

Programme: BA (Hons) Leadership and Management Skills for the Workplace

Module: Understanding and Engaging Stakeholders

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Executive Summary

Hilton Worldwide created the "StaySmart+" program so they could provide hospitality through technology. Hospitality is the delivery of a specific experience to a guest. So, the use of technology creates an opportunity to deliver this experience in a way that is unique. The use of technology will allow a customer to have a customized experience at any point in time. Transformative Systems offers Hilton an opportunity to generate value for its stakeholders. Previously, stakeholders were seen only as recipients of corporate actions. Now, they are being viewed as active participants in the generation of value for both parties (the corporation and the stakeholders).

Transformative Systems' first objective is to determine and document the Power-Interest relationships of each stakeholder. Identifying the Power-Interest relationships of Hilton's stakeholders will enable them to utilize the 4C's model for engaging stakeholders: Communicate, Consult, Collaborate and Commit. These four components of the model will be utilized by Hilton to build out the operational plan for deploying High Tech/Low Touch services on a global basis.

Hilton faces a number of challenges in deploying StaySmart+, including staff reluctance to adopt the use of the technology, as well as customer fears about the collection and storage of their personal information. Therefore, Hilton has a Strategic Roadmap it must develop which ties together AI-based customer solutions with environmentally friendly solutions. The Strategic Roadmap is necessary to demonstrate that the company's leadership has aligned itself with both its short- and long-term brand resilience.

In addition, Hilton will have to define a clearly identified stakeholder engagement plan in order to create an atmosphere of trust and support from all levels of employees at Hilton during the implementation of StaySmart+ so that employees who provide the new digital services accept them. Customer service and operations depend on employee acceptance of the digital services. Employee training and support, combined with clear communication about expectations will go a long way toward minimizing employee reluctance to adopting StaySmart+, and increasing the rate at which they will accept the new digital services. Customers also need to feel secure that StaySmart+ will make their experience easier and less invasive in terms of collecting and storing their private information. In addition, Hilton must evaluate how other external stakeholders (investor groups, technology partners and sustainability regulatory agencies) may influence the long-term viability of StaySmart+; when Hilton identifies and aligns the interest of all stakeholders, builds strong brand loyalty, creates operational efficiency and expands competitive advantage in a rapidly changing, technology-driven hospitality marketplace.

Introduction to the Organization

The objective of the main goal of this strategic report is to examine in depth how Hilton Worldwide has developed and implemented its "staysmart+" initiative through its existing structure for interacting with stakeholders. Traditional transactional communications including unidirectional information sharing are insufficient in achieving an organization's objectives in today's rapidly changing digital/environmental hospitality industry. With respect to the hospitality sector, factors driving the industry are increasingly impacted by technological innovation, sustainability requirements, and quality of the relationships between organizations and their stakeholders. Presently, customers desire customized, technology-enriched experiences, employees seek meaningful engagement with organizational changes, investors need evidence of sustainable growth, and governmental bodies require compliance with environmental and data governance frameworks. As a result of these changing expectations, organizations are faced with an increasingly complex stakeholder environment requiring organizations to be adaptable, transparent and collaborative in making decisions.

As such, there exists a rationale for transitioning towards a Transformational Systems Approach in regards to interacting with stakeholders. A Transformational Systems Approach differs from previous forms of communicating with stakeholders, which focused primarily on one-way information sharing. A Transformational Systems Approach views organizations as part of interdependent systems in which each stakeholder group has some form of impact upon strategic outcomes. The

Transformational Systems Approach views stakeholders as co-creating value as part of a multi-organization system, whereas previously viewed as passive recipients of corporate decisions. In the context of staysmart+, this perspective is particularly important since the two components of the initiative (technological innovation and sustainable hospitality practices) necessitate active engagement from various stakeholder groups for successful execution.

