali planned to relieve the command of THR to Mustafa, Rozali's biological son. However, Mustafa was a family man not a company man. He had a compassionate soul towards his family, relative and friends. This raised the question of whether Mustapha was fit for the job, from a competitive and lucrative resort to a *sitting duck* resort. THR looked awful and it became a laughing stock within the *hospitality community*. Rozali went into carefully orchestrating the transfer of power from Mustafa administration to Rogayah.

A Shockwave with a high magnitude had given an impact to the island's hospitality community whether Rogayah has gone insane to become a captain to a sinking ship. Rogayah and Rozali had a mutual understanding of THR for the upcoming future. She agreed to acquire, manage, finance and dispose-off THR liabilities under special purpose vehicle, which was under her flagship, ETS. The first thing that Rogayah did after taking over the operational management was to call up all the lawyers to their creditors in order to settle their debt off the court.

The current workforce's market trend indicates that majority of the Gen Y will stay with an organization for one to two years. There was a higher tendency for newly trained staff to leave THR. Gen Y has caused quite a stir in the work environment. As an employer, Rogayah felt that the Gen Y required a much greater upfront investment for a substantial return only to be fully realized over a long period of time. This was the dilemma that will occupy Rogayah's future manpower plan for THR.

Learning Objectives

At the end of the class discussion, students are able to:

1. Utilize the SWOT Analyst.
2. Integrate Product life cycle and branding.
3. Engage marketing in establishing the brand.
4. Differentiate between joint venture, market penetration and reverse engineering (backward vertical integration).
5. Make a decision on managing people.
6. Understand the concept of promotion.

Lesson Plan

Time Plan	Class Plan
0 – 10 Minutes	Introduction
10 – 40 Minutes	Reading by individual
40 – 100 Minutes	Form A Group Group Case Discussion
100 – 120 Minutes	Wrapping up and conclusion

Discussion Questions

1. After five years of operation, THR faces new competition from other operators. Using SWOT analysis, how could Rozali maintain THR market share in the island?
2. In increasing the potential new guests / returning guests coming to THR, product life cycle and brand play an extensive role in strengthening THR domination. How do you integrate both concepts to ensure THR's market penetration success?
3. What is the best engagement marketing strategy to ensure it is streamlined with the branding strategy?
4. If you were in the position of Rozali, identify the advantages and the disadvantages between a joint venture, market penetration, and reverse engineering (backward vertical integration) in expanding his business. Choose one of the best strategies that you analyze and explain the reasons for choosing the strategy.
5. What consideration and decision will you take in recruiting the Gen Y and why?

Answer Key

1. **After five years of operation, THR faces new competition from other operators. Using SWOT analysis, how could Rozali maintain THR market share in the island?**

Strength	Weakness
<ul style="list-style-type: none"> • Market leader and pioneer to hospitality lodging • Located in a strategic place in the heart of the island • Have a good rapport with local people 	<ul style="list-style-type: none"> • Do not have promotion program • Do not have the package • Lack of facilities
Opportunity	Threat
<ul style="list-style-type: none"> • Have a network to supply food and drink • Explore and venture in tour guiding, transportation, entertainment • Maritime and Airshows Exhibition launching 	<ul style="list-style-type: none"> • Seasonal tourist • Emergent of five new operators in town • Difficulty maintaining the repeating guests due to far away distance of convenience stores and restaurants.

2. **In increasing the potential new guests / returning guests coming to THR, product life cycle and brand play an extensive role in strengthening THR domination. How do you integrate both concepts to ensure THR's market penetration success?**

- THR Brands enter the growth stage of the product life cycle when sales start growing exponentially. THR may also improve the quality of their product brands, adding various services or features. Because of the success of one or more companies, more competitors will enter into the market with their own brands. Consequently, some competitors may try to lower prices to gain market share. New competitors enter the market with different product versions arising from the increasing number of potential customers, large companies may acquire small pioneering firms.
- Since it may be vital to the success of a brand to obtain the widest possible distribution, negotiations with these key distribution players are essential. Different promotional approaches will be appropriate depending on the stage of the consumer's decision process that THR wishes to influence. Prior to the purchase, THR

will want to establish a decision to purchase the product and the specific brand.

- There are two main approaches to promoting products. The “push” strategy is closely related to the “selling concept” and involves “hard” sell and aggressive price promotions to sell at this specific purchase occasion for wider distribution. In contrast, the “pull” strategy emphasizes *creating demand for the brand* so that guest will come to the resort with the intention of buying the service.
3. **What is the best engagement marketing strategy to ensure it is streamlined with the branding strategy?**

Branding is the strategy to identifying, messaging, and experiencing the service while marketing is the tactic on research, advertising, promoting the product. Branding is essentially the image that THR want to project the potential customers’ minds. It includes all aspects of THR business from;

- Logo and tagline of products/services to the way THR engage with customers, suppliers and staff.
- Connecting THR brand strategy with marketing.

