The Menace of Exposure: Nazarene University's Rizalina Hotel's Opening to the Public

Every day had been a struggle for Joselito Villa, the General Manager of Nazarene University - Rizalina Hotel. He had to contend with many things being the University's HRM (Hotel and Restaurant Management) Program Head as well, which involved student issues, faculty concerns, expectations from the Academic Council, and finally, the dilemma he faced about the University Hotel.

Mr. Villa knew that in order for the University Hotel to open to the general public, he needed to make sure that all components were ready: the human resources, facilities, procedures, information systems, and others. Just when he thought everything was set, he experienced problems with the attrition rate, performance rating, customer satisfaction, and quality issues with the information system.

Despite having a lot on his plate, he had to come up with a solution as soon as possible because the University's COO (Chief Operations Officer) expected nothing but excellent results. Mr. Villa reviewed all data he had and, just like the first drops of rain after a long summer, he knew what he needed to do.

Nazarene University - Rizalina Hotel Overview

Nazarene University - Rizalina Hotel started its operations in June 2011 to internal guests (faculty and staff of Nazarene University). The hotel was situated on the university campus. The College of Management and Accountancy (CMA) office resided on the ground floor of the hotel. On the second floor

WILLIAM DAVIDSON INSTITUTE
AT THE UNIVERSITY OF MICHIGAN

Published by WDI Publishing, a division of the William Davidson Institute at the University of Michigan.
© 2017 Relanie Jean Eleaña. This case was written by Relanie Jean Eleaña HRM Faculty at PHINMA University of Iloilo. This case was prepared as the basis for class discussion rather than to illustrate either effective or ineffective handling of a situation. This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under the terms of Cooperative Agreement #AID-492-A13-00011. The contents do not necessarily reflect the views of USAID or the United States Government.

were rooms that were used for classes. The hotel's kitchen was on the 3rd floor, the banquet hall on the 4th, and the front office and guest rooms were on the 5th floor of the building. Students were the ones operating the hotel, handling Housekeeping Procedures, Front Office Procedures, Rooms Division Management, and Control Systems.[1]

By the first semester of school year 2015-2016, Mr. Villa had established the Student Supervisors' Organization, because there were no permanent people operating the hotel, which hampered the smooth functioning of hotel procedures. There were four original student members charged with hotel operations. Half of them were scholars, and their number grew to 20 by the middle of the semester. It was during this period that the Banquet Hall was utilized for school events and was rented by other departments who wanted to conduct their events at the venue.[2]

During the second semester of school year 2015-2016, Mr. Villa assigned custodians from his faculty roster to help him out with the hotel operations. One was assigned to the kitchen and bar, and another one to the banquet and hotel. They established a system designed for efficient operations and utilized the Student Supervisors in carrying it out. They encountered problems along the way but made revisions and action plans that would address the loopholes in the system they established.[3]

Competition Overview

The hospitality industry, especially the lodging and accommodations sector, was fast-growing in Iloilo City in 2016. With Megaworld on the rise in Iloilo Business District in Mandurriao, many well known hotels were established in the city such as Richmonde Hotel[4] and Courtyard by Marriott Hotel.[5] In addition to the more than 70 competitor hotels, there were also four other schools offering HRM (Hotel and Restaurant Management) Programs in Iloilo City that had hotels that were used not just as training centers but also to accommodate real guests.[6]

The Student Supervisors' Organization

The Student Supervisors' Organization, commonly known as the SS, was an organization of HRM students who volunteered to help with the hotel operations. At first, new SS members were added through referrals by the current members. By the second semester of school year 2015-2016, the new custodians, with the approval of Mr. Villa, formulated a recruitment process because of the increasing number of students who wanted to be a part of the organization.[7]

The recruitment process was simple. The applicants approached any of the custodians to express their intention and set an interview. On the day of the interview, the applicants were required to answer five essay questions that would assess their determination to enter the organization. A panel interview with the custodians and the general manager would then follow. The applicants were asked about their views of the hotel and the organization, their expectations, and what possible contributions they could make if accepted. The applicants' critical thinking skills were also tested through situational analysis. Upon passing the interview, new members would then undergo orientation and familiarization with the duties.[8]

The Student Supervisors had a variety of tasks, such as front office and housekeeping duties, as well as facilitating requests from the banquet hall, kitchen and bar, and other tasks that might be assigned by the general manager. They also facilitated and catered events held at the banquet hall. Given the workloads assigned to them, and because the hotel operated 24 hours a day and 7 days a week, three members were encouraged to stay and sleep at the hotel every night, especially if there were guests.[9]

