

Financial Management

Case Study

BMIH5007

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Introduction

Because it is right on a beautiful beach, Seacrest Lodge has always been a popular choice for people who want to get away from it all. Revenue, rental rates, and customer satisfaction have all been going down over the past few years, which has made it hard to keep going. So, this study looks at Seacrest Lodge's financial health and the way the market works to produce a full plan for changing the hotel around. Seacrest Lodge wants to fix important problems and carry out strategic projects to get back on its feet financially and regain its reputation as a top tourist spot.

Market Analysis

After looking at how the Seacrest Lodge market works, to make a good plan to turn things around, one needs to know a lot about the competitive coastal market, how customer tastes are changing, and what features and service quality customers really value.

Overview of the Competitive Coastal Market: Along the coast, Seacrest Lodge faces tough competition from many other businesses that offer similar services to tourists seeking to relax at the beach (Huggins, 2021). There have been a lot of brand-new, ultra-modern motels opening in this area in the past few years. Modern tourists may be able to find everything they need at these spots because they have so many modern conveniences. Because

of these competitors, Seacrest Lodge is having a tough time staying relevant. For this to happen, it needs to set itself apart from the others.

Discussion of Changing Customer Preferences: Because of changes in culture and society over the last few decades, guests' tastes have changed a lot. These days, people have higher standards for where they stay. They want to have experiences that will make their lives better and stay with them forever (Dibner, 2020). Most of the time, people are interested in things that are like them in terms of their beliefs and hobbies. They could do outdoor sports, travel to a different country, or go on a retreat to heal. As sustainability and eco-friendliness become more important, guests are more likely to think about where to stay and what to do for fun.

Review of Customer Feedback on Service Quality and Amenities: Reading reviews made by people who have stayed at Seacrest Lodge before is a wonderful way to get an idea of the level of service one can expect. Reviews and testimonials made by guests go into detail about the resort's pros and cons. Satisfaction rates are going down because customers are complaining about bad service and old buildings, which is a big problem (Prentice, 2019). Guests were unhappy with their whole experience because of things like slow reaction times, dirty facilities, and a lack of modern recreation facilities. These problems need to be fixed right away so that the lodge can regain its reputation and competitiveness.

Financial Performance Analysis

The past three years' financial success of Seacrest Lodge can shed light on how it works and spark current ideas for how to make the lodge's finances better. The lodge's entire financial situation can be seen by closely examining its income patterns, costs, measures of success, average room rates, and occupancy rates. This makes it much easier to make decisions and plan strategically (Abdullah, 2022).

Examination of Seacrest Lodge's Financial Performance: When Seacrest Lodge's net income dropped from £300,000 to a loss of £150,000 in 2023, it was clear that the resort's finances were getting worse quickly. Considering this problem, which shows how inefficient organizations are and how hard the market is, the lodge needs to quickly become more financially stable.

Analysis of Revenue Trends, Expenses, and Profitability: The business will make £1,200,000 a year starting in 2021. By 2023, that amount will have dropped to £950,000. This is part of a steady decline that has been seen by carefully studying revenue trends. The prices of running the business have also gone up a lot, from £900,000 in 2021 to £1,100,000 in 2023. The rising profitability gap is caused by income and expenses not matching up. This shows how important it is to find more ways to make money and spend less.

Evaluation of Average Room Rates and Occupancy Rates: Average room rates (ARR) and occupancy rates are two of Seacrest Lodge's most important performance measures. They show how well the lodging facilities are used and how much money can be made. The occupancy rate is going down (from 65% in 2021 to 50% in 2023) and the average revenue per room (ARR) is going down (from £260 in 2021 to £210 in 2023) both show how hard it is to get people and make the most money. To fix these problems,

managers need to make the guest experience better, change prices strategically, and do more marketing to increase demand and usage rates.

The comprehensive study of financial performance has led to the conclusion that strategic actions are needed to fix the main operating inefficiencies and stop the downward trend. In the competitive hospitality industry, Seacrest Lodge can set itself up for long-term growth and profit by creating focused programs that bring in more money, cut costs, and make visitors happier (Abdullah, 2022).

Identification of Key Issues

Discovering the reasons behind Seacrest Lodge's falling profits is important if we want to solve its money problems. It is important to investigate the many factors that led to this downturn, including both economic and real-world factors, to find the most critical issues and produce good answers.

Reasons Behind the Decline in Profitability: Seacrest Lodge is losing money because of several problems connected to each other. The lodge's income and occupancy rates have gone down because, first, there are more modern beach motels competing with it (Asadullah, 2022). There may not have been enough attention paid to the fact that the lodge's services and offerings have had to change to meet the needs of modern guests who want more personalized and environmentally friendly services and experiences.

Also, stricter cost controls and smarter use of resources are needed because of flaws within the company, like spending going up without income going up at the same rate. Because customers are complaining about bad service and

old amenities, they are less pleased and less likely to come back, which hurts long-term profits.

Consideration of Real-World Events and Economic Factors: The financial failure of Seacrest Lodge was caused by things that happened inside and outside the company, like the current state of the economy. Unexpected events that could have a terrible effect on the lodge's bottom line include natural disasters, global pandemics, or changes in the economy (Ebert, 2020). Having to deal with inflationary pressures, changes in regulations, and swings in foreign exchange rates is already hard and unclear enough for the lodge's finances.

Seacrest Lodge could put its money and effort where it will do its best to reverse its loss of profitability: by carefully looking at these major problems and the things that led to them. The lodge can improve its chances of long-term growth and stability by focusing on both internal operational problems and changes in the outside market. This will help it handle bad economic times and shifting business trends.