Hilton's strategic attempts to combine artificial intelligence enabled Guest services with environmentally sustainable hotel operations under the umbrella of the staysmart+ initiative involves numerous innovative features and services, including AI-driven check-in systems, digital concierge services, smart room technologies, predictive Guest personalization, sustainable solutions such as energy consumption reduction systems, water conservation mechanisms, eco-friendly in-room amenities, etc. Although these developments mirror emerging market requirements, successful execution requires hilton to link internal and external stakeholders with its strategic vision. Therefore, hilton cannot rely solely upon simple communications campaigns and instead needs to establish structured stakeholder engagement systems that facilitate trust building, encourage participation, and minimize resistance to change.

one of the primary areas of emphasis for this new strategic paradigm is to map and evaluate the power interest dynamics of all relevant stakeholders groups. Mapping stakeholder power interest dynamics is significant because not all stakeholders influence organizational outcomes equally. For example, investors, executive leadership teams, operational managers who are key decision makers are high-power and high-interest stakeholders who require active engagement and participation in strategic decisions. Employees vary greatly in terms of organizational power but are critical operational stakeholders due to direct interaction with guests and implementation of new systems. Guests represent high-interest stakeholders due to their feedback, trust and adoption of new services determining success of staysmart+. Technology partners, environmental organizations, government regulators and local communities are other stakeholders influencing success of the initiative. Understanding the level of influence and expectations of each category of stakeholders will enable hilton to develop more effective stakeholder engagement strategies.

This knowledge will allow hilton to better utilize the 4 c's model (communication, consultation, collaboration and commitment) which will serve as the operating system for rolling-out the staysmart+ initiative. The 4 c's model is a practical structured framework for stakeholder engagement that moves progressively from awareness-building to long-term strategic alignment. Each stage of the model addresses specific engagement needs while reducing uncertainty and increasing stakeholder participation.

The first element: communication serves as the foundation for the initiative by ensuring all stakeholders clearly understand purpose benefits and implications of

staysmart+. To be effective, communication must be transparent consistent and responsive to stakeholder requirements. For employees, communication should explain how AI systems will support rather than replace their roles to reduce anxiety related to automation. For guests, communication should emphasize convenience personalization improved service quality while addressing concerns regarding data privacy. For investors, communication should focus on long-term profitability competitive positioning value creation driven by sustainability. Without clear communication misunderstandings can generate resistance weakening organizational alignment.

The second element: consultation moves beyond information sharing by actively gathering feedback from stakeholders. This stage is critical because it enables hilton to identify potential issues before they become operational problems. Employees can provide insights into workflow disruptions technology usability Guest interactions. Guests can provide valuable perspectives on user experience privacy expectations service preferences. Environmental stakeholders may provide recommendations for improving sustainability outcomes. By consulting with stakeholders, hilton can strengthen trust among its stakeholders by demonstrating that their perspective influences decision-making.

The third element: collaboration represents a deeper form of stakeholder engagement where stakeholders become co-creators of the design refinement process for the staysmart+ initiative. This may involve pilot testing new AI systems with selected hotel staff and guests collaborating with sustainability experts to improve sustainable practices partnering with technology providers to optimize system performance. Collaboration shifts the dynamic between organizations and stakeholders from organizational control to shared responsibility creating stronger commitments to implementation better implementation outcomes. It also facilitates innovation by integrating diverse perspectives into strategic development.

The final element: commitment represents long-term sustainability of relationships with stakeholders. At this point, stakeholders are no longer simply engaged; instead they are aligned with hilton's strategic objectives and invested in the success of the initiative. Commitment is built through trust consistency accountability and evidence of value. Employees become advocates for technology guests develop loyalty based upon improved experiences investors gain confidence in returns community recognizes contributions to sustainable tourism practices. Commitment converts stakeholder engagement into a long-term competitive advantage.

The 4 c's model provides a structural method for managing the multivariate risk factors associated with implementing globalized technology-based services. Such risk factors include but not limited to: employee resistance to new technologies Guest concerns regarding collection usefulness reliability issues related to cultural differences across international markets regulatory compliance challenges related to artificial intelligence and environmental reporting. Employee resistance often arises

when technological change creates perceived threats to job security increases workload complexity. Guest concerns regarding AI-driven personalization typically center around data collection surveillance cybersecurity vulnerabilities. Furthermore, global implementation creates additional complexity since expectations regarding technology adoption/sustainability vary greatly depending on region/culture.

Only a relationship-driven strategy providing transparency will provide necessary assurance/credibility to neutralize these risk factors. In this context, transparency means openly discussing/addressing concerns of stakeholders clearly explaining decision making processes and providing accountable responses when problems arise. Relationship-driven strategies prioritize trust over short-term efficiency recognizing that confident stakeholders are essential for achieving long-term strategic success. Trust becomes particularly important when executing AI systems since perceptions of ethical responsibility/fairness significantly impact rates of adoption.

