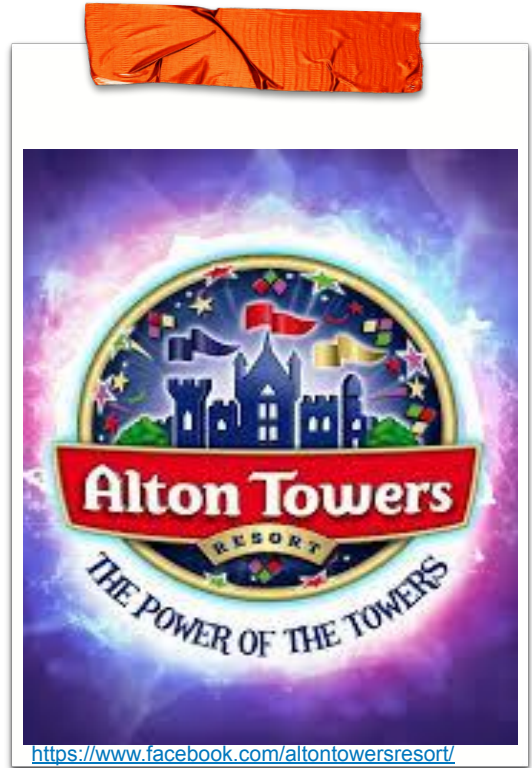

Merlin Entertainment Business Report

- Alton Towers

Laura Farrell: 1703815

What I'm going to discuss

- Alton Towers
- Environmental Analysis
- Performance management audit
 - Financial Ratios : KPI's and SMART objectives
 - Human resource: Recruitment & Selection, Equality & Diversity, Performance Management
- Conclusion
- Recommendations



Alton Towers

- 1980 Opened
 - 1990 Tussauds Group
 - 2007 Merlin Entertainments
 - Nick Leslau later that year
-
- 50 rides, 50 acres of land
 - 2,000 employees
 - 15 different departments





Why now?

- A proxy for sustaining domestic tourism
- Current economic instability
- Crucial to assess internal/external
- Strengths and flaws

Environmental Analysis



<https://edu.glogster.com/glog/cool-facts-about-the-uk/2ds497xl4iq>



Brexit :Positives

- ❖ 56% of usually outbound tourists (Coffey, 2019)
 - Exchange rates
 - Roaming charges
- ❖ 2016: 5 million British residents = 22% increase in inbound expenditure (Butler, 2016)
- ❖ 2017: £2.8 billion, international tourists (Exchange rates)

More visitor attraction

Brexit: Negatives

- ❖ Air Travel = Wait time
 - Passport separation, 'Fast track'

- ❖ Loss of employees
 - Hostile environment
 - 2018: Fell by 6% (EU to UK) (ONS, 2018)
 - 76.1% employment rate (GOV.UK, 2019)

- ❖ Trade
 - Fall in GBP = Too expensive
 - Potential to lose crucial traders
 - Specific ride equipment



<https://radstudio.wordpress.com/2007/06/07/california-day-5-6-7-downhill/>



<https://hcmi.co.uk/2015/06/04/hcmi-appointed-to-provide-support-for-alton-towers-crash-victims/>

Smiler Crash

- ❖ 2015: 16 injured, 2 shattered bones, 2 amputations
- ❖ Although internal, externally advertised
- ❖ Fear, Lack of trust
 - Significantly less: Summer
 - Fired 190 staff (Hellier, 2015)

Terrorism

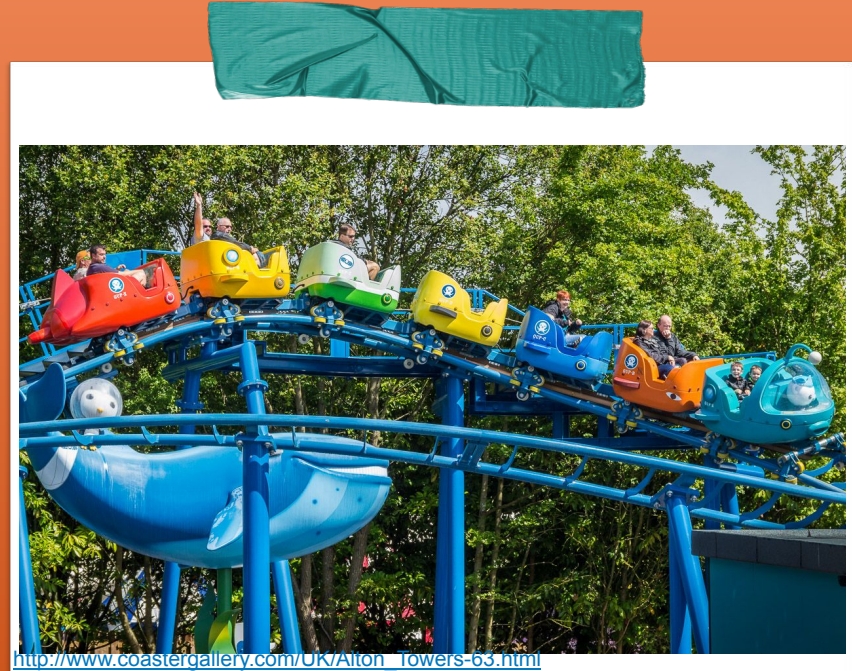
- ❖ London and Manchester bombing
- ❖ Safety issues
- ❖ Nature: Children/Young teenagers

