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**Small Business Survival**  
**A Study of Scottish Rural Hotels**

**University of Glasgow**

**Faculty of Social Sciences**

**A thesis for the Degree of  
Doctor of Philosophy**

by

**Andy Lowe**

**Volume Two**

**February 1990**

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## **Volume Two**

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**APPENDIX 1**

**AN OVERVIEW OF THE UK HOTELS AND INDUSTRY**

The Hotels and Catering Industry Training Board (HCITB) (1985) have described the geographical size and location of UK hotels in the following manner:-

All Hotels seasonal and non-seasonal

	Less than 10 rooms	10 - 24 rooms	25 - 49 rooms	More than 50 rooms
Seasonal				
Scotland	48%	40%	7%	5%
UK	40%	45%	9%	6%

Non-seasonal hotels only, excluding hotels less than 10 rooms:-

	10 - 24 rooms	25 - 49 rooms	More than 50 rooms
Scotland	75%	15%	10%
UK	75%	15%	10%

These figures demonstrate two things. Firstly that the majority of hotels in the in general UK, and in Scotland in particular, have less than 25 bedrooms, whether seasonal factors are included or excluded. Secondly, when seasonal factors and all sizes of hotels are included, the proportion of small hotels in both the UK and Scotland increases substantially in the UK from 75% (without seasonal and size factors)

to 85% (with seasonal and size factors). The proportion in Scotland, in particular, from 75% (without seasonal and size factors) to 88% (with seasonal and size factors). In other words most hotels in UK as a whole, and Scotland in particular, have less than 25 bedrooms.

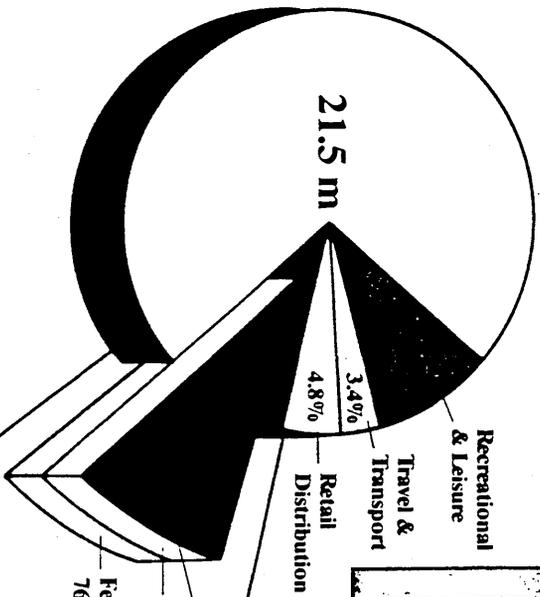
#### Number of People Employed in the UK Hotels Industry

There is considerable uncertainty over the precise number of people this industry employs because of the wide-ranging types of services which are provided. Estimates vary but the HCITB's (1987) statistics demonstrate that of the 21.5 million people employed in the UK 10.2% work in the hotels and catering industry. These figures are rather misleading, since seasonal employment statistics are likely to be highly inaccurate, as considerable under-reporting is a normal practice with this type of activity. Of all self-employed people 7% in the UK are involved with the hotel and catering. In total this means that over 2.4 million people are engaged in employment within the hotels and catering industry. Of these 340,000 are working in hotels, and 310,000 in restaurants. No really accurate figure fully describes the actual number of employees in the UK hotels industry. It is the scale and magnitude of the employment figures which are of the greatest importance to appreciate.

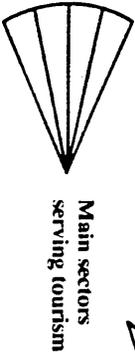
The HCITB(1987) states that detailed information about even the most basic facts is hard to come by, and as such information as does exist is often incomplete or out of date.

# OUR SHARE IN BRITISH INDUSTRY

## EMPLOYED LABOUR FORCE (G.B.)

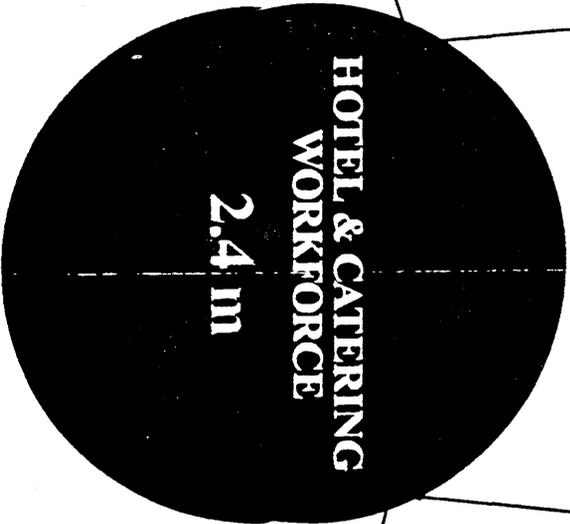


- An estimated 2.4 million people are employed in hotel and catering occupations throughout Scotland, England and Wales.
- Employment in the hotel and catering industry increased in 1987 by 2.7%, compared to employment in all industry, which increased by 1.4%.
- 1987 saw 52,000 new employees in hotel and catering — the fastest growing section of industry serving tourism.
- The Hotel & Catering Industry attracts 45% of total tourism expenditure.

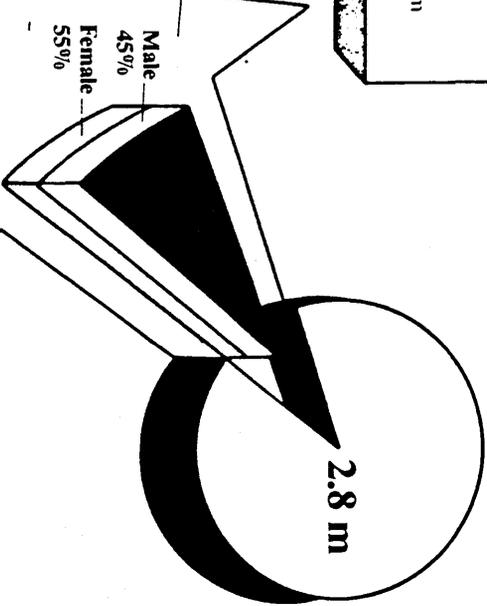


Male 24%  
Female 76%

Category	Value
Hotel and catering Employed	2.2
Self-employed	2
<b>Total</b>	<b>2.4</b>



## SELF-EMPLOYED LABOUR FORCE (G.B.)



2.8 m

Male 45%  
Female 55%

## **The National Institutions in the UK Hotels Industry**

### **The British Hotels, Restaurant and Caterers Association**

This association represents owners of small and medium sized independent businesses, the majority of which are hoteliers. Their total membership is 3,000 of which 1,500 were hoteliers. This reflects the low level penetration of potential members. To some extent it is indicative of the lack collective consciousness amongst the community of small hoteliers (Littlejohn (1982).)

### **The Hotel and Institutional Management Association**

This organisation has been formed to represent the views of professional managers rather hotel owners. The pattern of membership can be likened to that of the British Institute of Management throughout the UK industry as a whole. It tends to be unrepresentative and rather ineffective. The HCIMA claims to have around 20% penetration level from within its potential membership.

### **Trade Union Membership**

Mars and Mitchell (1976) have estimated that a less than 5% penetration level exists in the UK hotels industry. The spheres of influence, and membership structure of trade unions, which actively

seek recruits from those working in this industry, have also been described by Mars & Mitchell (1976). They are weak and ineffectual.

### **Government Funded Agencies**

#### **The Hotel and Catering Industry Training Board**

In contrast with the majority of national institutions representing this industry, the HCITB have gained the respect and recognition from multi-national and small hotelier alike. It has won the confidence of industry in recent years, by being sufficiently flexible to meeting the training needs of all sizes of enterprise in the hotel industry. It has managed to survive recent governmental expenditure reductions. It is one of the few training boards which are still very much in existence. From 1983 the HCITB has developed small business services. In appendix 2 there is an example of a typical business start-up course. Problems have, however, been caused by the type of personnel who are providing the training on such courses. The BBC radio 4 programme broadcast in April 1984 "Heart-Break Hotel" highlighted this particular weakness. Prior to the introduction of a Conservative government HCITB personnel were employed principally in the administration of Training Levies and Grants. The HCITB now is largely self-funding and these same people, with personal business experience themselves, have been passing on the conventional wisdom from large business administration. Quest (1979:20) has also

criticised the HCITB for its lack of "commercial cutting edge and market orientation". With the increasing influence of the Training Commission over the HCITB there are moves to privatize an increasing proportion of its more traditional services. This has already happened with its research function. Although the HCITB has a research department, it comprises less than ten people, and the actual data collection and analysis is all subcontracted to commercial research agencies.

#### The National Tourist Boards

In the UK, England, Wales and Scotland and Northern Ireland each have their own different, and separately run, Tourist Boards. Recently each "national" tourist board has gradually gained more individual autonomy. Scotland has led this trend for greater decentralization, and has established 32 Area Tourist Boards (ATBs). The creation of ATBs in Scotland have been a useful catalyst in focusing political attention on the importance of tourism in a local economy. ATBs normally receive funds from three sources; the Scottish Tourist Board, the local authority and a small proportion from local members individual subscriptions. An exception to this is the Greater Glasgow Tourist Board.

The Glasgow Area Tourist Board is now a limited company, and receives very little direct funding from the local authority. Instead it has

formed very close links with the Scottish Development Agency and the Scottish Tourist Board as well as with its members.

One of the most interesting aspects of the market for hotel accommodation is that it is becoming increasingly an international one. Tourist Boards have the potential for harnessing an integrated marketing effort and can represent all sizes of hotels at international tourism conventions on a regular basis. Interestingly, a recent exploratory study, (Thow (1989)), has demonstrated that there is considerable mistrust and alienation between the smaller hoteliers and the Greater Glasgow Tourist Board.

However, there is one issue which has caused some disharmony amongst its members; the Scottish Tourist Board grading system. The STB, in wanting to be helpful to tourists, have introduced a grading scheme which is designed to indicate to the tourist the standard of accommodation each hotel has. Appendix 4 outlines the details of the scheme. The main problem is that the STB only measure particular aspects of quality. These are facilities, such as the proportion of bathrooms to bedrooms, the number of lifts, the number of TV sets available, and covered car parking spaces. Many hoteliers have objected to this form of standardisation. Their basis of objection is that the STB system fails to take account of other aspects of quality such a warm welcome, good food, tasteful decor, quiet and pleasant locations, and general ambience. It is interesting to note that this system has attracted most hostility from the better quality

hoteliers as described by Bond (1987). These issues will be dealt with in more detail in Chapter 2.

The Scottish Tourist Board provides financial assistance for two main types of tourist projects: Hotel Improvement Projects and Selfcatering Projects Upgrading and Improvements. In approved cases the STB will subsidize a project up to a maximum of 50% of the total cost of the project. The STB and ATBs operate on time scales appropriate to the size of their own organisations, and tend to be insensitive, and oblivious to the requirements of the smaller business.

An example of this is the lead times required of hoteliers who wish to be featured in advertising promotions. The normal lead time is 18 months, which means the small hotelier is forced to estimate his prices two seasons in advance. Despite the valiant efforts of the STB and ATBs, the amount of governmental attention devoted to hotels in particular, and tourism in general, is considerably less than any of our EEC trading partners. Some reasons for this are suggested below.

SOME REASONS FOR THE LACK OF RECOGNITION, FROM BOTH GOVERNMENT AND FINANCIAL INSTITUTIONS, OF THE IMPORTANCE OF THE UK HOTELS INDUSTRY

The industry portrays a rather confusing image to both government and financial institutions. It can encompass everything from the Ritz

Hotel, Piccadilly, London to a Blackpool "Land Lady". Traditionally, the provision of a service, in an hotel environment, has many nineteenth century overtones. The nature of these cultural aspects are explored in Chapter 2. In short there is no tradition of provision of any significant financial or any other kind of support for hotel services in the UK.

The financial institutions in the UK, until very recently, have had little understanding of the mechanisms of the hotels industry. This has partly been caused by the reluctance to take seriously the notion of a service-sector-led economy. Bodlender (1983) has demonstrated that investment in new hotels tends not to generate net income streams until the fourth or fifth year from the start-up date. Other types of investment offers much shorter pay back periods. In more recent times, since the early part of the 1980s, a marked change has occurred with the involvement of Kleinwort Greiveson Securites and Pannell, Kerr Forster as outlined in Slattery (1988).

Bodlender (1983) has demonstrated how the image of the hotels industry has been further tarnished by the "laundering" of corporate funds by large multi-national who purchase hotels specifically for this purpose. Within the small business community of hoteliers there is tacit acceptance that an opportunity exists for them to generate and retain income from the "underground economy". Neither financial institutions nor government are happy to condone this type of activity.

The final, and possibly most important factor, is the failure of the national institutions, which represent the UK Hotels to lobby effectively governments, or capture the imagination of the financial institutions. Only as recently as 1983 was the first regular all-party Parliamentary lobby formed by the joint action of the HCIMA and BHRCA. There is no permanently established trade union lobby to represent the interests of members in the hotels industry. Based on the current state of knowledge, specific ideologies will be revealed which might be expected to exist inside small hotels.

#### The Historical Development of the UK Hospitality Industry

The inn and hotel have formed part of Britain's history since records began. It is not a new industry. It is one of the oldest. Hotels and inns feature in the works of both Chaucer and Shakespeare. In wasn't until the eighteenth century that numbers began to increase dramatically. As the stage coach became more popular, so more inns were built. The speed of the stage coaches depended on the number of inns that lined the routes. Taylor (1974:8) tells us that by 1825, 10,000 people a day were regularly using coaches, and that hotel owners came from quite specific backgrounds:-

"The owners of hotels were often men with experience of service in aristocratic houses, and would acquire their first clients on the basis of this reputation." Taylor(1982:12) describes how the inn gradually became to be transformed into the hotel:-

"The catalyst which was eventually to transform the Cinderella of the accommodation market was the railway."

The railway companies needed to build hotels for three main reasons. Firstly existing inns were too small for the number of people which could be carried by train. Secondly, punctuality could not be guaranteed on the early trains and many would arrive and depart late. Finally, the possession of splendid new hotels gave railway companies a competitive advantage over their rivals. The owners of these new hotels changed, but the type of managers didn't as Taylor (1977:71) reminds us:-

24  
(b)(ii)

"So Victorian managers conducted the orchestra, but the owners paid the band, hired the hall and hoped the tickets would sell"

Taylor (1977:73) further comments on how these Victorian managers carried out their work:-

"A manager's ability to walk a tightrope was vital, for a hotel's reputation could be badly dented by undesirable publicity. Fires, divorce court proceedings and suicides were unfortunate but acceptable; food poisoning, thefts were not."

Other specific cultural boundaries of behaviour occurred most obviously in restaurant situations Nailon (1977:83):-

24  
(b)(ii)

"Indeed a restaurant meal was considered one of those comparatively rare products which could only continue to make the fortune of its manufacturer if it wasn't bought by the 'wrong' people. Lower the tone by admitting the 'wrong' people and it was widely believed that a restaurant's reputation could vanish faster than it had appeared."

Whilst this was developing, one type of hotel customer existed which still exists today; the travelling salesman. Before the telephone and typewriter almost all business was done on a face-to-face basis.

The local hotel was not only a bed for the night, and a place to obtain refreshment, it was also an hospitable place to show off the salesman's wares. Taylor (1974:59) emphasizes this as being one of the most fundamental elements of hotel service:-

"The business traveller remained one of the lubricants of commerce and customers, though it could be a lonely life and the men relied to a great extent on the conviviality of their landlords and fellow guests to break the monotony, and, at least temporarily, to take the place of wife and family."

During the nineteenth century a major change began to happen in the UK hospitality industry caused by the rapid rate of expansion. The introduction of foreign workers usually from mainland Europe, which sustained this growth. From this point the status of the hospitality

industry workers began to diminish. It became an occupation associated with immigrant labour.

## Managing the Customer

### The Restaurant - The Stage for the Waiter and his Public

Writing a guide for those wishing to have a successful career as a waiter nearly thirty years ago Lefter (1959:7, 25,76) and his colleagues make some telling comments with regard to skills, social boundaries and the role of waiter as entertainer:-

"Manual dexterity in service is of minor consideration compared to your skill in the care and feeding of your guest."

"There is an extremely narrow borderline between friendliness and familiarity"

"When you prepare an elaborate dessert, your are 'on stage'. It is your big chance to create an impression."

The idea of service in an hotel restaurant was one of the findings from the Mars & Nicod (1984) study discussed in the first chapter. The reader will recall that they observed the behaviour of waiters in five large hotel restaurants by covert participant observation. They were able to reconstruct the reality of transactions between

different types of customers within the same setting. In doing so they were able to discover and document some useful insights into the idea of service within a restaurant. They describe why it is that certain types of service in the UK are more vulnerable than others in the following terms [Mars & Nicod (1984:28)]:-

"..the match between the ideal(expectations) and the norm (what actually happens) is enormously close at the top and bottom of the market. Interesting discrepancies occur in the middle of the area which is expanding, and ambiguity prevails. Here as well we shall see, customers expectations are uncertain, and management are at their weakest in dealing with the essentially erratic nature of demand for their product."

The nature of the waiter and customer interactions are also revealed by Mars & Nicod (1984:35):-

"....his emergency (the customer) is my routine(the waiter)..In brief, he (the waiter) seeks to give the impression of having everything under control, when, in fact he is probably having a struggle to cope.....the service ideal is being able to tackle the unanticipated crises that arise, without panic."

People eat out, often in the same restaurant, for very different reasons. According Mars & Nicod (1984:55):-



"What every waiter certainly must know, from the beginning of their first encounter, is into which kind of transaction the customer prefers to enter".

They found that two types of transactions predominated: the open or closed boundary transaction. The open transactions are to be with those customers who have an almost quasi-family relationship with the waiter. On the other hand the closed boundary transactions are typified by the business lunch customer. The important feature in all customer interactions, say Mars & Nicod, is that the waiter only gets one chance to get it right. An error will sour the relationship for a long time. How does the waiter meeting his customers for the first time decide on the correct procedure to adopt? He does it by protocol and social etiquette. Mars & Nicod (1984:56). There are cues and signals which have been categorized as primary traits [race, sex & age] or secondary traits [dress, speech, gesture & posture]. It is perhaps useful to pause for a moment and reflect on the significance of the meal as a social occasion. Mars (1984:51) recalls a comment made to him by a solicitor whilst working on a totally unrelated project in the following terms:-

"What constantly surprised him [the solicitor], when talking about marital breakdowns with his clients, was the number of instances he came across where the husband rejected his meal, and the relationship it signified, by feeding his food to the family pet."

APPENDIX 2

THE TAXONOMY OF MARKETING

Marketing in academic terms is a newcomer. This academic infant has been described by Hunt (1981:55) in the following terms "If economics is the mother of marketing then its father is behavioural science". The study of marketing, as a separate and distinct activity, came about largely as a result of the disillusionment with the rather limited perspective economics was able to give to the resolution of real world business problems. Various authors have extolled the virtues of marketing's contribution to the economic well-being of all types of organisations. Using an "exchange" process framework the five most widely accepted notions which prominently featured in standard marketing text books are; the marketing mix, the product life cycle, buyer behaviour model, channel management and market segmentation.

### The Marketing Mix

This is a strategic planning framework which seeks to identify the key aspects of any business which have to be incorporated into a marketing plan for it to be successful. The original empirical work was carried out by Borden (1965). Hunt (1977) reminds us that "for over two decades the closest thing to an accepted taxonomic paradigm of the nature of marketing has been the Marketing Mix." Borden investigated six successful large scale manufacturing corporations in the US. He had two major findings. First he identified twelve commonly carried out procedures which assisted in their marketing activities within the firms:-

1. Product Planning
2. Pricing
3. Branding
4. Channels of Distribution
5. Personal Selling
6. Advertising
7. Promotions
8. Packaging
9. Display
10. Servicing
11. Physical Handling
12. Fact Finding and Analysis

Secondly, Borden documented the most dominant external market forces which affected the development of these firms:-

1. Consumer's Buying Behaviour
2. The Trade's Behaviour
3. Competitors' Position and Behaviour
4. Governmental Behaviour

The Borden findings were then "slimmed down" by Mc Carthy (1971) into what is now known as the "Four P's" of the marketing mix; Place (distribution), Price, Promotion and Product.

## The Product Life Cycle

This is a concept in which Levitt (1965) explains that, recognizing the stages through which all products progress, will help an organisation to improve the quality of its marketing strategy. The four stages of the product life cycle are; market development, market growth, market maturity and market decline. To substantiate his line of argument, Levitt cites examples from the US Nylon industry from 1942 to 1962. This data has been massaged to make his point appear to have greater validity. The actual data from the this industry was represented graphically on the "Y" axis in logarithmic scale whereas this appears in his paper the hypothetical curve is given with a "Y" axis using a linear scale. The effect of interpretation from the actual, rather than the hypothetical data, is to dampen any upward sales trend. Which has the effect of making the impact of the product life cycle theory less impressive. This was first discovered by Polli & Cook (1969) who set out to test the product life cycle by means of actual sales histories. The remarkable thing is that despite the evidence against the usefulness of the PLC it has remained part of the marketing's contemporary wisdom. Polli explains the attachment to the Product Life Cycle in terms of a requirement for marketers not to discard ideas which remain intuitively attractive despite empirical findings.

## Buyer Behaviour Models

Sheth (1969) used the above diagram to summarize his buyer behaviour theory. It was not grounded empirically but was entirely deductively generated. He has produced a logically plausible schema which it is impossible to operationalise in any specific context. In other words it is useless. Hunt (1983) has this to say about the Sheth Buyer Behaviour Model:- "The fundamental question to be asked of any theoretical structure is : How well does this theory represent the real world by explaining and predicting real-world phenomena? To answer this question requires that the theory undergo empirical testing. Unfortunately, Sheth's theory depicted is not constructed in a form suitable for empirical testing." What Sheth has produced is a definitional schema, hypothesis, or perhaps more accurately a metaphor. Marketing text books still treat the Sheth Buyer Behaviour Model as though it were theory.

## Marketing Channel Management

The notion of the marketing channel describes the flow of title, payment, information and promotional activities associated with the physical separation of the producers of goods, and remotely located customers. A similar situation also exists with services. The main difference is that it is mainly an information flow, rather than a physical flow of artefacts. Two types of research strategies have been used in channel management research: a) observational studies of power relationships within, and between, channel members [Stern (1969), Rosenberg (1969) & El-Ansary (1970)], and b) laboratory studies observing simulated channel member behaviour. Both strategies have assumed that the channel structure of the channel relationship determines the manifest behaviour of its members. Rosson & Sweitzer (1979) reviewed these, and twenty three other field studies, and came to the following conclusions about an emergent consensus produced by the varied and diverse research activities:-

- (1) A pyramidal hierarchical structure exists which is dominated by a "leader".
- (2) There is an ordered system of power which tends to be stable over time.
- (3) The reputed power is equated with actual power.

They comment that the empirical investigations have been dominated by students' doctoral dissertations, which, typically, receive a relatively small investment of financial resources, and have a very narrow focus of interest. The limitation is that these doctoral research findings have been "situation specific", and make it difficult to make assertions about the generalisability of their research findings. Rosson & Sweitzer (1979:339) also have commented about the methodological approaches used:-

"We suspect there has been too much a priori structuring of empirical channel studies. Not enough exploratory research has been conducted. Our concern is that concepts, constructs and language have been taken to the channel which may not necessarily be relevant to that channel or its members."

### **Market Segmentation**

In a keynote article by Smith (1977) it was pointed out that the logical feature of any marketing strategy is to have narrowly defined customers or segments. He suggested that this integrated marketing strategy should be of market disaggregation to meet the heterogeneity of demand. Market disaggregation, or segmentation, has been the main device for tailoring marketing strategies to fit precisely the needs of customers. Resnik et al (1979) have highlighted some problems which segmentation policies can bring to companies. The nature of the price/satisfaction trade off is shown below:-

THEORETICAL RELATIONSHIPS BETWEEN PRICE, SATISFACTION,  
AND DEGREE OF MARKET SEGMENTATION

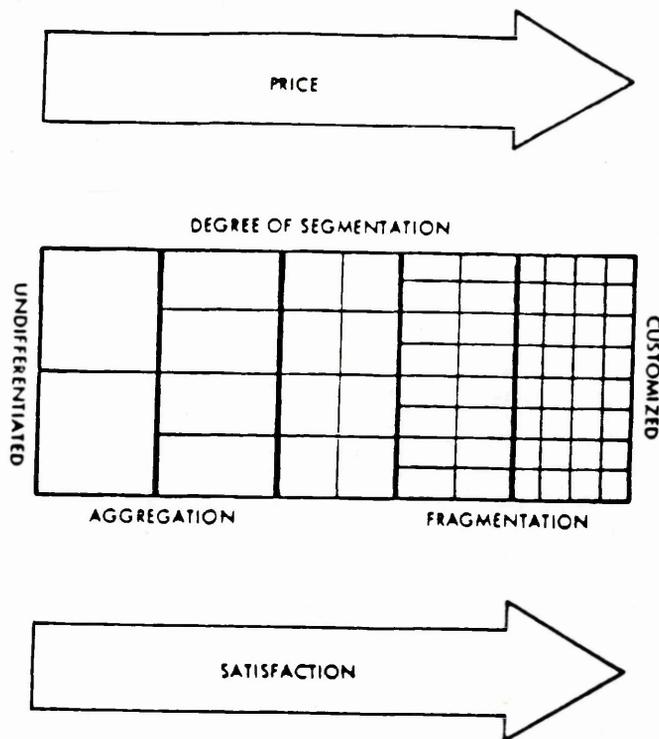
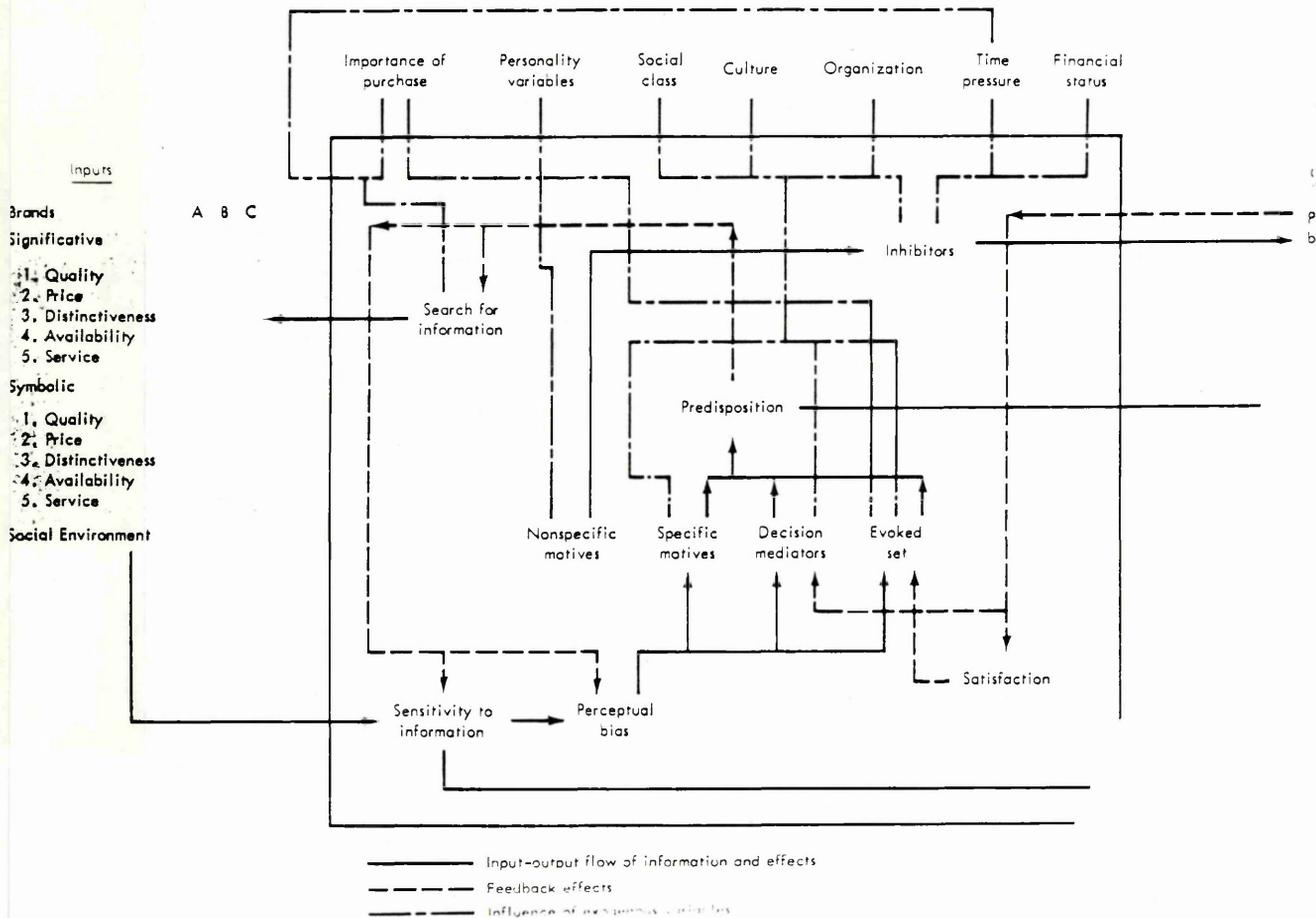


FIG 24

Figure 23

Howard-Sheth model of buyer behavior

SOURCE: John A. Howard and Jagdish N. Sheth, "A Theory of Buyer Behavior," in Harold A. Kassarian and Thomas S. Robertson, eds., *Perspectives in Consumer Behavior* (Glenview, Ill.: Scott, Foresman and Company, 1968), p. 471.



All the empirical work on segmentation has been generated in from within large corporations often operating in the fast-moving consumer goods area.

### Should Products and Services be Marked Differently

Up to the early 1970's all academic enquiry into marketing had concentrated exclusively on product marketing in large, usually north American, corporations. Langeard et al. (1981) published position papers explaining why services are sufficiently different to warrant a new form of marketing. These ideas have been summarized by Cowell (1985) and Lovelock (1984). Empirical work by Gronroos (1981) (1982) and (1983) has substantiated many of the claims that services need a different type of marketing to goods. The five characteristics of services which are importantly different from products are:-

#### (a) Intangibility

Services contain elements which the customer can neither see nor touch. But if they are absent the quality of experience, received by the customer would be considerably diminished. An example of this is the reputation of an hotel.

(b) Inseparability

Unlike products, services are usually consumed at the same time and place, as they are being delivered. The delivery of the service will affect the total experience the customer has. The implication here is that the role of low status personnel, who deliver the service, will have a major impact on the customers' satisfaction.

(c) Heterogeneity

Because of the inseparability, the quality experienced by the customer is more likely to be variable, than with a prepackaged product. In other words services are difficult, and sometimes impossible, to standardize and therefore control.

(d) Perishability

Unwanted services cannot usually be inventoried. Fluctuating demand leads either to lack of availability, or under-utilisation.

(e) Ownership

A customer using a service has access, but does not acquire ownership. Gronroos (1983) has concluded that the pivotal aspect of the marketing of services is the issue of quality. He has highlighted the difference between technical and functional aspects of quality. Technical quality is how the service is delivered.

Functional quality refers to the nature of the service which is delivered. In an hotel a friendly welcome, and pleasant atmosphere would be considered as being the technical quality of the service. Whereas the number and type of facilities in the hotel bedroom, is functional quality. This line of argument is developed further by Gronroos (1985), and he suggests that, when marketing services, a twin-strategy should be adopted. This twin-strategy he describes as "Internal Marketing" and management of the "External Reputation".

If Gronroos is correct in his analysis, it would suggest that hotels should invest heavily in staff training to make them competent in "Internal Marketing". Additionally the hotel's external reputation would be more effectively be handled by the innovative use of public relations rather than the use of paid advertising.

There is still considerable disagreement as to whether services should be marketed differently from products.

