

Change Management Plan Mandarin Oriental Hotel Group

BMSW6103 Leading and Implementing Workplace Change

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Executive summary

Organizational change, it examines how a business or other organization modifies the operation procedures, technological infrastructure, organizational structure, and overall, structures or strategies that have impacted to the organization (*Nordqvist, 2016*)

Organisational change has several causes, these changes are caused by various factors, that it consists in technological advancements, Economic downturns and challenging trading situation, opportunities for expansion, especially in new markets, competitive pressures, including new competitors and mergers & acquisitions, influence from suppliers or customers (*CIPD, 2023*).

Sustainability in the business is the ability to sustain processes over time, preventing resource depletion in business and policy contexts. Sustainable policies focus on the future impacts on humans, ecosystems, and the economy. As concerns about climate change, biodiversity loss, and pollution increase, the world is adopting sustainable practices (*Mollenkamp, et al., 2023*).

Those changes environmental that the hotel group has implemented to help to create a better for future, like reducing plastic, and by providing the staff members a proper training in each department on the importance of being greener, those small changes it can make a huge impact. Later by end of this section, will discuss in deep what other change they implemented on the hotel in London and what leadership styled has been input.

Transformational management is a style that encourages employees to think creatively and reach their full potential. It prioritizes constant change and growth, questioning the status quo and providing feedback. This style is crucial in rapidly growing companies and industries. However, too much focus on growth can hinder day-to-day success.

Transformational leaders must balance clear expectations and stable milestones to maintain employee satisfaction (*Miranda & Main, 2023*)

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Introduction

Change is a crucial part of our daily basis, all of us face changes personally and professionally. Some of those changes can be good or bad, but most of those changes need to be adjusted and adapted, but some people tragically struggle more than others due to the need for time to accept those changes, as they need to adjust, adapt, and assume the changes.

One of the biggest changes that we faced a couple of years ago was Covid 19, that deplorable situation made huge changes in our daily lives, and still, some organisations did not recover from the shortfall. Several companies had to close down and maintain their business by selling online as e-commerce, like Cath Kidson, and Topshop. Due to this situation, many staff members lost their jobs, and organizations need to make some changes due to this external situation.

The main purpose of this writing report is to understand the importance of organizational change, it examines how a business or other organization modifies the operation procedures, technological infrastructure, organizational structure, and overall, structures or strategies that have impacted to the organization (*Nordqvist, 2016*). As must of the changes in the workplace are caused by continuous economic unpredictability and digital disruption.

The organization chosen is the Mandarin Oriental Hotel Group International Limited a multinational hospitality. The author of the report had chosen this company because of the experience it has working in the company, which has seen many changes, from organizational structure to implementing new products that help the environment, thinking in a better sustainable environment for the future or implementation of a new software system to have a better customer relationship management for the staff members with the guest.

The report will be covered in three sections, the first part will give a brief review of the company and to be able to identify the current internal and external environment situation of the hotel group, a PESTLE analysis will be used as a tool, and it will cover the evaluation of the adopted change management process and identification of the suitable strategic change option. The second part of the report will critically evaluate the change management models and point to three different models, Lewin's three-step model, Kotter's eight-step, and McKinsey 7s model. And the third part of the section the author of the report will propose and implementation of the change strategy.

Section 1. Critical evaluation of the adopted change management process and Identification of the suitable strategic change option.

In this first section it will give a brief overview of the Hotel Group Mandarin Oriental and some changes had faced after the COVID restrictions.

Will be covered with the PESTEL analysis to examine the external factors, and what leadership style had been implemented due to the change.

1. Brief overview of Mandarin Oriental Hotel Group

The award-winning Mandarin Oriental Hotel Group, owner and operator of some of the most lavish hotels, resorts, and residences on the earth. With its origins in Asia, the Group has expanded to become a global brand, operating 36 hotels and 9 residences throughout in 24 countries and territories. Each property represents the Group oriental heritage, cultural traditions and distinctive design. As a member of the Jardine Matheson Group, the hotel group has a robust pipeline of the hotel and residential projects under development (*Limited, 2023*).

