

Gergana Nikolova - Case Study Report

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Submission date: 29-Feb-2024 04:27PM (UTC+0000)

Submission ID: 225399673

File name: 41282_Gergana_Nikolova_Gergana_Nikolova_-_Case_Study_Report_547597_1900738067.docx
(88.69K)

Word count: 2761

Character count: 16510



University of Wales
Trinity Saint David
LONDON

Module Title: Financial Management for the Hotel

Industry

Module Code: BMIH5007

Assignment 2: Report Case Study: The Seacrest Lodge

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Report Structure

Executive Summary



The Introduction of this case study report present that the financial management is critical for controlling, safeguarding, and overseeing a company's financial resources. This case study delves into the challenges faced by The Seacrest Lodge, a former prominent vacation spot, and proposes a comprehensive relaunch plan to rejuvenate the business amidst declining profitability. The investigation explores factors such as increased competition, shifting consumer trends, and the impact of real-world events like the COVID-19 pandemic on the lodge's financial performance.

The Report includes Market Analysis. The decline in The Seacrest Lodge's profitability can be attributed to intensified competition, changing consumer preferences, and a decline in service quality and amenities. These factors have led to decreased revenue, occupancy rates, and overall customer satisfaction. To regain market share and profitability, the lodge requires a strategic restructuring plan encompassing modernisation, service enhancement, and targeted marketing initiatives.

Another analyse which takes part of this case study is the Scope and Objectives - Analyses: Analysing the lodge's financial performance over the past three years reveals a concerning trend of declining revenue, increasing expenses, net income losses, and reductions in asset value and equity. Both external factors such as competition and internal issues like service quality decay contribute to this decline. Thus, a strategic turnaround plan is imperative to address these challenges and restore financial stability.

This case study developing a Comprehensive Turnaround Strategy: A multifaceted approach is necessary to transform The Seacrest Lodge's financial condition and re-establish its reputation as a premier destination. This includes enhancing guest experiences, upgrading facilities, implementing effective marketing, and branding strategies, diversifying revenue streams, optimizing expenses, and fostering sustainable development initiatives.

In conclusion: The Seacrest Lodge faces numerous barriers to financial recovery, necessitating a strategic framework for revitalization. By prioritizing customer satisfaction, modernising facilities, leveraging digital platforms, exploring additional revenue sources, optimising costs, and fostering community partnerships, the lodge can reclaim its position as a leading destination in the competitive tourism sector. Success will require dedication, creativity, and adaptability to navigate the evolving hospitality landscape effectively.

Good

Introduction

Case study perspective

The concept of financial management refers to controlling, protecting, and monitoring the company financial resources in the target capital market. In general, it helps the company decision makers to plan, control, organise and control the aspect of accounting management irrespective of its potential stakeholders. This case study identifies the problems confronted by *The Seacrest Lodge* ² a former vibrant vacation spot, and suggests a complete relaunch plan aimed at reviving the business and reinstating customer confidence. The research investigates into the drop in the lodge's profitability over the last three years considering the enhancements in competition, change in consumer trends, and the real-world events including the COVID-19 pandemic.

Hence, the discussion develops a multifactorial mechanism to handle the issues suggested, which include marketing positioning, guest experience improvement, modernisation, strategic marketing, revenue diversification, financial restructuring, and sustainability projects. The Seacrest Lodge seeks to achieve this through proactive means and a resolve to excel; the aim is to stand out from the crowd, focus on the guest, bring the lodge facilities up to date, use the digital marketing channels available, look for additional revenue streams, control the costs, and interact with the community. These strategic initiatives once implemented will position The Seacrest Lodge to regain its status as a preeminent vacation destination, with a very bright future in the highly competitive tourism business. ^{purpose of introduction}

