

Hotel Amardeep Palace: Standing on the Runway

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Abstract

This case was about a hotel which was offering various services to the customers like room bookings, restaurant, swimming pool and bar. It was also offering other services such as booking for parties and packed lunch for the customers. The hotel was started in the year 2013 by Shakti Sharma who was earlier managing his family business of construction successfully. The hotel was having some unique features like roof-top swimming pool and separate smoking zone in the restaurant. Prior to this hotel he also started a restaurant in outer skirts of the city having posh localities nearby. The case is focusing on challenges faced by the hotel regarding marketing and promotion of the hotel, business expansion, resource management and operational difficulties after the inception. The name of the hotel and their officials has been disguised so as to avoid any conflict.

Introduction

Amrish Sharma, 75, was in construction business since last 40 years which he was managing with the help of his son Gulshan. As he was in construction business, he acquired land in various locations of Indore city. Amrish and Gulshan were very successful in their venture and they wanted to hand over their business to the next generation. After completing his graduation Shakti, grandson of Amrish, joined the family business. Shakti was well qualified and very enthusiastic with open eyes to the environment. For him speed had always been the essence of life. Though he was doing very well in construction business, he wanted to expand and diversify. He scanned the overall environment of Indore city and found that Indorians were food freak. With that in mind he decided to open up a restaurant in Indore. He then found a fully furnished and well designed property for lease with a reasonable rent at an area which was in outer skirts of the city having posh localities nearby. Within three months time he opened up his restaurant and named it 'Green Chilly'.

The restaurant was flourishing well with happy and satisfied customers. Within a year's time the turnover kept increasing

with increase in the number of menu items. The restaurant witnessed huge success and Shakti thought of expanding it further.

In the meantime, because of conflict between the owners of property, Shakti had to look for another arrangement for Green Chilly. He took this challenge as an opportunity and decided to use his own land in the centre of the city and constructed a hotel named Amardeep Palace in mid 2013.

Strategies of Amardeep Palace

Shakti analyzed the environment and found that various corporate houses used to organize various business meetings, conferences, seminars etc. throughout the year and for that they need a venue which can provide them conference hall, food and residential facility to their officials coming from other cities. So he contacted higher officials of business houses having their plants and other establishments in Indore and adjacent towns of Indore like Pithampur and Dewas. He managed to get contracts from some good business houses for the same.

Some organizations booked few rooms on monthly basis whether used or not. Hotel was also having a tie up with an

agency for giving coupons with various offers including buy one get one free if the customers use their coupons.

Shakti's concern was about services that really matter like warm welcome, food, ambience and other facilities. A 24-hour front desk allowed guest to check-in anytime. Hotel had have modern rooms with wi-fi, air-conditioned, wood furnishings, a tea/coffee maker, cable TV and private bathroom with shower, bathtub and hairdryer. All these facilities Shakti believed will create a perfect stay with comfort. Apart from these facilities Hotel also had fitness room and a restaurant named Green Chilly which served Indian, Chinese and European dishes. The hotel also had a roof top swimming pool. Such a concept of roof top swimming pool was only in one more hotel in the city but the poolside ambience at Amardeep was poor. Although the hotel had all required facilities but they used the old furniture of Green Chilly which was not giving a very attractive ambience to the hotel.

The hotel had locational advantages like Indore Railway Station and Indore Bus Stand were only 6 kms away from hotel and Indore Domestic Airport was approximately 8 kms away. Amardeep Palace was just 2 minutes away from a renowned hospital and a posh residential area and market. This area also had other hotels which ranged from economy class to five star. On the other side of hotel, there were many small shops of items used in construction business.

Future Plans

The area in which Amardeep Palace was established was a health and Education sector of the city having many educational institutes. Looking at this, Shakti decided to open up a pub with disc and a separate smoking zone which was a unique feature in Indore. So they started constructing the pub in the basement of the hotel. They also had an expansion plan to open up another high class pub at another location in the city which Shakti believed would be the best in the city.