**APPENDIX A**

**AN OVERVIEW OF THE ALL SIX HOTELS IN THE STUDY**

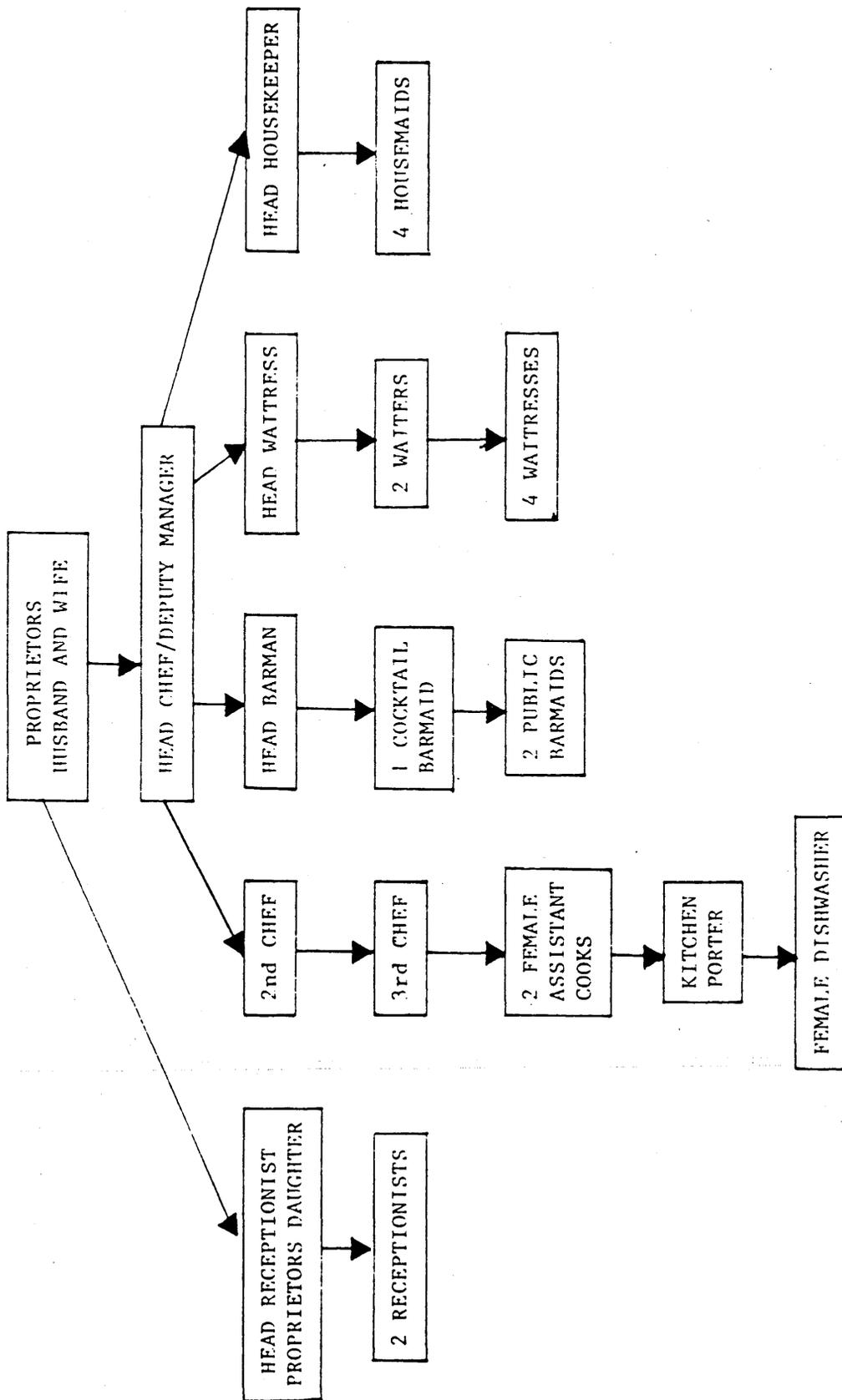
## HOTEL ONE

### The building and location

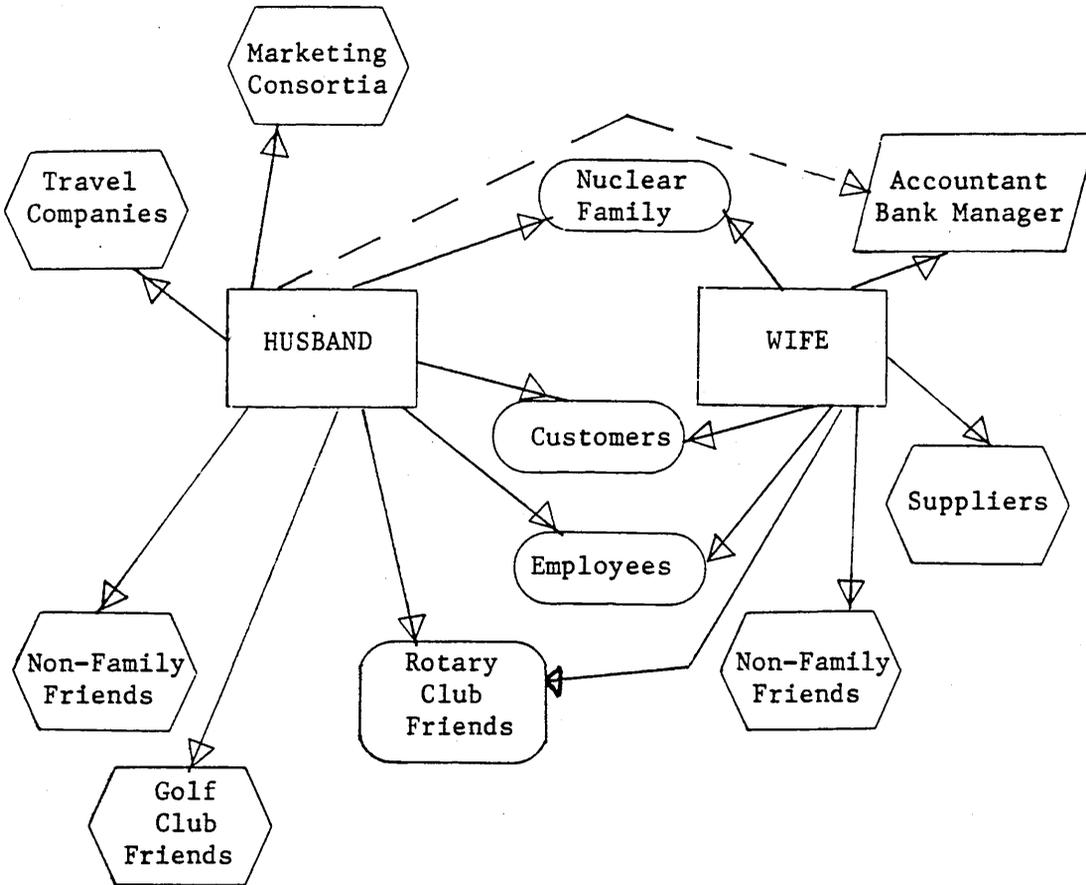
The original building was constructed in 1853 as factor's house on a large estate in the Central Highlands. The estate was sold off some fifty years later, and the building became an inn first, and then a small hotel. Several additions and extensions have been made since 1853. The inn in 1903 had five bedrooms. It now has twenty. All the rooms have central heating and private facilities. As has been previously mentioned, the exact location is confidential (as this was a precondition of obtaining access).

It can be revealed that the hotel is situated next to a major Scottish salmon river, in a small village, away from main tourist routes. which is some one and half hours north by car. The hotel has twenty bedrooms, and is rated in the three star category by the AA/RAC guide books.

Hotel One  
Organisational Structure



Hotel 1 - Small Employer  
"close-knit" networks



## Type of Clientele

This information was collected by examining the guest correspondence files, and from discussions with the owners.

The type of business has been calculated as a percentage of total "sleeper nights". It was felt that this measure of the volume of business was more reliable than either profitability or sales. If the calculation was done as a percentage of "contribution", it would have been more useful. Unfortunately standard hotel accounts do not yield this detail of information. It was decided just to use a percentage of sleeper nights for all the hotels.

### Current Clientele Mix for Hotel One for 1984

Coach Tours	65%
Fishing	5%
Golf	10%
Skiing	10%
Independent Holiday Makers (chance)	3%
Marketing Channels (consortium)	7%

40% of the guests were repeat visitors to the hotel. Approximately a further 15% were comprised of referrals from existing regulars.

## HOTEL TWO

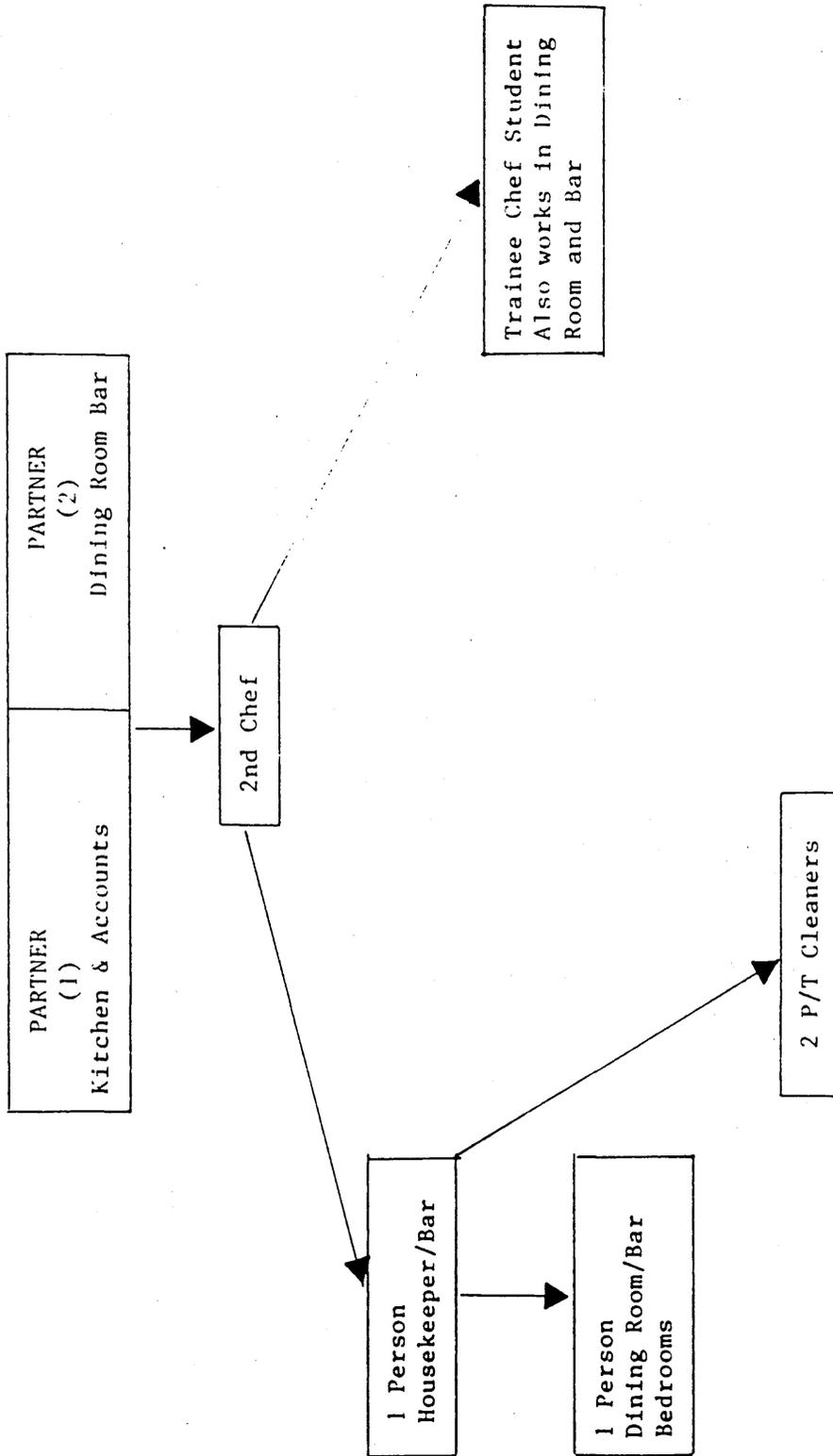
### Buildings and Location

This building started life as the country home of an Aberdonian

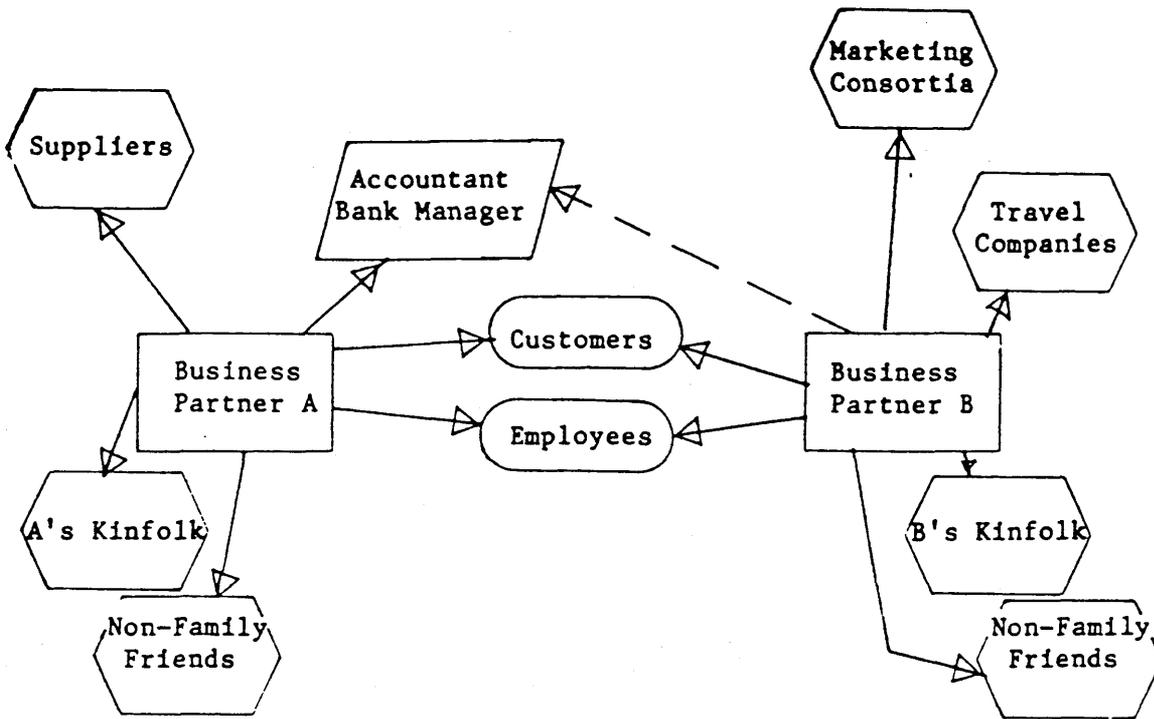
advocate in 1897. It is constructed of attractive pink granite, in the "tower-house" style of Scottish period castles. Its location is at once a difficulty and an advantage. It is to be found on a wooded knoll overlooking a splendid glen in the Cairngorm region of the Scottish Highlands. Guests in the hotel are rewarded by a fine view of the surrounding country side but its location means that it is impossible to reach in winter because snow blocks access due to the hotel's position being somewhat off the main road. Consequently the hotel only opens for business from April to October.

Immediately prior to the partners purchasing the building it had been converted, rather clumsily, into an hotel. The previous owners "business hotel" failed. Eighteen years later, the hotel has twelve bedrooms, and if the owners would agree to an official rating, it would fall into the four star luxury category. The nearest large town, ~~is~~ is two hours away by car.

# Hotel Two Organisational Structure



Hotel 2 - Self Employed  
"close-knit" networks



Current Clientele Mix for Hotel Two in "sleeper nights"

Of all the hotels in the study this hotel had exemplary internal marketing data. As a matter of course the owners systematically recorded not only business type but also referral sources on an annual and monthly basis.

	1983	1984	1985
	%	%	%
Regular Guests	36.5	30	25
Referrals from Regulars	14.5	18	17.5
Chance	3	2	1.6
Referrals from other hotels	0.9	0.7	1.2
Marketing Channels (consortium)	6.5	19.5	26
Tourist Boards	1.6	2.3	2.6
European Hotel Guides	26	18	16.9
US Hotel Guides	11	9.5	9.2

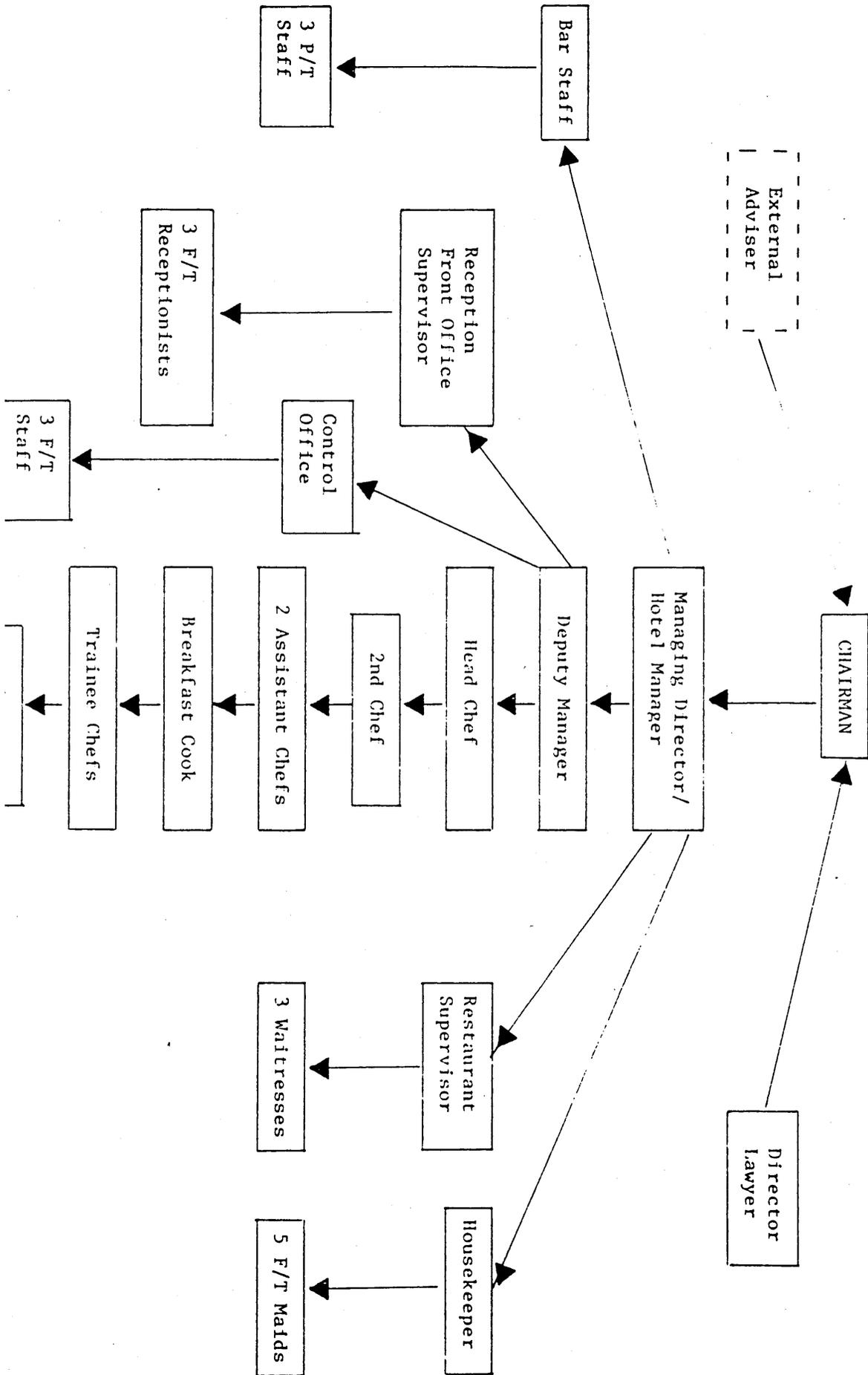
**HOTEL THREE**

Buildings and Location

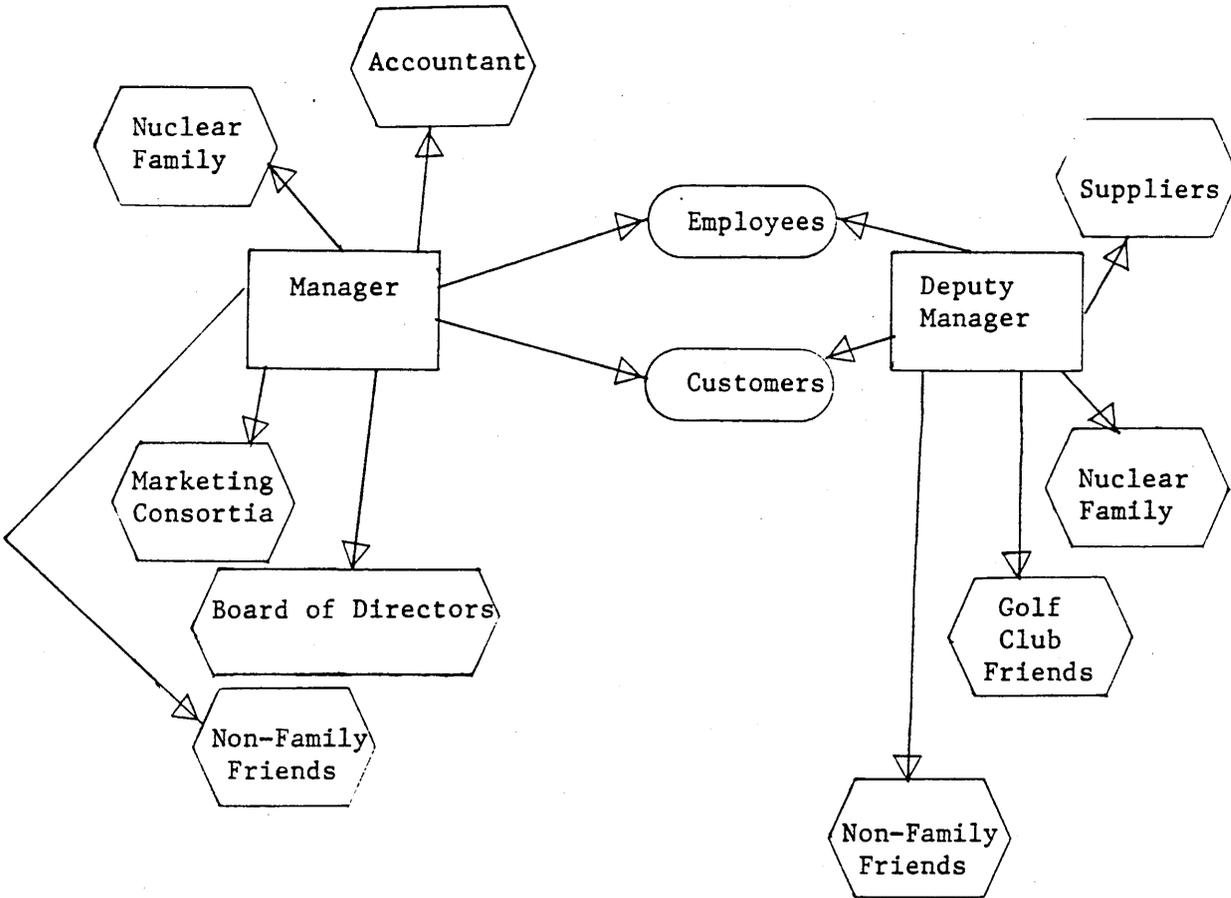
Unlike Hotels 1 and 2, Hotel 3 is a modern, purpose-built building, which was completed in [redacted] It is constructed [redacted] The largest hotel in the study, it has a two star AA/RAC category. It is to be found on a remote coastal site, in the extreme north east corner of Scotland. The hotel, from the day it opened, has been regarded by many as a white elephant. Originally it was constructed because it was believed that the electricity board were to construct a nuclear power station close by.

The original owners purchased a site and built the hotel before the power station was given final approval, hoping that a great deal of business could be derived during the construction process. Due to environmental objections the power station was never built. This presented the original owners and the current owners with a formidable problem of economic survival; the hotel is open all year round.

# Hotel Three Organisational Structure



Hotel 3 - Owner-controller  
"close-knit" networks



Current Clientele Mix for Hotel Three in "sleeper nights"

	1985
Business travellers (50% being regulars)	65%
Independent guests who were regulars	20%
Fishing	5%
Chance guests	5%
Guests staying over from special functions	5%

Around 50% of the of all sleeper nights were from regulars, with a further 10% from referrals from these same regulars. Only about 5% of the total business came from the marketing channel (consortia). Most of that was business clientele.

#### HOTEL FOUR

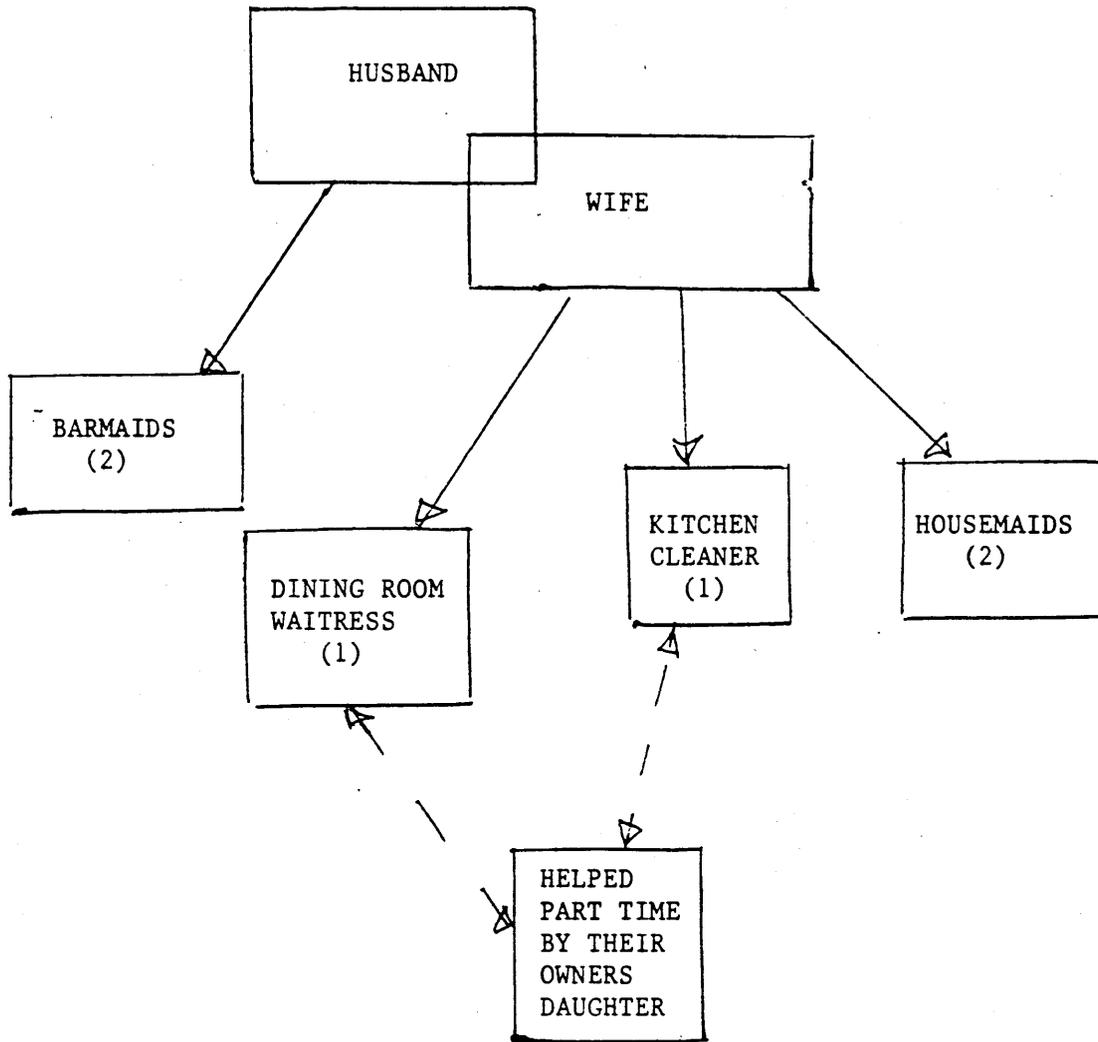
##### Buildings and Location

This hotel was the smallest in the study.

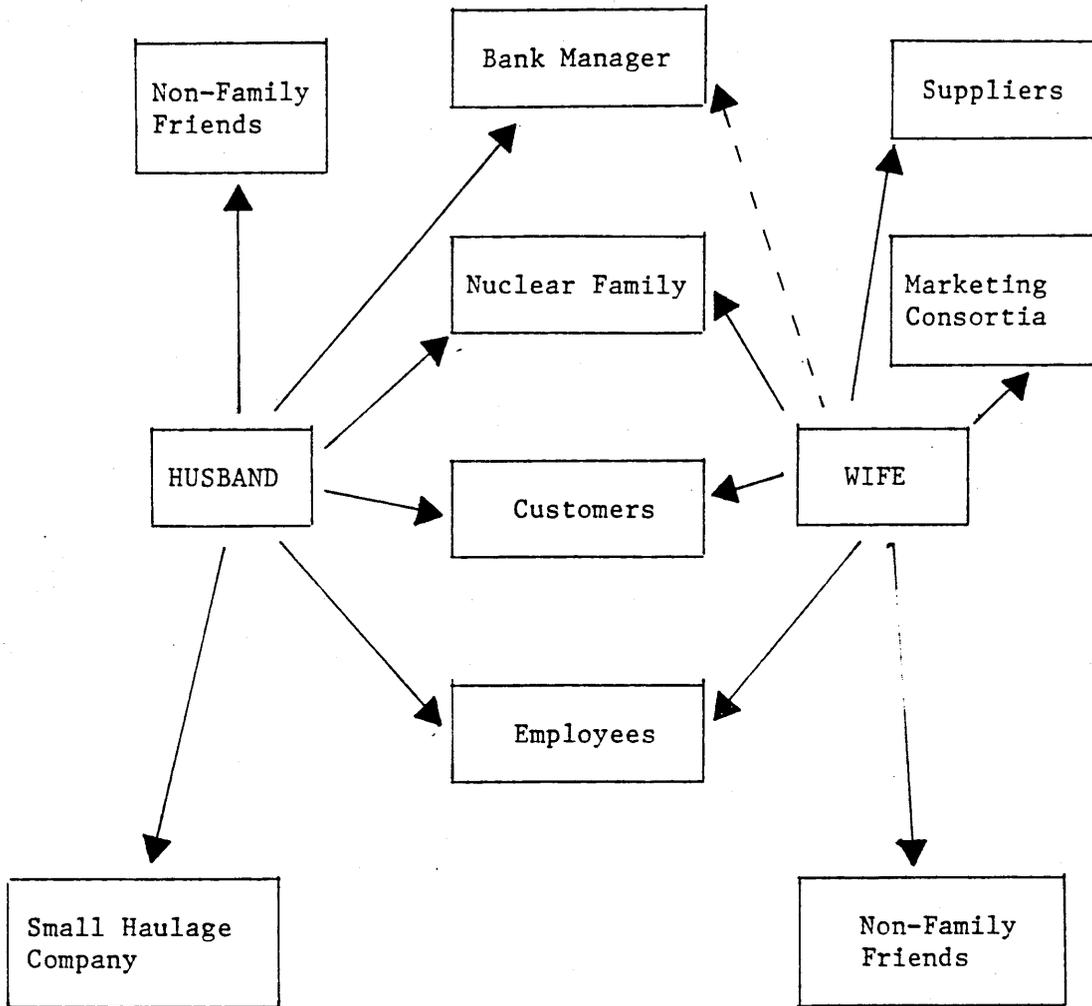
It is located in a village in the Scottish Borders. However it is on neither of the main north/south tourist routes between England and Scotland and the nearest main towns are

The hotel's bedrooms have no private facilities and thus only has a single star AA/RAC rating. The hotel is open all year round.

Hotel Four  
Organisational Structure



HOTEL 4: SELF EMPLOYED



Current Clientele Mix for Hotel Four in "sleeper nights"

	1986
Independent regulars	40%
Independent referrals from regulars	20%
Business Travellers who are regulars	20%
Business Travellers referrals from regulars	5%
Fishing/Deer Stalking	10%
Chance guests	5%

The importance of regular patronage by the loyal guests is clearly demonstrated above. No marketing channels were used by this hotel.

**HOTEL FIVE**

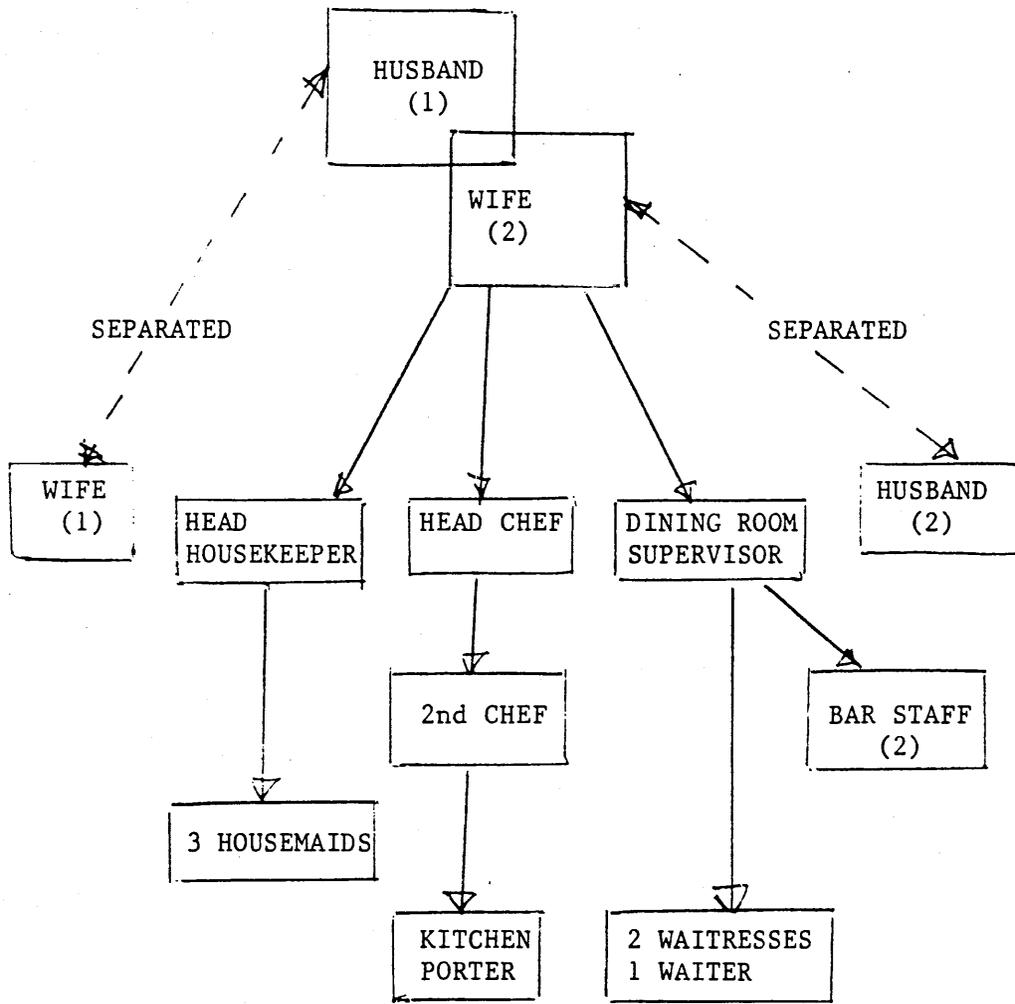
Buildings and Location

This hotel was purpose-built in 1976 by the previous owners.