Performance Management

Financial Ratios

Profitability

- ❖ Gross Profit Margin: Sales into Profit
 - AT: 25.1% decrease in sales (Statista, 2017)
 - Merlin's GPM barely changed
 - Primarily led by one of its other subsidiaries
- ❖ Net Profit Margin: Income outweighs expenditure
 - Lower 2015
 - £5M fine (Health and Safety)
 - Fixing & amending the Smiler
 - Octonauts development
- ❖ ROCE: Efficiently spent investment
 - Low both years - (20%)
 - Increase 2015 to 2016
 - China Media Capital - Influx of money



Liquidity: Generate cash

- ❖ **Current Ratio and Quick Ratio: Quickly**
 - Current increase, Quick remained the same
 - Stock
 - Cash generated secondary spend
 - £1,000,000- 'Cash in hand increase'

- ❖ **Debtor/Creditor days**
 - Lower than expected but rising
 - Negotiated
 - Creditor: Struggling
 - Debtor: Not receiving, can't pay.
 - Creditor affect debtor



<https://www.dailymail.co.uk/tvshowbiz/article-2651219/Kym-Marsh-takes-home-cuddly-toy-enjoys-day-t-heme-park-son.html>



SMART Objectives

- Using discounts, increased advertising and interrelationships, increase visitor attendance by 10% before the summer period.
- Analyse the usage of all of Alton Towers rides and food outlets before the development of the next new ride and measure each of their success. Then consider minimising the costs spent on those facilities and transferring that spend to other projects.
- Implement early repayment discounts, automatic invoice reminders and an easy access online invoice system before the next financial year.

Performance Management

Human Resources Management



<https://www.liverpoolecho.co.uk/whats-on/family-kids-news/gallery/cheebies-rooms-in-alton-towers-121919>

Recruitment & Selection

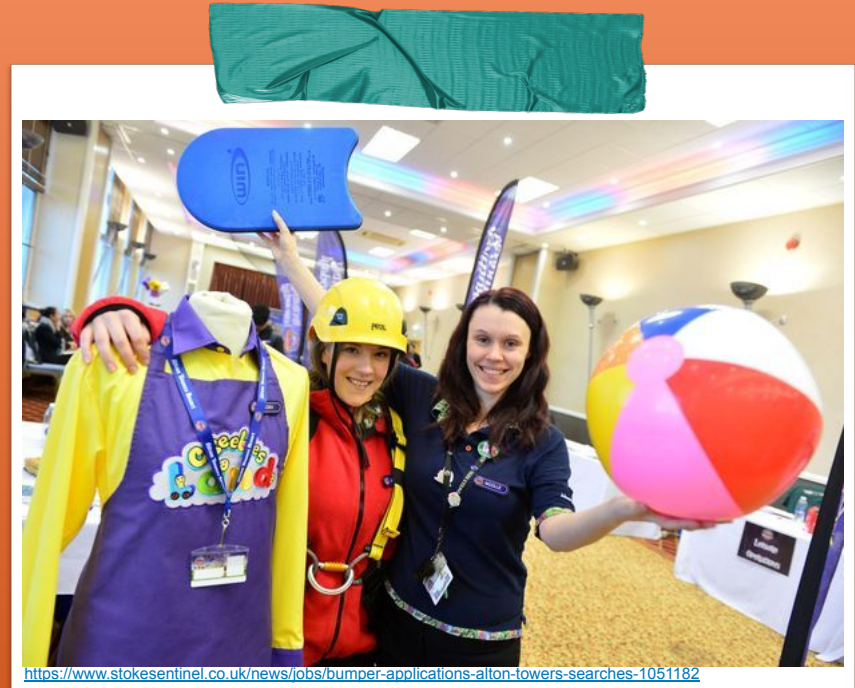
- ◆ Online Application: Quick/easy, not suitable for some
- ◆ Interview
- ◆ 50/50 gender shortlist
- ◆ 'The Dungeons'- Specific & unusual
- ◆ Amend procedures
- ◆ Makaton: Communication
- ◆

Equality & Diversity

- ❖ Equality Act 2010: Abolish discrimination
- ❖ Gender pay gap
- ❖ Programmes to encourage female employment
- ❖ 37% increase: leadership (Scullin, 2015)

- ❖ Reviews:
- ❖ Imbalance of respect dependant on age
- ❖ Attractiveness
- ❖ 'treat you as they so wish'

- ❖ Amongst guests
- ❖ Cbeebies themed hotel
- ❖ Adjustments
 - Parking
 - Access
 - Hearing loops



1.0



fun

Waitress (Former Employee) – Alton Towers – 5 December 2017

Good staff to work with, management team act too superior

Break hours are in considerate

Days off are often declined

Wage is minimum in comparison to amount of work expected from you

Performance Management: Measuring employee efficiency

- ❖ Murton et al. (2010): Individual goals - values and beliefs
- ❖ 3.9/5: Indeed
 - Motivation: Flexible hours/ reward
 - Positive culture
- ❖ Lack of care
- ❖ Dictatorship
- ❖ Clear issue in management



Conclusion

- ❖ Alton Towers will prevail
- ❖ Resilient through crisis and financial
- ❖ Changes in management

Recommendations

- ❖ More emphasis needs to be made: Staff Equality
- ❖ Stricter management of management
- ❖ Abide by the SMART objectives

Thank You For Listening
- Any Questions