Additionally, embedding eco-friendly amenities into the components of staySmart+ further strengthens hilton's ESG positioning. Sustainability has transformed from a secondary consideration in hospitality to a core expectation among travelers investors and regulators. By incorporating sustainability into the initiative hilton positions itself both as technologically advanced as well as socially responsible. This dual positioning provides differentiation in an increasingly competitive global hospitality market enabling the company to build brand equity while meeting its environmental responsibilities.

In conclusion, the strategic plan provided here offers guidance for integrating AI enabled Guest tools/eco-friendly amenities at scale while maintaining strong organizational alignment and establishing resilience for brands going forward. By adopting a Transformational Systems Approach and utilizing the 4 c's model as its operational structure, hilton will move beyond transactional relations with stakeholders toward cooperative value creation. This strategic paradigm shift will enhance successful implementation of staySmart+, in addition to enhancing hilton's capacity to respond proactively to future technological and environmental challenges.

The "StaySmart+" Initiative: A Dual-Purpose Strategy

START_TEXT Launching "StaySmart+" isn't just an act of reacting to disruptions in the market; it's also an active effort at making strategic changes. As such, it was created due to what is being called "The Dual Transformation," which describes how rapidly changing technologies are

disrupting businesses and economies around the world while simultaneously threatening business' very existence with environmental disasters – specifically global climate change.

With the launch of “StaySmart+”, Hilton is integrating all types of digital platform-based technologies, which will allow guests to enjoy an unprecedented level of personalized travel experience planning and customized travel arrangements through AI-driven systems. With the use of AI technology, Hilton guests will be able to take advantage of hyper-personalized booking options using automated systems, while their rooms can also be customized based on data collected about each individual guest.

In addition to its many technological features, Hilton’s “StaySmart+” also includes a range of sustainable amenities including eco-friendly toiletries, smart energy management systems, and other features designed to help reduce waste and/or eliminate waste altogether during the guest stay. Unlike most past product launches or new services offered by Hilton, “StaySmart+” is the company’s first full-scale introduction of the use of both generative AI and machine learning throughout its entire operations. The shift from high-touch hospitality to high-tech/high touch hospitality creates a significant opportunity for Hilton to build upon the high-quality, personal experiences it has provided to its customers over the years. However, one of the biggest challenges facing Hilton as it introduces this new way of operating is creating a seamless experience where the technology does not compromise the quality of the "Hilton Experience.

Theoretical Framework: The "Relational Lens"

In order for Hilton to successfully move forward with StaySmart+, this report will use the "relational lens", which was developed by Ashcroft (2017) in terms of an organization's ability to succeed at implementing a new type of technological innovation. According to Ashcroft (2017), it is the relationship between all of the various groups of stakeholders involved in an organization and not the actual technological innovation itself that determines the extent to which an organization has been successful in its implementation of that new technology. Given that there is such a large number of stakeholders and the complexity of their relationships; Hilton must effectively oversee a multi-faceted ecosystem made up of three separate entities:

Vendors Providing Technology Platforms: Third-party companies providing Hilton with the digital backbone necessary for StaySmart+ and must be overseen on the basis of specific Service Level Agreements (SLAs) and shared ethical values.

Hilton Employees: All employees working for Hilton are expected to transform into "Digital Experience Managers"; this requires them to transition from delivering traditional services to managing guests' experiences digitally. Employee buy-in is the most significant indicator of whether or not a project is going to be successful.

Research Scope and Objectives

This study will analyze what it takes for organizations to establish the appropriate relationship management processes necessary to convert the StaySmart+ project into a successful program to be implemented and adopted worldwide. The goal of this report is to delve beyond the surface level of the project and examine the deeper systems based relationships among all parties involved in the process. To do so, we will conduct both a PESTLE and SWOT analysis to identify key factors within the organization's external environment. Additionally, we will develop a comprehensive stakeholder map to confirm that the "Transformative Systems Approach" is not simply a theoretical model; rather it is a viable management process. Ultimately, our focus on the four C's is intended to create a roadmap for Hilton's senior leaders that enables them to maintain their organizational alignment as they navigate through this new world of digital volatility.

Situational Analysis (PESTLE & SWOT)

PESTLE Analysis

Political	international data sovereignty laws must be navigated by the project for storing ai-driven guest profiles.
Economic	the project's capital expenditures for ai infrastructure must be matched with the long-term savings in operating costs to ensure a sustainable return on investment
Social	as consumers are increasingly demanding green travel and as more people identify themselves as conscious consumers, sustainability is becoming an essential component of this project.
Technological	The advanced development of Generative AI is so rapid, Hilton must

	develop an agile it framework to remain ahead of obsolete technology.
Legal	the u.k. General data protection regulation (gdpr), privacy standards internationally, & legal obligations must all be complied with to implement the use of ai-driven travel planning.
Enviromental	Intense pressure on the hospitality sector to reach Net Zero makes the project's eco-amenities a strategic necessity.