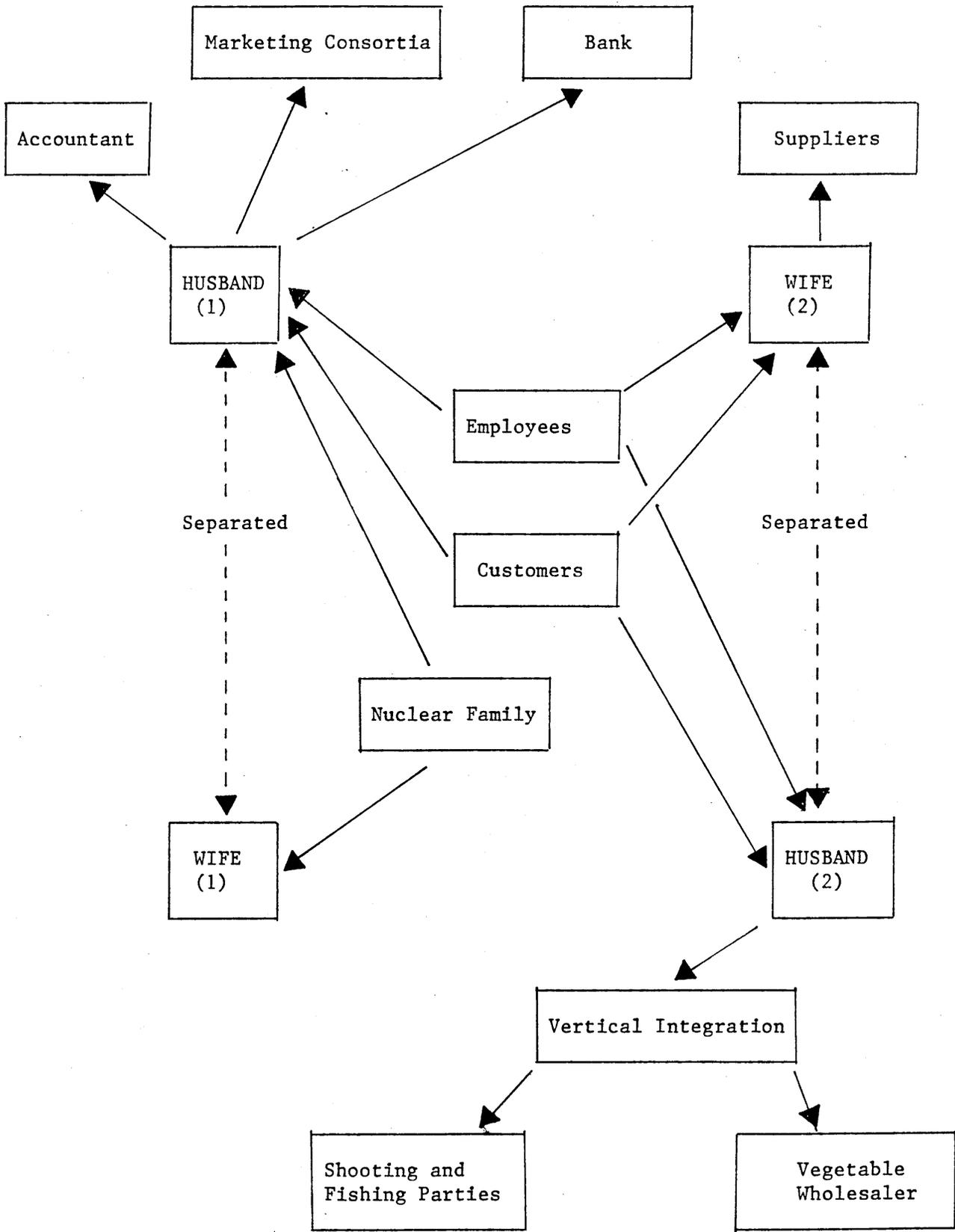
The hotel is located in Perthshire ten miles up a cul-de-sac single track road. Perth is the nearest large town,

The hotel has 17 bedrooms, and had only recently been taken over by new owners when the research took place. The previous owners used to close for business during November, December and January. The new owners intend to remain open all year round. Currently the hotel has a two star AA/RAC rating.

# Hotel Five Organisational Structure



HOTEL 5: SMALL EMPLOYER



Current Clientele Mix for Hotel Four in "sleeper nights"  
1986

Business travellers regulars	15%
Business Travellers referrals	2%
Regular independents	44%
Referrals from regulars independents	18%
Fishing regulars	7%
Skiing	10%
Chance	3%

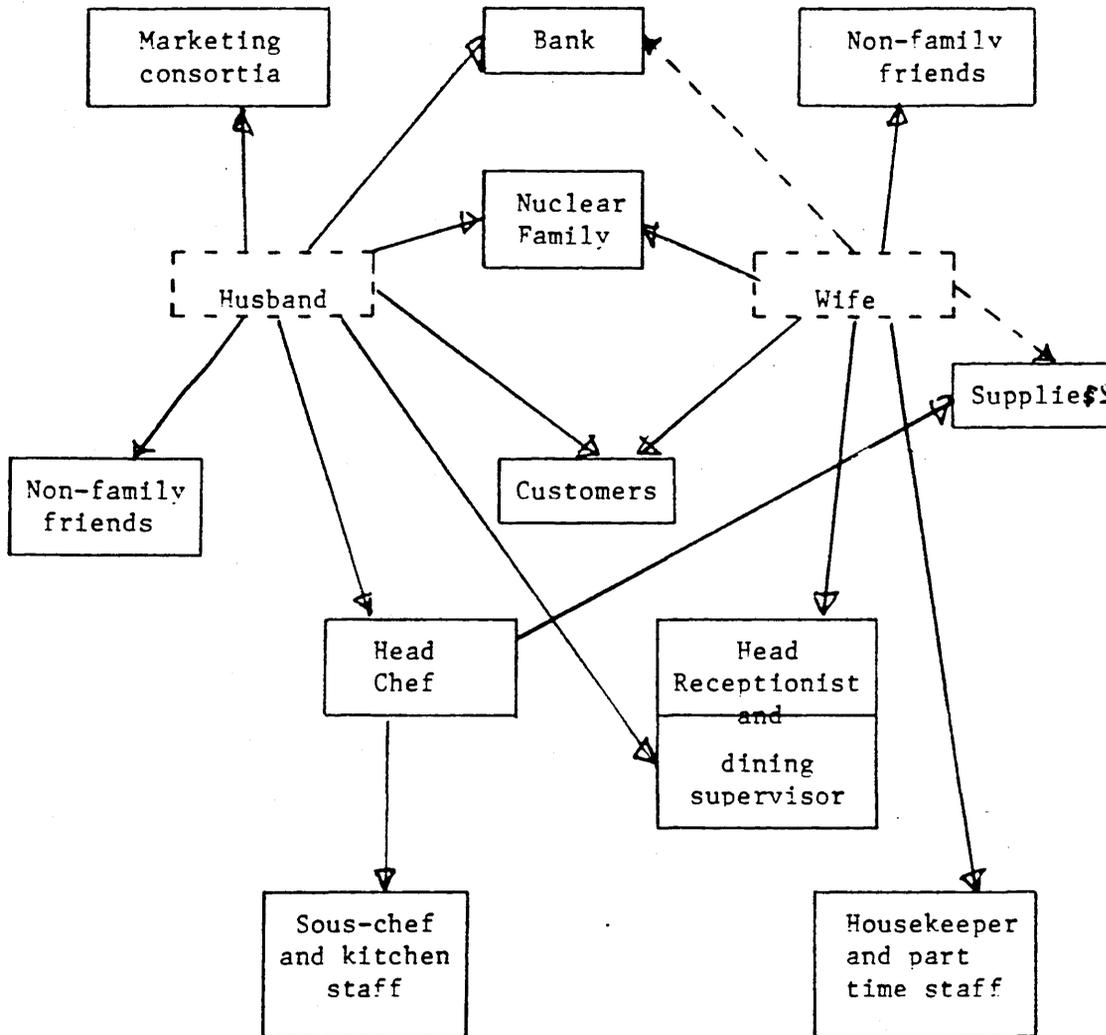
HOTEL SIX

Buildings and Location

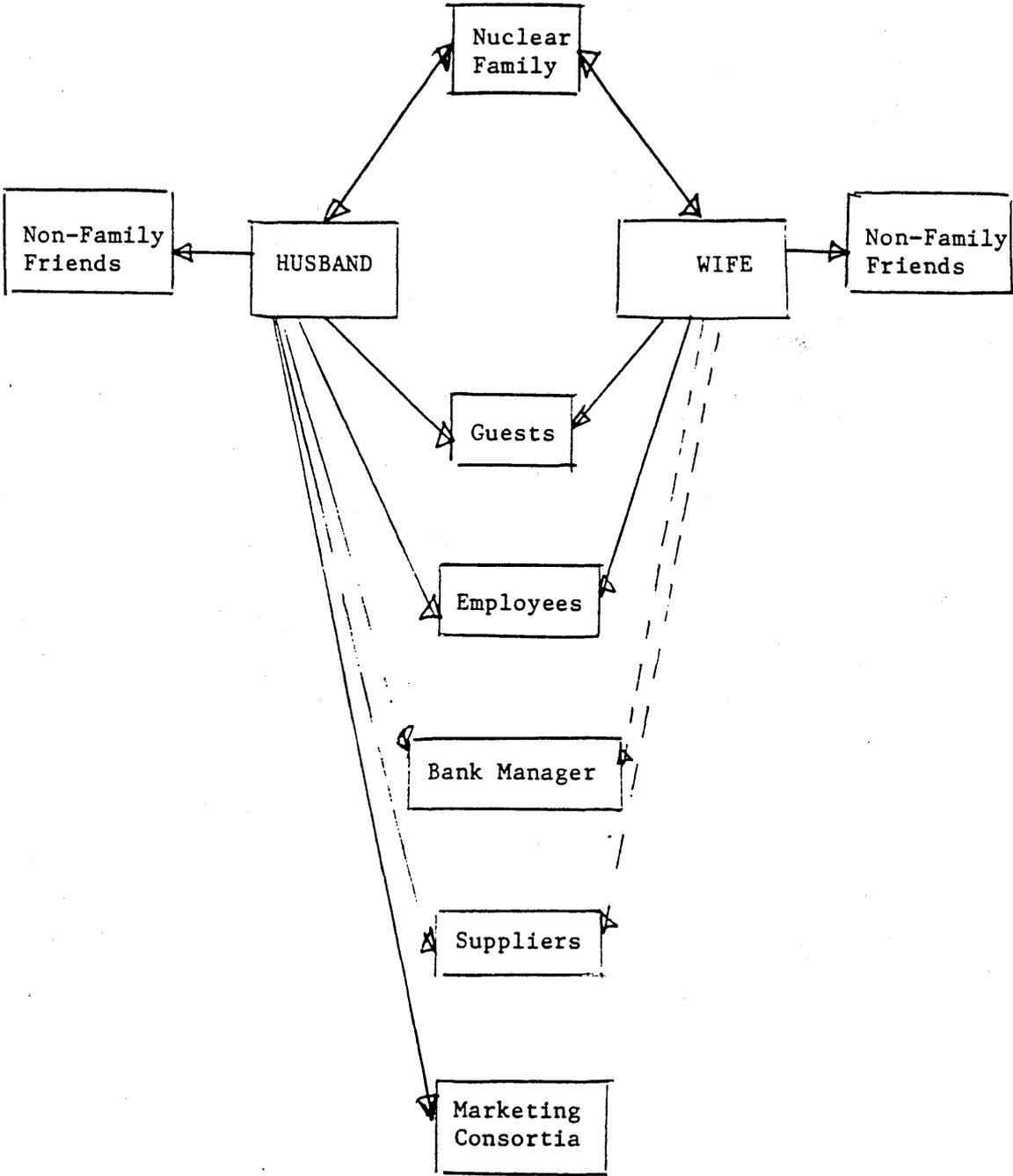
The last hotel in the study was built in 1869 and is located in extreme south westerly section of Dumfries and Galloway in Scotland. It has an attractive, but very inaccessible coastal location. It was the family home of a well-known member of the Scottish aristocracy until it was sold off in 1971 to a French chef. He converted the building into one of Britain's first "restaurant avec chambres".

Two years before the research began, he sold out to the current owner. The hotel was then of three star AA/RAC rating, and is about to be increased. The hotel has fifteen bedrooms, and is open all year apart from November, December, January and February.

Hotel Six  
Organisational Structure



"close knit" networks



Current Clientele Mix for Hotel Four in "sleeper nights"

	1986
Regular independents	57%
Referrals from regular independents	20%
Business Travellers regulars	7%
Business Travellers referrals from regulars	2%
Golfers	11%
Chance	3%

## THE LIFE HISTORY OF EACH HOTEL OWNER

### Hotel One

The Owner Small Employer - Limited Liability Company

At the time of the interview he was 49 years old and married with two daughters. His parents were tenant farmers in the central region of Scotland, and eventually his father found work on the railways as a foreman. The owner went to a state school in Dundee, and came out with a rather unremarkable academic record.

He later went to night school and successfully completed his ONC and HNC in engineering. He was an apprentice engineer in a Brass Foundry in Falkirk. Later he became a draftsman with a pre-cast concrete firm, then he went to the US on a family visit. He like it so much that he stayed. He was able to get a job with a New York-based consulting engineering business, working as a draftsman. Being eighteen at the time he was the only "unqualified" engineer on their books. He found it difficult to settle in the US, because most other young people were either at college or university.

He came back to Scotland, and then went straight into his national service in the Royal Air Force. The RAF dispatched him to the Island of Tiree, which at that time was an experimental RADAR base. The RAF found that the RADAR system didn't work too well, and he was asked if

he wanted to stay on the Island to do maintenance work. As the owner described, in his own words, this is how he got his first taste of the hotel and catering business:-

"After putting this unit [the RADAR base on Tiree] on to care and maintenance, I was offered, either the job of doing the CO's typing or running the mess bar. Purely on the grounds that the previous barman was the most affluent guy on the Island, and could fly home every second week to Glasgow, I decided it was the best thing to do."

On Tiree he met his wife and they married after he completed his national service. He managed to find work with the same Falkirk firm he had worked with previously, and after four years there, did three other similar jobs within twelve months, and eventually started his own business. This was a building firm, based in Edinburgh, which lasted eight years, before it went into liquidation. The owner describes his experience in the following manner:-

"I started a building firm. Every thing seemed to happen to me by chance in a way. <sup>23</sup> Someone I was at school with asked me if I was interested in starting up a building firm. He was skilled bricklayer, and I knew my way around other areas of the building trade. We started the firm and worked for eight years as a partnership. During the latter part of this period, my business partner was more and more "on the bottle", and put in less and less

work. At this time there was also a bad recession in the building trade, due to government cut backs."

It is interesting to note that the owner, prompted by his wife's anxiety decided to reduce his exposure to financial risk:-

"When my business partner's drinking problem started affecting the business, I decided to convert the partnership into a limited company. By that time we had our own house, and we were a bit anxious about the ups and downs of the business. There were very profitable years, followed by disastrous years. So we decided that we had better become a limited company to protect our own assets. In one of the good years we bought a small pub as an insurance policy. I had had enough of the building business, so we went into voluntary liquidation."

Following this episode he sold the both the pub and the family home and purchased a larger pub with a few letting rooms. All the time he and his wife ran this business, the owner also did freelance structural engineering work, as well as anything else "interesting" (39) that might come along. Although he enjoyed the pub, his wife was not at all happy because she also had to bring up the children, and was not able to get out of the place in the way her husband managed to do. In 1976 they bought the hotel, which is featured in this research, for 80K.

The owner and his wife now believed, at last, that their business traumas were at an end. They were mistaken. They were just about to begin: there were four particular misfortunes. The first trauma was with the purchase of this hotel. It was actually financed by an overdraft from the bank. I discovered later that the reason for this was due to a delay in the sale of his other business. As time went on the overdraft became larger, until the size of the overdraft almost equalled the annual turnover. The anxiety and pressure on both the business and the family became increasingly difficult to sustain.

The second crisis then occurred; a fire. Following a 25K refurbishment within part of the hotel bedrooms a fire happened. Initially the owner was not too concerned. It had happened out of season when the hotel was empty, and he believed he was insured. It transpired that the policy, which he had taken out on the advice of his bank manager, was not as comprehensive as he had thought. The policy would cover only 75% of the damage. The rest would have to be financed by an increase in the overdraft.

The third disaster with which they had to deal concerned the introduction of a computer system. Acting on advice from their accountant, they decided to computerize their business completely. Unfortunately, after the computer system was sold the supplier said, that, since their location was rather difficult to get to, they had no flexibility as to the timing of the training. It turned out that

the owner's wife received training on the complete system, (hotel operations, word processing, payroll, sales, purchase and nominal ledgers) in a hectic four day period. All this while she still kept one eye on running the reception of the hotel.

The final trauma they had to overcome was when a major Danish tour operator went into liquidation three weeks before the main season. All of these set-backs were eventually overcome by a combination of gritty determination, the tenacity and courage of his wife, and his skill in creating an hotel atmosphere which people liked, and one which they remembered sufficiently well to want to return to with some regularity.

#### Hotel Two

The Owners - Self-Employed - Partnership

This is an established "country house" hotel of eighteen years standing which has been conceived and run by both partners throughout this period. They are in fact in a homosexual relationship. At the time of the research partner "A" was 52 years old and partner "B" 54 years old.

#### Partner A

Born in Edinburgh and educated in the state system. His father was a manager of a local Coop store in Leith. His brother became a kilt maker, and his sister was an accomplished cook, who eventually ran the kitchens of a large London hotel. After completing National Service he took an ordinary clerical job in Edinburgh and was extremely bored with it. After a time he found a job with a prestigious printing firm who sent him on a master printers course. Although he worked well with this firm, it gradually became apparent that unless an employee was related to the owners of this printing firm, promotions were very unlikely to occur. During this period of disillusionment partner "A" met partner "B". They both decided that they would like to run an hotel somewhere in Scotland.

#### Partner "B"

Born in Manchester and educated partly in the state system, and partly in a fee paying school, he had formal training in hotel-keeping at college in England. After this he worked in hotels in Paris and Rome, then came to Scotland to work in Edinburgh, as front of house manager with one of the major multi-national hotel corporations. He became dissatisfied with the bureaucratization within this company, and wanted to start his own business. He had the experience but no money.

Finally, in 1968, partners "A" and "B" found the property which is now their hotel. It cost them 10.5K. They managed to raise this by

selling their apartments, and obtaining an interest-free loan from a friend of partner "B"'s family. Although they were looking for a suitable property for two years they discovered the building that was to become their business by chance as partner "A" explains:-

"I was making the fire up in Edinburgh one Friday night, and I saw a little advert in the newspaper I was about to set fire to. "Hotel for Sale" by order of the liquidators. We saw the place the following Tuesday, and it was ours by Friday!"

After having worked extremely hard for the first five years, the loans were repaid and the hotel had established itself an enviable reputation. Their style of hotel-keeping is very particular as recently described in an authoritative hotel guide book:-



"If it is the first duty of an hotel to be all things to all men, it fails. However, if it is regarded as a private house, furnished in striking, but admirable taste, and admitting a paying public to rooms and meals, it succeeds triumphantly".

In 1980 partner "B" was awarded the title of "Master Innkeepers by the City of London Livery Company the Worshipful Company of Innkeepers. He achieved both in recognition of the reputation of his own business, but also for his thesis on hotel-keeping.

## Hotel Three

The Owners            Owner-controllers    -    Limited Company

The story behind the foundation of this business is quite complicated. Its worth telling however, because it explains why the hotel has developed in the manner it has. The original owner a prosperous Yorkshire-based chairman of a printing business, retired to the far north east of Scotland to while away his remaining days fishing and pottering about. He apparently became very bored with retirement, and decided to ask his accountant to prepare a business plan for the proposed hotel development. The accountant eventually became the chairman of the hotel company. The events, according to that accountant are as follows:-

"His idea [the original owner] was to build the hotel, with a government grant and obtain trade from technicians on the building site. But, what I said to him, was, "What is going to happen when the power station is built and completed?" But he wasn't worried because it was to be the first one, of its kind, in the world and a constant stream of visitors could be expected. In spite of this, I told him not to bother building the hotel as it wasn't worth the risk. He agreed not to go ahead, and the next thing I knew, was when I was on a fishing trip, I saw the foundations had been laid.

My client then asked me to set up a limited company for the hotel venture. Apart from my client there were also two equal shareholders. One was a director and local builder. The other partner was a chap, who already had an hotel in the same sort of area, and my client saw him as a "soft touch", but he insisted in bringing in his own man as managing director. It was established that the local builder wasn't doing his job properly, and the whole building was an absolute mess. My client called me in again, and asked me to sort things out. I got my client to buy off both partners, and I sacked the managing director. Shortly afterwards my client died. He left his estate in trust, with me being named as the main trustee, his wife to be the main beneficiary of the profits of the business, but not in control of its activities. (His wife, by this, time was an alcoholic, and could not be responsible for running a business such as this.) The other trustee nominated was a local solicitor. I reconstructed the board, and directors, and my co-trustee was made a director. I mistakenly reappointed the managing director whom I'd latterly sacked. The eventual board comprised the above directors, plus a general manager of the hotel, and an external advisor who was knowledgeable about hotels."

Eventually the hotel company managed to find a thirty-three-year-old general manager, who could both work with the board, and deliver the desired results.

Hotel Four

The Owners Self Employed - Limited Company

The hotel is jointly owned by a married couple with the wife playing the major role in the day-to-day affairs of the business. She was thirty-nine years old when the research took place. They have two daughters.

Her father was a chaplain in the army, and her mother came from a family, established in the Borders as a traditional firm of bakers. Her parents bought the hotel when her father left the church and army. In 1957 they paid 10K for the hotel. She then met her husband, who was considered to be unsuitable because he was 15 years older than her, and was a lorry driver. Family resistance to her husband was finally overcome when her future husband started his own haulage business locally, and became self-employed himself. After her father and mother died, some nineteen years ago, they became married and ran the hotel business jointly. Her husband scaled down his hauliers business to help the hotel business but still keeps it as a small but going concern.

Hotel Five

The owners            Small Employer -        Limited Company

The current owner has a rather complicated domestic lifestyle. He is already married with one child, but lives with the wife of his best friend. They all live in the same small village. His first wife runs a bed and breakfast business in the village, where she lives with his child. His female companion, [his best friend's wife] lives with him in a house opposite the hotel. This lady's husband lives in the same village in a cottage of his own. Apart from the owner's first wife, they are all involved in the business. Before I explain the detailed arrangements of the running of this, a little more background about the owner is needed.

At the time of this study he was 47 years old. He was born in Oxfordshire, and became an apprentice engineer with a well-known multi-national company based in Holland. He took day-release courses, and in five years he moved from apprentice to technical manager.

This is how he explains his progression further up the company promotion ladder, before starting his own hotel business:-

"It was in the 1960's, when car radios were rather an exotic device, serving a rather small market. The company wanted to change all

that. They decided to bring this about by working very closely with car manufacturers at the pre-manufacturing stage. They needed some one who was personable, but also was knowledgeable enough, to talk in technical detail to other engineers. My job was to persuade car manufacturers that a radio should become a standard feature, and not just an 'incentive feature' of a car. Somehow I managed to do just that and I was made the marketing manager of the car radio division, responsible for in excess of 15 million worth of business."

He didn't stay in this business for the following reasons:-

"I soon realised that marketing managers didn't last very long. They burn out by the time they are in their mid-thirties. I decided that by the time I was 40 I must move into something else because 40 seemed to be the barrier when people begin to run down."

His chance came, when he was 38 this happened, as he relates it.

"I looked at all sorts of businesses. In particular I looked at sporting businesses, because my hobbies are hunting, shooting and fishing. Then this idea of a sporting hotel came about. On one of our holidays, in the Scottish Highlands, we passed an hotel in the middle nowhere on the way to Caithness. It was badly run-down. On our return to England we noticed the same hotel for sale. All they wanted was 75K for this fourteen bedroomed hotel."

He persuaded his best friend, who was a keen fisherman, his wife, and his friend's wife that they should sell up their homes, and all move to a remote location, nearly a hundred miles north of Inverness! He would master-mind the marketing, and set up the internal control systems. His wife would be the housekeeper. His best friend would organize the shooting and fishing and do any odd jobs needed. His best friend's wife was a bookkeeper, and a good cook.

It then took seven years hard work to turn the business round. When they sold the business, a year before this research began, they got 250K. One of the casualties of this success was his marriage. Although he and his wife are not divorced, they live quite separately. Instead he now lives with his best friend's wife. Despite all this his best friend is still his best friend! They all took a year off, after selling the hotel in the north of Scotland.

To everyone's surprise they decided to buy another hotel, in Scotland, with a sporting clientele. Eventually nine months before the research began they purchased this hotel for 125K. The owner appointed himself as chairman and managing director, with his wife, his best friend's wife and his best friend as co-directors. His wife is a financial beneficiary without being involved in the business. His best friend's wife basically deals with the day-to-day running of the hotel. His best friend organises the shooting and fishing. The owner/chairman handles the marketing, and looks after all the dealings with external professionals to the business.

## Hotel Six

Owners                      Small Employer -      Limited Company

The current owner, who is from Mauritius, and his English wife, run the hotel with a French kitchen brigade, and Scottish front of house employees. The owner comes from a wealthy family, and left Mauritius in times of political unrest.

He met his wife whilst studying hotel administration at Oxford polytechnic. They married and both worked in Australia as college lecturers in hotel administration. They returned to the UK and eventually purchased this business for 250K. The owner intends to obtain a Michelin rosette for the food, so has hired a team of three French chefs.

**APPENDIX B**

**FINANCIAL DATA**

HOTEL ONE

	Sales**		GP % on Industry		Variance	
	YR1	YR2	YR1	YR2	YR1	YR2
Food	51,399	52,317	65%	63%	65%	- (2%)
Alcoholic Beverages	89,942	113,867	47%	48%	55%	(8%) (7%)
Rooms	134,641	138,487			100%	
Special Functions	N/A	N/A			65%	
Other	9,568	3,079				
<b>TOTAL</b>	<b>285,550</b>	<b>307,750</b>				

HOTEL TWO

	Sales**		GP % on Industry		Variance	
	YR1	YR2	YR1	YR2	YR1	YR2
Food	32,515	44,645	74%	75%	65%	9% 10%
Alcoholic Beverages	14,049	18,964	37%	35%	55%	(18%) (20%)
Rooms	# 48,313	# 63,577			100%	
Special Functions	N/A	N/A				
Other	368	1,816				
<b>TOTAL</b>	<b>95,605</b>	<b>129,002</b>				

# Actual sales increased by 20%

2

3

HOTEL THREE

	Sales**		GP % on Industry			Variance	
	Value		Sales		GP % Norm		
	YR1	YR2	YR1	YR2		YR1	YR2
Food	144,654	166,178	54%	55%	65%	*	*
						(11%)	(10%)
Special Functions (Food)	58,499	81,061	61%	62%	70%	#	#
						(9%)	(8%)
Bar Food	29,294	30,091	55%	55%	55%	-	-
Alcoholic Beverages	98,891	103,138	50%	50%	55%	##	##
						(5%)	(5%)
Special Functions (Bar)	84,943	96,973	53%	52%	55%	##	##
						(2%)	(3%)
Rooms	110,529	124,429			100%		
Other	11,840	11,219					
TOTAL	<u>589,263</u>	<u>613,089</u>					

HOTEL FOUR

	Sales**		GP % on Industry			Variance	
	Value		Sales		GP % Norm		
	YR1	YR2	YR1	YR2		YR1	YR2
Food	28,475	32,500	55%	55%	65%	(10%)	(10%)
Alcoholic Beverages	58,000	60,000	43%	46%	55%	(13%)	(9%)
Rooms	9,500	10,000			100%		
Special Functions (Food)	3,500	4,000	60%	57%	70%	(10%)	(13%)
Other	N/A	N/A					
TOTAL	<u>99,475</u>	<u>106,500</u>					

## HOTEL FIVE

	Sales**		GP % on Industry		Variance	
	YR1	YR2	YR1	YR2	YR1	YR2
Food	N/A	17,626	N/A	57%	65%	N/A (8%)
Alcoholic Beverages	N/A	88,128	N/A	43%	55%	N/A (12%)
Rooms	N/A	68,544			100%	
Special Functions (Food)	N/A	5,500	N/A	50%	70%	N/A (20%)
Other	N/A	1,200				
TOTAL		<u>180,998</u>				

## HOTEL SIX

	Sales**		GP % on Industry		Variance	
	YR1	YR2	YR1	YR2	YR1	YR2
Food	N/A	57,200	N/A	70%	65%	N/A 15%
Alcoholic Beverages	N/A	47,424	N/A	50%	55%	N/A (5%)
Rooms	N/A	79,040	N/A		100%	
Special Functions	N/A	N/A				
Other	N/A	1,000				
TOTAL		<u>184,664</u>				

Comparative net profitability, owner's drawings and wages costs of  
the six hotels

	Hotel 1	Hotel 2	Hotel 3	Hotel 4	Hotel 5	Hotel 6
	YR2	YR2	YR2	YR2	YR2	YR2
NP % of Actual Sales	9%	6%	1%	4%	1%	2%
Owners Drawings as per final A/cs but as a % of Actual Sales	5%	4%	2%	9%	5%	4%
Wages Costs % of Sales	18%	22%	19%	20%	14%	25%

**APPENDIX C**

**THE ANALYSIS OF THE MANAGEMENT DIARIES**

HOTEL ONE

Activities less than five minutes duration

Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	18%	7%	20%
Staff	0%	0%	15%
Suppliers	6%	0%	2%
Accountant	0%	0%	0%
Family	0%	20%	0%
Marketing			
Consortia	2%	10%	0%
	----	---	---
	26%	37%	37%
	====	====	====

Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	7%	10%
Staff	8%	25%	10%
Suppliers	5%	0%	0%
Family	10%	15%	5%
	----	---	---
	23%	52%	25%
	====	====	====

Analysis of activities more than five minutes duration

External contacts

Guests	Face to Face]	50% - Sales	
	[11%]	] 50% - Admin	
Marketing Consortia	Phone	] 50% - Sales	
	[11%]	] 50% - Admin	45%
Accountant	Letters	] 70% - Sales	
Suppliers	[23%]	] 30% - Admin	

Internal Contacts

	Face to Face [100%]	Phone [0%]	
Staff	35%	0%	
Guests	35%	0%	16%
Suppliers	30%	0%	
Quality control procedures involving the personal inspection of parts of the hotel			18%
Relief Duties			8%
Meals and breaks			13%

HOTEL TWO

Activities less than five minutes duration

Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	35%	0%	0%
Staff	2%	0%	0%
Suppliers	10%	0%	0%
Accountant	1%	0%	0%
Family	0%	25%	0%
Marketing Consortia	25%	2%	0%
	---	---	---
	<u>73%</u>	<u>27%</u>	<u>0%</u>

Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	40%	0%
Staff	0%	45%	5%
Suppliers	0%	3%	0%
Family	0%	7%	0%
	---	---	---
	<u>0%</u>	<u>90%</u>	<u>5%</u>

Analysis of activities more than five minutes duration

External contacts

Guests	Face to Face]	90% - Sales	}
	[10%]	10% - Admin	
Marketing Consortia	Phone ]	90% - Sales	}
	[8%]	10% - Admin	
Accountant			35%
Suppliers	Letters ]	80% - Sales	}
	[15%]	20% - Admin	

Internal Contacts

	Face to Face [100%]	Phone [0%]	
Staff	35%	0%	} --- 35%
Guests	55%	0%	
Suppliers	10%	0%	

Quality control procedures involving the personal inspection of parts of the hotel	---	25%
Relief Duties	---	0%
Meals and breaks	---	5%

**HOTEL THREE**

Activities less than five minutes duration

Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	25%	0%	0%
Staff	0%	0%	0%
Suppliers	19%	0%	0%
Accountant	5%	4%	0%
Family	0%	5%	0%
Marketing Consortia	20%	9%	0%
	---	---	---
	<u>82%</u>	<u>18%</u>	<u>0%</u>

Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	40%	0%
Staff	2%	45%	0%
Suppliers	0%	3%	0%
Family	0%	10%	0%
	---	---	---
	<u>2%</u>	<u>98%</u>	<u>0%</u>

Analysis of activities more than five minutes duration

External contacts

Guests	Face to Face]	80% - Sales	
	[ 10%]	20% - Admin	
Marketing Consortia	Phone ]	75% - Sales	
Accountant	[ 8%]	25% - Admin	--- 33%
Suppliers	Letters ]	80% - Sales	
	[ 15%]	20% - Admin	

Internal Contacts

	Face to Face [ 100%]	Phone [ 0%]	
Staff	35%	0%	
Guests	55%	0%	--- 16%
Suppliers	10%	0%	

Quality control procedures involving the personal inspection of parts of the hotel --- 35%

Relief Duties --- 8%

Meals and breaks --- 8%

HOTEL FOUR

Activities less than five minutes duration

Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	10%	0%	10%
Staff	0%	10%	0%
Suppliers	5%	5%	0%
Accountant	0%	0%	0%
Family	5%	35%	20%
Marketing Consortia	0%	0%	0%
	---	---	---
	<u>20%</u>	<u>50%</u>	<u>30%</u>

Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	30%	0%
Staff	0%	25%	0%
Suppliers	0%	10%	0%
Family	0%	40%	0%
	---	---	---
	<u>0%</u>	<u>100%</u>	<u>0%</u>

Analysis of activities more than five minutes duration

External contacts

Guests	Face to Face]	50% - Sales	
	[15%]	] 50% - Admin	
Marketing Consortia			
Accountant	Phone ]	55% - Sales	--- 25%
	[5%]	] 45% - Admin	
Suppliers	Letters ]	60% - Sales	
	[5%]	] 40% - Admin	

Internal Contacts

	Face to Face [100%]	Phone [0%]	
Staff	45%	0%	
Guests	55%	0%	--- 35%
Suppliers	5%	0%	

Quality control procedures involving the personal inspection of parts of the hotel --- 30%

Relief Duties --- 5%

Meals and breaks --- 5%

**HOTEL FIVE**

Activities less than five minutes duration

Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	10%	0%	10%
Staff	0%	0%	0%
Suppliers	10%	5%	0%
Accountant	5%	0%	0%
Family	15%	5%	20%
Marketing			
Consortia	10%	10%	0%
	---	---	---
	<u>50%</u>	<u>20%</u>	<u>30%</u>

Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	25%	10%
Staff	5%	25%	10%
Suppliers	5%	5%	0%
Family	5%	10%	0%
	---	---	---
	<u>15%</u>	<u>65%</u>	<u>20%</u>

Analysis of activities more than five minutes duration

External contacts

Guests	Face to Face]	60% - Sales	
	[ 20% ]	40% - Admin	
Marketing Consortia	Phone ]	65% - Sales	
	[ 15% ]	35% - Admin	40%
Accountant			
Suppliers	Letters ]	60% - Sales	
	[ 5% ]	40% - Admin	

Internal Contacts

	Face to Face [ 80% ]	Phone [ 20% ]	
Staff	45%	80%	
Guests	55%	0%	35%
Suppliers	5%	20%	

Quality control procedures involving the personal inspection of parts of the hotel --- 20%

Relief Duties --- 0%

Meals and breaks --- 5%

## HOTEL SIX

### Activities less than five minutes duration

#### Externally outside the hotel

	Phone	Face to Face	Interruption
Guests	10%	10%	10%
Staff	0%	10%	0%
Suppliers	5%	5%	0%
Accountant	0%	0%	0%
Family	0%	35%	30%
Marketing Consortia	25%	0%	0%
	---	---	---
	<u>35%</u>	<u>25%</u>	<u>40%</u>

#### Internally within the hotel

	Phone	Face to Face	Interruption
Guests	0%	50%	0%
Staff	0%	25%	0%
Suppliers	0%	5%	0%
Family	0%	20%	0%
	---	---	---
	<u>0%</u>	<u>100%</u>	<u>0%</u>

### Analysis of activities more than five minutes duration

#### External contacts

Guests	Face to Face]	70% - Sales			
	[ 10%]	] 30% - Admin			
Marketing Consortia	Phone	] 55% - Sales			
Accountant	[ 5%]	] 45% - Admin		---	20%
Suppliers	Letters	] 60% - Sales			
	[ 5%]	] 40% - Admin			

#### Internal Contacts

	Face to Face [100%]	Phone [0%]	
Staff	35%	0%	
Guests	65%	0%	--- 30%
Suppliers	0%	0%	
-----			
Quality control procedures involving the personal inspection of parts of the hotel			--- 40%
Relief Duties			--- 5%
Meals and breaks			--- 5%

**APPENDIX D**

**ANALYSIS OF THE TAPE RECORDED INTERVIEWS**

HOTEL 1

Interview with husband - proprietor - 21/08/85

AL: Where were you born?