Every month, the members of the organization underwent a performance appraisal. They were evaluated by their co-workers (Peer Evaluation - 60% of their overall score), by the custodians (30% of their overall score), and by the workshop facilitators/resource speakers (10% of their overall score). If the organization had an income-generating project or had organized an event, the custodians evaluated their performance as well and added it as part of their workshop scores. The student with the highest overall score would then be the SS (Student Supervisor) of the month and would receive a certificate for the exemplary performance.[10]

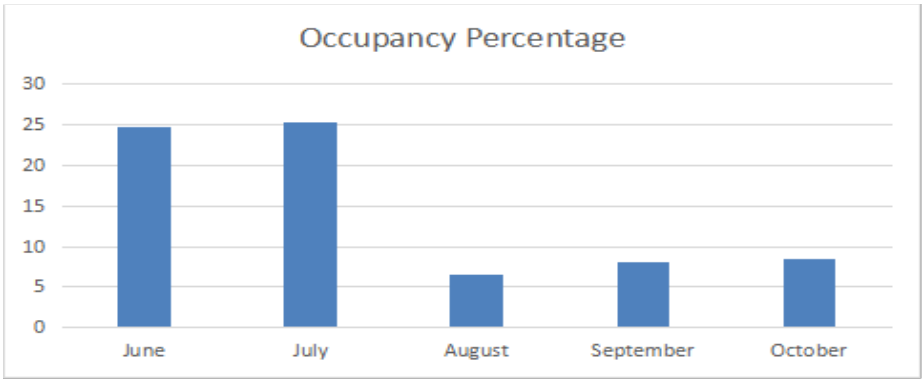
Because the organization was composed of volunteers who didn't get any compensation in return for their services, the custodians and general manager thought of conducting workshops and income-generating activities as a way of giving back to the students. They emphasized that although the students might not be receiving monetary compensation, they would be able to gain the necessary skills, positive outlook, and the right attitude that were essential in their future careers. At first, the students were satisfied, but by the middle of the second semester of the school year 2015-2016, the members' number dwindled. Similar to other organizations, the SS experienced a high attrition rate because of demotivated people who thought the time they rendered at the hotel was not worth it because they didn't think that they received enough in return. Some were so busy that they couldn't fit their duties into their schedules. Others had more pressing concerns with their studies and their families that they set their duties aside and only came back when they had resolved whatever issues they may have had. Some were demotivated because of their co-workers' attitudes.[11]

When the number of volunteers was no longer enough to support the hotel operations, the custodians and general manager recruited replacements for those who had left the organization. The same process was applied and the workshops and income-generating projects continued, but some people still left the organization. The attrition rate remained very high.[12]

Hotel Occupancy Statistics

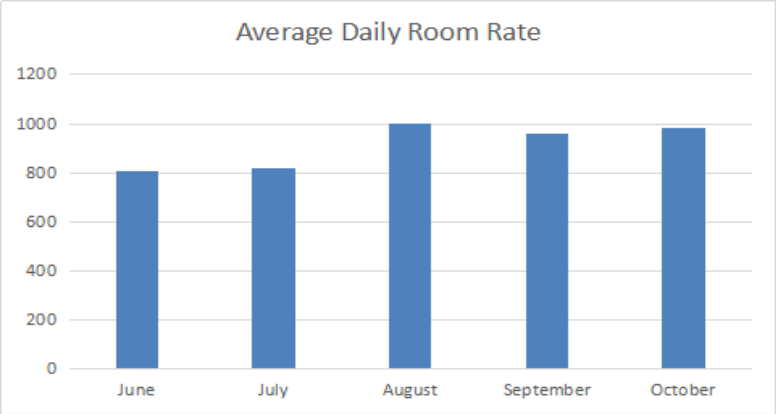
The three main indexes used in the science of revenue management are Occupancy Percentage, ADR (Average Daily Room Rate) and Rev PAR (Revenue per Available Room).[13] Occupancy is the percentage of available rooms sold during a specific period of time and is calculated by dividing the number of rooms sold by the number of rooms available.[14] ADR is the measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.[15] RevPAR, on the other hand, is the total guest room revenue divided by the total number of available rooms. It could also be calculated by multiplying the Occupancy and ADR.[16]

Figure 1
Occupancy Percentage of Nazarene University - Rizalina Hotel, June - October 2016.