Turnaround Strategy

Because its finances are getting worse, Seacrest Lodge needs to make a thorough plan to get its business back on track and become a top vacation spot again.

Development of a Comprehensive Turnaround Strategy: If Seacrest Lodge wants to get its money back, one of the most important things it can do is figure out what went wrong and how to fix it while playing to its strengths (Hosseinzadeh, 2020). To do this, managers need to take a close look at the internal processes, the market outside the business, and customer feedback to find growth opportunities and places where they could do better.

Strategies to Improve Revenue Generation: If Seacrest Lodge wants to make more money, it needs to make the most of the sales outlets it already has and find new ways to make money. One way to do this is to make new services and events that suit the tastes of certain groups (Ebert, 2020). Because the lodge is by the water and in the woods, it can offer adventure packages, wellness retreats, gourmet experiences, and more. Managers can make the most money and get the best room rates by using dynamic price strategies that are based on predicting demand and studying the competitors.

Cost-Cutting Measures to Reduce Expenses: Cutting costs is a big part of putting expenses in line with income and making the business more profitable overall. Seacrest Lodge might be able to find wasteful habits and start smart projects to cut costs if they plan and organize their work (Hosseinzadeh, 2020). Changing the number of employees to meet changing demand, renegotiating contracts with suppliers to get better terms, and buying energy-efficient equipment to lower power costs are all examples of this type of action. Managers can save more money by cutting back on goods that are not necessary and keeping a close eye on spending that is not necessary.

Enhancements to Customer Experience and Satisfaction: Improving the experience of people is the best way to keep them coming back. Seacrest Lodge should put a lot of money into programs that train and develop its workers so that it can always provide the same level of service and make guests happy (Prentice, 2019). An eco-friendlier approach, along with updating old facilities and making recreational options better, could help the resort stand out and make sure that guests have vacations they will never forget. Technology can make people's lives better by letting them connect with guests in a more personalized way, making planning easier, and asking for feedback.

Strategies to Enhance Competitiveness in the Market: For Seacrest Lodge to stand out, it needs to be able to give its guests an experience they will never forget. By offering unique outdoor activities, it could make the most of its beautiful seaside location (Papadas, 2019). It could also work with nearby businesses to offer authentic cultural experiences. Managers can get more people to know about the brand and bring in new customers by spending money on marketing campaigns that work both online and off. The lodge might get more customers of all ages if it works with other businesses that do similar things, like tour companies and event planners.

Implementation Plan

If the turnaround plan is to work at Seacrest Lodge, each job needs its own detailed plan that lists who is responsible for what, when, what resources are needed, and how to do things.

Detailed Plan for Implementing the Turnaround Strategy: The first step in the plan is to look at how things are now and figure out what needs to be fixed (Kabeya, 2019). Priorities will include making operations more efficient, finding new ways to make money, improving the guest experience, and making the company stronger in the market.

Timeline for Execution of Key Initiatives: To make sure that strategic goals are met in a planned way, a timeline will be made to oversee the slow rollout of major projects. Short-term goals, like teaching workers and cutting costs, will be given the most attention to begin with. Making plans for the middle to long term is the next step. This is when we want our business to grow. This includes things like making our facilities better and starting advertising efforts.

Allocation of Resources and Responsibilities: It is especially important that everyone knows their job and what they are responsible for so that everyone is held accountable, and the comeback plan works. To finish each job successfully, it will be important to carefully divide up the money, people, and technology that are needed (Narmada, 2020). Besides that, there will be people or groups whose job it is to keep an eye on how certain projects are going, and there will be regular ways to evaluate their work. With this knowledge, they can figure out if their plans need to be changed. By following this well-thought-out plan, Seacrest Lodge can turn things around, make a positive difference, and set itself up for long-term success in the tough hospitality industry.

Financial Projections

To make an informed decision about the future of Seacrest Lodge's finances, it is necessary to do a lot of study and carefully look at a lot of varied factors.

Projections for Future Revenue, Expenses, and Profitability: The revenue predictions for Seacrest Lodge are cautiously optimistic, because there will be more competition in the market and the fact that the turnaround plan has been put into action. The lodge expects its income to steadily rise over the forecast period (Al Muhair, 2019). This is because there are many ways to make money, such as by offering new services and events that are tailored to each guest. It is also likely that strategic price changes will be made to get the best room rates and highest yields based on competitive research and market demand. We think that proactive steps to cut costs and improve operational efficiency will lower costs and increase profits. The goal of streamlining processes, renegotiating contracts with suppliers, and investing in technology that uses less energy is to cut costs without lowering the quality of service. As a result, the lodge wants to get its finances back on track after some losses.

Sensitivity Analysis to Assess Potential Risks: A sensitivity study will be used by Seacrest Lodge to see how different risks and unknowns might affect its financial predictions. We will look at how factors like occupancy rates, average room prices, and running costs change in different situations to see how responsive they are to changes in the market, the economy, and unplanned events (Abadullah, 2022). Imagine that tourists dropped suddenly because of a natural disaster or a bad economy. This case might be investigated by sensitivity analysis. We will also look at changes in customer

tastes, competition in the industry, and rules and regulations to see how they might affect our income and costs.

Conclusion

A big problem for Seacrest Lodge is that its income is going down, prices are going up, and customers are unhappy. We were able to figure out what the most important problems were and how to solve them by doing a thorough study. Seacrest Lodge's long-term success rests on putting plans in place to bring in more money, find new ways to make money, make guests happier, and make the business more competitive and efficient. The company needs to be closely watched and changed all the time so that the turnaround plan works well, and the business can adapt to changing market conditions.

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