BW: Dundee

AL: Do your family come from Dundee?

BW: No, Dalwhinney.

AL: When did you move from Dundee over to this side of Scotland?

BW: When I was six.

AL: How old are you now?

BW: I will be 50 in March 1986.

AL: How long have you been married?

BW: 25 years.

AL: How many children do you have?

BW: I have two daughters, Suzanne, who works in the hotel and Nicola who is a secretary in Inverness.

AL: How old are your daughters?

BW: Suzanne is 23 and Nicola is 19.

AL: Where did you go to school?

BW: Dalwhinney. We only moved to Dundee for my birth. For the first six years I went to the local primary school in Dalwhinney. My father, who was a foreman with the railway got a transfer to Larbert station. He got the transfer because of my ill health. The damp weather in Dalwhinney made me a sickly child.

AL: Was your father a foreman on the railway all his working life?

BW: No, he was a tenant farmer when he was younger. His parents had a tenancy near Kincaig. My father being the oldest son was due to inherit the farm tenancy. But he became fed up with the farm and passed it on to his younger brother. Following this he went to work on the railway.

AL: After you left the primary school in Dalwhinney which was your next school?

BW: Larbert primary and Larbert high school.

AL: Did you have any other formal education?

BW: I did night classes and took my ONC & HNC in engineering.

AL: Has anyone in your family been involved in hotels and catering apart from yourself?

BW: No.

AL: How many brothers and sisters do you have?

BW: One brother.

AL: What type of job does he have?

BW: None, he has never worked since he left school.

AL: Is there a particular reason for this?

BW: Yes, he has had a series of minor mental conditions. He is now 46 and he has never really worked.

AL: Don't you have any sisters?

BW: I have a step-sister because my father married twice. I also have a step-brother. My step-sister is now living in the US and my step-brother is in Nottingham.

AL: What kind of business is your step-sister engaged in?

BW: She has her own real estate business in New Jersey. My step-brother is an accountant in Nottingham. He has just retired from working for Tube Investments and now he has his own practice.

AL: How many of your family living in the area are directly involved in running your hotel business?

BW: Me, my wife Jean and Suzanne.

AL: How would you describe your wife's role in the business?

BW: My wife is responsible for the accounts in the business and the general office management. Suzanne is just involved with the reception area.

AL: What was the first job you did after leaving school?

BW: I worked at Abbots Brass Foundry in Falkirk and started work as an apprentice engineer. This took two years and I was mostly occupied doing tool setting. After I had served my time a friend of mine said they were looking for more draftsmen in a pre-cast concrete firm. So, I went there and got a job. I worked there for two

years. Then my father died and my mother decided she wanted to be with her sister in America. When I was 18 we all went across to America.

AL: What was the main reason behind the decision to go to America?

BW: Yes, what happened then was that my mother, whose sister was in the US, wanted to see her again and make a new start. My mother didn't stay long in New York. After two months she returned home. But I stayed for two years.

AL: Did you have a job when you went to the US?

BW: No, I didn't.

AL: How did you find work when you first went over to the States?

BW: My sister took me to various places that were looking for people. I started work with a consultant engineering firm. They were a major company of its type in America. They did all the major highways such as the New Jersey Turnpike. I was the only unqualified engineer on their books.

AL: So you worked there for two years?

BW: No, I only stayed there for one year because my aunt moved house. I then went to work for a firm called Hope Inc who made precision valves and were fluid control specialists. This company fitted out the first atomic submarines. I worked in the drawing office there.

AL: You stayed there for one year. And then what happened?

BW: Then I decided to come back home.

AL: Why was that?

BW: I was very homesick. When you are 18 in America you are somewhat in 'limbo' because most of the other people of my age were either at college or at university. This made it very difficult to make friends with people of my own age.

AL: On your return to Scotland what type of work did you find?

BW: When I got back, after two weeks I received my call up papers to do my National Service.

AL: Which section of the armed forces did you end up in?

BW: The Air Force. I was co-opted on to the time and motion section who were trying to make more effective use of manpower. I was drafted to work with a Radar unit during the second year of my NS. The Radar base was on the Isle of Tiree, and it was only functioning

for a month when they discovered that it was not sufficiently powerful to be of much use. After putting this unit on to car and maintenance I was offered either the job of doing the CO's typing or running the mess bar. Purely on the grounds that the previous barman was the most affluent guy on the island and could fly home every second week to Glasgow, I decided it was the best thing to do.

AL: How old were you when you first worked in this bar job?

BW: 22 or 23.

AL: How long was the NS for?

BW: It was for two years.

AL: When this finished what did you do.

BW: I went back to the pre-cast concrete firm in Labert. I stayed there four years. During this time I became a section leader and I had two draftsmen working for me. We were mainly designing pre-cast structure for school buildings. When I was 25 I got married and I started doing some part-time work for a firm of architects in Edinburgh.

AL: How did you meet your wife?

AL: What was the next main thing that happened?

BW: The architect firm persuaded me to come and join them full-time. They were starting a multi-disciplinary office, which was fairly new at the time. I started working there as a structural engineer and was involved in various projects.

AL: How long did you remain with this firm?

BW: Four years.

AL: How old were you at this stage?

BW: When I was 28 I left them to become an assistant design manager of a square grip company.

AL: Was there any particular reason that made you leave that company and join another one?

BW: I was pretty restless at the time. I felt I should be doing something better. The work I did with the new company I joined I didn't like very much. So after nine months I went to work for another concrete firm in Edinburgh. I stayed with them for over a year. I then left that to start my own building firm.

AL: It seems to be quite a jump from being an employee to suddenly having your own firm. Was this something you had at the back of your mind for a while?

BW: Yes, I have always wanted to do something like this ever since I can remember.

AL: What in particular most appealed to you about having your own firm?

BW: Nothing in particular, I always had this wish to do something on my own, without having any specific idea what it would be.

AL: Was it because you preferred to be your own boss in the sense that you would have complete freedom of action over your working life?

BW: No not really, I think it was just simply that I had a driving ambition to do better for myself. And I was not content to do an ordinary 9 to 5 type of job that was 60% boring. (34)

AL: Did you at any stage feel that you perhaps had less formal educational qualifications than say the people working in the architects office and yet you did not feel any less bright than they were?

BW: I think so. I did neglect my education and should have a lot more in that respect. But I certainly felt perfectly capable of doing a lot of the jobs which I wasn't allowed to do because of the lack of qualifications.

AL: Tell me more about this firm you started up.

BW: I started a building firm. Everything seemed to happen to me by chance in a way. Someone I was at school with asked me if I was interested in starting up a building firm. He was a skilled bricklayer and i knew my way around other areas of the building trade. We started the firm and worked for 8 years as a partnership. During the latter part of this period my business partner was more and more on the bottle and put less and less work in. At this time there was also a bad recession in the building trade due to cut backs in public expenditure. (35)

AL: Can I go right back now to when you first started in this business. Was it a partnership?

BW: Yes it was.

AL: How did you raise the initial capital to get the business going?

BW: We started with nothing and gradually bought equipment as we could afford it.

AL: Was it mainly home improvement work?

BW: Yes, but we also did some renovation work for Cumbernauld Town Council.

AL: Throughout the 8 year period you worked with your partner was it still registered as a partnership?

BW: Yes, but during the last two years we became a limited company.

BW: What made you decide to change the business from a partnership to a limited company?

BW: By that time we had our own house and we were a bit anxious about the ups and downs of the business. There were very profitable years which would be closely followed by disastrous years. So we decided that we had better become a limited company to protect our own assets.

AL: Did the partnership suddenly die or was it a gradual process?

BW: We went into voluntary liquidation, so we had to sign a trust deed and had to pay a certain amount of money over. At about this time I had already bought a pub.

AL: Who advised you to go into liquidation?

BW: Well, it was our lawyer at the time who was also the company secretary. Looking back on it there was no need to go into liquidation. The amount we owned was trifling. Our annual turnover at the time was about £200K and the amount we were in debt to the bank was around £8K.

AL: You could see this partnership not having much future. Was it because of the recession? Or was it due to problems you had with your partner?

BW: My partner and I were no longer working well together and it was decided to call things to a halt.

AL: The pub you bought, can you tell me how that came about?

BW: I was thinking what do do after leaving this partnership and I read in the paper about an ex-Falkirk football player who had just bought a pub and I realised that they must be a good money earner and reasonably easy to run. So I thought if they could do it why not me. I then put in an offer for an hotel near Cumbernauld and it was going for £21K so I knew if I sold my house I would get £8K for it. I offered the owners £8K instead of £21K and then the property agents laughed at me and I said "OK". Next week I saw another pub in the paper in West Lothian for £11K. I bought the pub with the sales of my house plus a bank loan. I was only in the place one week when the property people phoned and said, "You are too late. I have already bought this place".

AL: What role did your wife play in running the building firm?

BW: She was involved in the office work and pricing of schedules.

AL: At what point did you have your two girls?

BW: When we started the building firm we had a baby and a young child.

AL: What was the most difficult thing that you found in running a pub that you did not expect to find?

BW: Nothing came as a total shock. We did find the hours rather crippling.

AL: Who looked after your children?

BW: My wife mostly was looking after them and she came down to help in the bar when they were in bed. During the day we had full time help to look after the pub. I still did the occasional freelance structural engineering work as it came along.

AL: How did you learn the more technical aspect of running a pub such as cleaning and preparing the beer lines?

BW: Well it's only a five minute job. In fact the pub was so run down that everything had to be renewed from scratch. The pipe fitter showed me all I needed to know in a couple of afternoons.

AL: How long did you remain in the pub?

BW: About 3 years.

AL: Presumably it was a profitable venture for you?

BW: We sold it because we wanted to get rid of the debts still hanging over us from the building company. We paid £11K for the pub and sold it for £40K.

AL: What was your next project?

BW: I came back from the lawyers in Edinburgh and made a call to Bo'ness because I was looking for another pub and the only one I fancied happened to be in Bo'ness. I walked into this pub and said I would like to buy it and asked them how much they would like for it? She said (the owner) "You can have it for £16K". We closed the deal and she had one condition. This was that we must move in within two weeks because she always wanted to go to the Bo'ness fair but hitherto had been forced to work in her pub. This was agreed and the pub was mine.

AL: Was it just a pub or did it have any rooms?

BW: No.

AL: How did your wife react to moving into another pub?

BW: Badly!

AL: Why?

BW: She did not like the area. When she saw the property she changed her mind. The living accommodation which went with the business was superb.

AL: How long did you stay in Bo'ness?

BW: 3 years. But unknown to me at that time I had bought another house. When I took over the pub the previous owner told me that the young couple would be moving out in two weeks. Apparently there was another quite separate house included in the sale.

AL: Did you put any money back into this business?

BW: Yes I built it up and eventually ended up selling it for about £60K.

AL: Following the sale of the Bo'ness pub I bought a shop in the same area. I moved because I was getting bored and it was all becoming too easy. I went to talk to my bank manager and said I was on the look out for another pub. He said why don't you trade up to run an hotel. Then a shop came up for sale two doors up from Woolworths, which is in a good place for most types of shops. I bought the shop for £1K.

AL: What kind of shop was it?

BW: A Jewish Ironmongers shop. I started by selling all the old stock which was left behind and made £500 from the proceeds. Meantime I bought the hotel where we are now. I sold the shop a few weeks later for about £3K.

AL: How did you come to own this hotel?

BW: We came to stay here a few years ago. My brother had been on a skiing holiday and we decided to meet him in the area. We stayed in this hotel and we liked it. Then we came back twice on our own after that. By this time I knew the hotel quite well.

AL: You seem to be making all the decisions about the new ventures you take on, what role does your wife have in influencing you?

BW: My wife tends to agree with my decisions. I think that what really happened was that after having the pub she was quite happy to try something a little more challenging. It was in 1976 when we made an offer of £78K for the business. After a lengthy negotiation we bought the place for £80K.

AL: What would you say was the main reason that you are running this business today?

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BW: I want a roof over my head. I like the life style and I get a kick out of giving enjoyment to my customers and at the same time making a profit.

AL: If your accountant said it would make more financial sense now to sell the hotel and move on to a larger place, would you accept his advice or stay?

BW: Sometimes if it wasn't for the winters. It's my sole business aim at this hotel to try and break even during the winter. I would be much better staying here if I could only do something about the winter time occupancy. If I sold up and went somewhere else it would take a great deal of physical effort as well as capital. On balance I would prefer to stay here and try and bring the winter into a break even situation.

AL: Even if it were possible to get a higher return on your money by selling up would you still stay where you are?

BW: No, I have committed nine years of my life to this hotel and I want to struggle on for quite a bit longer and to develop the business much more than it is at the moment.

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AL: In spite of all the long hours of work you put in at the hotel you still somehow manage to keep so enthusiastic about things, how do you manage it?

BW: I get a tremendous sense of achievement when I make my customers happy and do it profitably. There is such a variety of things I do each day which makes my life so interesting.

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AL: Are there particular things which you have found to be of special importance when running your hotel?

BW: To have a happy staff and to have good relations amongst my staff.

AL: What are the main things external to the hotel which you believe pose the greatest threat to its survival?

BW: The inability to service my bank overdraft. Also the possibility of having too close an involvement with one major customer.

AL: Are there any opportunities outside your own direct influence that are there that could help you overcome the two main difficulties you have outlined?

BW: People are not just wanting to fish or play golf they want to learn from experts how to do it better. Next spring, with the services of a well known fishing expert, special weeks are planned to attract more customers to the hotel. They are not only coming out of my own season but but they will be paying full rack rate. It's

a question of picking on a facility near the hotel and building an attractive package around it. The hotel is only a part, although important, of the complete deal as far as the customer is concerned. I have already done this with the Speyside Railway operation. I have purchased a railway dining car for the preservation society and I now run special dinners each weekend when the train travels between here and Aviemore. The same principles I am now applying to the RSPB Osprey nature reserve.

AL: How do you set about planning these packages?

BW: The first thing I do is to realise that each package takes at least 18 months from the original idea to the first customers arriving on the door step. Next I would find out who the real experts are, how much they cost and when they are available. Following this I would make contact with the enthusiasts and finally make contact with the carriers to conclude the deal.

AL: Is there anyone outside the hotel whose judgement and opinion you would seek before launching a new package? Do you involve your accountant for example?

BW: On entrepreneurial things the decision begins and ends with me. My accountant doesn't have the necessary vision for creative ideas. I believe these things are often intuitive. (38)

AL: Would you involve the accountant if the package needs to be supported by capital expenditure?

BW: Then yes I would.

AL: What types of things would you consult the advice of the various tourism support agencies for?

BW: They are very important when it comes to grant assistance towards capital developments. This year for example we are spending £25K on improvements to the hotel and we are getting grant assistance of 33%. Most of it going towards the refurbishment of the restaurant.

AL: Have you ever considered using management consultants when planning for the future?

BW: No. (39)

AL: What role does your family have in helping you plan ahead?

BW: A very important role, because I use them as sounding boards. I am an ideas person and my wife has much more common sense than I have. Somehow she manages to "knock down" my more hair brained schemes. (40) (132) (A)

AL: How much do you value the opportunity to your ideas in general with other business associates?

BW: A great deal. All the meeting I go to with marketing consortia it is always interesting to see that we all have similar problems but have different ways of dealing with them. We all pick up useful tips from each other.

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AL: How do your business associates react when they realise that other people are going to gain by their own experience?

BW: No problem because we all are in the inter-hotel consortium have a wide geographic spread between each other and as such are unlikely to be in direct competition with each other. In fact the reverse is true because we can all think of ways of giving business to one another.

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AL: Have you ever considered approaching the higher education sector or Local Enterprise Trust for help in forward planning?

BW: No.

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AL: How much notice do you take of items in the various trade magazines?

BW: I spend a couple of hours a week reading them all for new ideas.

AL: Of all the things we have discussed from accountants through to trade magazines which do you think could be more help than it currently is?

BW: All of these people are extremely helpful if you take the trouble to approach them. However, there is no one that I have yet come across that has been able to tell me how I could dramatically improve the performance of the hotel. Nobody has or could have a better knowledge of my business than myself. Although all hotels may have many basic problems in common there are so many localised differences that generalised solutions are not really helpful.

AL: To what extent do you believe that you are aware of the various government schemes which have been designed to help the small business community?

BW: I think the problem here is that I am not able to identify one agency who could give me help for all aspects of my business. I would have to go to a lot of different agencies which would be very time consuming.

AL: Would I be correct in saying that you believe that the tourist agencies and other offer a vast range of advice which is somewhat bewildering?

BW: Yes, they seem rather reluctant or not very skilled in telling you what they have got available to help you. You have to prise information out of them.

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AL: Returning to your business here, what type of reward system have you found to be the most useful in motivating your staff?

BW: They are happiest when they realise that they are working in a busy and successful operation.

AL: In addition to their wages do you provide freshly laundered uniforms?

BW: Yes.

AL: Is there a company mini bus for staff use?

BW: No. We used to have such a vehicle but in the end it was cheaper to hire taxis to bring people into work rather than have a vehicle and driver.

AL: How many of your staff live in the hotel?

BW: Between 30% and 50%.

AL: How would you describe the standard of accommodation you provide for your staff.

BW: At the start of the season they use guest bedrooms but as the season progresses they use caravans and portakabins I have provided.

AL: Does each member of staff have single accommodation?

BW: Yes.

AL: Do all types of staff have the equal opportunity to have food on duty?

BW: No, only the live in staff have three meals a day. All other staff may eat at work but if they do they are charged the rate of £2 per day.

AL: What items of food are they allowed to eat?

BW: It is up to the chef. But he has instructions to give as wide a choice as is reasonable.

AL: How much opportunity for overtime is there?

BW: As much as they want.

AL: Are the only people who receive tips the bar and restaurant staff?

BW: What I do is to make sure that the behind the scenes staff such as the chambermaids and kitchen staff get a fair share of the tips handed in over the office counter.

AL: Do you give additional financial rewards to long service staff?

BW: No. We used to but it got rather out of hand.

AL: How important is staff training to the maintenance of standards in the hotel?

BW: Very important. Unfortunately it is something which is very much neglected here. Once we start into a busy season there is very little time to train staff and not everyone has the ability to train staff effectively.

AL: How do you overcome this problem?

BW: In the case of the kitchen there is no problem. The chef is very interested and capable of making sure that inexperienced personnel are shown the correct way in which to do things. The restaurant is not so well organised from a training point of view.

AL: Before I started recording this interview you were telling me about some of the problems associated with having inexperienced bar staff. How do you think it is possible to improve their social skills?

BW: It's a great problem. I think that too often we give up with younger bar staff when we really should persevere.

AL: Do you believe that apart from the experience in the job itself social skills are something that you can actually learn?

BW: Oh yes, I think you can learn them.

AL: Do you think it's better done by you here or by people employed by the HCITB?

BW: I have no idea because I do not know what the HCITB are capable of in this type of work. I think probably a combination of both. All too often in the hotel business you are just too busy to train them. Maybe I should go on a social skills course first then the rest of my staff. But when does this take place and who is going to pay for it?

AL: Do you as a matter of policy encourage all your staff to be on first name terms with your customers?

BW: No.

AL: What kind of relationship would you want to exist between your customers and staff?

BW: Friendliness and politeness.

AL: Do you take any steps to make it easier for your staff to remember your customers names?

BW: No apart from the fact that the restaurant staff ask people for their names rather than their room numbers. We are in the process of considering getting name badges for all the staff.

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AL: What would appear on these badges?

BW: It would depend on the category of staff. If it was the head waitress it would be more formal - such as Mrs Grant, Head Waitress. If it was a non-supervisory staff then it would just show their first name.

AL: How do you make sure that all your customers are treated courteously?

BW: By example. Everyone of the staff see me talking to customers and they take the lead from me.

AL: How much do you worry about your current level of turnover?

BW: It has never been a cause for concern here.

AL: What specific procedures do you adopt to encourage your customers to visit more than once?

BW: We send the usual Christmas cards. We have a quarterly news letter telling people about the hotel its customers, staff and future developments.

AL: I notice that in one of your package deals you have a free welcome drink on arrival. Do you extend this facility to all your customers?

BW: No, although during the course of their stay I try and remember to offer them some hospitality.

AL: Do you for instance make arrangements for there to be flowers in the room on arrival?

BW: No.

AL: What do you do to ensure that your relationships with travel and handling agencies remain cordial?

BW: I make sure that all items of detail are meticulously followed up and complied with.

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AL: Have you participated in any travel trade workshops?

BW: Yes but increasingly they are becoming less useful to me because they seem to be concentrating on the needs of the larger hotel groups.

AL: If the INTER - HOTEL marketing consortia stopped giving discounts on purchases would you still retain your membership?

BW: No. They are not yet strong enough on marketing alone to justify their fee. The only promotion that does give valuable business is the combined INTER - HOTEL/BEST WESTERN Tour Scotland by Car deal. Very few marketing consortia are generating a significant amount of new business for their members.

AL: What specific benefits have you enjoyed by being a member of the consortium?

BW: Rubbing shoulders with other hoteliers with similar problems to myself. Visiting other hotels and collecting new ideas or reworking successful old ideas. 2

AL: Doesn't this take up an awful lot of your time though?

BW: Yes a lot of time. Last week for example I was doing a membership drive which involved taking me away from the hotel for four days.

AL: Apart from the marketing consortia which other external agencies do you find yourself using?

BW: The best thing that has happened locally is the computerised booking system based at Dingwall which is funded by the HIDB. They system is too complicated at the moment but when it is simplified it will be a tremendous service. Already some useful new winter business through this service.

AL: Which of the people you are currently dealing with have the most potential to give you the most business in the future?

BW: High street travel agents in the UK. I think that these people have been slow to fully realise the potential of offering package holidays in UK to UK residents in the same way that foreign holidays have been marketed in the past.

AL: If you suddenly found yourself with an half hour free, maybe caused by a last minute cancelled appointment, how would you spend it?

BW: I would probably go down to the golf club for a drink.

Interview which took place on 10/9/85 following a meeting between myself and his accountant.

AL: Could we go back to 1976 which was immediately before you bought this hotel. How many public houses were you operating at this time?

BW: We had been running two. In actual fact we were only running one, the sale of the first one overlapped the purchase of the second one.

AL: You were able to sell the first pub for how much approximately?

BW: About £48K.

AL: At the moment you actually took possession of the [redacted] only owned the one pub.

BW: Yes.

AL: You sold the first one for £48K and how much did this pub originally cost you?

BW: £11K.

AL: How much did the second pub cost you, what did you sell and how much did you sell it for?

BW: We bought it for £16K and we sold it for about £60K.

AL: How much did it cost you to buy the [redacted]?

BW: Just under £80K I believe.

AL: Can you remind me once more how this £80K financial package was arranged which allowed the purchase of the [redacted] to be finalised?

BW: My bank manager had been urging that we should go ahead with an hotel purchase rather than simply buy another pub. I just walked into his office one day and said I have just bought an Hotel. He was rather surprised and when he had recovered he asked me how much I had paid for it. I told him it cost £80K. How much do you need from the bank he asked. £80K I said. He picked up the phone to head office and the OK'd it.

AL: Was this some form of bridging loan?

BW: No it was an overdraft.

AL: Was this done in the expectation that your pub in Bo'ness was about to be sold for around £60K.

BW: Yes but he never asked me any detailed questions as to the value I had expected to get from the sale of the pub.

AL: How long did it take to eventually get the £60K for the pub in Bowness?

BW: About eleven months.

AL: At what point did you have the problem with fire damage?

BW: When we took over the Hotel we realised that the bedrooms would have to be refurbished as soon as we could afford it. This was accomplished by the beginning of May in our second season. Just before we sold the pub in Bo'ness. Then shortly after it was completed there was the fire.

AL: The proceeds of the sale of the pub were to be used partly to reduce the overdraft and partly to fund the refurbishment?

BW: Yes that's right.

AL: How long after you had refurbished the Hotel bedrooms did the fire happen?

BW: The very next day! The whole refurbishment project cost about £70K. This allowed us to put in 18 new bedrooms. (26)

AL: Was the insurance company satisfied that it was a genuine fire?

BW: What happened was that the day before the fire there was a plumber here to deal with some valves which had jammed somewhere in the roofing, at that time there was a mixture of old and new wiring. I think that he must have dropped a match or cigarette end which caused the initial combustion.

AL: This being the case, how do you account for the fact that the insurance company paid you so much less than you had expected?

BW: I think basically what was wrong with that was that the insurance company had employed an adjuster to investigate the scope of the claim. The adjuster was over zealous to the insurance company's benefit and my loss.

AL: You don't think it could have been that what you were paid was simply a reflection of the type of policy you had taken out?

BW: No, we had just prior to the fire intimated to the Royal Bank of Scotland's Insurance Department that we wanted to increase the cover. But it turned out that they didn't tell the insurance company. It's only because of the commercial relationship between the bank and General Accident Insurance Company that we managed to take in the extra cover or we would have been in an even worse situation. Eventually averaging came into it and we came off rather badly.

AL: The fire then occurred at just about the worst possible time for you then?

BW: Yes it was on the 21st May 1975 which was immediately prior to the main season.

AL: I would like now to turn to the other rather traumatic period you have had in this Hotel. This was the year when a Danish travel company cancelled block bookings at short notice.

BW: This happened about 1979 as I remember. Tjearbourg suddenly decided to pull out of the UK as a holiday destination due to poor forward bookings. There was insufficient time to get hold of replacement business because I did not have the contacts and had very little time to make things happen.

AL: Did anything else happen that year to make things especially bad in that year?

BW: The Tjearbourg collapse coincided with the demise of the last of the traditional UK independent holidaymakers taking their annual holidays in large numbers. A lot of the well to do ones by now were buying time share instead of coming to hotels like mine and overseas travel for UK residents was approaching another boom. We ended up with a very bad season. We had no relationships with any other tour operators or anything.

AL: How much would Tjearbourg's business have represented in round figures in that season of your total turnover?

BW: About 50% of my total sales.

HOTEL 1

Interview with wife - proprietor - 22/08/85

AL: How old are you?

JW: 43

AL: Have you been married long?

JW: 24 years.

AL: Which part of Scotland do you originally come from?

JW: Airdrie near Glasgow.

AL: Your husband was telling me that you first met on the Island of Tiree.

JW: That's right. My mother lived there as a young girl in 1918 and we have gone back there on holiday many times. Bruce was in the Airforce on the island when we met.

AL: You have two daughters?

JW: Yes. Nicola is 21 and Suzanne is 23.

AL: Suzanne works in the reception area of the hotel. Does Nicola have any active role in the hotel business at all?

JW: No not really, although very occasionally she helps in the bar.

AL: Does she do this as a favour to you or is it something she does because she enjoys doing it?

JW: No she does it as a favour.

AL: Did Nicola try working in the hotel and find that she did not like it?

JW: No, she really has never been interested in getting involved in the hotel business because she objects to the long and anti-social hours. She is a very organised and strictly 9 to 5 sort of person as far as work is concerned. She also is not too happy working with her sister. I quite agree with her in many ways because the thought of all four of us being involved in the business would be a bit much.

AL: How much pressure was put on Suzanne to work in the business?

JW: None.

AL: So this is something she has always wanted to do.

JW: Yes. I think also it was attractive to her because it was a job that was immediately available to her when she left school.

AL: Did you go to school in Airdrie.

JW: Yes.

AL: Did you go to both primary and high schools in Airdrie?

JW: Yes all of it was Airdrie.

AL: What was your last formal full-time education you had?

JW: Airdrie Academy.

AL: How would you describe the work you are currently doing in the hotel?

JW: This year my duties are clearer than they have ever been. I do all the accounts and the book work and helping out where necessary in the office as receptionist. (32)

AL: I understand that your accountant in Edinburgh comes monthly to the hotel. What information do you prepare in advance of his visit?

JW: I have all the accounts ready for him which have been processed through the computer's sales and purchase ledgers.

AL: Does he then produce the nominal ledger on the computer during his visit?

JW: Yes, I am just at the stage where I should be doing it but at the moment I do not have enough confidence. I can still remember the experience we went through when we first got the computer two years ago. In one week I was taught in the hotel by the computer supplier the following software packages; a complete hotel accounting and reservation system, payroll, sales purchase & nominal ledgers and word processing all in addition to doing my normal work in the hotel!

AL: Which aspect of having your own business do you find the most enjoyable?

JW: Meeting all types of interesting people and being involved in a business which gives people enjoyment.

AL: Which aspects of your work do you find most satisfying?

JW: It's very hard to say because each task in my job tends to merge into another. I like to see people leaving the hotel saying they have enjoyed the food and the hotel in general and want to come back again.

AL: Dealing with people then is much more appealing to you than the book work?

JW: Oh yes!

AL: What type of business problems do you personally become involved with apart from dealing with the paper work?

JW: Anything to do with the reception side and phoning through food orders prepared by the chef.

AL: What happens if there are problems which your husband would normally deal with and he is out of the hotel or unavailable?

JW: Unless it's a crisis I would let him deal with it when he return.

AL: Should your husband be unfortunate enough to have an accident which would not allow him to continue actively in the business are you aware of any plans to deal with this situation?

JW: I am not aware of any succession plan or wills or anything. Although we discussed it occasionally. My impression is that I would sell the business. Not immediately but I would definitely sell it. Because I could not cope with it on my own.