Market Analysis

A careful study of the market indicates some major factors leading to the demise of The Seacrest Lodge. In addition, in the bay market the hotel is found is very competitive, with the advent of new and contemporary resorts around (Baker *et al.*, 2023). ^{False citation} These rivals would be likely to offer up to date facilities and services, hence lure customers from The Seacrest Lodge. Besides, ³ customers preferences have changed pointing to the fact that the lodge's offerings are no longer in line with what guest's desire while traveling. Besides, the customer experience which is portrayed through customer reviews shows erosion of service quality and a lack of up-to-date amenities implying a failure to embrace changing customer expectations (Xolmirzaev *et al.*, 2021). ⁴

These market factors have thus led to a fall in revenue, occupancy rates, and generally client satisfaction for The Seacrest Lodge. *Room Rate* and *Occupancy Rates* are probably the

declining factors of the lodge maintaining its position in the market as shown over past three years. To overcome this and gain global market share again, the company needs complete strategy for restructuring (Biddle *et al.*, 2022). This approach should cover the issue of modernisation, service enhancement, and promotional activities aimed at customer acquisition and retention in an environment characterised by a great deal of competition. In the absence of agile measures to match up with the changing market dynamics and improve the lodge's services, the future of The Seacrest Lodge is quite questionable (Brewer *et al.*, 2022).

Scope and Objectives - Analysis

Analyzing the financial performance over the past three years

The Seacrest Lodge's last three years' financial results show an upsetting pattern of downward slump as it is shown in the enclosed income and balance statements. The summary of the Seacrest Lodge financial performances in terms of income statement and balance sheet are as mentioned below:

Income Statement Analysis

1. **Revenue Decline:** The lodge experienced a significant decrease in revenue from £1,200,000 in 2021 to £950,000 in 2023, representing a 20.8% reduction over the three-year period. Income decline
2. **Operating Expenses:** Operating expenses increased consistently over the three years, reaching £1,100,000 in 2023, reflecting a 22.2% rise from 2021 levels. This increase outpaced the decline in revenue, contributing to worsening financial performance. Cost Increases
3. **Net Income Loss:** The most alarming aspect is the transition from a net income of £300,000 in 2021 to a loss of £150,000 in 2023. This indicates that the lodge's expenses surpassed its revenue, resulting in negative profitability. Analysis

Balance Sheet Analysis

1. **Asset Decline:** Total assets decreased from £2,150,000 in 2021 to £1,850,000 in 2023, primarily driven by reductions in cash and equivalents and property and equipment.
2. **Liabilities:** Both accounts payable and long-term debt remained relatively stable over the three-year period, indicating that the decline in equity was primarily due to asset decreases rather than increased liabilities.

3. **Equity Reduction:** Equity decreased significantly from £620,000 in 2021 to £300,000 in 2023, reflecting the erosion of the lodge's financial strength and shareholder value.

Overall Assessment

At the Seacrest Lodge, there was a financial deterioration within the past three years which was characterised by decreasing revenues, increasing expenses, losses of net income, and declines in asset value and equity. Such trends represent severe financial distress and the forthcoming need for an immediate intervention to turn the downfall of the lodge around and get the lodge back on its feet financially (Datar and Rajan, 2021).

Too descriptive

Identifying the key reasons behind the decline in profitability

A drop in the profit level of The Seacrest Lodge is due to both the external and internal factors, including real world events and economics. First, low-cost resorts that are located close to The Seacrest Lodge have increased the competition, which has put pressure on the company to maintain its share of the market. With the advent of these competitive rivals, clients probably left the lodge for facilities and services that have been upgraded, thus the drop in revenue (Eun *et al.*, 2021). On top of that, the change in preference of customers to more modern accommodations have also contributed to the lodge's difficulties, possibly by making its services outdated or inconsistent with the changing guest expectations. Additionally, real-world events like the COVID-19 outbreak may have led to some significant changes in the lodge's operations, with reduced travel demand, cancellations, and operational disruptions possibly being some of them (Sukach *et al.*, 2021). In this case the lack of sufficient number of customers and the tough such as a fight for market share could have brought about the lodge's decreased profitability. Besides, not only the pandemic-led economic downturn could have an impact on the spending pattern of the consumers, but also it is possible that the people has turned down their spending on the vacation and rescheduled the trip or switched it to the cheap alternative instead (Finkler *et al.*, 2022).