A pipeline is a methodological, graphical of following prospective customers as they progress through the various phases. Pipelines are frequently represented as a horizontal bar that is separated into many stages of a business sales process (*N, N,d*).

Organisational change has several causes. These changes are caused by various factors, that it consist in technological advancements, Economic downturns and challenging trading situation, opportunities for expansion, especially in new markets, competitive pressures, including new competitors and mergers & acquisitions, influence from suppliers or customers (*CIPD, 2023*)

The hotel group prioritizes sustainable operations in its luxury hotels and residences, implementing a strong governance structure and incorporating sustainability elements into policies (*N, N,d*).

Sustainability in the business is the ability to sustain processes over time, preventing resource depletion in business and policy contexts. Sustainable policies focus on the future impacts on humans, ecosystems, and the economy. As concerns about climate change, biodiversity loss, and pollution increase, the world is adopting sustainable practices (*Mollenkamp, et al., 2023*).

Mandarin Oriental established a dedicated sustainability department in 2022 to improve its governance structure. They use the Greenview Portal for sustainability data management

and are aligning with industry criteria. They achieved a 30% carbon intensity reduction, 31% energy intensity reduction, and 16% water intensity reduction against 2012 baselines. They are on track with their 2030 Environmental Group Targets and are actively monitoring progress towards energy, carbon, water, and waste reduction (*Group, 2023*). The Greenview software solutions to help with data collecting and analysis, the Greenview Hotel Footprinting tool is recognized by the GSTC (*N, N,d*).

Those changes environmental that the hotel group has implemented to help to create a better for future, like reducing plastic, and by providing the staff members a proper training in each department on the importance of being greener, those small changes it can make a huge impact. Later by end of this section, will discuss in deep what other change they implemented on the hotel in London and what leadership styled has been input.

Another announcement by the Hotel Group is, that Laurent Kleitman has been appointed as Group Chief Executive of Mandarin Oriental International Limited, succeeding James Riley. Kleitman has a history of building iconic brands, leading growth strategies, and expanding brands into new markets. Mr. Kleitman will continue to grow the company's global portfolio of luxury hotels, resorts, and residences, focusing on customer-centric innovation and experience (*Limited, 2023*). For many staff members, were surprised of the change of Chief Executive, especially for the experience that Mr Kleitman has, some thoughts on how the new chief executive with experience as Chief Executive of Parfums Christian Dior and previously President of the Consumer Beauty division of Coty, now will be the Chief Executive in hospitality as his background in retail, but at it mentioned in the announcement from the hotel group his experience and his focus on customer-centric innovation.

Customer- centric innovation it focuses on the customer through customer research and development procedures that aid businesses in continuously enhancing their comprehension of the client needs and identities (*Selden & MacMillan, 2006*).

Based in the preliminary announcement of the result (*Keswick, 2023*), the group performance had improved in 2022 due to normal travel conditions. Most of the properties reported better earnings, but some parts of Asia like Hong Kong and Tokyo were still affected by COVID restrictions. Some other properties like London, Paris, Singapore, and Bangkok showed better results due to occupancy improvements and high rates. The groups owned hotel business had a higher EDITDA of \$77 million, while its management business reported a stronger performance with an EBITDA of \$34 million. EBITDA is an alternative measurement for net income as a measure of profitability, consisting of earnings before interest, taxes, depreciation, and amortization (*Hayes & Brock, 2023*).

2. External environmental, PESTEL analysis

As mentioned in the introduction of the report, a significant number of the changes that have occurred in the workplace are the result of ongoing economic volatility and technology disruptions.

In this part of the report, the author of the report will be implementing the PESTEL analysis, that is a diagnostic tool and a management framework, the analysis finding will help to comprehend external influences on the company that may affect strategy and commercial choices (*CIPD, 2023*). PESTEL stands for.