AL: No formal steps have been taken, in form of a will, to dispose of the business to a particular member of the family?

JW: No.

AL: Do you think a will is a wise thing to do at this stage?

JW: Yes, I feel it's quite a good idea.

AL: As far as the business as a whole is concerned what type of problem most threatens its future survival?

JW: The problems of getting next years confirmed business and repaying the overdraft.

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AL: How far ahead do you both plan in terms of obtaining new business?

JW: Between one and two years.

AL: How willingly and frequently does your husband accept that your solutions to problems may be better than his?

JW: Well, it's hard to say, he accepts them eventually if he believes that it is his idea and not mine. It doesn't happen a lot but it has happened occasionally.

AL: If you want an idea to be accepted, if you just suggest it out of the blue it's less likely to be successful than if you take your time and gradually introduce it into everyday conversation.

JW: Oh yes.

AL: What issues does he go out of his way to seek your opinion about?

JW: I think just about everything to do with the business at one time or another.

AL: But are there some times he actually wants to know what you think or is it just to confirm what he is going to do anyway?

JW: Mainly confirming what he is going to do anyway.

AL: In some hotels of this type it's often the case that the wife of the partnership makes all the decisions in specific areas of the business such as interior decorations, housekeeping and reception departments.

JW: No BW tends to take control of all areas and asks my opinion mainly to confirm his own opinions.

AL: What do you think the most important task your husband does to ensure the survival of the business?

JW: I think to continue the momentum he has built up in selling and marketing the hotel and getting in more business.

AL: You will be aware that the business has to service an overdraft which is almost 75% of your total annual sales. How do you feel about this?

JW: I feel this is the single biggest strain on me and the business. it is a terrific worry. At this moment things are going quite well with the turnover increasing steadily and we are gradually reducing the level of debt. But in previous years it really has been unbearable with sales not being particularly good and having to make massive interest payments at the same time. (44)

AL: What kind of relationship do you think your staff should have with your customers? How happy would you be for instance if your customers called your staff by their Christian names?

AL: What do you do in the hotel to make it easier for your guests to find out what the names of your staff are?

JW: At the moment we don't do anything. I think the customer should be the one to decide what the relationship is going to be. (45)

AL: Have you ever considered giving your staff name badges?

JW: I don't think it is sufficiently important to go to those lengths. If customers want to call people by their first names they will do so as a matter of course.

AL: What about people who are out of the public eye such as chefs and chambermaids. Do you think they should be encouraged to make contact with customers?

JW: I think it's best to let my staff get on with their jobs and if they have contact with customers fine, but if it's not part of their daily job I don't think it matters much.

AL: If your husband suddenly found he had half an hour free, what do you think he would do with it?

JW: I think it wouldn't really happen because the phone would go and there would be something else for him to do.

AL: What would you do if you found yourself in a similar position?

JW: The same as my husband.

AL: Could you return to when you were living in Airdrie before you married your husband. Did you come from a small or large family?

JW: There were eight of us altogether, four brothers and four sisters.

AL: What are they doing now?

JW: One brother is retired. One is a motor mechanic, another is a travel agent and one is in the merchant navy. All my sisters are housewives.

AL: What did your parents do for a living?

JW: My father had a heart condition and hardly ever managed to work. My mother worked as a school cleaner.

AL: It sounds as though your mother had a tough time bringing you all up.

JW: It was but there were quite large gaps in the ages of my brothers and sisters.

AL: When you took your first public house you had two small children yourself. How old were they?

JW: Nicola was six and Suzanne was eight.

AL: How did you manage to run the business and bring up your family at the same time?

JW: It was very hard but we made sure that they were never really neglected because my mother stayed with us directly above the pub and she looked after the children.

AL: Do you think this might have affected Nicola's decision not to become involved in the family business in later years?

JW: No, I think basically it's because she is a very organised person and does not like plans changed. She is not very flexible, never has been, that's her own personal character and I think it comes from my mother-in-law.

AL: Running your own business is not something perhaps would appeal to everyone. What do you most like about it? Have you always enjoyed it?

JW: No, not at first. I liked the idea of buying the first pub, but at the time my husband still had the building firm and just left me to run the pub mainly by myself. I didn't like it, I was terrified of people. When we first came to the hotel I was terrified, it was the same thing all over again. I think here it was the enormity of the business, as compared to the pub, which frightened me the most. Suddenly everything needed to be learnt and learnt quickly.

AL: Which were the most traumatic events which have happened to you over the years?

JW: Well there were several such occasions. When the building firm was put into voluntary liquidation that was horrible. Then there was the hotel fire. It destroyed all the bedrooms we had just renovated. The insurance company were very difficult and kept talking about the book value of the property and used something called averaging which left us with only half the value of the claim we had put in. This in turn meant our overdraft increased and we are still recovering from the effects of this. There were two years when we had reasonable business in the summer but very little business in the winter months. Our winter period is a long one. It goes through from November to April.

AL: What things would you now do in the light of these experiences?

JW: Well, I remember talking to my husband about two years ago and saying that if this position does not improve in five years, I think we ought to sell up. It's a very hard and demanding life and to carry on with this when profits are minimal is stupid.

AL: Did you both agree to give the business another five years before selling up?

JW: Well I did. Two years have gone past since then and all the packages my husband has built up have made the business much more stable.

AL: Why do you think these two years have become much better?

JW: Because we have been able to catch the imagination of certain tour operators and as a consequence we now have a higher proportion of repeat bookings. As the sales have increased the overdraft repayment problem has receded slightly.

AL: What do you think is the main reason you both continue to run this business in spite of all the difficulties you have to face?

JW: I quite like the life style <sup>36</sup> It means we can live totally off the business and when the overdraft is further reduced we will be able to enjoy things much more. Sometimes we have envisaged selling the hotel and buying three run down pubs and rake in some money. But on reflection we wouldn't really like to do that because we find running the hotel more challenging and interesting.

AL: How important is it to you to have a certain degree of freedom action by being self employed?

JW: Yes, it is an interesting business to be in because each day and each part of each day brings new and different problems to deal with. We both like hard work and being involved with our guests in the hotel.

AL: Just suppose your husband took on another business whilst still having the hotel and he asked you to take complete charge of the hotel how would you react? What major changes would you want to make?

JW: I would be rather alarmed and I do not think I could tackle it. If I was given total control of the hotel I would like to have fewer tours and more private individuals paying the full rate. But I am not too sure how I would achieve that.

AL: Is this because you prefer to deal with individuals rather than groups or are there other reasons?

JW: Private individuals give a greater profit potential which would mean that we could do more to the hotel like buying more new furniture, renovating more bedrooms and so on.

HOTEL 1

An interview with daughter No.1 on 12/09/85

AL: What do you remember of the first type of business your parents had?

NW: It was a building firm.

AL: Of all the businesses your parents have had which do you think they were most happiest doing?

NW: I think the building business. But he would say the hotel because he is totally immersed in that now.

AL: When they had the first pub how old would you have been?

NW: About seven.

AL: At what point did you notice the difference in your parents from when they were running the building firm to running, first pubs, then the hotel.

NW: I wasn't really aware of a dramatic change at the time, but looking back on it I saw much more of my parents when they were running the building firm. I didn't begrudge the fact that I saw less of my parents when they went on to run pubs and then the hotel.

AL: Why do you think your older sister has become involved in the hotel and you have not?

NW: Well, she possibly sees more in it than I do. She's out for what she can get and I suppose it's just not me.

AL: Suppose a tragic event should happen to your parents so that they were unable to continue personally to run the hotel and they left the business to you and your sister. Would this affect your current attitude to being involved in the hotel business?

NW: No. I still would not wish to take an active part in the business. Obviously, we would have to sell up.

AL: Are you aware of any succession plans your parents might have for disposing of the business should anything unexpected occur?

NW: My father has never discussed such matters with me. He obviously doesn't think its of much interest to us.

AL: Is there anything that would induce you to become involved with the family hotel business?

NW: No I don't think so.

AL: What do you most dislike about becoming involved with the hotel business?

NW: I don't dislike it, it's just that it's not me!

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AL: Apart from the hours of work is there anything else that you can think of which doesn't appeal very much to you?

NW: I don't know. It's a very difficult question.

AL: Your sister admits that the hours are pretty crippling and makes normal social life rather difficult.

NW: Yes, I think it takes up too much of your life. Even if the business is doing well you never have the time to do things along with the mainstream of the normal social activities.

AL: What was the biggest change you noticed from living in a pub to living in an hotel?

NW: They were very similar really.

AL: To what extent were you aware of strangers living in the same building as your home?

NW: That never really bothered me.

AL: Did you go to the same schools as your sister?

NW: Yes except that she was always a year or so above me.

AL: To what extent do you think the changes in the type of businesses your parents were running caused disruption to your schooling?

NW: Looking back it must have been more influential than I realised.

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AL: What formal qualifications did you have when you left full-time education?

NW: Very little, one 'O' level I think. I went to college and did a basic course in typing and secretarial studies.

AL: If you had the opportunity to go back to college what would you like to study?

NW: Nothing I can think of at the moment.

AL: Have you ever seen a job advertised that really appealed to you and wished you had that job?

NW: No but I would like to run my own shop. I am not too interested in a job as such involving working for someone else. I would like to run my own business.

AL: What most appeals to you about having your own business?

NW: Being my own boss and not having to answer to other people.

AL: How would you cope with the risks associated with running your own business?

NW: Possibly not as well as my father but I would have a damned good try. That's one of the main reasons I want to sell the flat and move back home so I can begin to accumulate some capital for a small business.

AL: Would the business you run be one which did not involve unsocial hours?

NW: Yes.

AL: What kind of business would you like to run?

NW: I would like to set up a local car hire business in Inverness. My job at the moment is working in the office of a large car and commercial vehicle dealer and I see all sorts of interesting opportunities in the car hire field, which if handled right would go very well.

AL: If the circumstances changed and your sister decided to do something else and your parent went on to run another business and they asked you to consider running the hotel what would you do?

NW: I would sell the hotel it's too much of a headache. But I would re-invest most of the money back into another type of business which I would then run. I would make sure that the type of business I chose did not expose me to the same kinds of pressures which both my parents have had to endure over the years. I have noticed over the years how much that hotel has changed my parents. I don't think I could have coped with the strain they have. I think my mother has found it particularly hard coping with the financial worries of the business. My father seems to be able to cope with that side of things quite well.

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HOTEL 1

Interview with daughter No.2 on 22/08/85

AL: Where were you born?

SW: Falkirk.

AL: How long did you stay in Falkirk?

SW: We didn't actually live there, we lived at Stenhousemuir.

AL: Do you remember when your parents bought the first pub?

SW: Yes and I can remember quite a lot of the time when they had the building business.

AL: Would you say that your parents were happier running the building firm or running the pub?

SW: I'm not really sure about the answer to your question.

AL: When the pub was first being run the building business was still in existence. Who used to look after you and your younger sister?

SW: Our grandmother.

AL: Did she also live in the pub?

SW: Yes she did.

AL: Did you ever wonder when you were a child why it was that you saw less of your parents than perhaps your other friends did?

SW: Not really, because we knew they were working and if we wanted them we could always speak to them.

AL: So you were not concerned that you sometimes had to take second place to the needs of the business?

SW: Not really.

AL: Which school did you go to?

SW: After primary school I went first to secondary school in Bo'ness and then secondary school in Grantown on Spey.

AL: After the last school you went to did you do any more full or part-time education?

SW: No.

AL: What formal qualifications did you have after leaving secondary school?

SW: Two 'O' levels.

AL: If there wasn't a family business what kind of work would you have liked to have done?

SW: A printer.

AL: Do you design or production aspects of printing?

SW: Production aspects.

AL: At the moment you appear to be very involved in running the hotel. How would best describe the kind of work you do?

SW: I cover management duties if my parents are away and bar work. Receptionists are reluctant to do bar work.

AL: Of all the different things you do in your job what aspect of it do you find most satisfying?

SW: All of it.

AL: Do you feel more satisfied when you have been able to sell all the bedrooms on a particular night or when you work in the bar?

SW: I enjoy all of it.

AL: Do you have preference for doing clerical functions or having direct face to face contact with customers?

SW: I probably prefer to have direct contact with people but the paper work has to be done and is very necessary.

AL: What kind of business problems do you personally become involved with?

SW: All of them.

AL: Are there any specific types of problems which your father might delegate to you?

SW: No.

AL: Do you find that because it is a family business other members of the family sometimes become involved with the running of the reception area in a way which is not always welcome?

SW: Not really.

AL: Should anything tragic happen to either of your parents are you aware of any plans they may have made to deal with the continuation of the business?

SW: No.

AL: Do you think they ought to?

SW: No.

AL: Which type of problem, looking at the business as a whole, is the biggest threat to its survival?

SW: All types of problems could affect the survival of the business.

AL: But if you had to choose one of them which would it be?

SW: I suppose getting next years business confirmed.

AL: What things do you know of that your parents are doing in order to achieve this?

SW: I'm not too sure I leave that sort of thing up to them.

AL: So you don't really become involved in making decisions which affect the future of the business?

SW: No not in the decision making process as such. I type the correspondence and to that extent I know what's going on but by that time the decision has already been made.

AL: He never says to you "What should we do about the low occupancy in November?" for instance.

SW: Sometimes he will.

AL: That is occasionally rather than frequently?

SW: Yes.

AL: How willingly and frequently do your parents react to the solutions you might provide for various problems?

SW: If I made a suggestion and said it was a good idea my father would turn it down flat. Two weeks later the same idea would emerge as his idea all the time.

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AL: What issues is your father most unlikely to ask your opinion about?

SW: I don't know anything about finance for example. Therefore there wouldn't be much point in discussing it with me.

AL: If your father suddenly had a free half hour unexpectedly, how do you think he would spend it?

SW: Go down to the golf club for a drink.

AL: What do you think the most important thing your father does to contribute towards the survival of the business?

SW: Well he keeps it all running. Somehow he manages to deal with the bank, guests and staff.

AL: Your father seems to spend quite a lot of time with the guests in the hotel. To what extent do you think this activity is important to the business?

SW: Very important.

AL: Supposing that your parents decided that they were going to run another business as well as keeping the hotel on and they asked you to run the whole hotel, how would you feel about that? What major changes would you make?

SW: I wouldn't run the hotel! I would sell it.

AL: What would you do with the proceeds of the sale?

SW: Go on an expensive holiday and think about the future.

AL: I see.

SW: I'm quite serious, I really would do that!

AL: How much pressure was put on you to work in the family business?

SW: None at all.

AL: The fact that the hours of work in an hotel are inconvenient and long suggests that there are possibly other benefits in this work here for you?

SW: In spite of the hours the variety and detail of the work I find most enjoyable. I wouldn't do this job if I didn't enjoy it.

AL: Which aspect of the work do you do, do you most enjoy?

SW: The people side and also knowing that I have a share in the business.

AL: There are other jobs you might have done which would involve meeting people. Working in a bank or travel agency for example. Do you consider those types of jobs to be attractive to you?

SW: No not particularly attractive.

AL: What does this job have that working in a travel agency doesn't have?

SW: I don't know I have never worked in a travel agency.

AL: Would the fact that you do a wide variety of things be of attraction to you in your current job?

SW: Yes I suppose it would.

AL: One minute you might be working in the restaurant, the bar and then reception?

SW: I never work in the restaurant.

AL: Is this your own choice?

SW: Very definitely yes. I can do that type of work but I do not enjoy it. I cannot stand working in the restaurant. I really hate it. It is an important job but I do not have the temperament to deal with that situation.

AL: Have you noticed any trends amongst the type of guests you are getting now that you didn't used to get?

SW: Increasingly we find that more people seem to have much more time for activity holidays such as golf, fishing and walking.

AL: In what ways do you think the increasing number of business of this type of customer especially from tour operators.

SW: We already are taking an increasing number of business of this type of customer especially from tour operators.

AL: When I asked your mother what she would do with this hotel if one day that she was in sole control.

(Interruption by SW)

SW: I'll tell you what she would be thinking.

AL: What?

SW: How quickly can I sell it!

AL: What she actually said was that she was wanting to get a different type of customer from these tours. She wanted more private guests who would be prepared to pay the full rack rate. If you decided that you were prepared to take on the running of the hotel, what kind of customers would you have a preference for?

SW: Full rate customers.

AL: Would you prefer it if they were younger or older?

SW: It wouldn't really matter to me.

AL: To a large extent you can always choose the type of customer you attract by the price decor and kind of facilities you have available. If you were given a free hand to change things here what type of changes would you introduce?

SW: No I would never be given a free hand. I am not that interested in this business to seriously consider your question.

AL: What would you prefer to be doing rather than being involved in the family hotel?

SW: Running a pub which I owned.

AL: How happy would you be doing that?

SW: Extremely happy.

AL: What things about running an hotel would you be most pleased to leave behind if you ran a pub instead?

SW: It's all the time. Seven days a week, 52 weeks a year and 24 hours a day. Because you live here you are always on call. The guests who are sleeping here often call you in the middle of the night for quite trivial things. Recently the front door bell was being rung continuously at 3.00 a.m. just because someone was looking for a phone box. It would be great if you could just close the door and lock up at 11.00 p.m. and shut out the rest of the world for an evening.

AL: The lack of personal privacy in this type of work you find difficult to deal with?

SW: Sometimes yes. It's the fact that when the bars close, the family can be on constant call. We have quite separate living accommodation from the staff and guests in the hotel, but last year I even had jewellery stolen from my room.

HOTEL ONE

Group interview with restaurant employees 3/09/85

In this group interview there are four members of the dining room staff

AL Now Jenny how long have you been working in this hotel?

Jenny About three months

AL How about you Jules?

Jules The same

AL Jenny could you tell me a little more about the type of customer that you prefer to be dealing with if you had a choice?

Jenny There isn't one particular type of person that I would rather have as a customer.

AL Are there particular types of customer that you prefer to deal with?

Jules No

AL For example, do you prefer dealing with coach parties or do you prefer dealing private individuals?

Jules Individual private parties are easier to deal with because they are more likely to be or to develop into regulars

AL How would you describe the ideal working relationship between you and your customers?

Jenny When we have customers staying for a week or more its easier to form a good working relationship. The problem is when people just stay the odd night or are "chance" customers in the restaurant. When this happens its not very easy to have such a good relationship

AL Do you think Jules that your customer should know you by your first name?

Jules I think that its good to be known by your frist name it makes things much friendly and breaks bown any barriers between you and your guest

AL Do you think its OK for you to address the customers by their first name or christian names or dosen't matter?

Jenny No I don't think you should really know them by their first name. Its good to be friendly but calling them by their first name would seen wrong somehow

AL Is there anything that the hotel does to help you get to know the names of your customers?

Jane Table one will arrive on the first day of their stay and we have to sort things out from there

AL What about the rooming list?

Jules For tours we just get the group name and the list of room numbers. Private individuals would be shown on the rooming list with their surname and room number

AL The first time you see your new customer are you given any guidance as to how of if you introduce yourself?

Jane We are not given any specific instructions its left up to us

AL Apart from serving food and drink efficiently what other things do you think are important in your job?

Jenny I think you should try and get to know people by taking an interest in their activities whilst they are in the area

AL Are there any other aspects of the job that you think are particularly important to you in a similar job if you decide to leave here?

Jules When I leave here I will have much more self confidence and I have been able to learn useful technical skills involved in being a waiter

AL Would you be happier if the hotel had a very specific approach which it wanted you to adopt which would mean taking to customers easily

Jane I don't think its a good idea to impose one way of being friendly to customers I think it must be up to each individual member of staff to be able to express their own personality

AL Apart from your wages, accomodation and food are there any other benefits that you get by virtue of being an employee here?

(A LONG PAUSE)

AL What about tips?

Jenny Here in the restaurant they would go into a kind of "kitty", if there is a tour in the hotel when they leave the money is handed over to us and we share it out

AL Its completely equal share?

Jenny Yes it is in the restaurant but in the bar they tend to keep their own

AL Is this shared out at the end of the season or is it done at the end of the visit?

Jules We share out the tips from the tours at the end of their stay

AL How happy are you with the accomodation which you have been provided with?

Jane Its not wonderful neither is it poor I would say that it is just adequate

AL Does everyone have their own room?

All of them Oh yes

Al What about showers and washing facilities?

Jenny There are facilities but they are pretty basic

AL When you first came to work in this hotel what arrangements were made to give you training?

Jenny The head waitress Sheila looked after me and showed me the basics

AL How about you Jules I understand you have never done this type of work before?

Jules Pretty much the same as Jenny's experience really

AL With the benefit of hindsight what type of things are there which they might have given you help with in the early satges to make you job more easier?

Jenny I think for inexperienced people like me they should have given me some formal training in silver service before we were let loose in the restaurant

AL What aspect of the job you do now most surprise you had not really considered before you on the job?

Jenny I didn't realize that working in a restaurant involved quite so much cleaning up and things

AL Traditionally there is supposed to be animosity between restaurant and kitchen staff is that the case here?

Jane Between the kitchen staff and the restaurant staff generally we get on very well. We are very good friends in and out of work. In the nature of the job when we are busy there is a certain amount of tension but this never lasts very long and our relations become good again.

AL When a tour group stays in the hotel and leaves tips for you in the restaurant how do the kitchen staff react to this?

Jenny/Jules I don't know

Jenny If it was me I think they should be included in the share out tips they work away in the kitchen and we couldn't do our job without their help.

AL Are any of you aware of the wage rates which are paid to you here in the restaurant and the money that the kitchen staff get paid?

All of them We don't know what wages anyone gets

AL When you first came here how was your wage rate determined?

Jules Everyone seems to be paid on an individual basis although overtime is at a standard rate

Al Does it bother you that you do not know how much other people in the hotel are being paid?

All of them No not really

AL If this hotel, was not quite so seasonal would you stay the whole year?

Jenny To me its just a seasonal job its not career really. I only do it so that I can be a ski instructor in the winter

AL What is the most important improvement you could make if you were given a free hand to deal with any aspect of the restaurant?

All of them We don't think there is anything which is in need of immediate change

AL Do you ever get to taste any of the menu items before the service of the meal

All of them No never

AL Do you think it would be a good idea?

All of them We never really thought of doing that

HOTEL 1

Interview with the head chef 16/09/85

AL: What did you do after leaving school?

DK: I wanted to do an OND in catering but I failed my English 'O' levels and so I did C & G 706/1 and C & G 706/2 instead.

AL: Which college was this at?

DK: Strathpeffer college.

AL: What was the first full-time job you did?

DK: I worked in the kitchen of the Tor-Na-Coille Hotel in Banchory.

AL: How long were you there for?

DK: About two years.

AL: What was your job title there?

DK: I worked as a chef du partie on all corners. Eventually I became second chef.

AL: How old were you when you left this hotel?

DK: I was 21.

AL: What was your next move?

DK: I went to a THF hotel in Essex. I didn't like it much so I came back to Scotland.

AL: Which hotel was that?

DK: The Blue Boar Hotel in Malden. I returned to Scotland to work in another THF hotel, the Post House Hotel in Aviemore.

AL: What did you most dislike about the hotel in Essex?

DK: I didn't like the THF way of doing things. There seemed to be too many people telling you what to do and not enough people employed to do the actual work.

AL: What job were you doing in Essex?

DK: I was the second chef.

AL: Why did you go for a second job with the THF if you didn't agree with the way they did things?

DK: The local management at Aviemore were much easier to work for than the people in Essex.

AL: Which job did you do at the Post House?

DK: Chef du partie at the beginning and I worked my way up to sous chef.

AL: Is that the last job you did before you came to the Boat Hotel?

DK: No, I went to the Eden Court Theatre Restaurant in Inverness.

AL: What were you doing there?

DK: I was the second chef and was promoted to head chef after two years.

AL: When you first came to work in the ~~Eden Court~~ how did you come to work here?

DK: I applied for a job advertised at the ~~Eden Court~~ when I was working at the Post House Hotel but was unsuccessful. The second time I applied I was working in Inverness I got the job.

AL: When you first came here what job was it you were doing as compared to what you're doing now?

DK: There's more now.

AL: How long have you been in this job?

DK: Three years.

AL: Initially I take it that your job is more a conventional chef's job?

DK: Yes.

AL: At what point did things change?

DK: It was gradual until last year I was offered another job and I told ~~about it~~ about it. I said I was interested in moving because the job at the ~~Eden Court~~ was not demanding enough.

AL: What other job were you offered?

DK: I was offered the head chef position in a new hotel opening in Shetland. He came up with more money and more responsibility so I stayed here.

AL: When did all this take place?

DK: About this time last year.

AL: Would you say that these extra responsibilities you have go now are really a way of justifying your wage increase or are they a reaction to the fact that you would like more responsibility.

AL: It's quite unusual the head chef fulfilling the role of what is really deputy manager of the hotel. Whose idea was this, yours or ~~the hotel's~~?

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(A1)

DK: A joint thing really.

AL: Have you seen this kind of approach to running this type of hotel before?

DK: No.

AL: Apart from yourself and other members of the ~~hotel's~~ family is there anyone in the hotel who has not been recruited through a staff agency?

DK: Yes. The deputy chef, all the housekeeping staff and the waiting staff are locals including the head bar man.

AL: What happens to the staff at the end of the season in November?

DK: From now until the end of November we gradually begin to pay off the staff as the business dies down.

AL: When do you plan ahead for 1986 as far as staff requirements are concerned?

DK: We have started already.

AL: You now know the type and number of staff you need?

DK: Yes and about 70% of the staff want to come back next spring and have been asked to come back. Some are also coming back for the Christmas break.

AL: Are you going to use the same recruitment agency for next season?

DK: No probably not because we have such a large proportion of the key staff returning we won't need to use an agency next year.

AL: When you have used an agency in the past do you tell the agency the rate of pay you are prepared to pay or do you ask their advise about rates of pay?

DK: No we specify the rate of pay.

AL: Who then decides the rates of pay in the hotel?

DK: Both ~~and~~ and I discuss them. But we often pay different rates of pay for the same job depending on the ability of each individual. (46B)

AL: What will be the effect on the rates of pay at the hotel when the Catering Wages Council is abolished?

DK: No effect really because our rates of pay are considerably above the minimum rates.

AL: Could you describe the procedure for collecting and reallocating tips in this hotel?

DK: If there is a group of people staying in the hotel for a few days quite often a sum of money is left at the reception area for all the staff and is divided out accordingly at the end of season.

AL: But what happens if the staff leave before the end of the season?

DK: If someone has been here say for two months then leaves they would get something, less than a month they wouldn't.

AL: Does each member of staff get the same amount?

DK: Every department gets an amount and department heads decide who gets what. In the kitchen it's shared equally.

AL: Who administers the distribution of this money?

DK: As I say at the end of the year whatever is there is split up.

AL: If there were twenty people on the payroll the total would be divided by twenty?

(A long pause)

DK: Yes it can work out that way but sometimes the people who don't normally get tips throughout the year such as kitchen staff and kitchen porters may be given more.

AL: The reason I mention this is that as you know in many hotels the kitchen staff never receive any tips. Presumably the kitchen staff will be looking forward to receiving an amount of money when the season finishes?

DK: Only if it's there second season, we don't advertise the fact.

AL: Some of the guests in this hotel have told me that they would like to see a little more of people who work behind the scenes such as chefs, wearing name badges and working in the

restaurant, how would you react to this?

DK: I don't mind but I don't think it's an important issue.

AL: Looking at the restaurant and kitchen operation as a commercial point of view, what would you say are its major strengths and weaknesses?

(A long pause)

DK: The strengths, hopefully, are quality and variety of food offered.

AL: What about the weaknesses?

DK: I'm not sure what you mean exactly?

AL: What is the reaction to the number of lunches served in the restaurant for example?

DK: The restaurant business is very quiet at lunchtime probably because people are wanting less to eat during the day.

AL: On Sundays people still like to eat out but in your restaurant it's often less than half full?

DK: I think it's very dependent on the weather.

AL: What kind of things do you think could you do to try and improve the lunchtime restaurant trade?

HOTEL 1

Group interview with the Kitchen Staff 3/09/85

Janet (assistant cook), Sandra (assistant cook), Paul (kitchen porter), David (3rd chef)

AL: To what extent does it concern you that by the nature of your jobs you don't normally get much contact with the customers in the hotel?

Janet: It doesn't bother me at all.

Sandra: I agree with her.

Paul: I would rather not get involved with any customers.

David: It makes no difference to me either.

AL: The reason I am asking you all this question is that an increasing number of hotels and restaurants make a point of introducing kitchen staff to their customers.

David: Well we see the customers when there is a buffet in the restaurant. I must admit it's quite a nice change to see people enjoying the food you helped to prepare.

AL: Would you prefer it if, when you worked on the buffet, the customers knew your name?

David: That sort of thing doesn't really bother me one way or the other.

AL: Most of the people who serve the food in this hotel have probably little idea what the food served to the customers actually tastes like. Does this concern you?

David: I think it would help if occasionally items of food were available for the dining room staff to taste.

AL: I'd like to turn to the working relationship you have with the restaurant staff. What happens when the wrong food is given to the wrong table number? Who gets the blame.

(laughter amongst the kitchen staff)

Janet: We of course blame the restaurant staff but half an hour later everything is forgotten.

AL: What if it is your fault?

David: We still blame them but don't make quite such a fuss about things.

AL: What happened when you first came to work here earlier in the season? Were you given a detailed explanation of how things are organized at the Boat or were you just left to get on with things?

All of them: The chef went out of his way to explain how he wanted things to operate.

AL: Apart from the technical skills associated with the production of food to the required standard are there any aspects of your jobs which are important here?

Sandra: I think when you are working in a confined area such as a kitchen it's very important to develop a team spirit.

AL: Do you live in this hotel Paul?

Paul: I don't live in I just work here.

AL: How did you come to work here?

Paul: My parents work at RAF Lossiemouth and I have been unemployed for sometime. I came to see the Speyside railway and heard that they were wanting help so I got a job and I stayed. I have found a place to stay in the village.

AL: The rest of you presumably live in the hotel?

The rest of them: Yes we do.

AL: You have all worked in other hotels before you came here, how does the accommodation here compare with your previous experiences?

Janet: I stay in a cottage which the hotel owns. It is much better than any other staff accommodation I have experienced elsewhere.

Sandra: I'm in a portakabin and it's clean but rather too small, otherwise it's OK.

David: I agree with Sandra about the portakabin but the general standard is better than average.

AL: Apart from food, wages and accommodation what other benefits are there in this job for you?

All of them: All our "whites" are provided free and are laundered free of charge.

AL: The restaurant and bar staff receive tips. Do you ever get a share of these?

All of them: No we never receive any tips.

AL: Does this bother you?

David: No because we have our type of perks. If we want special food items that are not usually available for the staff we can help ourselves, the restaurant staff can't.

AL: Those of you who prepare the food here could you tell me the technical qualifications you have?

David: C & G 706/2

Janet: OND, C & G 705

Sandra: C & G 706/2

AL: Does the chef ever consult you about the detail of the menu planning or does he just tell you what the menu is?

David: We are just told what the menu is going to be and which part of it we are to prepare and cook.

AL: What kind of things do you think influences his choice of menu?

Janet: He takes account of what needs using up and what fresh produce is available.

AL: Some hotels of this type give kitchen staff the opportunity to work in the restaurant in order to show them the other side of the business. If you were given such an opportunity here would you agree to it or reject it?

All of them: That's something we would really like to do, it sounds a good idea.

AL: Have you any idea of the rate of pay each of you are receiving?

All of them: No idea.

AL: When you first came how was your wage rate arrived at?

David, Janet & Sandra: We all got our jobs through a Glasgow based staff agency. We said what we would be prepared to work for and then they told us how much their client was prepared to pay. After an agreement had been reached on the pay then we were interviewed by the Chef and Mr Wilson.

AL: If you were given a free hand to change any aspect of the way work is organized in the kitchen, what type of changes would you make?

David: The hassle factor would be lowered if the chef told us a little more about his plans for the following week's menu.

Janet & Sandra: I think the kitchen works quite well.

Paul: The kitchen staff should be more considerate with the way they stack dirty pans and equipment.

AL: How much notice do you get of special dietary requests or large numbers of people arriving unexpectedly?

All of them: The reception is quite good at telling the chef. Sometimes he doesn't tell us soon enough.

AL: As far as you know does the chef, head housekeeper and head waitress ever sit round a table and discuss things of common importance?

All of them: No never.

AL: If this hotel was busy all the year round and had sufficient business to employ you all for 50 weeks a year would you be prepared to stay here?

David: I quite like the idea of moving around to a different hotel for the winter season.

Janet, Sandra & Paul: We would be quite happy to stay on here.

HOTEL 1

Interview with the bar staff 3/09/85

AL: Were you employed here through a staff agency or did you find this job yourself?

Joyce: I found the job myself. My boyfriend Les who works in the kitchen here said I might be able to find a job in the hotel instead of staying at home in East Kilbride.

AL: When you came here how was the wage rate arrived at? Were you told what the wage was or did you negotiate the rate?

Joyce: I was told what the rate for the job was.

AL: Have you got any idea what wages the other bar staff get?

Joyce: No not really.

AL: Does it bother you that you don't know what the other bar staff get?

Joyce: It does quite a bit. This came to light recently when the part-time girl, it turns out, makes more money per week than me because of her hourly rate.

AL: Apart from food, accommodation and wages do you get any other form of benefit or rewards from doing this type of job?

Joyce: The hotel provides a smart kilt and uniform to wear on duty.

AL: Are there some things that you think you ought to get that you don't get?

Joyce: I think we should have a grooming allowance and a glass washing machine behind the bar.