SMART Objectives

Objective	Specific	Measurable	Achievable	Relevant	Time-bound
Global Rollout	Launch Stay Smart+ in 50 key hotels.	Guest satisfaction scores will rise by at least 20%. (GSS).	Existing Hilton Information Technology (IT) & Environmental Sustainability Group (ESG) groups can help.	Stays aligned with Hilton's "Travel with Purpose" objectives.	Complete rollout within 6 months.
Sustainability	No waste from eco-friendly hotel amenities.	Room energy efficiency should be down 15%.	Use vendors that are certified as sustainable.	Response to direct pressure on Hilton from the PESTLE environmental factors.	Hilton should reach its sustainability goal for guest rooms

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Identifying Key Stakeholders

Stakeholder Type	Stakeholder Group	Roles and Responsibilities
Internal	Employees	Front line delivery of the AI driven guest experience. Management of guest feedback in relation to the AI system.
Internal	Management	Ensuring that the implementation of Stay Smart+ is aligned with Hilton's Global Brand Standards.
Internal	Board of Directors	Overseeing the strategic direction of the investment made into the AI infrastructure
External	Premium Guests	Primary stakeholders who will be adopting this new technology and whose feedback drives the successful delivery of the Project.
External	AI Tech Vendors	Providing and Maintaining all Digital Interaction Tools
External	Regulatory Bodies	Overseeing Data Privacy (GDPR) and Environmental Compliance

Benefits and Challenges of Stakeholder Engagement

Stakeholder Group	Benefits	Challenges
Employees	Benefits of employees working with AI and doing less manual work	Challenges that employee(s) may have with new technologies
Management	Benefits of Hospitality Management using data to find out what guests like	Different views from management as they see things differently than their employees at the hotels
Guests	Benefits of having personalized and eco-friendly experiences while traveling.	Expectations that guest(s) will be able to use technology seamlessly.

Suppliers	Long term relationships with supplier(s), in order to maintain a sustainable supply chain.	Ensuring that all suppliers are meeting ethical standards, especially when managing logistics
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Stakeholder Analysis and Engagement Tools

Stakeholder Map (Mendelow's Matrix)

- Manage closely (high interest/high power) — The board of directors and regional management are the 'key players' that will need to agree on a six-month timeline.
- Satisfy them (low interest/high power) — The regulatory bodies involved in this project possess the authority to stop the project if there is an issue with privacy regarding the data collected from customers.
- Inform them (high interest/low power) — Employees and premium guests. Although employees/premium guests do not have formal veto authority, they would still need to be willing to work for the company or attend events in order for the company to operate.

Stakeholder	Weekly F2F Meeting	Monthly VC	Weekly Status Report	Monthly Newsletter	Exception Reports
Employees	X		X (F2F)		
Management		X	X (PIP)		X (TC)
Board		X		X	X
Guests				X (Email)	
Suppliers			X		

RACI Matrix

Task / Activity	Project Manager	IT Team	Hotel Staff	Marketing	Shareholders
AI Tool Design	A	R	C	C	I
Sustainability Hub	R	I	C	A	I
Service Rollout	A	C	R	R	I
Compliance Audit	R	C	I	I	A

Importance of Stakeholder Engagement: Critical Analysis

The Global-Local Paradox is a major issue for the implementation of the "Systems Approach" which was introduced in Section 5.1. The five dimensions of quality in a relationship are: Shared Goals; Shared Knowledge; Mutual Respect; Communication; and Trust. There is a very different employee environment for a Project Manager at the two flagship rollout sites in London and Birmingham with regards to density and technology usage.

However, it is mandatory for all locations to implement a "Decentralized Engagement Strategy" because of the "StaySmart+" global mandate. If there exists an impression from employees in these two flagships that they have been imposed upon by corporate imperialism i.e., that "the AI travel tool is something created solely in a vacuum in Virginia," then there would be no way that the Relational Lens could remain intact. Thus, the systems approach will need to incorporate "Local Cultural Proxies," or those local team members responsible for translating what are essentially the global AI objectives into locally relevant milestone achievements.