Economic theory application

Additionally, the downturn may also be partly attributed to the adverse internal issues like the given customer feedback indicating the decay of service quality and poor amenities (Cloarec *et al.*, 2024). This can be also explained by the part played by the fall in revenue levels as well as the rise in operational costs which in the end all resulted in net income losses for these three years period. In the very simple words, the reason for the Seacrest Hotel bad performance is mainly due to the different kinds of the competition, changing consumption patterns, external factors like the pandemic and internal issues (Yang *et al.*, 2023). Since that is the case, there is

no way around developing a strategic turnaround plan which will allow the company to address all these issues and get back to break even.

Risk Management

Developing a comprehensive turnaround strategy

In summary, for transforming the financial condition of The Seacrest Lodge and restoring its reputation as excellent destination stay, revival plan requires attention to internal and external challenges hence a search for business growth opportunities too. There exists a multifaceted approach to achieve these objectives: Many sidewise actions are must be taken to reach the objectives and they are;



1. Guest Experience Enhancement

- Groom guest satisfaction by perfecting service quality, timeliness, and observant of little details throughout their stay.
- Investing in staff training programs that will make sure of the best customer service and will greatly improve guest-staff interactions.
- Performing the routine surveys and implementing the solutions to resolve guest complaints quickly and enhance the overall guest experience.

2. Modernisations and Facility Upgrade

Strategy query

- Placing funds towards the reconstruction and upgrading of facilities, rooms, and public spaces as per modern standards.
- Upgrading the technical infrastructure to improve the operational efficacy, ensure the smooth booking process, and provide the personalised guest experiences.
- Providing the eco-friendly facilities like energy-efficient devices, waste reduction strategies and locally found facilities to attract eco-conscious tourists.

3. Marketing and branding

- Creating a versatile marketing plan that uses digital interfaces, social media sites, and focused advertising campaigns to connect with potential guests.
- Making a story telling first, the unique selling point of the Seacrest Lodge that includes the scenic location, the personalised service, and the exclusive amenities. Attach the storytelling with the appealing pictures and visuals.
- Partnering with influential people, travel bloggers and local influencers to promote the lodge's visibility and achieve a wider audience.



4. Revenue Diversification

- Searching additional sources of income apart from accommodation e.g. weddings, conferences, or wellness retreats (Warren *et al.*, 2020). [8](#)
- Collaborating with local tour agencies, adventure firms, and cultural bodies to package deals and create experiences for the guests. [9](#)
- Improving the dynamic pricing strategies, introduce loyalty programs, and provide additional services to get more revenue per guest and stimulate the return of visitors.

5. Financing Restructuring and Expensive Optimisation

- Conducting review of current cost structures and pinpoint areas of cost reduction or cost optimisation with quality uncompromised (Kimmel *et al.*, 2020). [10](#)
- Negotiating more favourable contracts with suppliers, vendors, and service providers, to reduce the procurement costs.
- Investigating the debt restructuring possibilities for existing debt liabilities to enhance cash flow and lower interest costs (Schroeder *et al.*, 2022).

6. Creating and Building Communities and Sustainable Development

- Developing a good relationship with the local people by means of philanthropy initiatives, voluntary programs, and cultural exchange (Finkler *et al.*, 2020). [Improper Citation](#)
- Incorporating the sustainable practices as well as champion for the preservation of the environment so that it can protect the balance between the lodge and the environment by conserving natural resources.
- Linking up with local enterprises, craftsmen, and suppliers as the region's developers and it will present specialties of the region (Laine *et al.*, 2021). [Strategies](#)

