

Case Study: Storm at the shoreline-Seaview Hotel and Spa

Background:

The *Seaview Hotel & Spa* is a 200-room boutique beachfront property located in Cairns, Australia. Known for its eco-luxury concept, it caters mainly to international tourists and conference guests. Over the past five years, the hotel has enjoyed steady growth - until now.

The Challenge:

In 2024-2025, Seaview faced a perfect storm of financial risks:

1. **Revenue Volatility:** A sudden drop in international travel due to fluctuating airline prices and a strong Australian dollar slashed occupancy by 20%.
2. **Cost Inflation:** Rising utility costs and supplier price hikes squeezed margins by nearly 15%.
3. **Debt Pressure:** A recent \$5 million renovation loan came with floating interest rates that have now spiked.
4. **Cyber Threats:** A ransomware attack in early 2025 locked guest reservation data, forcing the hotel offline for a week and incurring both financial loss and reputational damage.

Management is feeling the heat. With cash flow tightening and investors demanding action, Seaview's General Manager has called an emergency strategy meeting to stabilise the hotel's finances and protect it from future shocks.

Task:

As Seaview's Financial Risk Management Team, identify and present **four actionable strategies** to mitigate the hotel's financial risks.

Your presentation should:

1. Explain each risk clearly (what it is, why it matters).
2. Propose a mitigation strategy (financial, operational, or strategic).
3. Justify your choice with real-world reasoning or examples from the hospitality industry.
4. Should Seaview fix its loan interest rate or refinance entirely?
5. Show interconnection – how the four strategies work together to build resilience.