Departments at Amardeep

Human resource department: The total strength of workforce at the hotel was 45 with an average age of 30 years. This department was having only one HR manager who looked after salary, leaves and other HR related issues. Six training programs were to be conducted every year for which the hotel was having a tie up with a training firm. Employee turnover was very low in the hotel as the hotel was paying attractive salary with less number of working hours in comparison to other premium hotels.

Marketing and promotion: In hotel there was only one person responsible for marketing who just left the organization as he got better opportunity in other hotel in some other city. The hotel was looking for appointing

another marketing manager. The hotel was primarily focusing on online marketing and their major tie-ups were with industries in and around the city. The hotel had various offers and schemes for these industries and other customers.

Housekeeping and maintenance: The Housekeeping and maintenance staff was outsourced from one agency which ensured the complete maintenance and look after the hotel, restaurant, cafeteria, bars, banquet hall and conference hall.

Food and beverage Production and service: Food and beverage section had a range of cuisines to provide on the menu from Indian, Chinese to European. They also had a provision of lunch pack facility and they served packed lunch frequently to corporate close to their hotel. As per Shakti, food and beverages served to the customers should be of best quality.

Challenges Ahead

Although there were locational advantages of being situated in heart of the city, there were some drawbacks too. As on one side, there was a five star hotel and on the other side of hotel, there were many small shops of items used in construction business which was not making it comfortable to the customers who were willing to come with the families.

Another issue was related to ambience of the hotel. Being a three star hotel it was a big challenge for them that they were using old furniture of their last restaurant at many places like bar, restaurant etc. which was a hurdle in attracting a modern day customer. Also the hotel didn't have a big banquet hall to accommodate more than 200 people at one point of time. Other hotels in the same area were able to manage big marriages at their venue.

As there was no well established marketing department in the hotel, employees of other departments had to take the pressure of promoting various events being organized in hotel. In one such incidence, the employees were given a target of booking seventy five couples for new year's party along with managing internal arrangement of the hotel. Till December 28' 2015 they were having only 20 entries. Shakti called a meeting and motivated his employees with the belief that if all employees will work together, they will be able to promote the hotel and build a brand image. By December 31st 2015, they were able to achieve more than their target and managed to get 100 entries for new year celebration.

Another problem which was being faced by staff of production department that the room booking department was not informing the status of room booking to them. In one incident, there was a clash between bookings of residential and non residential customers due to which table arrangement became a problem. One more problem in production department was that a person was required each

time to read the order slip to the chefs otherwise orders were getting delayed or wrong orders were being served. To solve this problem they came up with a solution to have one single book to register all bookings.

Majorly the hotel was getting business from corporate houses with whom they had tie-ups for conferences, seminars, business meetings and stay of their officials. Shakti wanted to attract young customer segment and customers other than he was getting from corporate tie-ups to increase his turnover.

Questions for Discussion

1. Analyze the case using SWOT analysis.
2. Comment on entrepreneurial qualities of Shakti.
3. What future do you see for Hotel Amardeep Palace?
4. What strategies would you suggest to Shakti for the success of his expansion plans?

Teaching Notes

The case attempts to provide an insight into the strategies adopted by Amardeep Palace and challenges after its inception so as to provide a practical exposure to the students for analyzing existing situation of the hotel.

Issues involved in the case

Entrepreneurship, Marketing, promotion, expansion strategies and resource management.

Teaching Strategies:

The students need to come prepared with basics of Entrepreneurship, Marketing, Promotion, Business Expansion strategies and the strategies used in industry in Marketing and resource management.

Students could evaluate the case in light of current development of the Hotel in present scenario.

The case can be taken when the faculty teaches entrepreneurship, marketing, promotion, business expansion and resource management.

The students can refer to books and journals on these issues for further studies and analysis.

The case should be administered to the students who are required to analyze the case on an individual basis. In the second stage groups of three to four students need to be formed and the case should be analyzed and discussed at the group level. In the third stage the case should be presented by each group and be open for inter group discussion.