Although the lodge financial situations are more in deficit, the future looks bright following the implementation of these strategic moves. It will be possible to hike the number of guests and even secure the lodge's position as one of the top destinations (Jain *et al.*, 2023). A pervasive strategy as acknowledged by the operational advancement, the marketing effectiveness, and the community service will play very important role in gaining sustainable growth and financial soundness. [Link to Analysis](#)

[Key Issue Resolution](#)

Conclusion

Therefore, it is inevitable that Seacrest Resort encounter numerous barriers that will impede its efforts to recover financially sustainability and ultimately prove itself as a foremost resort haven on the beach. The erosion of profitability with other elements acting as competitive factors, changing consumer preference and actual events such as coronavirus have made the turnaround strategy need to be summed up. A strategic framework for lodge revitalisation through the application of venue positioning, guest experience enhancement, modernisation, the strategic marketing management, diversification of revenue, financial restructuring and sustainability will serve to chart the path of revitalisation. Through uniqueness, customer satisfaction as priority, upgrading and maintenance for the facilities, the utilisation of the website and social media platforms, another source of income discovery, cost optimisation, and tourism partnerships, The Seacrest Lodge may reclaim its position as a trendy preferable destination. Nevertheless, this success path will power up with efforts, creative idea and mindset in meeting the challenges of the dynamically changing hospitality field. Through effective preventions, and with a drive to perform better, The Seacrest Lodge can stand out as a leader by becoming reinforced and equipped to carve a viable way ahead in the competitive tourism sector.

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[Source relevance](#)

Gergana Nikolova - Case Study Report

GRADEMARK REPORT

FINAL GRADE

GENERAL COMMENTS

42/100

PAGE 1

PAGE 2

PAGE 3

QM

Report Structure

you need to ensure the structure is correct for a report

PAGE 4



Comment 1

before contents page

QM

Good

Good

PAGE 5

QM

Case study perspective

you have not considered the perspective of this case study, as was discussed in class



Comment 2

why highlight in bold?

QM

purpose of introduction

define the purpose of the assignment and how are you going to answer the question. think about using specific examples

QM

False citation

this info did not come from this source. this brings into question, every citation in the report if not done accurately. do not just insert any citation/reference as this will count against you and goes against your credibility

Additional Comment

as this is a fictional hotel, where did the info come from? not from an accounting research paper. this was given to you in the task description



Comment 3

how has it changed?



Comment 4

again, this specific info came from the task description and not an external source

PAGE 6

QM

Income decline

why do you think revenue is going down? consider what is happening in the world and relate it back to economic theory

QM

Cost Increases

what are the causes of this do you think? consider real-world events as well

QM

Analysis

analysis should involve determining what the issues are, understanding why these are the issues and how they are then impacting the hotel as a root cause

PAGE 7

QM

Too descriptive

generally very descriptive and lacking analysis and explanation



Comment 5

we do not have travel restrictions in place so this is not relevant in 2023/2024. what are the other issues in the UK currently. think economic and political

QM

Economic theory application

consider economic theories taught in class. supply, demand etc

PAGE 8

QM

Risk Management

you need to be applying the risk management process to this:

identify and assess the risks for their severity, followed by deciding on how to deal with them or if you even can deal with them, based on your analysis of the finances.



Comment 6

you have finished the last section stating that there is no way the hotel can do a successful turnaround. you need to be consistent

QM

Strategy query

is this possible considering the financial "health" of the business, taking into account the current economy?

PAGE 9



Comment 7

why the blank page?

PAGE 10



Comment 8

this is generic. look at what the hotel has to offer currently if you are not changing anything



Comment 9

why?



Comment 10

again, this is generic. you should be able to specify based on research and analysis

QM

Improper Citation

Improper citation:

Improperly cited material. Please use the link below to find links to information regarding specific citation styles: http://www.plagiarism.org/plag_article_citation_styles.html

Additional Comment

"et al" only with 4 authors or more

QM

Strategies

Your turnaround strategies need to be specific and based on your analysis. So what are you proposing the owner does?