AL: Had you done bar work before you came here?

Joyce: Yes.

AL: When you first came to work on your first day here were you just left to get on with things or was someone here to explain how they wanted things run in this particular bar?

Joyce: The head bar man John was here and he very patiently explained everything in detail.

AL: You are pleased about the training you received here in the early stages of the job?

Joyce: Oh yes very happy.

AL: What other things of importance about working behind a bar do you think there is apart from giving the right change and not spilling drinks?

Joyce: You've got to be a good listener and it helps if you're attractive looking.

AL: Do you think it's possible to give training to people who don't appear to have the necessary qualities to work in a bar?

Joyce: No you either have it or you don't.

AL: What kind of customers do you most like serving in the bar?

Joyce: The ones that are a good laugh and not too serious about things.

AL: How much advanced notice do you get about which guests are arriving at the hotel on a particular day?

Joyce: Yes they are very good about that we get lots of notice of things happening.

AL: Are you told advance information about individual private guests before their arrival in the same way they tell you about the groups?

Joyce: No we have to find out those things from people after they have arrived.

AL: Do you think it would be helpful if the customers knew what your name is?

Joyce: Yes it is for some especially the old folk. They seem to get pushed aside by couriers I have noticed. Yet there are people in the bar who just because they know your name think that they can push in front of everyone and get priority service.

AL: How do you think the hotel could make things easier for the new hotel guest to find out what your name is?

Joyce: Well we could wear badges.

AL: Have you worn them before at other places you have worked in?

Joyce: Oh yes.

AL: Do you think it's a good thing if you know the first names of customers?

Joyce: Well I think it's quite nice to do that in the local public bar it's good. But here in the lounge bar there are quite a few customers wouldn't like to be called by their first name.

AL: If you were given a free hand in this particular bar to change things around in any way you wished what would you do?

Joyce: I get £20 per week deducted from my wages to cover room and board.

AL: What kind of thing would you most like to change in your job to make it better for you?

Is it your wages, living accommodation the food or what?

Joyce: I think its hours of work which are the most difficult to get used to.

AL: Am I right in thinking that you help serve wines in the restaurant?

Joyce: Yes.

AL: Apart from showing them the wine list are you encouraged to draw the customer's attention to particular wines?

Joyce: No.

AL: If someone looked a little uncertain as to which wine to choose how would you deal with that?

Joyce: I would find out what they were having to eat and take it from there.

HOTEL 1

Interview with Managing Director of [redacted] Ltd  
in Edinburgh Friday 27th September 1985

AL: What made you come to use the [redacted] as a destination and centre for many of your Scottish Holidays?

RG: That part of the [redacted] is an area that I have known quite well. The [redacted] has always been one of my favourite locations, it's right next to a good golf course, but also his accountant is the same accountant as mine. Before I set up this business I did some consultancy work for [redacted] on the marketing side. Basically the only reason we use [redacted] is because he (d)ns a (b) very good hotel. High (a) quality within its category, value (d) for money, his hotel is the right size for us. (c) More importantly he is very very co-operative and responsive to all our needs. (d)

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AL: If someone was running the boat who was not very co-operative would you still use that hotel?

RG: If someone is not very co-operative the answer is definitely not. Because we only work with people we can trust. Particularly when we are dealing with a large volume of business. You have got to have somebody who is sympathetic and the whole thing really is very much a partnership. It's very difficult to explain but we are not a fly-by-night company. We value our relationship with our readers who we are taking on holiday. At the same time we value relationships with the hotels and transportation organizations. We try very hard never to let an hotel down in terms of cancellations. I have even lost money on some of the tours we have sent to [redacted] just to keep BW's goodwill.

AL: At what point does a provisional booking get converted into a firm confirmed booking?

RG: We go through several stages. We are not a normal tour operator. If for example see that a newspaper has a problem selling a particular tour I would say transfer the tour to another newspaper. It's quite easy for us to manipulate the market by syndicating the bookings. Whereas if you are a coach operator who has gone to the expense of printing a colour brochure a year in advance there is little room for flexibility.

AL: If say a tour group goes to stay at [redacted] in mid-September how far in advance of this would you first make contact with the local newspaper concerned?

RG: About a year and a quarter in advance of the date of the tour.

AL: Do you advise the provincial newspapers about the the time of year and possible destinations they might sell to their readers?

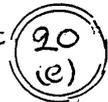
RG: Very much so. We pressurize them. What we do is that we are dealing in the main with newspapers. We were a company that was there right at the outset of the beginning of the reader offers market. We have now got into a situation where I don't go to a newspaper any more selling holiday ideas, we sit down together and plan the whole years programme in advance based on our previous experience and what we think is going to happen in the coming year. I am not in a selling situation in a true sense. It is now a very competitive market with lots of people trying hard to get into it. I am sort of more almost a travel consultant who puts together, using my contacts the total deal for the newspaper.

AL: At what point in time, from the hoteliers point of view, does your enquiry about a provisional booking become to be converted into a definite confirmation?

RG: I would say between five to six months in advance of the arrival of the tour group in the hotel.

AL: Do you actually sign binding contracts at any stage?

RG: Not as such. We give written confirmation of definite bookings. What you have to realise is that we know BW so well that if I say something he knows he can trust me.



AL: Do you actually give a BW contract to sign at any stage?

RG: No. What I do is that I go and see him at the Spring Scottish Travel Trade Show. And we discuss the following years business. We then pencil in the dates which suit us both, I then send him a letter confirming the provisional arrangements and quite a few times during the year I will phone up and say that I have had an enquiry for a group to stay in the hotel can you help?

AL: Presumably the newspapers in addition to goodwill and increased readership loyalty they get an amount off the top? About 10% - 15%?

RG: It's somewhere around the figure you have just mentioned. They are in it for the money as much as we are. As well as readership loyalty and public relations. Each newspaper tends to see the reader offer in a slightly different light. It is very difficult to categorize all their different motives for promoting reader offers. Undoubtedly the most professional and best newspapers for me to deal with are those who are in it for the money. Many provincial newspapers are now running at £100K per annum through holidays. Which is big business for them and my attitude is that when they are dealing in large volume they tend to take more care in getting things right for their readers.

AL: Are you sufficiently established by now to only operate in a contract in restraint of trade situation? Which would mean that you

could say to a regional newspaper that the condition of doing business with me is that don't do any similar business with any other firm in a given time period.

RG: No we have never said that to any newspaper. If you are the best in the business, which we are, it's not necessary as long as we maintain the standards. The only way we can screw it up is if we start to lose control of the overall standard of the holiday package.

AL: What kind of things tend to influence the demand for the reader offer holiday market? It is very price sensitive?

RG: It is price sensitive to a degree but that's only part of the picture. If the holiday catches hold of peoples imagination then price becomes of secondary importance.

AL: You are currently offering to pay BW around £20 per person per day for bed breakfast and dinner. Is that a special price or is that what you normally pay for other three star hotel accommodation?

RG: BW gets about the average for a three star hotel.

AL: When you first met BW you were saying that you were advising him about his business. Was that just the marketing aspects of his business?

RG: Yes.

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AL: How did you first come to meet him?

RG: It was through my accountant.

AL: As you may know BW used to deal with a Danish travel company for much of his business and they very suddenly pulled out of the UK causing him trading difficulties. Was it as a result of BW's experiences in that situation that made him approach you for advice?

RG: I am not too sure about that he obviously realised that he wasn't doing as well as he knew he could be doing. Really the expertise has to come from Bruce, all you can do is point him in the right direction and fire a bit of enthusiasm into him. He is a very enthusiastic person.

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AL: As you will know he had his problems in running the business in the past, why do you think he has been able to survive the course this far when others in a similar position would perhaps have failed?

RG: Well I think he is a fighter, he's prepared to go after the business rather than letting it come to him. He is in a very difficult situation. If I was buying the hotel, it's a hell of a risk up there because of the uncertainties about the length of the seasons. You have got to go where the people are in my opinion. That's why we are successful. The best decision we ever made was to go national. So many people just sit where they are.

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AL: What were you doing before you started your own business?

RG: I was a tourism officer with Lothian Region and my job was under threat of redundancy through an internal reorganization. That was three and a half years ago and now this year the turnover of Blue Chip will be in excess of £4.5 million.

AL: What's so special about Blue Chip which prevents the Scotsman from doing its own holidays without your help?

RG: We are a team and we are important to each other. They need me as much as I need them. From the point of view that financially I am so important to them on the holidays side. I am a workaholic basically and they know that maximum commitment is given when they deal with Blue Chip. (3)

AL: It must be very difficult for you to maintain harmonious relationships with 40 or 50 regional newspapers, how do you do it?

RG: Every Wednesday throughout the year I fly around the UK visiting marketing managers of the various newspapers. (22)

AL: What made you switch from a civil servant position in local government to running your own firm?

RG: Several reasons. I have always had the urge to do something for myself, redundancy was on the horizon, I was involved in semi-commercial activities outside my normal job. I wasn't making much money out of it but I enjoyed it and I was quite good at it.

AL: You are really a facilitator introducing hoteliers to coach operators to newspapers?

RG: Exactly that but you cannot afford to relax. Because that's when you make mistakes.

AL: Not all your holiday tour will be successful?

RG: Most of them do, I would say that I have a 90% success rate.

AL: To start with in the early days what sort of success rate did you have then?

RG: You need a lot of luck in the early days. It's the old thing you set up business and do a lot of things and it's the percentage game. The more things and ideas you are prepared to try you will eventually get it right. Find out what works and then exploit it to the full. Take BW's hotel it's very successful for us so we murder it. (23)

AL: So is it next stop Europe for your firm?

RG: No we are going to keep doing what we do better than anyone else. Anyway it's quite frightening how quickly we are expanding. I wanted to consolidate the company this year but have had more growth than is probably good for us.

AL: How many people do you have on the payroll?

RG: There are 15 full-time employees plus part-time guides as and when we need them.

AL: If you were running BW's hotel what kind of markets would you now be aiming at?

RG: He has got to get into the business market. That's where the money is. Even in that part of the world there are companies who would like to have conferences there. In my view he has got a very very attractive hotel. BW has got his act together now we have many letters of praise and hardly any complaints. He is continually investing money in the hotel which is very important. Very few hotels seem to do that. Also hoteliers do not seem to want to leave their reception areas. Over the past <sup>20</sup>three years I have not had one single visit from a Scottish hotelier. (19)

AL: Are you more interested in keeping the volume of your business flowing or do you intend to go market and have increased margins?

RG: My margins are doing OK. Last week we took 70 coaches to see Torvil & Dean. The secret of success is making sure that all 70 coaches are full. The other secret in buying forward allocations of attractions which always sell out. I have just invested in £60K in concert for next spring. It's the same sort of decision as a coach operator buying a coach. I would hate that! I prefer to invest in what I know the public wants. In my style of business these are decisions I take daily.

HOTEL 1

Interview with accountant in Edinburgh on 6/09/85

AL: How long have you had Mr X as a client?

AG: Since 1977.

AL: Could you briefly describe the circumstances in which he first became your client?

AG: When I was working for another client in Bowness I first met him.

AL: Was he recommended to you by an acquaintance?

AG: Yes.

AL: With your type of business would you say there was a typical client?

AG: No not really. I deal with a wide spectrum of different businesses. From industrial clients, to tourism, and insurance broking; anything really.

AL: Are there any particular specialisms which your firm has.

AG: Well we have a few hotel clients.

AL: Approximately how many?

AG: It varies from time to time, but anything from 5 to 10 at any one time.

AL: Have you noticed any similarities in the trading patterns amongst your hotel clients?

AG: No they are all quite different.

AL: How would you account for this?

AG: Well they are all located in different parts of Scotland, and they are appealing to different types of customers.

AL: Were you involved with                      business immediately prior to his acquisition of the                     ?

AG: No, it was after he started.

AL: Did you offer any advice as to the financial arrangements concerning the purchase of the                     ?

AG: I was not involved in any way at that stage.

AL: Are you aware of the circumstances which led up to the purchase of the [redacted] ?

AG: He originally had a pub in Bowness caled the [redacted]. From memory, he had been to the Boat Hotel on several occasions, and liked the hotel, and when it came up for sale he made arrangements with the bank to purchase it.

AL: So the [redacted] purchase was financed by the sale of the Masonic Arms, and a term loan?

AG: No at that point he carried on with the [redacted] for a while.

AL: He purchased the [redacted] entirely by bank overdraft?

AG: Yes.

AL: The purchase price was in the region of £80K I believe.

AG: I think the actual price was nearer £70K. He bought the [redacted] at the beginning of May 1976, and got the full benefit of the main season and forward bookings. The seasons then were much different to what they are now?

AL: By that, do you mean they were longer and there was a much higher proportion of private business.

AL: - Who would normally be prepared to pay a premium rate.

AG: Yes.

AL: Not very long after that, he had a fire in his hotel.

AG: I believe so.

AL: Apparently on taking over the hotel, he had to spend a considerable amount of money on refurbishing the bedrooms. As soon as he completed this renovation he had the fire.

AG: That's right.

AL: Why do you think, following the fire, he had so much difficulty in persuading the insurance company to repay his claim in full?

AG: I think basically the hotel was under-insured.

AL: The type of policy and premium being paid, you are saying in hindsight, were inappropriate to his needs?

AG: The scope of cover in the policy was not sufficiently comprehensive to fully reimburse his fire damage.

AL: He had to make good this damage very quickly because it happened at the beginning of his second season in 1977. Apart from the small insurance settlement figure how did he finance the repair and rebuilding work?

AG: By increasing his overdraft.

AL: By this time <sup>the</sup> overdraft would be how much?

AG: The maximum it went to was about £250,000.

AL: Which, at that time, was almost equal to his annual turnover?

AG: At that particular time the overdraft was larger than the turnover, and was in excess of the residual value of the property.

AL: Throughout the years you have known ~~the~~, would you say that this period we have been talking about, was his most difficult time for his business?

AG: Yes, but during the following couple of years he had other problems as well. In trying to build up forward bookings he did a lot of business with a Danish travel company called Tjearbourg. By the end of his second main season this company represented a high proportion of his annual turnover. Without much warning they suddenly pulled out of the Scottish holiday market. That resulted in only the private business coming to his hotel during that season. Since then the tour business has been built up again. Once again this is a high percentage of his annual turnover. This time he uses more than one tour company.

AL: If you were to look at the most recent set of published accounts, year ending April 1985, how would you describe the Boat Hotel's current situation?

( A long pause)

AG: Well, after the disaster of the fire, it is clear that at April 1985 it was probably the first time that the hotel, if put on the market, and sold, would be in a position to pay off all of its liabilities.

AL: Do you envisage any significant change in the financial structure of the hotel during the next 12 months?

AG: Well the hotel is making a profit at the moment, and one can only assume that ~~these~~ will be used to pay off the outstanding creditors and bring down the overdraft. Most of the creditors have been paid off now anyway.

AL: Even now the overdraft is approaching 75% of the annual turnover as at April 1985. At what point would you consider it appropriate to roll over the overdraft into some other kind of financial package?

(A long pause)

AG: I think it would depend on the attitude of the bank.

AL: Aren't the rates of interest being charged for the overdraft higher than if it were in term loan?

AG: Term loans are at a higher rate of interest than overdrafts at the moment.

AL: Are you quite sure about that?

AG: Well..er..it depends at what point you decide to work them out. If you take them out, when the interest rates are low, it would be cheaper. But they are higher than a term loan.

AL: Wouldn't you always expect to pay more, at the time of taking out the overdraft, than the overdraft?

AG: No you would pay more for a term loan. The interest rate for a term loan is fixed. But with an overdraft you get the benefit when interest rates fall.

AL: What is your opinion about considering financial restructuring of the ~~company~~ at this point in time?

(A long pause)

AG: I think it would be better to keep things as they are because it would be cheaper to keep the overdraft. That is, unless he was able to obtain a subsidised loan, from a brewery company for example.

AL: Do you think it wise to use these sources of short-term funds provided by the overdraft to fund the long term needs of the business?

(A long pause)

AG: Well, in theory, if the profits which are being made at the moment continue, in 3 to 4 years there will no longer be a need for restructuring, since the overdraft will, by then, be reduced to more manageable size.

AL: I understand that over the past couple of years you have been visiting the hotel on a monthly basis?

AG: Yes.

AL: This started roughly how long ago?

AG: Well, when the hotel was first bought I did 3-monthly accounts. Whilst the trading position was satisfactory we continued with this procedure. Over the last four or five years I prepared monthly accounts, particularly in the height of the season, then the turnover figures must be wrong.

AL: You produce a full set of nominal ledger accounts each month?

AG: Yes, a full set of P & L and Balance Sheet.

AL: The hotel accounts are processed by their in-house computer. Bruce's wife Jean prepares the majority of information you require in advance of your visit. What do you actually do when you arrive in the hotel each month?

(A long pause)

AG: I go up there, and have a quick look through the accounts and make sure that they all have been entered correctly. Then I prepare the P & L A/C and Balance Sheet.

AL: Does she prepare the trial balance before your arrival?

AG: Yes, that comes straight off the computer.

AL: What do you do then?

AG: What actually happens is, I do the bank reconciliation. We use the cash book as the control on the system. Assuming the bank reconciliation agrees with the bank reconciliation on the computer, then everything is taken to be correct. Then I run off the nominal ledger printouts, and prepare a set of final accounts. When I have done that I go through the month's trading, and make comments or otherwise, to Bruce Wilson.

AL: I understand that you also produce some cash flow forecasts on a six monthly basis?

AG: No, about each October we do a full set of half year accounts. Then we project this information forward to the coming year and prepare all the budgets.

AL: Is that for six months in advance, or twelve months?

AG: Twelve months. It will clearly indicate the maximum overdraft requirement for the coming year.

AL: The monthly visit you are now making on a regular basis, was it at the clients instigation, or did you suggest the idea to him?

AG: I suggested it to him because I think he needs it.

AL: How do you arrive at the projected sales targets which are shown in your cash flow forecast?

(A long pause)

AG: We basically take what is happening in the previous year, and look at the level of forward bookings, and work out the sales figures from there. Actually they have been fairly accurate.

AL: To what extent do you get involved with the management-accounting side of the business? Do you, for instance, help your client to analyse the cost structures in the three main revenue-generating areas of the business (food, alcoholic beverages and accommodation)?

(A long pause)

AG: Only so far as (that) when we do the budgets we set specific gross profit % targets. If these are not met we can do something about them.

AL: Apart from the large overdraft, are there any other financial weaknesses in the hotel's financial structure? Or perhaps other things which are likely to pose a threat to the survival of the business during the next two years or so?

AG: No. As far as the second part of the question is concerned there are general things which are important, but do not specifically relate to the ~~business~~. You see the tourism industry is so dependant upon the weather. Three good years, or four good years can produce a sound income which can be wiped out in one bad year. (27)

AL: What would you say, knowing ~~as well as you do~~, as well as you do, are his particular strengths that have made him able to survive the two major business traumas we discussed earlier.

AG: Well, he has spent an awful lot of time over the last four years actually selling the hotel, and trying to organise things so that the quiet periods become busier. To do this, he is quite prepared to work 24 hours a day if his wife would let him. (28)

AL: Is this degree of tenacity and enthusiasm typical of your other hotel clients?

AG: Sort of....they all seem to have to do it. There are so many things which are going on in an hotel that it's not the kind of job you can afford to just sit around all day and let it run itself. You have to physically show your face both to (our) guests and staff. The general feeling amongst ~~my~~ hotel clients is that it is essential to serve in the bar occasionally, and see what's going on. (29)

AL: If you were to offer some advice to someone entering the hotel business, let's say from a background in another type of business, what kind of things would you say to them?

AG: Well the first thing is that I think they have to realise is that running an hotel, such as the Boat, is a seven-day-week operation! This entails a 52-week-a-year job, and more or less 24 hours a day. It's not a 9-5 job in any way! It's very essential that you get your profit margins right. Because a drop of 5% on the GP, in the height of the season, causes havoc with the annual cash flow forecast.

AL: To what extent do you council Bruce Wilson on the monitoring of his occupancy?

(A long pause)

AG: He realises that he has to get as many people in his hotel as he can.

AL: You probably are aware that he doesn't keep a record of his monthly or seasonal room occupancy?

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AG: No they mainly do it by glancing at the monthly actual cash flow and comparing it against the budgeted cash flow figures. If the budgeted figures are way out, they then know something is wrong. This does come out to a certain extent when we make up the budgets, we go through the booking chart, and see whether there are any gaps. And if there is a gap of a week, in any one month, then they know that they must do something about it.

AL: I did not notice, on one of your cash flow forecasts, that the projected sales seemed to be grouped together, rather than separated into the main revenue-generating areas of bar, food and accommodation. Why did you do this?

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AG: Well the sales is separated between the hotel, and the bar sales.

AL: I really mean separating the income from food and accommodation.

(A long pause)

AG: I think the amount of work involved in splitting it up into that much detail would be too time consuming.

HOTEL 1

Interview with Chief Executive of Consort Marketing Consortium

Voice 1

I'd read about Concorde; and I'm obviously familiar with it, otherwise I wouldn't be here. Could you tell me, in your own words, how Concorde began? The words...

Voice 2

Better get the name right! Consort!

Voice 1

I beg your pardon. I'd been reading about the Concorde before I came down.

Voice 2

It's all right. Don't worry!

Voice 1

How the actual...

Voice 2

...evolved

Voice 1

Yes! Alright! There were obviously marketing consorts in existence before we came on the scene.

Voice 2

Yes! Well Consort's 6 years old. It was originally formed by a group of twelve hoteliers, who actually were ex-members of an organisation called Centre Link. And at the demise of Centre Hotels, Centre Link became non-existent: and they therefore said, there were two or three alternatives. One was to join existing consortiums like Best Western or Inter. Or, the more sort of progressive thing was, well, perhaps there's room in the market place to set up a further consortium. So it started off with about twelve hoteliers; who had worked together under the Centre Link banner, and, the organisation was headed up by a chap called David Miller, in York, and that's really... his hotels were based around the country but, his head office was in York and that was the logical reason why we chose York initially.

Voice 1

You said he was an owner?

Voice 2

He was an owner! And it was initially set up. He financed the organisation initially, and it was set up on the basis that he would run it as a profit making concern. He would take the financial risks as a company. He would underwrite the costs etc., and over a period of time, he would pull back money from it to extract it as profits or return on capital, or whatever. Two years after it had been running and they were up to about 50 or 60 hotels, the growth and the development of it, and the set up of the board, it was identified that probably for the consortium to move on more rapidly, it didn't work so effectively when a group like what was called Croft Hotels had to fight members: and yet they had the control of the board, and the direction and everything, and it was creating some resentment within some members. They had hotels in, like York and Edinburgh and therefore they were in prime locations anyway, which meant that they would be picking up a lot of cream of the business generated. And so, a decision was made by the members, or by the board, and then the members, that the company would be dissolved in its present format, and it was then transferred into a trust and we're now a non profit making trust as such. So therefore, quite unique in a way, and it was agreed that the costs of setting up the organisation would be re-paid back to Croft, through membership over a period of time, and in that way. The whole organisation would come back to belong to the members. So we now are a non profit making trust and therefore that has taken away any feeling of resentment in any way, shape or form, about where anybody's gaining any benefits over anybody else. The board set up now, is that all members of the board are the regional chairmen and the organisation is broken down to six regions, Scotland and Wales and then the North of England, what we call Central Regions, South East and South West. And each of the chairmen sits on the board with myself as the only executive director. We therefore have a situation where, we go for a balanced budget with a small surplus trading because we have a deficit which we have to reduce from set up costs, and then the objective will be to make surplus trading to building up capital reserve. But as such, we don't, when we do our budgeting, we don't have a budget to make a percentage return, there is no capital investment, there are no share holders, there is nobody.

Voice 1

So then, who actually benefits?

Voice 2

The members do, totally.

Voice 1

Really! I'm really quite surprised at the way the organisation is incorporated.

Voice 2

It's quite unique! It means that for instance, it is an organisation for the members, for the benefit of the members. And they get a copy of the accounts, there are 100 shares set up, which are held in the trustees hands, and the trustees are our accountants and our solicitors. They are the trustees as such. And it works very well, because, no member can sort of stand up and say "sell so and so, so and so's getting more benefits than me". Obviously location does play a prime part, and there are certain areas where there is much greater demand, and it is much easier to sell, than others. But against that, that relates in the situation that, an organisation like ourselves can benefit all members but, it's like a marriage: and they get out of it, what they put in. In other words: we have the tools and the equipment and the availability to promote them, but they have to use that, and take advantage of it. Now we obviously, in an organisation like this, identify that not everything we do is suitable for every hotel. Some hotels are seasonal, some hotels don't have conference facilities, some hotels aren't large enough to take groups, some hotels aren't in the commercial market, so we are obviously in sort every segment of the market, but not every hotel would take advantage of the programmes, or the opportunities in that segment.

Voice 1

How would you describe the relative position of your organisation, in relation to, Pride of Britain at one end, and Best Western at the other? A lot in between?

Voice 2

Well, I mean, that's hard, in a way, because I'm then criticising competitors, and I don't like doing that. I'm only interested in where we're going, and where we're moving. Obviously Pride of Britain prestige is fairly unique, although we actually do certain work for Pride of Britain. We do all the purchasing, which we tendered for, and secured. As far as those hotels go, they're quite unique, their standards are very high, they have a very strict membership code, and they have a niche in the market place. What they aren't able to do, is produce programmes, which require volume in the spread of hotels, and therefore they're are not able to go into things like, the UK travel agency market or produce a brochure which can be rightly handled in a cost effective form. They can't do overseas marketing that strongly from overseas tour operators. So, I don't see us competing with them, because they are in a different market.

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Voice 1

How about \*\*\*\*\* Will you be competing with them?

Voice 2

Yes!

I would say, I mean, we would see ourselves as, directly competing with them, I mean that's the direct comparison, and I would say that, we are the best thing that ever happened for Best Western, because I think they were very complacent prior to Consorts involvement, and I mean, I don't think that they took much notice of Consort initially, and now suddenly we have as many properties as them, we have more bedrooms in the UK than they do. And we've been very aggressive in our marketing ways, whereas their sort of organisation was very "via committees", and members making decisions. We've actually gone the other way, and we make decisions as if we're professionally here, and the hotels, if they don't want to be involved, can opt out. But we don't go and ask all the members, "Do you want to do this?" We say, "We are going to do this," and therefore that means, we can adjust to market place much quicker in a change of situation etc. And so, we have deliberately kept committees out of making decisions as such, and we run it much more like a Crest or a Ladbrokes...

Voice 1

Can I ask you again about the profile of the ownership, of these particular establishments? Would you, estimate of your, 190 odd people that you've got currently, approximately what proportion do you think will actually own the property they're running, as opposed to being managers?

Voice 2

I would say again, it varies in location.

Voice 1

Yes. But, take Scotland for example.

Voice 2

Well yes. I think what you could say is, where your going to a city centre hotel, and where you have a 40 bedroom plus operation, they become managed, or company-owned and managed. Where you've got the 40 bedrooms below, and where they are in the rural areas, they are proprietor owned.

I would think, we're somewhere in the region, and I mean I've never done that count, and probably been \*\*\*\*\* but I would put it, sort of, from a gut feeling, straight away at about 66% at least, are proprietor-owned and managed by themselves.

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Voice 1

Do you actually have, a notion of what the ideal hotel is for your group, in terms of, (I hate 'star rating', but it's as a convenient a shorthand as any other), and size and sort of quality level?

Voice 2

Well, quality wise, the minimum criteria is a 2 star plus, and we have the RAC do inspections for us before membership, that's only been introduced in the last 18 months. When I arrived, there was no, I mean it was people, just 'judgement' which was incorrect. But again, you had to get a base, before you could start exacting what you actually saw, as being the correct standard and criteria, and when I arrived four years ago, I started working on that, and mapping out in my mind how we go.

Voice 1

So, following initial introduction to membership, AA inspection or whatever, what kind of continuing quality control is there, by Consort, on it's members?

Voice 2

The RAC inspect all our hotels and our new bases...

Voice 1

...each year?

Voice 2

Yes. And on top of that we are obviously monitoring, closely, customer complaints, and customer criticism, which we get directed here, because the one thing that probably the public don't always understand, is that when they see it, go into Consort hotel, Consort publicity, they assume that Consort owns them. A standard, sort of phrase in my customer complaints is, a sort of "as you will be aware I'm sure, Consort is a sales marketing organisation, and therefore is not directly responsible for the day-to-day running." That doesn't mean to say that we don't accept criticism. We want constructive criticism and we monitor it. As far as it goes though, I mean, on the criteria, we're working between 2 and 4 star, and we've graded our hotels. I mean we were the first consortium to actually grade and classify our hotels, and we have a three-tiered system of bronze, silver and crown. Crown is 4 star, silver is 3 star and bronze is 2 star, with certain amendments, e.g., on the 2 star we say, the RAC for instance, or 2 star rating only want 50% of rooms with a bath, we say, its got to be a minimum of 75% rooms with bath, and that's in a hotel with 30 rooms or more, and under 30 rooms has got to be even higher because, the market for us to promote is not rooms without facilities. We're not in that market place. And from that

we've agreed and terminated contracts of members, because they didn't meet the minimum criteria when it was set, and on an annual basis, I have the powers to terminate a contract with a member, just like that, if, I can justify it obviously to the board, based on standards, or problems, or whatever.

Voice 1

So, how would you describe the marketing strategies you adopt, to attract new members.

Voice 2

To attract new members.

Voice 1

Yes, what kind of process do you...

Voice 2

Well, we have a full time membership manager, who is responsible for membership recruitment of hotels, and also responsible for training of the staff of Consort and its involvement, and other organised member training courses. Obviously there's various ways, I mean, we will do, direct mailing to selective properties that we identify we would like, in areas where we would like.

Voice 1

I mean, in a sense, I used to use Best Western catalogue as a mailing list for computers, just tailor made for what we were angling for and I suppose to a certain extent that it might be useful to you as well, mightn't it, to have a mailing list?

Voice 2

Yes, I mean, we have a mailing list which we adjust all the time, and because we don't get a response from a direct mailing promoter or who could still mail them again. Obviously we are researching what's happening in the market place, so we would be reading trade publications to see where there's change of ownership, in a property that we identify, we know the areas where we want properties, and obviously sometimes, those areas is near impossible because there isn't a privately owned, or whatever, it's all THF, Mount Charlot, Crest, whatever.

Voice 1

So how do you go on with the situation where someone actually comes to you and actually wishes to become a member?

Voice 2

Well that's the other route, I mean, we probably get, 10 to 15 applications a month...

Voice 1

I mean, what effort do you make to preserve people's geographic integrity?

Voice 2

Well, within the constitution, any member within 15 miles of another hotel, has the right initially, to be notified of a membership application. A membership application would be when we have it in writing from a hotel who wish to become a member, and when we've had them inspected, and when writing from a hotel who wish to become a member, and when we've had them inspected, and they've met the minimum criteria. Once they've met those two, then the next stage would be to advise existing members within a location of 15 miles of that property, that we have a membership application. They have 14 days to object to the application, stating their reasons why they object. If they don't respond within 14 days, it's assumed they have no objection, and subject then to the hotel meeting the criteria we want, we would then process its application. If an objection occurs, then the objection gets referred to the board, and the board make an arbitration decision. The director for that or the director responsible for that region in which the hotel would probably have phoned, and talk to the hotel, and just identify further, what his qualms were, or whatever, and it could be that the hotel turned around and said

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\*\*\*\*\* "well look, I am going to put on another 30 bedrooms next year and therefore I can't afford to have somebody down the road, and that would be seen as by...

Voice 1

So who would have the final say?

Voice 2

The board!

Voice 1

Maybe you don't have this problem but, do you have a specific retention strategy to encourage people not to rescind their membership?

Voice 2

Obviously, the retention angle, is based on that we are providing the

services and the facilities they want, at what I would call 'value for money' and that's a bad expression, but if the hotelier feels he's getting a good return on his investment, then he's not going to rescind his membership. There are some members who don't use us properly, and therefore don't get the return, and we will identify that to them, but even then that doesn't change and they will abolish their membership and we will sort of say... when anybody does rescind their membership, we review it, and we might say "look this is stupid, this hotel's got potential, and we want to keep it", and we will then try and do a plan to save it. But there will be others that will rescind their membership and we'll say "look, it's hopeless, it's not worth it, it's a lost cause", and we let it go. Now there... the membership reduction, or the turnover in membership in those areas is very low, more of the membership changes occur through the purchase of our members, by the major groups I mean, Mount Charlot last year, this year have bought 5 of our hotels, Queens Mobile, 4, so our membership turnover if anything.....

Voice 1

When that happens, do they tend to, obviously they have their own marketing outfit, do they retain you, or do they just drop you?

Voice 2

With a major group they would tend to terminate the contract as speedily as possible. Because obviously it causes confusion, but again, agreements are all on a 2 year contract initially, with a 1 year notice period. So therefore, we would have to come to some financial agreement if they were going to terminate their contract. Because the other thing that could happen is, and that's why the board make the decision on membership, is that, you've got to realise that any hotel could be sold tomorrow could be sold tomorrow and therefore, the organisation cannot suffer because of the inflexibility of not knowing, where... we now have control of the properties, so therefore all membership applications have to be taken very seriously, because whereas we might have a hotel say in Brighton today, if it's sold to Mount Charlot tomorrow, we don't have a hotel in Brighton and yet we might have 4 or 5 applying in Brighton and turning them down at the moment.

Voice 1

As far as you are aware, do you see this as a trend that's increasing the groups wanting to be associated with the country house type of hotel and by group acquisition...