Political: The Hotel Group business is at risk due to potential economic and financial market disruptions, including recession, inflation, deflation, currency fluctuations, credit restrictions, business failures, and increased financing costs, which could increase operating costs and hinder strategic objectives (*Keswick, 2023*).

Economic: Market, credit, and liquidity risks are only a few of the financial hazards that the Hotel Group must deal with. Due to stock and debt investments, market risks include foreign exchange, interest rate, and securities price risk. Contractual cash flows, credit exposures, and bank deposits are the main sources of credit risk. A decline in the Hotel Group credit rating or its inability to fulfil its financial obligations could result in a risk of *liquidity* (*Keswick, 2023*).

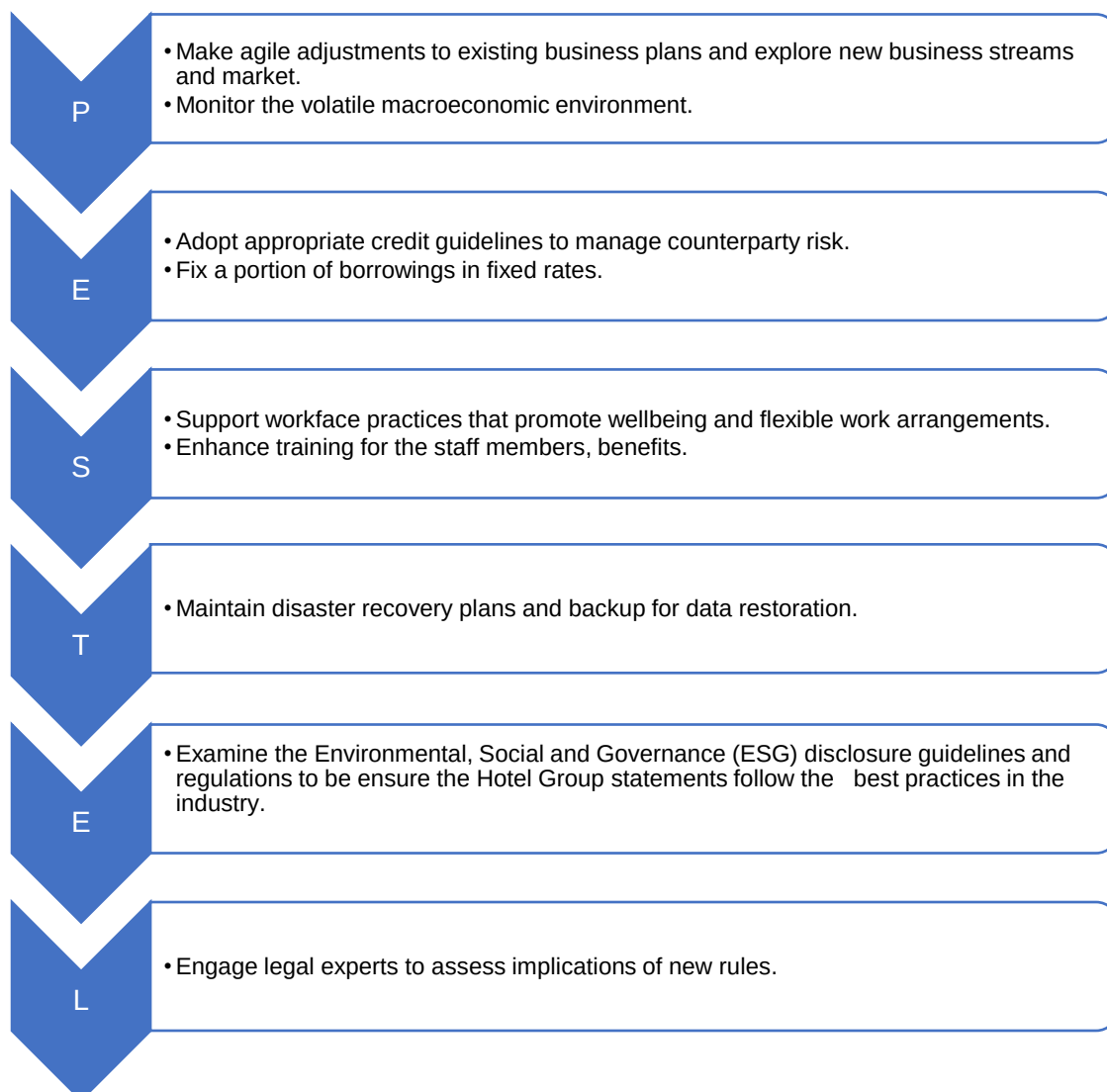
Social: Talent attraction and retention are key components of the Hotel Group competitiveness. Due to the pandemic have increased demand for e-commerce and faster digital investments, there is a labour shortage. Capabilities and control gaps could result from workforce rationalisation. Because employee preferences are changing, the Hotel Group faces greater risk in attracting and retaining talent (*Keswick, 2023*).