QM

Link to Analysis

You need to link your strategies back to your analysis, as this will tell you whether this is possible or not and forms the basis of your justification.

QM

Key Issue Resolution

you need to be able to highlight which issue or issues you are trying to resolve with each of your strategies

PAGE 11

PAGE 12

QM

Referencing Material

any material viewed online needs links and accessed dates, including books and journals. For many of these references, you do not have access to the physical book/journal

QM

Format References/Works Cited

The format of this reference list/works cited page is inconsistent (punctuation, alphabetization, and/or indentation). Revise this list so that all citations follow a consistent format.

QM

Source relevance

check source for its relevance to the topic being written about

QM

Source relevance

check source for its relevance to the topic being written about

PAGE 13

QM

Source relevance

check source for its relevance to the topic being written about

QM

Source relevance

check source for its relevance to the topic being written about

QM

Source relevance

GERGANA NIKOLOVA

42

ENGAGEMENT WITH LITERATURE /10

Your work must be informed and supported by scholarly material that is relevant to and focused on the task(s) set. You should provide evidence that you have accessed an appropriate range of sources, which may be academic, governmental and industrial; these sources may include academic journal articles, textbooks, current news articles, organisational documents, and websites. You should consider the credibility of your sources; academic journals are normally highly credible sources while websites require careful consideration/selection and should be used sparingly. Any sources you use should be current and up-to-date, mostly published within the last five years or so, though seminal/important works in the field may be older. You must provide evidence of your research/own reading throughout your work, using a suitable referencing system, including 20 in-text citations in the main body of your work and a reference list at the end of your work.



Referencing needs to improve as you are citing ideas that could come from anywhere and not theories or models that could be applied. You should also be looking at material relevant to the current UK economy and political situation that would help you understand the situation better. Citation formatting issues.

4

KNOWLEDGE & UNDERSTANDING /20

Knowledge relates to the facts, information and skills you have acquired through your learning. You demonstrate your understanding by interpreting the meaning of the facts and information (knowledge). This means that you need to select and include in your work the concepts, techniques, models, theories, etc. appropriate to the task(s) set. You should be able to explain the theories, concepts, etc. to show your understanding. Your mark/grade will also depend upon the extent to which you demonstrate your knowledge and understanding. Guidance specific to this assessment: Display a clear understanding of the key reasons behind the decline in the business, along with the financial implications and create a potential solution/turnaround strategy.



You have demonstrated some understanding but you are lacking detail as you have not analysed the finances properly and you need to identify the issues more clearly through the risk management process and include more key frameworks and tools for analysis.

9

COGNITIVE AND INTELLECTUAL /40

Guidance specific to this assessment: accurately analyse the financial performance of the business from the provided data and provide the financial ratios that will enable you to make informed decisions on potential turnaround strategies.



Your strategies need to be more specific and linked back to your analysis of the finances and the market. You need to be able to justify that you can do each strategy and it is the best option moving forward, especially when you consider what is happening in the real-world.

17

PRACTICAL SKILLS /20

Guidance specific to this assessment: you will need to consider contemporary trends and themes that are occurring within hospitality industry today, as well as demonstrating an understanding of current socio-economic realities which are currently impacting the UK.



You need to consider more current real-world factors and apply them. You need to be referring to concepts taught in class, such as supply, demand, market positioning etc and use models to help explain concepts or aid you with presenting your work, such as the Bowman's Strategy Clock for market position and a model on growth strategy, such as Ansoff matrix would be beneficial.

6

TRANSFERABLE SKILLS /10

Guidance specific to this assessment: You should write a report in a recognised format. All writing should be academic style, formal, focused, concise and subject specific. It should use a font of Arial 12 point or Times New Roman 12 point, and have 1.5 line spacing. All graphs, charts, and figures in the main body must be clearly referenced beside or beneath. Where possible they should not be on separate pages but should be incorporated within the text.



Your work is coherent, however your structure needs amending and you need to consider how this report should have been written with regards to the case study and its purpose

6