

# **Business Games**



## LM HOSPITALITY

Booklet for students



Anne Queffelec & Mathieu Paquerot

# 1. Organization

---

## 1. What you need to play this business game

- A laptop
- An Internet Connexion

## 2. Learning goals

- Work in team
- Define and implement a strategy
- Make marketing strategy
- Elaborate reporting
- Make forecasts
- Negotiate (with customers and partners)
- Manage crises
- Present your results to your shareholders

## 3. Management of the team

---

*Identify the competences of the members of the team*

---

You must design your organization in order to allow all members to share information efficiently. The monitoring of the decisions and the coordination of the members are very important.

You need at least:

- ✓ a general manager
- ✓ a financial manager
- ✓ a human resources controller
- ✓ a marketing manager

The manager gives the decision to the animator of the business game

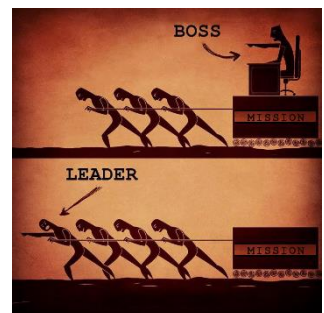
- ✓ He controls the data
- ✓ He takes the decisions quickly if necessary (if there is some lack of information or if some figures seem to be wrong).

You will have to make some challenges in the same time than decisions

---

*It is indispensable to conduct a clear distribution of the tasks between the team members.*

---





[https://www.youtube.com/watch?v=3kd1\\_VsPz0U](https://www.youtube.com/watch?v=3kd1_VsPz0U)

This distribution must consider the expertise of each and the complexity of the decisions to take.

The circulation of information between the team's members, as well as the coordination and the cooperation of the participants are indispensable to the success of the project.

The leader's role is essential in this organization. He must be informed of everything and capable to verify the consistency of the decisions.

#### 4. Monitoring tools

---

*You must be able to verify that the accounts are good, it means there is no problem with your accountancy or diversions of fund in your company.*

---

Such a situation would be evidently very damaging for the managers.

It belongs to you therefore to implement the necessary tools to verify the accounts that will be given to you for every decision. The lack of detection in possible mistakes will be considered like a weakness in the monitoring of the management by your shareholders. It is therefore important that you have some expectations in relation to the numbers that will be given to you and that you are able to verify the consistency of it.

#### 5. Decision making tools

You have the possibility to buy studies. It's a cost (who evolves in the time), but it's essential to have it.

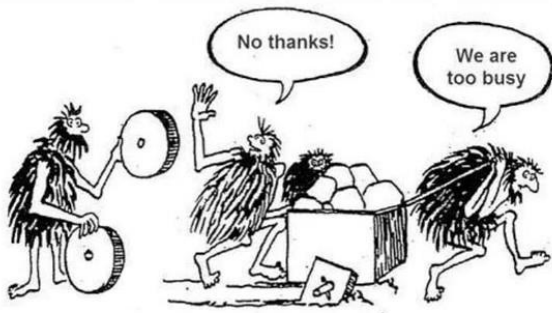
---

*Without these studies, you are blind.*

---

It is therefore indispensable to buy them regularly and to select the necessary information for the decision making.

The monitoring of the competition is evidently an essential element to define, to improve and to implement your strategy.



Decision tools must permit to know the results of the variations of some components of the mix-marketing.

The development of a control panel permitting to underline the variables or the information necessary to the decision making are therefore indispensable.

Thus, variables as those that represent below must be listed:

- ✓ Information on the competition
- ✓ Information on the environment
- ✓ Information on the satisfaction of the partners
- ✓ Elasticity of demand for the different mix-marketing parameters

These reporting must be achieved by every decision-maker in this particular field. They must permit to select the information necessary to the decision making and to count the effects of the decisions in the time to permit to adjust the strategies during the time.



## 2. Presentation of the resort

### 6. Environment- The Langkawi Islands

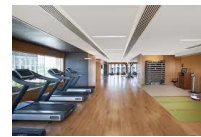


A touristic and very competitive area (Langkawi islands in Malaysia) with a lot of hotels and resorts close to the sea.



Your resort is a three stars' hotel with 100 bungalows and you can invest in:

- *Massage & relaxing room*
- *Bar*
- *Fitness center*
- *Spa*
- *Swimming pool*



These facilities are managed by some other companies that pay to your hotel some royalties (a percentage of the turnover realized).

---

*It is important to increase the number of customers in the hotel to raise the amount of royalties paid by your partners*

---

There is a strong seasonality on your area. The resort is open all year long.

Your company is Malaysian. The currency used is the ringgit. The rate is 1 euro for 4 ringgits.

You have a capacity of rooms that you can make evolve by your investments. Your implantation has a land reserve allowing you to achieve your enlargement according to your needs. The cost of the enlargement are in the sheet of parameters given at the beginning of the simulation.



---

*You have a balance and a treasury. It will be necessary to consider these resources for your future investments because you don't have an unlimited financial capacity.*

---

## 7. Differentiation strategy and investments

You can invest in new facilities and improve the quality of your resort.

You can invest in a spa, a fitness center, ... to increase the differentiation of your hotel. These investments increase also the amount of royalties paid by your partner.

You have to find the budget to finance your increase (loans, cash flows,...) and it is necessary to elaborate the tools (finance plan, profitability of the investments,...) to convince your stockholders to invest.

---

*You have to plan the development of your company (financing, investments, management of the new facilities,...)*

---

## 8. The stakeholders

You must manage several kinds of stakeholders.

You must create some equilibrium between stakeholders and to avoid conflict.

## 9. The staff

You must take in account the minimum wages of the country to determine the salaries of your staff. Your teams have some expectation in terms of salary and you have to take these expectations in account. You must pay severance pay to the permanent staff if you fire them.

The different staff:

- *The middle managers are very important in your company, if they are not motivated, the quality of service is not good.*
- *The maintenance staff manages and cleans the resort.*
- *The front office staff makes the booking and takes care of the customers*

---

*The staff's satisfaction influences very directly the one of your customers.*

---

Their satisfaction is relative in relation to the environment and to your competitors. When these last offer better conditions of work, your staff feels a certain frustration that reverberates on their incentive and the satisfaction of your customers. The incentive of the middle managers is essential, because a poor management doesn't improve the quality of your establishment.

## 10. Stakeholders

Your stakeholders want yields.

---

*You have to communicate to these investors and to give them some forecasts concerning the activity of the resort*

---

Some regular meetings are organized. They must be prepared seriously and a presentation will be done to the shareholders.

The returns for the shareholders and the return on investment must be communicated regularly. As well as the forecasts of turnover and result for the next exercise.

The management team has to really integrate the fact that she can be in a difficult position if she provides some bad forecasts to the shareholders

## 11. The bankers

You have some banking loans and overdraft and you will need some tools to manage your treasury to negotiate. These negotiations must be the subject of a preparation to provide a precise evaluation of your needs.

Your treasury depends on the authorization of overdraft negotiated with your banker. The failure in the respect of your engagements can have some consequences on your investments as well as the blockage of your enterprise (non-payment of the wages, of the advertisement expenses.).

## 12. The customers

They are the centre of your preoccupations.

---

*Their satisfaction conditions your incomes directly*

---

The quality of your facilities, the proposed services, the cleanliness... are some factors that influence the occupancy rate of your hotel.

---

*The satisfaction of the employees influences also the quality of the welcome evaluated by your hosts.*

---

Some Tour Operators solicit you regularly. They buy some big quantities and some of these partners proceed by bid.

The negotiations take place regularly and you must be able to adjust your propositions of prices and volumes according to your availabilities.