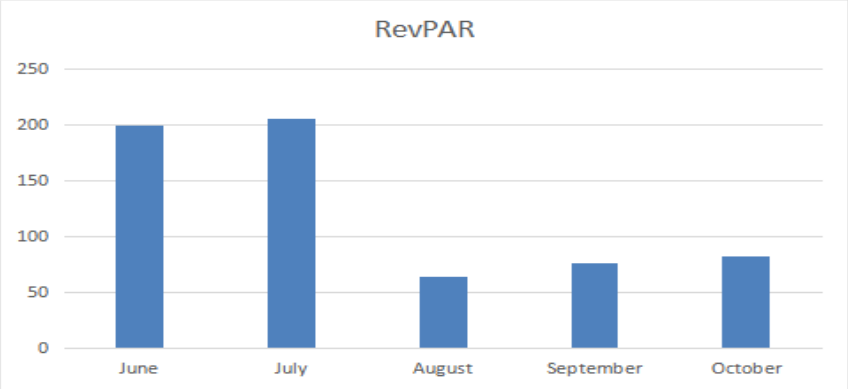
Source: Interview with Joselito H. Villa, October 7, 2016

Figure 2
Occupancy Percentage of Nazarene University - Rizalina Hotel, June - October 2016 in Philippine Peso.



Source: Interview with Joselito H. Villa, October 7, 2016

Figure 3
Revenue Per Available Room (RevPAR) of Nazarene University - Rizalina Hotel,June - October 2016 in Philippine Peso.



Source: Interview with Joselito H. Villa, October 7, 2016

As shown in Figures 1-3, the hotel's occupancy rate, ADR and RevPAR were too low, due to the fact that the hotel only catered to internal guests. The opening of the hotel to the public was foreseen to generate an increase in the occupancy rate, ADR and RevPAR. With the five rooms fully functional, the university could gain profit from hotel accommodation.[17]

Customer Satisfaction Survey

To determine the areas in which the hotel needed to improve, the custodians and general manager devised a Guest Survey Form to know how the guests viewed the hotel in terms of service, cleanliness and facilities. The forms were randomly given to the guests and the following data were gathered:[18]

Figure 4
Customer Satisfaction Survey Results

Categories	Ratings
Staff	Moderate
Friendliness	Moderately
Politeness	Moderately
Professionalism	Moderately
Helpfulness	Extremely
Promptness	Slightly
System	Moderate
Check-in and Check-out Process	Moderately
Facilities	Moderate
Cleanliness	Slightly
Ease of Use/Usability	Moderately
Comfort	Moderately
Overall Satisfaction	Moderate

Source: Interview with Joselito H. Villa, October 7, 2016

Figure 4 shows the Average Rating of the University Hotel as divided in 10 categories for five months. These results were based on a survey of 20 guests with the following range:

1- Not at all

2-Slightly

3-Moderately

4-Extremely

Out of the 20 respondents, only 35% were likely to recommend the hotel to a family, friend or an acquaintance. Guests gave the following reasons for why they wouldn't recommend the hotel:

The guestrooms were located on the 5th floor and there was no elevator. It was a long walk from the entrance of the school.

There were times when the water supply wasn't enough, which usually happened on the weekends when the office of the General Services Department (GSD) was closed. Thus, it usually took time for the water supply to be ample again. The students normally stocked pails of water that they got from the ground floor to remedy the situation.

There were times when guests needed to wait for an available student to address their concerns. As with the water supply, this occurred mostly on weekends when only a few students were at the hotel.

There were a couple of times when the guestrooms were not thoroughly clean. These occasions happened on days when the students were busy with exams or school activities.

There were occasions when the air-conditioning units in some rooms were not working, and guests needed to be transferred to another room. It usually took time for GSD to address such concerns.[19]