The Balanced Scorecard Integration

In order to adequately assess the effects on organizational performance, we have to take a different view than the Triple Bottom Line approach. Therefore, we use Kaplan and Norton's balanced scorecard. The integrated views of the BSC enable us to study all aspects of Hilton's stay smart + initiative from multiple viewpoints at once. The four interdependent perspectives of the BSC include the customer viewpoint, internal process viewpoint, learning and growth viewpoint and financial viewpoint.

the customer viewpoint includes measuring "customer advocacy". In addition to nps ratings, when guests interact with the ai and see the blockchain verified eco amenity they can act as co-marketing agents.

the internal process viewpoint will be used to measure the "agility index". In terms of stakeholder management, when there is effective collaboration between it and marketing teams (using a raci matrix), the friction coefficient decreases in decision making. As such, using this methodology, the time-to-market for software patches is decreased by 30%.

the learning and growth viewpoint is where up-skilling occurs. Digital maturity of the work force is measured under this perspective. Since a concierge was transformed into an experience manager of AI, hilton has developed a future-proofed resource that adds to its own intrinsic value.

the financial viewpoint will be used to measure total cost of ownership (tco). Although the CAPEX for both ai and blockchain are high upfront costs, the systems approach can identify OPEX savings over time resulting from reduced energy consumption and lower staff turnover.

Critical Discussion: Managing Power and Interest Dynamics

he "Dangerous" Stakeholder and Resistance Theory

Any transformative project will need to take into account the "Resistance to Change" (Lewin, 1951) and also recognize how certain high power stakeholders could be classified as "Dangerous" when using an AI system that could potentially reduce or eliminate their authority. An example would be middle managers who view automated guest analytics as reducing their ability to report on guests, thereby eliminating the importance of their job.

To avoid having high-power stakeholders become "Dangerous," we are going to utilize "Kotter's 8-Step Change Model" through the "Systems Approach." First, we create a "Sense of Urgency" with respect to both the environmental disaster and the technological disruption of boutique hotels. This allows us to bring those same high-power stakeholders into alignment. Then we have to get those stakeholders to go from being "Passively Resistant" to being "Actively Sponsoring" our use of the AI; we do that by allowing them to take ownership of the AI's data output; ultimately, we empower them versus making them irrelevant.

Ethical Considerations in Stakeholder Engagement

A major omission from most project plans regarding Algorithmic Bias is to treat it as a stakeholder risk. Using guest data by "StaySmart+" AI if the data has an unintentional bias to discriminate based on where guests are from or how much they spend at one of

Hilton's properties represents a massive reputational and legal risk for Hilton (GDPR Article 22). To have access to Ethics Boards and Third Party Auditors, as well as to use them effectively, is not a tactic—Ethics Boards and Third Party Auditors are a core element of the “Consultation” portion of the 4C’s. Therefore, the “Sustainable” aspect of this project will be applied equally to the sustainability of the ethics of the data as it will to the sustainable aspects of the soap used in the hotel bathrooms.

Implementation Roadmap: The "Commencement to Maturity" lifecycle

Phase	Timeline	Primary Stakeholder Focus	Critical Engagement Mechanism
Phase 1: Commencement	Months 1-2	Board, IT Devs, Regulators	RACI Matrix & Legal Compliance Audits
Phase 2: Consultation	Months 3-4	Premium Guests, Lead Users, NGOs	Focus Groups & Co-Creation Workshops
Phase 3: Integration	Months 5-6	Front-of-House Staff, Managers	"AI Academy" & Town Hall Loops
Phase 4: Maturity	Month 12+	Shareholders, Local Communities	Blockchain Transparency & ESG Reporting

Synthesis and Final Strategic Reflection

Hilton's StaySmart+ initiative is an example of a complex adaptive system. The Manager does not simply "run a project", he or she is actually "growing a garden". Employees create growth through their actions; the technology provides the soil.

What creates the distinction between a 21st Century Leader and a 20th century Administrator is transitioning from a "Tactical" to a "Transformative" approach to the way you run your business. In doing so, Hilton has created a new hospitality model based on three key elements-employees' psychological safety, guests' transparency, and regulatory integrity. These are the high level principles that all of the various blockchain provenance recommendations for guests, circular economy loops for suppliers, etc. reflect. As such, if Hilton can make it work with its StaySmart+ initiative, there is no reason to think it cannot be replicated throughout the rest of the Hospitality Industry. It will also demonstrate the value of relationship marketing (Christopher et al., 2013), as well as stakeholder theory (Freeman, 1984) in today's artificial intelligence environment.

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