Voice 2

I think there will always be a trend that organisations like ourselves and Best Western especially, which is larger, usually

better well organised, professional properties in the independent market, will be the attractive source from them to buy, so... Queens

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Mobile directors I know quite well, and whenever our directory comes out they pick one up and look through, the same as the Best Western one that you said you went back to...

Voice 1

It's a wonderful mailing list for all sorts of people.

Voice 2

That's right. I mean that, we've both got 200 hotels each now, there's 400 hotels, the majority of them and I say the majority, we've both got smaller hotels which wouldn't fit their thing, but the majority of the 30, 40, 50 bedrooms are fitting ideal the profiles of those companies, and their marketed, they are quite often well known overseas which is an advantage to a group buying and the cost of building new nowadays is so excessive, that often a purchase of an existing acquisition in a prime location is much better. So yes, I would see the trend continuing.

Voice 1

With this business about small hotels being your members, presumably there's some legal clause which doesn't allow them to be also a member of another market consort at the same time. There is a contract...

Voice 2

Our contract clearly states that they cannot be a member of another organisation of a similar nature.

Voice 1

But yes, this was one of the problems earlier on, not with you, but with other people it has happened I found anyway.

So apart from the obvious tangible member benefits like discounts on purchases, which of the services you provide, do you think, your members most value?

Voice 2

Well, I mean I suppose really I would like to think that all of them benefit from some of them, it depends on the property, style and location...

Voice 1

The kind of thing I had in mind you see... is a... I'll not mention the names of properties because I don't think it's fair, but they are members of the organisation I had in mind, and both of them said similar things, in that they felt sometimes, that while they were getting a regular clientele, say a merchant traveller, businessman

whatever, who they have been dealing with for years at a particular rate, and now their business club, Consort club, discount rates and

what have you, and are having to provide accommodation at a lower rate than hitherto they enjoyed, because they were members they were penalising themselves for being a member. Do you see what I mean?

Voice 2

That's because, the tangible thing that they see, but in fact what they...

Voice 2

You must have heard this before presumably?

Voice 2

One or two. Yes one or two. But the benefits they can offer to that businessman now is, that he actually gets the discount at 200 hotels throughout the UK and therefore they are not losing him possibly to the new Thistle Hotel or the Trust House Forte or the Crest which all offer discounts businessmen schemes. Secondly, the businessmen's club as such, has a membership now of 25,000 individual businessmen, therefore they have access to 25,000 people, whereas they didn't have access to them before to promote them. I mean, if you look at all the hotels, that is the initial feeling they get, because what happens is that when they join consort and they suddenly see Consort club being promoted, they suddenly find that some of their local reps are members of Consort anyway, and are in possession of a discount card, or alternatively, we encourage them like your you could say, to increase the loyalty back to their hotel by recruiting their regular businessmen to the club. Because, alright, so they get a 10% discount, but there are a lot of other benefits that they get. We negotiate terms and conditions with other suppliers and other fields for discounts, we have international affiliations, whereby in Holland, Spain and Ireland they can get discounts now...

Voice 1

I think it probably highlights the fact that, your members join your business often for quite different reasons, and there's a whole range of benefits, some which as you said before benefit others and others not. On this particular aspect of marketing, the new services that you are continually developing and delivering to members, or are they good ideas that you wish to put into practice, I mean is it led by the membership, or do you say "well, this is a good idea, I think you'll like this".

Voice 2

I think, it \*\*\*\*\* 80% of the creation and development products occurs through decision making from York, and the membership being informed but, the success to make the programmes work, is to sell it to the members as well, and therefore you have to sell it through the back door by making them feel that they made the decision.

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Voice 1

And notwithstanding that, are you aware of say, a dozen or more key hoteliers who may have expertise and experience you respect, and they have a sort of hotline to you and maybe they say...

Voice 2

We have regional meetings. Each region has two regional meeting a year, and I attend them all. And that is an opportunity for members to say openly what they don't like about Consort, criticise any systems, and put forward suggestions and ideas, and various things have occurred from members' suggestions, and we have developed some of those things successfully through members. So yes, there is a two way communication.

Voice 1

The reason I'm saying this is... sorry go on.

Voice 2

What I was going to say is: there are some members who will introduce and put forward ideas and proposals which, on the surface look very good, but to administrate and introduce effectively, are near on impossible. Because they would do it, doesn't mean the other 199 would do it. An example of that, I can give you at the moment, is that it was very clear from our membership that a percentage of them are involved in what we call the free accommodation scheme. Now I myself abhor the scheme...

Voice 1

These voucher things, is it?

Voice 2

It's the free accommodation where you get...

Voice 1

Double glazing people, salesmen...

Voice 2

Yes. I mean, you've got now about 20 companies that are producing...

Voice 1

It's devaluating the product, isn't it?

Voice 2

Not really that. Yes debasing the product is creating a very high customer dissatisfaction level, because the company promoting it don't tell the real story, and yet they say, you can go away for a weekend for two somewhere in Britain, but you've got to pay a minimum price for dinner and breakfast, so it isn't free. So the customer actually doesn't get what he actually thinks he's going to get. And as you say the hotels are actually filling themselves with

that, whereby a company sells the vouchers, and they're selling books at £2, £5 or £10 a book to a company, and they're getting money for doing nothing.

Voice 1

At these meetings, what proportion of your membership actually turn up at meetings?

Voice 2

Can I just go back to the last point...

Voice 1

I'm sorry. I beg your pardon...

Voice 2

What I wanted to highlight was something you... and I didn't really think... so on the free accommodation: at our meetings some of our members, and about 10% of our members, are actively involved in these things, and they propose that Consort should do a scheme like this, rather than having it in the control of companies which are uncontrollable, so, we agreed it for discussion at our board meeting that we didn't want Consorts' name to be seen, promoting a product like this. But we did identify that for some of the membership, \*\*\*\*\* it was very beneficial, and especially the rural membership, or the seaside community, it was a way of them perhaps filling bedrooms in the off-season and getting a fairly good revenue. So we identified that it was something that met some of the needs of the members, from that on, we surveyed all our members and asked them that if we put a scheme together for this winter which would not be under the Consort name, but we would put scheme and it would have a name, and we would administrate it or whatever, how many of them would want to go in? And we surveyed that to 200 members. The forms were asked to go in? And we surveyed that to 200 members. The forms were asked to be returned as quickly as possible and that is one of our common wars in this sort of thing with independents, form filling is a neither there.

Voice 1

Well the reason I'm talking to you today is that very reason. That I send you a form, you may be different to most people. Most people would just put it in the bin.

Voice 2

And even when they're paying to be members of us they put it in the bin. Or they just put it to one side and say "I'll do that...", and two weeks later... So what in fact... We sent the form round 200 hotels, we've had 97 responses that I was looking at this morning and we've got 22 saying that they'd like to do the scheme and 75 against. Now we said at board level that we would need a minimum of

50 hotels to do the scheme. I myself am glad that it has gone that way, but if the membership had gone for it, I would have then put my whole heart into developing the scheme. So, that was a \*\*\*\*\* suggestion of promotion coming from within the members which we have done, and tried.

Voice 1

So, about the attendance of these meetings, what kind of response do you get...

Voice 2

Well again, it varies region to region.

Voice 1

Let's take Scotland for example.

Voice 2

Scotland is fairly good. The nationalistic pride there comes out much more and I would say you get about a 66% response.

Voice 1

Would you say there's a correlation between the places like Scotland, which maybe have more problems, high-seasonality, geographic problems than, take the South East.

Voice 2

The complacency of the South East against Scotland... You're 100% right...

Voice 1

Are they really complacent, or are they just busier?

Voice 2

Well they tend to be... they can charge a higher rate, they therefore get a much larger return for the same amount of output. They are running at much higher occupancies because of the prosperity of the

South. Gatwick and Heathrow are the two main... and Dover and Folkstone and things are the main gateways, and everyone coming from overseas is coming through the South East. Every tourist wants to spend at least a few nights in London, or the surrounding areas, and so therefore yes, you can monitor that in, that perhaps, the regions, the more successful regions, which are the South East and the Central Regions, the Midlands, again, are in return to the membership, are the less concern that meeting are so important...

Voice 1

I see, so places like South Wales, South West of England and Scotland have a higher attendance in fact.

Voice 2

Yes, the North, the South West, Wales and Scotland in relation to the membership, are much better attended than the South East section, and again you can see from the map, one of our areas is actually... we could do with members here, finding potential members, because I mean there's no point in trying to recruit a hotel that's doing 90% occupancy, because then we are going to dilute his revenue possibly, or displace his existing business. So in fact, we have a recruitment problem in that area.

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Voice 1

One argument I've heard, by people who are not members of your organisation, or any organisation, say that "why should I, you know I'm only a small business, so the discounts I get, are going to be marginal, and I've got to attend all these meetings to get the most out of an organisation, travel workshops, area meeting, if you don't do that you won't get the most out of the business, and all this time I'm travelling to your place York, in other cases London, to do this for these seminars particularly \*\*\*\*\* seminars American travellers etc.

Voice 2

Well they don't, we represent them at those...

Voice 1

You do?

Voice 2

So therefore they don't go to those.

Voice 1

What I mean... in other words...

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Voice 2

A member joining our organisation, right, would have to do, to be an effective member, would have to do about three things. One is he would have to look at his post carefully, identify what is of value and what isn't, and certainly to be effective, utilise the opportunities. Now that administrative thing, done back at home base, and probably would take up to the maximum of 2 hours per week. Secondly, attendance at regional meetings, there are two regional meetings twice a year, once in the spring and once in the

autumn, we don't have any more like some of the other organisations because we do recognise that they're taking the proprietors and managers away from their properties, especially in the high season it's important that they're there. The regional meetings are spread around the country, so in Scotland we don't have very meeting in Edinburgh.

Voice 1

So you don't, let's say, in the Scottish Highlands, that may have a tradition of having more Americans, than say, the people in South Wales, don't you put any specialist travel workshops on for people like that?

Voice 2

Yes, I was going to come on to that, let me just continue on the logic I was going, and I will divulge that. We have two regional meetings a year in Scotland, let's keep Scotland as a prime example. We have two regional meetings a year in Scotland, those meetings move around the regions, and therefore they're not held... alright... the last one was held in Aberdeen, right, when you take the one in Aberdeen, that was very useful to those hotels, but hotels from here had to travel a long way...

Voice 1

That's right, going from Dumfries to Aberdeen is no joke.

Voice 2

No, but against that the next one's being held in Glasgow, so your man from Dumfries is going to have a fairly easy journey, and some of these hotels will have a long journey, so yes, there are two meetings a year, but the benefits of those two meetings are not just from Consort, and what we're doing, the benefits for those independent hoteliers to sit around at dinner the night before the meeting, in a relaxed atmosphere, and just talk about problems in general that they're having, and it's amazing how they've all got some of the problems, or had them, and actually come up with solutions for each other, and that benefit of coming together with people with similar problems is tremendous.

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Voice 1

Even though they're competitors?

Voice 2

But they're not competitors, are they?

Voice 1

Aren't they?

Voice 2

No! Why are they competitors?

Voice 1

Well they're competing for tourists, businessmen...

Voice 2

We're competing for tourists and businessmen, but they're not directly competitors, I mean, alright, you could say that the two hotels in Glasgow are directly competitors, but in fact if the organisation works effectively, what they are doing is referring business, so if one of them gets requests for conferences and can't take it, he sends it to the other one and visa versa, so that in fact they're enhancing each other...

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Voice 1

But in areas of Scotland where there's less business, out of the city, where it's more difficult to win, particularly in...

Voice 2

You mean by being a member of a consortium?

Voice 1

Yes!

Voice 2

We can win that business for them that they can't touch on their own. They can't touch... what I mean is, by being on hotel, let's take an example, alright: we've got one in Pitlochrie with 20 bedrooms, we could do with a much bigger one mind you, but that's the name of the game, the little one in Pitlochrie with 20 bedrooms: he is in a programme worldwide with British Airways, he would not have got into that, if he was not a member of a consortium, British Airways will pump in 5 or £6,000 in business to that hotel this

year. He would never have got that if he was not a member of a consortium. He would have had no access to British Airways, because British Airways do not want to deal with 40 or 50 individual hotels, they want to do with one office, where reservations come through a central office, where we agree the allocations, we agree a flat price, we submit the accounts, British Airways pay us for the lot and we pay the hotels. Any independent hotelier, who has a property in a good condition, in a fairly good location, cannot lose, especially in Scotland if a member of a consortium. He cannot lose. His returns are... in Scotland more than anywhere else, or the North of England, the advantages they get out of it are tremendous.

Voice 1

Can I just stop you there for a moment. I accept what you're saying, I'm aware of your time, I'd just like to change tacts slightly, and ask about things in the future, or maybe that are happening now, that maybe I'm now aware of, for example...

Voice 2

I'm alright for time, so don't worry about that.

Voice 1

You are?

Voice 2

Alright, okay. What I would say on the workshop side, because we didn't cover that first.

Voice 1

I beg your pardon. You see the reason I mentioned the workshop, is that other people that have been looking at members of different consortiums, they tend to put great value on the facility of being able to eyeball American business people or travellers whatever, that meetings set up by the consortium, for a specific very sharply focused group of hotels within the consortium could do...

Voice 2

I mean, well we do and we don't, I mean again it depends on what consortium do that, because if you're talking about Pride of Britain or Prestige or that type of organisation...

Voice 1

No, I was talking about Best Western actually.

Voice 2

Well they have an annual workshop once a year in London.

Voice 1

They do, they have a, or whether it's agreeing with members or submitting to pressure is a matter of interpretation, but a group of them have recently pressed Best Western, not for a global workshop but a very sharp focus on particular issue, particular hotel, particular locality and do it with quite a few people, half a dozen people.

Voice 2

Okay. Well that's interesting, we don't, we haven't done that, what we do is, we in fact have an annual workshop in London, which is open to all the membership, as an additional cost of £200. We expect to get somewhere in the region of 400-500 buyers...



Voice 1

And what kind of response do you get to that workshop?

Voice 2

We get, well last year we had 70 hotels exhibiting, I mean, in other words the hotel will actually have to make the decision, whether they think the trip can be viable.

Voice 1

So that they have to have the set up costs of the exhibition stand apart from the £200?

Voice 2

No, because we do it on a workshop stand, table and chairs, and we provide regional backdrops and things. So no, all they have to do is travel and come to it, but we have that event in September, we hold it in the Queen Elizabeth Centre this year, it was held at the Park Lane Hotel, and that's targeted at leading tour operators, handling agents in London, major commercial clients, the hotel booking agencies all segments of the market.

Voice 1

Have you found, increasingly large firms and maybe travel companies are getting much more professional about the management of business travel, and that maybe your entering to trading relationships with people handling cooperate travel, is a total package rather than just a \*\*\*\*\*: a few routes here and there. Is it getting more systemised?

## Voice 2

Yes! Again it's identifying what we call HBA, hotel booking agencies, and there's obviously different roles, you've got your major retail travel agents like Pickfords and Thomas Cook, Lunn Polly, those people who have developed a \*\*\*\*\* market, and are getting their act together very well, in the sense of providing the business traveller in the UK, with all round travel facilities, so they're not just booking their train ticket or the air ticket, they're booking the hotel accommodation, their booking the car hire and their putting an implant into the company, if it's a large enough company and therefore the company has no cost for the travel arrangements, whereas I think the travel manager of the big

companies which ten years ago who was the power and lord is a dying thing, and I think as they retire or as they leave they are not being replaced.

## Voice 1

So the Thomas Cooks' of this world are doing it, on behalf of firms more and more these days.

## Voice 2

They're one aspect, and of course the other one is Exportel, and Room Centre, and one or two others that started off by just doing hotel bookings, and now Exportel are branching into doing the other aspects and have become a travel agents and are doing the train tickets, so they're both creating the same services. We actually have identified about 9 or 10 in this country that we will work with, and again on behalf of our members, they submit to us on an annual basis the special rates that they will give for these agencies, which are commissionable 10%, then we submit them to these 9 or 10 leading agencies. So for administrative purposes of those agencies they only deal with one person to get access. Each hotel has the option whether they want to go into that marketing segment or not, but it is a growing and developing market, and we do papers to our members explaining it, and explaining what's happening and the change that's happening with the bigger companies, that's why with \*\*\*\*\* we developed it very much at the smaller company, which they won't be interested in, because the accounts not big enough for them to handle, or event the individual, the consultants, the independent travellers, you know, the individual businessman and that's where we go on with the Consort Club much at that angle, than trying to get the likes of the Marks & Spencers' and the Banks of England, because they're being catered for by the HBA's so we're using them, through talking to them, and by agreeing with them, promotions and in ways we use them to tackle that market for us, because we know they're tapping into it. And of course Exportel they can go along to Marks & Spencer or Boots or whatever big company you want to say, the Blue Chip Companies and they can say Well Look we've got 1,000 hotels in the UK in one book, you can choose in Edinburgh from a £80 a night to

a £40 a night room, we have the range and it's one telephone call and we can do everything. So that is a developing market.

Voice 1

What I was trying to establish as well was, one area that has been quite successful in Britain and the \*\*\*\*\* off the market, where companies like Blue Chip Travel for example, do business with leading regional newspapers, like 44 regional newspapers and \*\*\*\*\* for all sorts of things. Apart from pointing out, that this could be done by your members if they \*\*\*\*\* would you actually have active participation.

Voice 1

Yes. Some of our hotels have been..... I mean we talked to Blue Chip Travel, some of our hotels have been involved. What we're looking to try and do is, I mean, where your doing things with Blue Chip Travel and there's Fiesta International and one or two others, the problem can be that the hotels have got to make a decision, they want very, very attractive rates, and I question that, I think our job is to try, I mean one of the things we are trying to get our hotels to do is push the rack rate up. Your going back to the story where you said to the, you go to a hotel and they've never given 10% to anybody, you suddenly ask them to give 10%, I will often say when a hotel joins a consortium, they can put their rack rate up by 10%, and they won't lose anything, in fact they would gain. Because the person whose paying rack rate to them still for another fortnight, then I will pay it, because the market segment there is fairly small anyway, and then giving their businessmen a discount so then businessmen think they are getting something, they're actually, will help rate or even increase their original rate. So again, we will talk to a hotel and if we think that there is a problem we will suggest that...

Voice 2

But one of the similarities between the hotels that you've got in your managementship, the size and structure certainly in rural areas are very similar to hotels, many hotels in Switzerland and Germany where they are particularly on the run, a much higher proportion on the run and they use information technology quite a lot, a lot more, I'm talking about net working rather than just doing the \*\*\*\*\* and the bookkeeping and reservations. Do you see this Consort taking a role in this at all, encouraging people to get \*\*\*\*\* now that most, a lot of your members do have PC's you can buy a black box for £150 and dial up all sorts of things. Are you leading this, or just pointing the way if they want to do it.

Voice 1

I wouldn't say in all honesty, I think it's an area in which we've got to develop further. Funny enough, the smaller proprietor owned

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hotels have great fears over these sort of things, computers and machinery and PC's and thing and I.....

Voice 2

Often very well justified as I know myself.

Voice 1

So therefore, you know in fact, unfortunately these are the people where you have the greatest residence to introducing anything like that, I mean we at the moment do our reservation, central reservations manually, we are just about to put a computerised system in and then the next step will be to get the hotels to link in so

that they can update the availability instantly, either opening up or closing out which will increase ourselves because our refusal rate is very high but because of a manual system.....

they can use excuses like pressure of work not to be involved. We have to try to convince them through talking to them face to face or over the phone or over the phone or through regional meeting that you know, we can only work with what they give us, like we use \*\*\*\*\* charts, if they're not using \*\*\*\*\* charts on a regular basis, then, we can only work from the availability they give us a prime example of that in Scotland last year was we had a \*\*\*\*\* chart in April who said he was \*\*\*\*\* June, July, August, September full. Well he wasn't, but he never told us, what he had was a lot of groups in and then he started getting the groups cancelled and numbers reduced and never \*\*\*\*\* so for the whole of that period we never sold him but we had to work with him. We advised him that his \*\*\*\*\* chart was out of date, there was not much more that we could do. So, hotels again when we produce special brochures like our UK holiday brochure, there were 40 hotels didn't go in that, now some didn't go in and they didn't want to do. But some of them come on and say, well did you complete the form, "I think I did" and then they ring you back with "oh no I didn't or we will get a form back a month after we've printed, we had a form come in today from a hotel in the West Country area, who the proprietor owned would say was very professionally run, he would think it was very well run. The form was for group rates for 1988, the form had to be completed for the 9th March and it came in today and the reason we want it for the 9th March is we produced our group rates leaflet in March to have available for the Scottish Travel Trade Affair in Glasgow for \*\*\*\*\*

etc., where we were meeting the tour operators for the first time and taking about '88. He would say he is a professional hotelier. That form has taken, well, it went out in February and has come back now, he will get a letter today saying well thanks for the form, we're glad to have the rates, we can use them in some ways but you've missed the publication deadline.

Voice 1

So the things you're going to in the future concerning.....

Voice 2

With every product we have the existing has every potential for development. We do an overseas programme called \*\*\*\*\*. When I arrived four years ago the turnover was 17,000 a year. We will do in excess of a million now. You're dealing with major tour operators, carriers, airlines, shipping companies etc., where we can go to them and say we have 250 hotels throughout Britain, we have a map with the hotels on, we have a flat rate voucher system, we decide the rates here which we think the market can stand, the hotels are then told what the rates are and the hotels take that business and we do around a million pounds of business. Now that is the sort of business that rural hotels could not get any access into. And those rural hotels do very well out of it.

Voice 1

Do you do any advisory service about, I find talking to hoteliers, small businesses in particular, that their anxious about accountants in terms of not knowing how to judge whether they've got a lazy one, a very very clever one, or a dull one and they're very suspicious of bureaucrats and professionals because they don't feel able to sort of measure or assess just how useful they are. Have you heard this at all?

Voice 2

Yes. You hear it but, they don't do anything about it. That is that it's very easy to moan but if you moan and don't do anything about it when you've no right to moan. We have various times when we try to run professional courses for our members on subjects they've requested, like accountancy, like tax, like VAT, like health and hygiene...

Voice 1

I didn't mean accountancy, I meant specifically not the nuts and bolts of it, but there are things you can do which we both know to value a professional in advance of receiving service and paying a bill, and they way an accountant operates normally within a code of practice is to be very reactive, and even if they see things going on in the firm maybe the kind of structure or the \*\*\*\*\* position or whatever, they don't always actually say anything until the client says "is this the only thing I can do".

Voice 2

Well, I mean, in that instance that way, yes, a) we have recommended professional people that we've actually identified that can provide services, for our members within \*\*\*\*\* and at the back we have what we call professional \*\*\*\*\* services. Secondly, every member has access to me and any time can talk to me about anything they want. No, I wouldn't hesitate to \*\*\*\*\* in everything, but if I

can identify a problem they have with something, I will then try to resolve it for them, whether it be through something I can do, or whether I can do it through somebody else. It's interesting again to see which hotels do and which don't. I work for all of them...

Voice 1

The one's that contact you, are they the innovative ones or the ones, would you say, would they have gone to you direct?

Voice 2

It's usually the innovative ones, the ones..... the moaners moan behind closed doors, and see the trouble is that if a moaner comes out public, they can get shot down usually, in other words, if somebody stands up...

Voice 1

As they will do and say "well, I'm not getting any business"...

Voice 2

No, they won't do it at regional meetings because they won't be there, it'll be the one that will phone me up or write a letter and say "we're not getting any business out of Consort" and I'll write back and say I'll accept the criticism, obviously we can't monitor the figures on certain aspects of the business we promote, I assume you keep records on how many Consort Club members stay with you and they'll say "no, we don't keep any records" so I'll say "fine, okay", we can only monitor the bookings that we're doing. I then say to them and again "do you on your registrations, do any marketing resource on how did they find out about your hotel" in other words are you aware that perhaps 1% of your business is coming through Consort directory where a tourist in London picks it up and says "oh I'm going to Aberdeen, I'll stay at that hotel because it's in the same brochure" \*\*\*\*\* then I'll say "and how many regional meetings have you been to this year or last year" oh I haven't been to any. How many staff did you send on the training courses, haven't sent any. When did you last send your \*\*\*\*\* chart in. Oh I don't know, I don't do it, somebody else does it, and I go and get it and say if you like that your chart is full. What do you mean we're full. And quite often somebody having a moan, is quite often because they're not using it right and therefore, from them being aggressive for the first two minutes a whole situation changes and in fact in the end they're very, Oh my god! you know and suddenly they'll say well I've got to get on to this. Now, the success ratio when this happens is usually very high that they become one of the best members. But I have very little power to tell people what to do, I can't tell them to do anything, I can only suggest, I can probe, I can give help, I can give guidance you know, if we know that there's a hotel that isn't doing well, I can say to the membership manager "the next time your up in Scotland, call round and pop you head in and say hello".

Voice 1

And how is the current board administrating Consort constructive. I mean how many are there on this management board and...

Voice 2

Well the board is made up of 8, myself as one executive director, 6 regional chairmen and a national chairman.

Voice 1

So, what I was trying to isolate is how many hoteliers and how many Consort people, are actually on the board, I mean are there real live hoteliers on the management board?

Voice 2

Yes, there's a cross section of independent proprietors, and also employees e.g. the national chairman, a chap called Brian \*\*\*\*\* who has, is the general manager of a small group of hotels of which three of them are in Consort. So, he has a much more professional employee attitude against that, we have on the board in Scotland, John Morris who is the manager at the Station Dumfries, he doesn't own it. We have Terry \*\*\*\*\* who is a part owner of the \*\*\*\*\* House at \*\*\*\*\*. We have Noel Williams, who's family own the \*\*\*\*\* , we have Richard \*\*\*\*\* who is the owner, proprietor of the \*\*\*\*\* in Bath, we have \*\*\*\*\* who is the owner, proprietor of the Chichester Lodge, so there's a mixture.

Voice 1

But it's strongly

Voice 2

Yes, but it's a mixture, so you've got a good cross section.

Voice 1

And which firm of accountants do you actually use?

Voice 2

We use a company called Gardeners in Scarborough.

Voice 1

I see. So it's quite a...

Voice 2

It's a local one. I mean because again nobody, I mean, going back to like the \*\*\*\*\*, I mean our turnover there's grown from so many thousand to a million in four years, you know four years ago nobody would have even dreamt that was going to happen. When I arrived four years ago we had 80 hotels, we now have 200 full members and 160 associate members.

Voice 1

So, do you use different accountants for certain projects?

Voice 2

No. We tend to use them for everything but we have our own accounting team here, I have five accountants sitting up there. As such though, you know, going back again to what programmes can develop, we all the time are looking to develop our conference business, we've produced our first ever conference brochure or are in

the process of doing it this year and that will be the first one ever. We've opened up a sales office in Birmingham this year, we have a sales office already in London and Edinburgh for commercial sales with full time sales managers on the road, we envisage opening up a sales office in Bristol next year and eventually we will have one in every region, so each region will have their own commercial sales manager which will increase, and their objectives is to get conference business because that's the most lucrative business. And at the same stage promote the profile of Consort, and whether they go into a company and find that Exportel do their business they can still say to that company well book through Exportel our hotels and here's a guide of them, whatever.

Voice 1

But as well as penetrating further into the small hotel, medium hotel market in Britain. What plans have you got for

Voice 2

Well, your sidetracking me, but it's alright. Taking your point then, what is our objectives that way. We are at the moment talking to a major grouping in America about a link up in affiliation, and we are also looking and this is very confidential, we are also looking very closely at whether we could actually set up our own organisation in America for Consort in America. The American market is obviously a very big slice of the overseas visitors and a very important market...

Voice 1

You see that more \*\*\*\*\* important than \*\*\*\*\* in Europe.

Voice 2

Well we're in Europe. We have affiliations already with an Irish Hotel Group \*\*\*\*\*, which is a very big market for our hotels again. It's amazing how many hoteliers in Britain don't realise how big the Irish market is, and I'm glad they don't because we've tapped it very well. I don't want to lose that market share.

Voice 1

I found that out when I was selling computers, \*\*\*\*\* olympia in the late 1970's, you just don't sell computers off a stand \*\*\*\*\* not in those days when there were \*\*\*\*\* prices. And we sold five and they were all Irish.

Voice 2

The Irish markets very big, so we have an affiliation with hotels in Ireland, we have an affiliation with hotels in Spain, Austria, Holland and France and we actually have a European association which meets twice a year to develop it. We're going to actually have a

name for an umbrella, but they will all retain their own individual names in the market place, we will not go down the Best Western route for all becoming whatever it would be because we've always spent a lot of money, time and energy in developing our own product name in our own market and we will just be an affiliation umbrella of similar types of groupings. And so yes, I see that important because what it will do is increase the profile and the exposure of our hotels and their market places and that's important.

Voice 1

Speaking in broader terms across the whole spectrum of the market consortium, there seems to be a great fragmentation of variety of, from the very big to the very small, I mean there's even an up market bed and breakfast marketing consortium and farmhouse marketing consortium can you see this niche type of consortium continuing or is it just a flash in the pan?

Voice 2

No, I mean, I think to be quite honest whatever the type of style or property you've got, if you want to get the best value for money or your marketing advertising promotional efforts, then the best return with the best professional expertise, then I say that you should be in a consortium of some sort, if your running your property to make money. If your running your property for fun and a hobby, as some people do, then that's a different ball game.

Voice 1

A lot of them are obviously in that kind of position.

Voice 2

Yes, then it's a different ball game. What consortium you want is a different matter, we get members applying to join us and we say no your not right for us, but you can be right for Prestige or we think your for Inter because we see Inter below us, I mean let me get that clear because you haven't mentioned that one and that's quite strong in Scotland. We certainly see Inter Hotels as a lower grade than us...

Voice 1

They maintain that they're methods of \*\*\*\*\* membership is more rigorous than yours because they've got fewer members and they maintain that they have a track record of throwing out people from their organisation whereas at Consort is less likely to throw out, how would you reckon to that. That's their claim. In Scotland that's certainly statistically that there are a number of hotels that they've just said 'No' quite definitely to.

Voice 2

Yes, that's quite possible.

Voice 1

And some of these hotels they claim...

Voice 2

Have joined Consort.

Voice 1

As a sort of place of Latin refuge..... I don't wish to be.....

Voice 2

I've been quite amused here. Let me put it this way, I think that if I was predicting if there's any consortium not going to exist, Inter will be the one that will go, alright, there membership has not grown, there Irish operation which they include in their numbers, Southern Ireland, they include them in their 97 members which is about 17 in Southern Ireland have collapsed, their whole thing's broken up. They are, have stood still, and are standing still, and we have actually targeted as we have with Best Western their members in areas we want. Now when Consort was formed there were certainly one of two ex Inter Hotels that were in Consort that, were Inter Hotels who have been members and are very close to not being members, as we have tightened up our rules and regulations. To get into Inter, tighter than us, that's a lot of bullshit. And I could prove that to you by stodging them, by just, they just don't have any professional set up.

Voice 1

They don't have the affiliation.....

Voice 2

They have no organisation. They've been run by a chap called Ian Bell, who you either like or you hate and good luck to him. He's had total control over, he's made a lot of money out of Inter, in every brochure they produce his hotels on the front page. I don't know how he got away with it, but he did. The Inter in Scotland have some good members and there are one or two of their hotels that I would like...

Voice 1

The other thing that we do, is that we have a very close working relationship with one or two hotel groups in both Scotland and England, which we use in our \*\*\*\*\* programme. But we would not team up with another consortium. No way. We have a working relationship with Embassy, where their 50 hotels are in our \*\*\*\*\* programme. We have the best \*\*\*\*\* programme on the market place now. To such an extent that the AA who had the lions share of the business have got very panicky because we have secured most of their major accounts.

Voice 1

Do you see the organisations like the AA in particular looking at you in that predatory way.

Voice 2

No, I don't know what that, no I don't think so, not in that way.

Voice 1

It would \*\*\*\*\* a logical extension, in their activities, wouldn't it?

Voice 2

I think we're in a very nice position that the only way that Consort would dissolve, or disappear, would be through some internal problem within the organisation. Because nobody can take us over. I mean there's no shares to buy, or...

Voice 1

Is that one of the reasons behind the form of the cooperation...?

Voice 2

I don't think it was really that. No. I think it was felt..., see, I mean, the one thing that we can say is that, we run the organisation with staff in York who are paid by the members but have no allegiance to anybody. I mean, that is the problem in Inter. I

mean, I can tell you of hotels that are leaving Inter now, I could give you names to ring up where they get frustrated because some of the members are putting towards themselves. I mean, because the members do all the work. I would do anything to bring them down because, I think it would be good for the market place to loose them possibly and for me to pick up a dozen and Best Western would pick up a dozen and we'd pick up the dozen we want. But, I mean, see they talk about higher standards in their hotels than ours. Ian Bell, who you talked to was saying "well, only have three star hotels and plus..."

Voice 1

I should say this about Ian Bell. The first time I met him, on a wild goose chase, when I was selling computers, but didn't know the man. \*\*\*\*\* a team of three technicians, myself and someone else, down there with a mobile thing. The only time we'd see him, was half past four on a Friday afternoon. We were based in Manchester at this particular time. You know what it's like, these winding Welsh roads? We get there - and he denies ever wanting to see us. It's absolutely unbelievable!

Voice 2

Yes! That's mad.

Voice 1

That's completely "schizophrenic!" and his wife, sort of calmed me down a bit, until he had sort of come round, and he did come round eventually, but... "what a guy!"