The Challenges

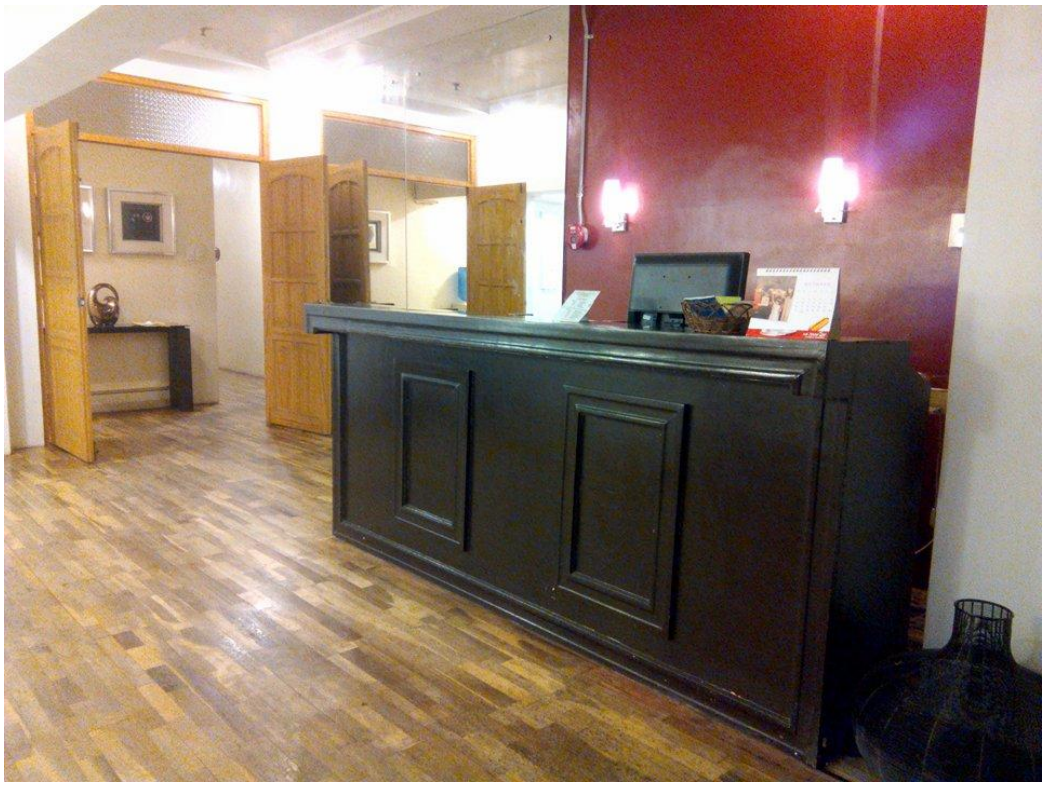
The University Hotel faced challenges in human resources, especially the high attrition rate and low performance of the system; with the reservation process and lack of GDS (Global Distribution System); with the facilities, due to the lack of an elevator; slow response to requests for repairs and maintenance; and low guest satisfaction ratings.[20]

The Hotel needed major improvements if it were to open to the public. The issues on human resources, systems and facilities needed to be addressed immediately.

Mr. Villa was faced with many issues geared toward the opening of the hotel to external guests. He knew the hotel had potential. He had already envisioned the hotel to be an assessment center, a venue for internal and external events, and an accommodation center for business and educational travelers. He needed to make sure all components were ready for the opening of the hotel.[21]

In order for the hotel to be opened to the public, Mr. Villa needed to address the challenges through proper planning and execution. The opening of Nazarene University - Rizalina Hotel to external guests required a lot of preparation. Everything needed to fall into place in order to steer clear of -- or at least minimize -- the menace of exposure.

Exhibit 1
Nazarene University - Rizalina Hotel Front Office



Source: Eleaña, Relanie Jean. 2016. Unpublished.

Exhibit 2
Nazarene University - Rizalina Hotel Banquet Hall

Source: Eleaña, Relanie Jean. 2016. Unpublished.

Exhibit 3
Nazarene University - Rizalina Hotel Master Suite

Source: Eleaña, Relanie Jean. 2016. Unpublished.

Endnotes

1 Interview with Joselito H. Villa, October 7, 2016.
2 Ibid.
3 Ibid.
4 Megaworld Iloilo Business Park "Richmonde Hotel Iloilo and Richmonde Tower" Accessed 08 October 2016. <http://www.iloilobusinesspark.ph/about-us/>
5 Megaworld Corporation "Megaworld to build P1.5-B Courtyard by Marriott Hotel in Iloilo Business Park" August 2013. Accessed 08 October 2016. <https://www.megaworldcorp.com/megaworld-to-build-p1-5-b-courtyard-by-marriott-hotel-in-iloilo-business-park/>
6 Interview with Joselito H. Villa, October 7, 2016.
7 Ibid.
8 Ibid.
9 Ibid.
10 Ibid.
11 Ibid.
12 Ibid.
13 Hospitality.Net "3 biggest myths about Occupancy by Ira Vouk."June 02, 2014. Accessed 08 October 2016. <http://www.hospitalitynet.org/news/4065514.html>
14 STR Global "Definitions" Accessed 08 October 2016 <http://www.strglobal.com/Media/Default/Documents/Definitions.pdf>
15 Ibid.
16 Ibid.
17 Interview with Joselito H. Villa, October 7, 2016.
18 Ibid.
19 Ibid.
20 Ibid.
21 Ibid