Technology: Mandarin Oriental Hotel Group have an increasing reliance on technology and cyber-attacks pose a threat to the privacy and security of customer and corporate information. Inadequate cybersecurity or lack of employee awareness can lead to brand damage, impaired customer trust, loss of competitiveness, and regulatory penalties (*Keswick, 2023*).

Environmental: Natural catastrophes such as typhoons, floods, and earthquakes can destroy property and interfere with business operations. Storm frequency has increased due to climate change, which has raised insurance costs. Negative publicity might arise from disputes between businesses and campaigners. Governments are pushing electric vehicles, renewable energy, and carbon pricing (*Keswick, 2023*).

Legal: The operations and financial performance of the Mandarin Oriental Hotel Group business could be impacted by new or evolving laws and regulations in a number of areas, including foreign ownership of businesses and assets, exchange controls, construction and environmental standards, competition, taxes, employment, and data privacy. Labour availability has been impacted by travel restrictions and more stringent work visa regulations. Non-compliance may result in financial loss from legal action or fines imposed by authorities, as well as negative publicity from media exposure (*Keswick, 2023*).

On the graphic below it demonstrates some solutions to reduce risk of loss (*Keswick, 2023*).



3. What leadership style is Mandarin Oriental Hotel Group used to manage the change?

As it mentioned in the beginning of the report, the Hotel Group are committed with sustainability, breaking down with their goals into four pillars that consist in, planet, community, guest and colleagues (Group, 2023).

The sustainability department collaborates with engineering and operations teams to set water reduction targets for all properties, recording waste intensity and diversion monthly. Best practices are shared through internal platforms like MyMO platform (Group, 2023)

In the hotel they are strict especially in term of waste, housekeeping department they need to separate from what need to be recycle to from non-recycle as the back house department they in charge to double check that every waste is in order.

Minimizing food waste is crucial in the hospitality, as organic waste contributes to 10% of global greenhouse gas emissions. The hotel Group initiatives include educational campaigns, food donation, biodigesters, composting and green energy conversion (Group, 2023).

Based on the statement from the sustainability report, Mandarin Oriental Hyde Park, has implemented for all their staff member in their canteen to one day no bin. Consist in every Tuesday to not throw any food that all staff members did not manage to finish. This process it will reduce food waste and eat what it can manage.



Figure 1 (Park, 2023)

Before planning those changes the leadership management implemented leadership style to be followed, leadership style is an effective team management requires a set of skills beyond individual contributions, managers must motivate employees to perform their best

and invest in the company success. Understanding and adapting management styles is crucial for effective leadership, including interactions, planning delegating, setting goals and making decisions (*Miranda & Main, 2023*).

Transformational management is a style that encourages employees to think creatively and reach their full potential. It prioritizes constant change and growth, questioning the status quo and providing feedback. This style is crucial in rapidly growing companies and industries. However, too much focus on growth can hinder day-to-day success. Transformational leaders must balance clear expectations and stable milestones to maintain employee satisfaction (*Miranda & Main, 2023*).