Once THR have established its brand identity, THR can plan how to get the message across and connect it to THR marketing activities for instance:

- Aligning branding with marketing and business goals.
- Positioning products/services in relation to potential customers and competitors.
- Creating marketing programs and messages from the target audience and product/service.
- Identifying which marketing efforts to focus on, e.g. mainstream media, direct mail, social media, viral video, etc.
- Deciding what messages to run on which media.
- Building relationships with potential customers.

When branding and marketing work tightly together, they will bring enormous benefits such as:

- Higher sales.
- Loyal customers who not only recognize the THR brand but understand the qualities that make THR better than the competitor.
- Commanding a premium price.

- Mind share – customer's think of THR as the first and only choice.
- Fencing off competitors and protecting THR market share.

Additional Questions

1. If you were in the position of Rozali, identify the advantages and the disadvantages between a joint venture, market penetration, and reverse engineering (backward vertical integration) in expanding his business. Choose one of the best strategies that you analyze and explain the reasons for choosing the strategy.

Joint Venture	
Advantages	Disadvantages
Provided THR with the opportunity to gain new capacity and expertise.	Different cultures and management styles resulted in poor integration and co-operation.
THR had access to greater resources.	It took time and effort to build the right relationship and partnering
THR sharing of risks with a venture partner.	The objectives of the venture were not 100 per cent clear and were not clearly communicated to everyone involved.
Offered a creative way for THR to exit from non-core businesses.	The partners did not provide enough leadership and support in the early stages.
THR can gradually separate a business from the rest of the organization.	There was an imbalance in the levels of expertise, investment or assets brought into the venture by the different partners.
Market Penetration	
Advantages	Disadvantages
THR increase usage by existing customers	THR Unmet Production Costs
THR strengthening product distribution and promotion	Poor THR Company Image
THR secure the dominance of growth markets	Lowering Industry Prices
THR restructure a mature market by driving out competitors	Ineffective / Lack of results
THR maintain or increase the market share of current products	Saturated Market

(continued)

Backward Vertical Integration	
Advantages	Disadvantages
Decreased marketing expenses	Capital investment requirements
Avoiding time-consuming tasks	Increased operating leverage
Synergies	Lack of specialization
Coordination and control	Cost of overcoming mobility barriers
Enhanced ability to differentiate	Inflexibility of operations

2. What consideration and decision will you take in recruiting the Gen Y and why?

Consideration and decision for recruiting		
Gen Y	Technology-savvy	The first generation to be brought up with computers. Members of Gen Y uncover, operate, and recommend the most advanced tools and technologies
	Team players	If some called Generation X "The Me Generation," Generation Y might be termed as "The We Generation" for their heightened sense of community and peer-to-peer relationships.
	Consciousness of the competition	Coming of age in a recession makes Gen Y more aware of the job-market competition.
	Current	Hiring gen Y helps keep the recruiting company up to date with social, entertainment, and other market trends.
	Self-expression	In the Gen Y world, Twitter has taught them to express themselves. While their parents would have shuddered at this type of sharing, the positive effect has been a group of prospective interns who were not afraid to put out ideas.

It would be easy for a small company likes THR to change and accommodate the needs of the top Gen Y talent. The key actually knows what they want. The Gen Y wants and needs:

- Work-Life Balance**
 Gen Y wants flexible work options, compressed workweeks, reduced work weeks, and telecommuting options. Although not a new trend, flexible working is now a necessity rather than a nice to have.

- **Consistent Feedback and Recognition**
Generation Y wants daily feedback. They need constant informal reminders that as an individual and/or team they are doing a good job and they want to know how they can improve. They prefer consistent informal feedback rather than annual performance reviews. They expect leaders to take a vested interest in their own individual development and provide clear career paths.

Creating a culture where feedback and recognition is second nature takes time. Creating this type of work environment isn't expensive, but requires a lot investment of time.
- **Freedom of Creativity**
Gen Y individuals look for jobs that allow them the freedom to be creative and autonomous. As a small business you are likely to be able to allow employees to be creative with minimal constraint. Small businesses should use that advantage to attract Gen Y workers.
- **Empower to Solve Problems**
Generation Y is technologically sophisticated and, if I allow them, they will find efficient, money saving ways of doing things. By empowering them to solve a problem and recognizing those solutions as valuable, I will soon have employees treating my business like it's their own.
- **Training and Development**
Gen Y craves knowledge. Providing a yearly training and development allowance will help my employees grow with and become invested in the business, while fulfilling their desire for self-improvement.
- **Say Yes To Social Media – With Boundaries**
Generation Y is fuelled by social media. It is part of their life, and a major communication avenue for them. No matter how much as an employer try to suppress their online communication habits, they will find a way to engage in social media.

Instead of outlawing what they use the most, attract and retain Gen Y by including social media in my communication systems. Set boundaries by ensuring proper social media policies are in place and effectively manage and implement them.
- **Give Back: Don't Just Take**
Generation Y was brought up to be aware of others and to care for those less fortunate than themselves.