

## **APEX HOTELS, UNITED KINGDOM**

### **Succession Planning and Employee Resourcing**

#### **Introduction**

Apex Hotels is the UK's leading operator of 4-star contemporary hotels. With 5 hotels in Edinburgh, Dundee and London, the company has experienced phenomenal growth since its inception in 1996. The company is a small Scottish Family-owned business with ambitious growth plans. Three new hotels for Edinburgh and London are planned for 2009/2010. Such growth is underpinned by a strong commitment to superior customer service and in providing a professional friendly service to guests.

Apex Hotels offers a wide range of facilities to guests. All five hotels offer extensive conference facilities for business guests. Gym and leisure facilities are available at the Apex Dundee, Apex London and Apex International hotels. High quality food is also important and both the Apex International and Apex Dundee restaurants hold two AA rosettes. A high quality committed workforce has been central to the development of Apex Hotels. The company current employs 550 employees and it is expected that this number will rise to 900 when the three new hotels come on stream in 2009/2010.

This case study will focus on the development and succession planning strategies employed by Apex Hotels. In particular, it will examine the importance Apex Hotels places on identifying, developing and retaining talented employees and how it successfully manages the expectations of such employees. Interviews for this case study was held at the Apex City hotel. Three interviews were conducted with the Regional Operations Director (Scotland), HR Director and Apex International Hotel General Manager. These three interviewees have a combined experience of over 50 years in the hospitality industry and provide valuable insights into the changes that have occurred within the industry.

#### **Recruiting Quality Staff and the Psychological Contract**

Recruiting the right staff with a positive attitude and ethos is critical to the success of Apex Hotels. Staff are encouraged and rewarded for developing good rapport with customers and are encouraged to show initiative in promoting a positive guest experience. They also should be willing to work hard and show commitment and dedication to the company. This ethos is reflected in the views of Robert Allan, HR Director:

*The hotel industry is something people have in the blood. I think that it takes a particular type of person with a particular attitude to want to sustain a career or job (whatever you choose – there are both). It's not for everybody. You really enjoy it and thrive on it, or you don't enjoy it at all and don't want to be here or you're one of the people who do it until you find someone else [to work for]. There is a*

*shortage of people who you would want working for your company, who are mid to long term people who have that passion, drive and natural enthusiasm and see that at the end of the day you don't get something for nothing and that nobody is going to come along and give you a supervisory job on a plate just because you have been here 2 years. That's the kind of people that I want.*

Being seen as an innovative dynamic hotel chain with ambitious growth plans has been key to attracting employees to Apex Hotels. The company prides itself in being a family-owned business with the Springford family actively involved in day-to-day operations. Staff are viewed as the embodiment of the business and resources have been invested in new staff uniforms, handbooks and training in efforts to forge higher levels of customer satisfaction. The prospect of career development opportunities and a friendly working environment have resulted in greater numbers of employees choosing to work for Apex Hotels as Apex International Hotel General Manager Alan Harbisher explains:

*From the people side, 4 or 5 years ago, staff turnover was much higher – now we're getting much better people working for us – particularly from the Eastern European market. In the past, workers in the hotel were more transitory – nowadays workers in the hotel value their jobs a lot more and are less easy come, easy go. People who do the background on APEX will see how the company has progressed. They will see it as a progressive company. The company has never really stood still. We always seem to be doing a new refurbishment or opening a new property or looking at a new property to develop. More and more now as the name is being recognised, people see us as a company on the move and want to work for us.*

Creating a positive working environment is critical in ensuring that employees are committed and contented in the business. To this end, Apex Hotels have worked hard to create a supportive climate with managers who are fair, honest, and cooperative. In this regard, the psychological contract plays an important role. Much work has been done to ensure that Apex lives up to the promises it makes to new employees. Managing employee expectations is seen as the joint responsibility of HR and line management. As regional director for Apex, Angela Newton puts it:

*Our people are what we are all about. We want our staff to be able to contribute to our success. Our focus is on customer service and we need to have the right staff to achieve this. In doing so, we must make sure we don't panic recruit. We need to wait out for the best people. Then, we need to nurture them, develop them and communicate with them. Our staff are more than just arms and legs. They are our link to the customer.*

## **Succession Planning and Developing Talent**

With ambitious growth plans comes the need to resource new properties with skilled staff who can maintain established service standards. Consequently, Apex Hotels has realised the need to develop a pool of talent from which internal vacancies can be filled. Thus, succession planning fulfils two key objectives for Apex Hotels: firstly, it plays an important role in long-term corporate strategic planning and it allows Apex Hotels to compete effectively for and retain ambitious skilled employees looking for a rewarding career in the hospitality sector. In the latter case, HR Director Robert Allan notes the various transitions that have taken place over the past two decades:

*If I compare the hotel industry from 20 years ago to today – its very different – for me, we've almost gone full circle – 20 years ago, we had a very structured management career path – you started as a junior assistant manager on a management graduate training scheme to become a general manager. In that 20 year period, there has been a period where career development, succession planning and management development has become a bit blurred – where now I see us returning to a career structured, succession planning way of thinking. However, there was a good number of years, where people hopped around jobs and weren't quite sure what they were doing or what they wanted to do – therefore they became less specialised in their area – and I think now there is that need to become more career minded... Now, there is a realisation that we need to go back to a structured method of development because of evidence in the kitchens with skills shortages and people starting to realise that if you want a good chef, you almost have to make your own chef. And I'm happy that we bring people out of school with a flair and interest in food and we train them in house in what they need to do.*

Identifying the right employees, promoting them when they are ready, and supporting them in their new role is essential to effective succession planning. In this regard, where possible, Apex Hotels operates an internal promotions policy. Such an approach is not automatic however and careful consideration is given before new managers and supervisors are appointed. Panic promotions and the need to fill positions quickly have caused Apex Hotels challenges in the past, as HR Director, Robert Allan explains:

*We have clearly made mistakes in the past where we have promoted people to management positions, where in retrospect, it was too soon and we shouldn't have promoted them and that caused us issues in morale, performance management, time, effort to turn those situations around. So, we have learned from internally promoting people too quickly, too fast: giving them the job because they are next which is the wrong thing to do. I will happily stand by my position to turn somebody down if we believe they are not right – even if they believe they are right themselves. Basically, it makes business sense to make that decision.*

In response to the need for more formal succession planning, the Developing Talent Programme was launched by Apex Hotels last year. Regional Director, Angela Newton outlines the significance of the programme:

*Developing talent is a strategic priority for us. In the past, succession planning was rather bitty. Now with new hotels coming on stream, we recognise the importance of developing our people. We need to have our staff more strategically aligned to the longer-term needs of our business.*

The programme, which is in the process of being accredited by a national university, identifies employees with potential and gets participants to engage with a series of 8 modules on a range of topics including people management and holding effective meetings. The course is run by an external trainer and had an initial intake of 20 people. Feedback from the programme indicates major changes in the skills and confidence levels of participants. Particular changes have been noted in the way some employees now manage themselves and others; the way they relate to others; how they delegate tasks; how they manage day-to-day operations; how they organise themselves better; and how they hold effective meetings.

Changes have also occurred in the role of the HR department at Apex Hotels. Key messages now emphasised by the HR department are the need for accountability and staff progression. Supervisors and managers are being encouraged to *"have the person in the pocket"* – so that important positions can be filled without major discomfort should staff leave the company. They are encouraged to work closely with subordinates and coach them toward achieving higher positions in the organisation. Line managers are urged to take responsibility for their staff, including grievance and disciplinary issues with HR providing a supportive role, rather than the first line of defence.

In relation to performance management, the company uses a competency framework to appraise supervisors and managers on 12 core business priorities. A scaled down version based on the four core organisational values of profit, people, service and quality is used for non-supervisory staff. An objectives template with a traffic-light coding system works alongside the appraisal form indicating successes, work-in-progress and areas for improvement.

### **Recognising and Rewarding Staff - The Flow Initiative**

Apex Hotels works hard to ensure staff contribution to the business is recognised and rewarded. Motivating staff is critical to ensuring customers receive high levels of service. A number of initiatives exist to promote employee morale at Apex Hotels. Once they have completed their 12 week probationary period, employees are issued with an Apex Flow Card which entitles them to reduced rates on food and accommodation. The Flow Card initiative is about engraining customer care and customer service as part of the culture of Apex Hotels. Operating in a similar manner to a loyalty card, staff accumulate points on their card for delivering excellent levels of customer service, moments of magic, guest recognition and they will be able to turn these points into prizes by redeeming them for food, drink and accommodation at Apex Hotels. The Flow card replaces Wow Awards whereby individuals had received High Street vouchers for doing something exceptional or for going out of their way to help a customer or other member of their

own team. The Flow initiative operates on a more structured consistent basis with clear guidelines on how to achieve points and how many points are allocated.

In addition, staff birthdays are recognised through gift cards which can be exchanged for a 3 course meal for 2 and a bottle of house wine at any of the restaurants in any of the hotels.

### **Conclusions**

This case study examined the importance of succession planning in satisfying the employee resourcing and career development priorities of Apex Hotels. It is clear that much of the success currently enjoyed by Apex Hotels is derived from the strategic approach taken with respect to recruitment, employee promotions and employee development. The Developing Talent Programme plays an important role in meeting the long-term growth ambitions of the organisation as well as boosting the confidence and skill levels of high-value employees. Regular communications and managing employee expectations is crucial in ensuring employees feel valued in the organisation. Finally, the Flow initiative underscores the centrality of customer service and efforts being made to embed customer service throughout the organisation.