Mandarin Oriental Hotel Group are committed with the employee grow, and based on the new change that they implemented with not bin Tuesday, is like a cycle, a self-consciousness that it create and bring home.

Section 2. Critical Evaluation of the Change Management Models

This part of the section will discuss and evaluate the differences between those three change Management Models.

2.1 Lewin's Three-Step Model, planned approach.

Kurt Lewin's Unfreeze – Change – Refreeze model, developed in the 1940s, outlines a three-stage process of organizational change. Lewin, a physicist and social scientist, explains that successful change begins with understanding the need for change and re-examining assumptions about oneself and others (*team, N,d*)

2.2 Kotter's Eight-Step, plan for Implementing Change

Dr. John Kotter's 8-step model is a change management framework that guides organizations through urgency, coalition building, vision formulation, volunteer enlistment, action enabling, wins generation, and sustaining acceleration (Kotter, N,d).

2.3 Mckinsey 7s Model

The key point of the model is that all the seven areas are interconnected and a change in one area requires change in the rest of a firm for it to function effectively.

Below you can find the McKinsey model, which represents the connections between seven areas and divides them into 'Soft Ss' and 'Hard Ss'. The shape of the model emphasizes the interconnectedness of the elements (Jurevicius, 2023)

Section 3. Proposal and Implementation of Change Strategy

3.1 Propose a management plan.

After recovering from COVID- 19, Mandarin Oriental Hotel Group Hyde Park property, had close some of the management positions in the organizational structure making some of the employee work more than it can be.

Housekeeping department is a big department that it consists in valet team that they oversee the cloths from the guest, linen and uniforms from the staff member, public area that they work in publics parts of the hotel property and lastly room attendant working in the residentials. Due they just re-open the hotel and still had few regulations from COVID 19 they made one manager for those three departments, in which before COVID 19 they had they own respective manager.

This change was not what they did expected, results of that the manager in charge was not committed due of high responsibility and it transfer to her staff making them leave their positions.

Leaders they need to implement the fish bone, a fishbone diagram, also known as an Ishikawa diagram or cause-and-effect diagram, is a visual tool used to identify potential causes of problems. It's a key tool in quality control and management, helping to identify the root cause and develop solutions to address the issue (N, N,d).

Once they found the problem that is high responsibility for one, they need it to found a solution to change.

3.2 What leadership style would be suitable for initiating and implementing the strategic plan.

Change models help managers plan and execute changes by providing necessary resources and plans Leaders provide signals, explanations, and pathways for adjustments while providing tools, infrastructure, instruction, and organizational cover. However, without member change is impossible, experimentation is crucial for early adopters and change vanguards to put things back on track and problem-solve, leader must provide enough time and resources for successful change implementation.

Change is crucial for organizations especially those established for a while, to quickly to adapt to suddenly change like COVID-19 pandemic, the Kotter 8's step model combined with Lewin's model is recommended, by building strong relationship with staff is the key to success and implementing changes is easier when they have strong relationship. The Lewin model is similar but with more comprehensive approach. After unfreezing the 8-step model is applied and the process is completed.

4. Conclusion

Based on the report, organisations operate in various structures with unique advantages and disadvantages, that the reason of the organisational changes.

For some people, changes have a psychological effect on us and can occasionally be threat or make matter worse, but it can also bring optimism that circumstances will improve from what they were. For those changes having a proper leadership style of each company or personally can prevent external and internal issues by having a goal at specific time.

As mentioned in section 1 when they announced the new chief executive, most staff members were surprised, especially because his work experience was in retail rather than in hospitality, but it was not about what sector industry worked before it was about, his leadership style. As his focus has been in creating recognisable brands. In addition to leading the development of new and iconic brands, Mr Kleitman has established growth strategies that prioritise customer-centric innovation and develop digital platform for the companies.

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