Voice 2

But going back, see..., what I'm trying to say is that the members control the, you know, the organisation side. It's interesting. Let's put it this way...

Voice 1

What I believe about the organisation is - it attracts a core of very strong minded members, but, they know - they can get the bandwagon going in their particular direction.

Voice 2

Yes! To some extent. I mean, there is a hotel in Falmouth called the Movement, whose currently leaving Inter, whose been in there. And I was talking to Harry Pilgram and everything and... Yes! I think that's it. They have their meetings and meetings and they like to have meetings and luncheons and every month or every two months and like to feel their controlling destiny, but, their not making any progress forward, in the market place. I mean, we've launched a

brochure with a 500,000 print run in travel agents. We would do a million print run in travel agents. We are actually getting up and getting on and doing something. We employ 32 staff now. We had 7 four years ago. I'm projecting 50 in the next 2 years.

Voice 1

Before I come to the end of this particular session, the interview. Is there any question that has been, as yet, unsaid? That your surprised I haven't asked you?

Voice 2

No! I mean..., \*\*\*\*\* I see, you know, Consorts' development. Why are we going to become the consortium of the 90's. We've got to improve, and the one big area in which we know we have a problem is - our profile in the market place as far as customers of Consort. Now, that's got to be improved two-fold. We've got to get our hotels to project the Consort image, greater, within their properties. We have to project ourselves with money, which is image money. Which is not money I like spending, because image money is not usually.., you can't measure return. But, we did do, for the first time ever, TV advertising this year, in certain regions of the country on Channel 4, which we had a large response too, and we are starting to do that more. And our advertising spending will increase but, when we look at the market place and where we stand...

Voice 1

You must have thought of it? But, are you considering things like sponsorship, public relations exercise, rather than just above the line things...

Voice 2

Yes! We have our own public relations full time. I mean, we just did a publication relations thing, in relation to the elections. Which you might or might not have seen. Which got national television, radio, "New York Times", local radio, all sorts of things, which were election brakes. And we did election breaks and one of \*\*\*\*\* IN Scotland... and we selected 6 hotels and throughout Britain, initially, and we encompassed 2 or 3 more.

Voice 1

What I meant, was things like sponsorship of the "arts", or...

Voice 2

No! We haven't done anything like that. I mean, we've done a little bit of local sponsorship, we support a charity called "FAB" and we do a little bit like that, but no, to sponsor the "arts" or sponsor a sports event is big money, and we don't have that. I mean, our

advertising budget this year is £30,000 for actual advertising, of our £600,000. But, that reflects in the fact that, basically if I increased the membership by 25% fees, that would uplift me by another £150,000 and that £150,000 could all be spent on advertising. In other words, if we have a weakness, it's that our membership fees are too low. We don't charge commission. In other words, Best Western charge commission. If they place a group booking, they charge a commission. If they propose every individual booking, they charge commission through the central reservations. We don't do that. So therefore, we have a standard membership fee, which is lower than theirs' anyway. Which means that, rightly or wrongly, we have a situation where if you've got an 80 bedroomed hotel and your in Consort, you'll probably get about £6,000, and if your in Best Western you'll probably earn about £10,000, if your in Inter about £2,500. That really tells you where we stand in the niches. But, they haven't taken anybody from us. Now, you could say, it's because they don't want anybody from us. But we're only the only consortium which has a 4 star division. What we do have is a much wider range possible from 2 to 4 star, but again, one of the things we have identified is, that in certain towns, we need a 2 star and a 4 star for the different market place we're in and the different programmes we're doing.

Voice 1

So what you're doing, is really projecting the benefit of Consort to the public, not just to a membership?

Voice 2

Oh yes! That's what you've got to go for, punters and their bets.

Voice 1

Yes but, other people take a different view about what they're doing. They tend to...

Voice 2

But we don't run it as a club, or an association. We run it as a professional organisation which has got to make returns and it will be judged on its resource and successes. And therefore, we are very much there, to go for business from the public. There are so many products we do. We do a business with a club \*\*\*\*\* commercial \*\*\*\*\* salesforce, we have conference sale placements with agents, we have an overseas cartel programme. On top of that we do our own individual UK programme through travel agents etc.

Voice 1

Do you have a sort of form video for potential new members?

Voice 2

No! But funny enough, we've been looking at something like that. We've actually been looking at something, not a video, we've been looking at a cassette, tape, style thing.

Voice 1

Let's say, someone who's not familiar with the hotel industry had maybe gone into it by some other route, and now owns a hotel. Is it the credibility factor before they actually receive any service you give him, who do you...?

Voice 2

Well, I mean, basically we have a potential members pack - which is a professionally put together pack...

Voice 2

Is it possible to have a copy of that?

Voice 2

Yes! Which we send out to potential members. Now those potential members would be, either hotels that we've done a \*\*\*\*\* to and have responded to the \*\*\*\*\*. Or hotels who've telephoned and said, "could you send me something," or to hotels that write in. And even if we think the hotel is not suitable for Consort, we never say no. Because if their keen to join, we want to see them, we want to see their property because, what might be terrible property now, in twelve months time could be the best property in the world because they have spent 1/2 million pounds. So we never say no, at that stage. Then we would follow up by the membership manager doing a personal call on every hotel. So, I mean, nobody's recruited without somebody doing a visit, doing a presentation, and we run through everything and they've got the chance to ask questions. And then from that, the membership manager would come back and present to me and say I think we should... I mean sometimes we'll write somebody and say look, we don't think it's worth having you inspected because the cost of that is going to be £50 for you or whatever at this stage, what we would like to suggest that in 12 months time you re-submit an application.

Voice 1

Well thanks very much for your time on this. You've been very patient with me...

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Interview with Hotel's Bank Manager

AL: BW tells me that you have been with his bank manager for some time is that correct?

Bank Manager: Well almost correct. I have been the branch accountant here for several years and within the past two years I have been the branch manager. As a branch accountant I knew what was going on but did not make the decisions concerning BW's A/C.

AL: Could you please explain to me how the job of a branch manager differs from that of a branch manager?

JG: A branch manager is totally responsible for the lending. But I delegate some of my lending responsibilities to the accountant. Basically as the name suggests the accountant is responsible for the correct running of the branch accounting wise. This involves attending to such head offices directives as I have from head office regarding security, customer relations and promotions. The term accountant is peculiar to Scotland I think and as perhaps you will know from 30th September 1985 we are fussing with our sister bank Williams & Glands. They don't seem to use the term accountant and from October 1985 my accountant will be called the assistant manager. The pattern of the past five years really has been that the accountant is used more as an interviewing official or filter for me. He in turn tries to delegate more of his accounting duties further down the line. I find now that people/customers are looking for a degree of confidentiality in their affairs. Though perhaps members of staff not being able to cope with the customer and may be speaking to someone who is not equipped. They are more and more looking for an official. At this branch if I am engaged we have a small interview room out there and I delegate it to my accountant so that he can talk confidentially to the customers. I build up a relationship enabling him to lend to particular figures.

AL: When you first met BW you were in fact the branch accountant.

JG: That's right.

AL: How long ago would that be?

JG: I first met him when he was running a public house in Bowness, the Masonic Arms. I should perhaps say that..... that's why I mentioned the role of the accountant. The then manager, who has since retired, was the old style of manager. He was the manager and the accountant was the accountant and never the twain shall involve themselves in each other's jobs. The only time that I, as branch accountant, became conversant with speaking to customers, or indeed looking at the files here was when the manager was on holiday. Therefore I did, as all accountants try to do within the limited time available, make myself aware of as much as I could of it. We were never involved with customers interviews or visitations.

AL: Do you remember the date and circumstances in which BW first opened his account at the branch?

JG: Sorry I can not remember.

AL: Perhaps you might recall that he saw the branch manager and asked his advise about purchasing another pub. According to BW the branch manager advised him to be more ambitious and instead of a pub why not buy a hotel.

JG: I was at no time party to any bad advise concerning the purchase of an hotel. That would have all been done by the branch manager who has since retired.

AL: BW then found out that an hotel at suddenly came on the market. Following some negotiations with the then owner a deal was agreed upon. What appeared to be somewhat unauthorodox was that he came back to the branch manager and told would that he had just taken his advise and purchased an hotel and he now asked for the necessary finance. How would you have reacted to such a situation in the circumstances as I outlined them?

JG: That's certainly not the way its done now. A few years ago perhaps that may have happened. if you are going to go on to ask me what one would have looked for then I would have looked for the usual standard accountants cash flow together with at least three years previous trading results. In that situation I would have visited the premises plus would have taken with me a valuation profession. I would have physically with my own eyes have gone to see the place because that's the only way that I would be able to put a proposition to my superiors.

AL: How much personal autonomy do you currently have over lending?

JG: I have here a lending limit of £15K which these days is quite small.

AL: Is it this amount for historical reasons or is it upgraded annually?

JG: No its usually upgraded annually. While these figures may seem quite low to you I understand that in other joint stock banks in Scotland they are controlled even tighter from head office. We feel in the Royal Bank that it is appropriate, while I would agree with you that £15K now is a fairly low limit.

AL: According to BW the financing of the purchase of the was done entirely by using a bank overdraft facility of £80K. This was done so that he could continue trading in the Bowness pub until he was certain that he could get what he considered to be a fair price. In your opinion what kind of financial arrangements would you consider to be most appropriate where a customer wishes to purchase another business whilst hanging on to the first business until a good price is obtained?

JG: I would never encourage a customer a customer to do this sort of thing. Its almost like open ended bridging. I don't think we would like to see a commitment on the part of two businesses. It would be in our submission to our superiors that there must be a commitment to sell one business at an agreed figure within a specified time.

AL: So would you have recommended an overdraft?

JG: Effectively I would probably gone for a bridging loan.

AL: Over what sort of time period would you think it reasonable to continue with this sort of bridging facility?

JG: A short period.

AL: Weeks, months or years.

JG: Less than a year.

AL: As you may recall the then branch manager chose to give BW overdraft facility. Even when the pub was eventually sold for around 40K the £80K O/D was not significantly reduced. The ~~was~~ was under capitalised to the extent that the majority of the bedrooms were needing refurbishment. In the second year of trading he had to spend around £50K on upgrading the bedrooms. Were you involved with BW's A/C at this stage?

(A LONG PAUSE)

JG: You are asking me a series of questions which, unfortunately, I am unable to answer. Because I certainly make any any of these decisions it was the branch manager who has since retired. But I do find your resume interesting.

AL: Following the refurbishment (which again was funded by increasing the overdraft facility) there was a catastrophic fire which destroyed all the newly completed bedrooms. This happened immediately prior to the start of the summer claim. The assessor said that only half the damage was actually covered by the policy. The initial advise concerning the provision of the insurance company which was owned by the bank. BW's version of events is that the assessor was over zealous and the bank mislead him about the extent of the cover contained in the policy. In view of all the circumstances the bank and insurance company reached a compromise whereby BW received 60% of the value of the damage. The hotel was now in a desperate situation because it was without bedrooms at the beginning of the season. reconstruction started immediately which once again requires funding. What type of financial arrangements would you feel would be most appropriate in this situation?

(A LONG PAUSE)

JG: It has to be an overdraft facility I think. A fluctuating facility with an agreed limit within the context of the valuation of the establishment once the refurbishment was complete with a review from time to time with audited accounts. From memory I think that's the way it went along. It was not in the early stages the basic hard of debt was not put on to a business term loan. It was kept on an overdraft.

AL: At one point the trading history the overdraft approached something like 80% of the annual turnover. About a year later the business suffered another disaster. A tour operator cancelled, at short notice, all the forward bookings which then represented about 50% of BW's annual turnover. When you are considering the merits of a business term loan application which of the following three do you most value? The residual value of the property, the projected future earnings or the quality of people running the enterprise?

( A LONG PAUSE )

JG: That is a difficult question to answer.

AL: Let me repeat the question. Would you rather have a really talented person with sound business record running a business based on run down property which had had a poor trading history or would you rather have someone who is not terribly talented with a property in a prime location with an average trading history? Which of these two situations would you prefer to deal with?

JG: That's and even more difficult question to answer. That's quite hard for me to here and now to actually answer.

( A VERY LONG PAUSE )

Can I think on that one and come back to it later?

AL: When you have a customer trading where the overdraft is getting more or less equal to their annual turnover at what point do you think that the overdraft (which is really supposed to fund short term financial requirements) should be restructured into some other financial arrangement?

JG: I am trying to relate your question to the hotel. As you will appreciate without wishing to put responsibility on our head office. It is that when the facility is in excess of the limit then its their policy that's carried through. Its to answer these questions in relation to the lines that were actually took I find quite difficult.

AL: What you appear to be suggesting is that perhaps once head office decides that an overdraft is appropriate for a business they are more likely to pursue that than restructure into a term loan at a later date?

JG: Yes I think that must be so. Are we still being recorded may I ask?

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AL: Yes we are.

JG: I see. If I might deal with the hotel at this moment as I see it. The stage has now reached that we now have increasing turnover, we have a position where in the accounts we are getting away from a deficit capital situation. We are at long last getting to the stage its becoming to prove to me that the abilities which we felt this man had are coming to fruition. I have learned of the drive, the expertise, the contacts, the greater versatility of type of business that he has brought into the fold so to speak. That we are thinking now in terms of switching a particular portion of his overdraft on to a business term loan. Now this has just happened in the last week, because a communication came to us raising this hypothetical question, and with our sending I think it was the accounts to the end of July continuing to show that the progress that is being achieved. The bank has lived with a situation of £200K facility where it has been seen no effective reduction in that debt. The business has merely been kept together as far as I can see by the fact that the facility has been there. there has been no reduction. In other words all the creditors are being paid and the debt owing to the bank is certainly in no way reducing, nor are we seeing element of the progress of profitability that the business is making bringing down the overdraft facility. But there again its true to say that if the bank didn't continue to with its policy of making available to BW the continued £200K facility there could be some very serious consequences. There is a history of VAT and PAYE sums owing and effectively they were only paid and the machinery of the enterprise kept going because of the continuing £200K facility. the bank I don't think is particularly pleased at the continuing feature of reliance on the bank to that extent in other words they have seen over the past years, as I have picked up from the correspondence the availability of these funds to keep the business afloat effectively. I acknowledge too that now BW has gone ahead and tried to obtain grants for more refurbishment, because we appreciate that certain that certain standards have to be maintained to some extent and at least contained. We will meanwhile continue the facility of £200K which will assist him in his cash flow problems of getting tradesmen, new furniture put in hand so that in turn he can submit his grant application to the authorities concerned. One wonders if in fact this is the right time to be considering a business term loan. Because if we set up a business term loan the bank is looking for repayments of the capital element in this. There is also aspect that if the bank commits itself on a BTL then there is very fact of commitment. The bank has got to be satisfied that from the results that are being produced from the audited figures that the BTL can be serviced. Because there is a commitment by the bank. Which I think highlights the basic difference between the overdraft and the business term loan. There is a commitment on the part of the businesses that it will be able to service the BTL in terms of capital and interest. I am wondering if at this stage whether or not this is infact the right time.

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AL: From the customers point of view one of the draw backs of an overdraft is in times of economic uncertainty, with fluctuating rates of interest and re-insurgence of inflation the costs of an overdraft are highly variable and can be very expensive. At least with the BTL the servicing requirements are known and the costs can be dealt with in a more orderly manner. Would you agree with that?

JG: Yes that's true, but the interest rate of course is still geared to the bank's base rate.

AL: Would I be right in thinking that the actual interest rate for an overdraft vis a vis a BTL would be lower?

JG: No that wouldn't be so. The reason is that once the bank commits itself on a BTL it sets out its term on a loan agreement and there is a firm commitment on the bank, subject to certain conditions, that they will make available the BTL facility over a given number of years.

AL: But not at a fixed rate of interest?

JG: That's right. At the present moment it is charged at a margin that is dearer than that being charged on an overdraft. Because of the element of commitment being exercised by the bank when a BTL is in operation. As against an overhead which is renewable in terms of the banks opinon. The interest is agreed at the outset but it is not fixed.

AL: Can I bring you back to that rather difficult question I posed to you earlier. Which type of loan application do you prefer?

JG: Your question has not become any easier with having more time to think about it. Its quite a difficult one to give an immediate response to. So much of it is geared to the individual case. I don't think I would immediately like to answer that in terms of black and white.

AL: Lets assume that the loan application does involve a substantial amount of money and you had had to become involved in the decision. Presumably you would indicate in your report your own opinion of the loan application.

JG: Yes I would.

AL: Under normal circumstances would head office endorse your judgement?

JG: I would think so. In my experience here in the last year I can think on one example where I went along a particular path. There was a customer who had first class recommendations both to my personal knowledge of having talent brought out from bringing forward from a low turnover situation two businesses where we, the bank, felt that the potential was there. We found that I backed the individual that had had that talent, that had the expertise, that had the marketing

flair but what let that man down, in actual fact, was the rather unprofessional approach by a firm of accountants. Here was a chap where despite the assurances that we were given, in the form of figures produced by the firm of accountants, which did seem to us in relation to the environments, the customer base and the property quite reasonable. Sadly the expectations in that case did not materialise. For in my particular case having learnt from hard experience I would seem to have put too much stress on the undoubted talents of the customer. I now am in the process of rethinking my position on this important question. Before this experience I would probably have taken the view that a customer with a property of low value rather poor turnover but with a mediocre track record occupying a property with a high residual value.

AL: How would you describe the attitude of your head office has to risk?

JG: The risk element is always a matter of judgement which will vary form time to time and be coloured by peoples personal experiences.

AL: Many people who do survive in business so despite some quite horrendous experiences. Some banking circled in the US for example are known to take the view that where a substantial loan application is being considered business failure at some point in the applicants track record is taken as a good omen. Would you consider that a customer with a history of business failure was a high risk or would you take the view that this customer had already learnt some important lessons from his past experience and he is unlikely to repeat them?

JG: To me these questions you asking are too black and white. Thats the role of this job to try and take on board the various factors of the proposition before you. I can not answer you. i do not have a manual on risk assessment. I am not being frivolous in any way. i haven't got specific guidelines on a check list.

AL: Within the training that you have received from the bank, particularly on the residential courses away from your place of work, how much personal help did you get in trying to improve your skills in assessing the validity of the loan application. Not only in terms of numbers but also in evaluating the people making the application?

JG: The only answer is knowing your own local area well and the business environment you are operating in.

AL: Of the courses you have attended how much use of case histories of business success and failure is made use of?

JG: Case studies are being used more and more frequently. the courses that are now being offered by this bank to younger mane than me are in greater depth than in my generation.

AL: How new is the case study approach in the training of bank mangers?

JG: Within the last ten years I have known of case histories which have been presented to us under training conditions.

AL: How frequently do these courses take place?

JG: From my own experience I have been a manager for six years and I have been on one lending course of one weeks duration and one farming course of one week. Now that's the only theoretical support I have had to do my job.

AL: But your somewhat brief exposure to training has been, in your case under pinned by a considerable amount of experience.

JG: This is the difficulty, but I am in no way on tape, prepared to say any thing against my employers but the system that my generation has come through as such. And it goes back to how I initially started the interview. The man out there is the accountant and the man in here is the manager and never the twain shall eat. this in my era of training in banking was the disadvantage.

AL: You remember when it was that you first handled his a/c?

JG: I didn't handle his a/c. You see your not talking to an ex-assistant manager who was out there unfortunately, your talking to a guy who can answer your questions in terms of 1985. When I came back here as the branch manager. the manager BW is talking about his retired. the next branch manager has also retired and the most recent branch manager before my arrival has now left the bank.

AL: The reason why I was interested to know whether you were handling his a/c in 1983 is that in that year BW put into business around £31K of capital. When I asked him why this happened he replied that bank was putting pressure on him to inject more equity into the firm. Was this your recollection of the events?

JG: Wee certainly as I understand it the bank lived with situation for a number of years where they were seeing any in roads being made into the overdraft facility. The concern was presumably that as time went on and interest rates fluctuated that the burden of interest was becoming quite awesome.

AL: BW's interest payments at its worst was nearly 25% of his annual turnover.

JG: It must have been getting to the stage that the level of accommodation couldn't be serviced. This is the basic approach of all lending that its got to be serviced.

AL: So you appear to only know BW for about a year.

JG: In that sense yes. In a managerial role that's true.

AL: You have known him as number of years previously as the branch accountant?

0103

JG: Yes in that role I knew him as an individual.

AL: BW has had quite a few business problems, which know doubt in your experience you will have met before in other entrepreneurs, what is it in BW's case which has enabled him to over come his business problems where others might have failed?

JG: The sheer guts of the chap to soldier on and bring to the business enormous energy and talent to find new customers and new markets.

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(B)

AL: What do you think is one of his main weaknesses is which he must guard against?

JG: It must be his lack of management accounting expertise and the cashflow situation. the inability to control the expenditure as against income and not to incur the displeasure to any marked extent of the revenue and the VAT authorities.

AL: If you were in a situation where a customer had a large overdraft and was experiencing difficult trading conditions and you as a banking profession didn't feel that your customer's accountant was doing a very through job for him would you feel behoved to point this out to your customer and perhaps suggest an alternative accountant?

JG: Indeed I think I must do this in those circumstances. On reflection in the previous case I mentioned to you involving a talented customer who was let down by his accounts misleading financial projections we in fact did that. At the later stages him did just that and brought in a firm of much more professional accountants. Who either through their expertise or individual flair and knowledge of the industry had a much better grip of the situation.

AL: Certain accountancy firms will be known to you as having particular specialisims which are more relevant to certain of your customers?

JG: I would agree with that.

AL: At what point would you say to a customer I notice that Mr X is your accountant from XYZ firm but did you realise that Mr A from ABC accountants have much more specialist knowledge of your type of business? Is this something you would volunteer or would you expect the customer to first ask your advise?

JG: We would not expect the client to ask the bank to comment on your performance of an accountancy firms services or efforts. Because we are nor equipped to comment on an accountants expertise. Its only when wee see that targets are not being achieved and the cashflow is not marrying up with statement which was prepared. These targets prepared by the accountants form the basis of our assessment of the acceptability of the lending situation.

0104

AL: As a branch manager what kind of actions do your customers do which displeases you the most?

JG: Capital expenditure by my clients. Where in our view we didn't feel that the purchase of a particular item could be justified by the turnover or the type of business the firm was doing or the margin which would be earned by its use.

AL: This is the type of purchase which would involve some of you funding?

JG: That's right. But sometimes of course we do not becoming involved in the funding and the customer goes to a leading company or finance house because the customer perhaps thought that bank would be unlikely to extend the limit on a particular facility. That upsets us because it is putting additional; unbudgetted strain on the cash flow. It also disjointing the view that we took for the future.

AL: What you appear to be saying is that the first you often hear of this type of additional expenditure is when the standing order forms come in?

JG: Yes

AL: If your customers have funds from several different sources this limits the financial flexibility you have to help your client in the future to perhaps roll over the sources of funds into a more appropriate financial package in the future?

JG: We find that a decision has been taken on the expenditure of a capital item of which we had no prior knowledge we then have to visit the premises and see why he has bought such an item. On what grounds did he buy it and whose advice did he buy it?

AL: Are you saying that many customers are unaware of the scope of expertise which banks can offer today?

JG: All too true unfortunately. These days few financial transactions can not be adequately handle by the major banks or their associated companies.

HOTEL 1

Interview with hotel guests on 15.9.85

AL: How many times have you been to this hotel?

Guest 1: About three years.

AL: Why do you come here so frequently?

Guest 1: Well it's like this staying here it's like visiting friends, it's not at all like being a paying guest.

(46  
old  
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Guest 2: I would agree with that and also say that I like the way I do not have to make any decisions because the hotel tells me when I have to eat and orders my life while I am here. it feels like as though we are a herd of cows being gently nudged from one pleasant grazing pasture to another.

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AL: What is it that makes this hotel so special from others of a similar size but which perhaps are not as agreeable?

Guest 3: When you stay here you are made to feel very welcome and almost one of the family.

AL: What do you enjoy most about your stay in this hotel?

Guest 2: Not having to think and switch off completely.

Guest 3: For me it's a chance to be with my husband because he is so busy normally when we're at home with his work, it's the one time when we can spend time together.

Guest 1: It's an opportunity to make new friends and renew old acquaintances.

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HOTEL 2

Interview with one of the Joint Proprietors

13/6/86

AL: When and where were you born?

NB: In north of England in 1936.

AL: Which part of England would that be?

NB: In Cheshire about six miles out of Manchester.

AL: Do you have any brothers or sisters?

NB: No but I have a half sister.

AL: How did your father earn his living?

NB: He was a chief clerk on the Railways in Manchester.

AL: Is there a long history of your family being involved with Railways?

NB: My grandfather also worked for the LMS.

AL: Were there expectations that you might follow in his footsteps?

NB: No. I was allowed to do what I had chosen to do and they were relieved that I knew what I wanted to do.

AL: Did you go to school locally?

NB: Yes I went to Manchester Grammar School. When I was at school I was quite fond of cooking. It was quite difficult admitting this to the careers master at Manchester Grammar School and I was outlawed for a while. An Aunt suggested to me that I should go to hotel school. I didn't know that they even existed. The Grammar School in those days actively kept information like that from you.

AL: What qualifications did you leave Manchester Grammar School with?

NB: 8 'O' levels and under a cloud. Because they wanted me to stay on and then go to University. Now I wish I had done of course.

AL: They were annoyed that you didn't stay on for 'O' levels?

NB: Yes because they thought I would be good University fodder.

AL: What made you choose the particular hotel school you ended up at?

0106

NB: I checked out Blackpool I found it was in the top 3 in the country.

AL: How old were you when you went to Blackpool?

NB: Almost 18. I was there for 3 years and it involved working in the holidays. I worked in Cornwall and the following year I worked in a very smart country club in Bembridge in the Isle of Wight.

AL: After Blackpool what came next?

NB: I didn't have nay choice I had to do National Service for two years. There were to goals I had when I was young; one was to go to Manchester Grammar School and to go into the guards. I thought the sensible thing to do was to go into the catering core. As it was I was very lucky. I failed Wasby (officer selection board). I finished up as the personal cook to GOC in London. Which was about the best job going in that field. I was just over a year in that position. I also had basic Army training in cooking.

AL: Did you manage to unlearn everything you learned at Blackpool?

NB: Oh no they were very good. They had all done their basic training in the best hotels.

AL: What came after National Service?

NB: I went to work in France for two years. I worked in the Tour D'Argent in Paris for 2 years. Not only was it excellent experience I also learnt French.

AL: How did you manage to get that job?

NB: By luck I managed to get myself a scholarship from the HCI which was worth £100 which was an awful lot of money in those days.

AL: With this experience it must give a lot of confidence.

NB: Confidence was increasing but I still lacked quite a bit of it. In fact that is partly why I returned to Britain and got a job in the reception area of the Norbreck Hydro in Blackpool there I learned machine accounting. I was there for about 18 months. I then moved to Edinburgh and got a job as a receptionist at the George Hotel. I rose to being reception manager then the staff manager and then the personal assistant to the general manager during the 8 years I worked there. The company was then taken over and I was dissatisfied with the new regime. They wanted to lower standards by reducing the level of personal service. At that point I started looking for an hotel of my own in the country.

AL: Do you consciously remember earlier on wanting to run your own business?

NB: No I think it is something which developed over quite a long period of time. Standards were dropping and the only way I could see myself working in environment which suited me was to have my own establishment. It became increasingly impossible to keep in contact with regular guests at the George Hotel.

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AL: What was your next move after the George?

NB: I moved here in 1968.

AL: How did you raise the capital for this venture?

NB: It seemed like a lot then it wasn't really. Hector and I had bought a flat in Edinburgh so we were able to raise money from that.

AL: So when did you meet Hector?

NB: In 1965 I suppose. He used to work for a printing company. They changed the type of work they were doing and Hector was also dissatisfied with the new work they were giving him.

AL: How much capital did you have to raise?

NB: It cost us just over £10K in 1968.

We got a topping up loan from a finance company in Edinburgh. I knew them because they were customers at the George. What state was the internal fabric of the building when you took it over?

NB: In quite good order, but only just. It was a run down boarding house.

AL: Do you remember what time of year you actually took it on.

NB: Early Spring. Hector was rolling newspapers in our Edinburgh flat on a Friday night to light the fire and he saw this rather poor photograph of the Tuluch Lodge. On the following Tuesday we went up to see it. It was in February and we went over to see a Solicitor in Inverness who was recommended to us. I think he thought we were rather a nuisance because we had looked at a number of properties before. We got the hotel on the Friday. I rang up Hector and told him to put in his months notice. I have never had to do that before so I plucked up courage and did it.

(34)

AL: Do you remember how your business was originally incorporated?

NB: It was and still is a partnership. There was equal amounts of capital raised by Hector and I.

AL: Was this arrangement something you were advised to do or was it your own choice?

NB: It was cheaper to do it this way. If we were to fill the grounds with chalets or buy another hotel then it might be more sensible to form a limited company. We have a partnership agreement which we did not have before.

AL: How long did you trade without a formal partnership agreement?

NB: We had a rudimentary partnership agreement from the day we started. Which the solicitor advised us to do. It did not take account of what might happen on the death of one or other. Now we have got wills and partnership agreements.

AL: When one of you dies what happens to the estate?

NB: The business goes to the surviving partner. If the surviving partner wants to sell it then deceased partner's family will have a certain % of the proceeds.

AL: When you originally purchased this business what % of the capital cost to you raise between you and how much did you have to borrow?

NB: Including lawyers fees and taking over the wet stock the total price as around £12K. We put in £2K each and borrowed £5K from a friend, who wanted very little interest on it with a 10 year pay back, and this was topped up with a finance company loan.

AL: You took over this business just before the main season began. How did you go about getting customers in that first year?

NB: We had to sit and wait. We tried an advert in the Scotsman which was expensive and produced nothing. The turn over in the first year was £8K. On which we were able to make a very modest profit which was all tied up in the wine cellar.

AL: Did you spend much on refurbishments to start with?

NB: No we couldn't we had no money. We just cleaned it up with a small of painting.

AL: Would you describe your business in the early days as a restaurant with rooms?

NB: No it has always been our idea to run it as a residential hotel. With the priorities given to the resident. If there is any space then we would do chance dinners. The least important is the bar.

AL: Do you remember anything in particular that you did get quite wrong in the early days of the business?

(long pause)

NB: We do the same set menu as we have since we opened. I have always done the cooking.

AL: How do you account for the relatively smooth initial trading period?

NB: I think that I would have liked to have done a smarter operation from the beginning. Country House hotels in the 1960's were not fashionable.

AL: At what point did you get a mention in an hotel guide.

NB: Yes I remember that well it was the Egon Ronay Guide in 1970. This had a measurable effect on the business. We turned down the AA we do not like the way they monitor or classify their hotels in the guide. We appeared in the Michelin Guide the first time it came out. The Michelin Guide is good for European customers rather than British.

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AL: You now have a reputation which has been recognised both by customers and guides so what made you decide to become involved in the Pride of Britain Consortia?

NB: Relais Chateaux was too expensive. In 1981 we had a very bad year and we began to worry about the future of the business. We only managed a 40% occupancy. In Scotland for some reason it was a very bad year.

AL: What kind of negotiation procedure was involved with the Pride of Britain?

NB: It required us to make up our mind. The chap who put it all together Gerry Milson who runs the Tolbooth in Devon. He is an old pal of mine. We would have got in on Gerry's say so.

AL: I had heard that people who run this Orient Express style train in Scotland use your place?

NB: The train is an associate member. We have one or two customers a year who use the hotel either before or at the end of their trip. I think it benefits the train more than us.

AL: At what point when you first started did you decide that you were going to try and trade the whole year?

NB: For the first 8 years we tried to stay open all year. The winter business is non-existent. We are too isolated here and we get blocked in by snow too much.

AL: How do you than manage to keep good staff during winter?

NB: We have always paid one or two staff through the winter. This year we are going to have three. In fact what I am going to try and do is to farm these staff out to friends restaurants in the south of England during the winter.

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AL: Do you now believe that the survival of your type of business is dependent on quality rather than the prevailing economic climate?

NB: Yes in this operation the break-even point is about 40% annual occupancy. If we can get 30% of our occupancy from our repeat business and 20% personal recommendation we can get the rest from chance drawn in by recommendations in guides.

AL: My final question where do you go for a holiday?

NB: I am a committed hotel man I love hotels, I think we are all failed actors. We have to put on a show.

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HOTEL 2

Interview with one of the owners

3/7/86

AL: How did you choose your solicitor?

HM: We were advised by a friend in the business to use Square Middleton in Inverness because they had many hotel clients and they knew the business. It was the same for the accountants; Milling. He asked us how many bedrooms we had, what was the quality of the furnishings and where the hotel was and he said our turnover in the first year would be £10,000 and we would make a small profit of £2,000. He was right almost to the penny. For four years after that he gave us similarly good forecasts. He then unfortunately retired and the firm was absorbed into Ernest Whinney. We have no real reason to stay with this firm after the merger. We have more or less decided that when Mr Melis retires we will probably move our business elsewhere.

AL: What do the accounts give apart from annual auditing?

HM: Nothing else we do the books ourselves to the last penny. All the accountant does is to give his stamp of approval.

AL: How would you describe the distribution of the work load between yourself and Niel?

HM: It is quite simple Niel basically does the cooking. This was before his illness. And also the bookwork and wages. We use a preparatory system of accounts and PAYE. I am responsible for the staff and front of house (dining room & bar). Up to two weeks ago I would be in the dining room every day.

AL: Following Niel's illness how has this changed?

HM: It hasn't changed at all. But what we have done since. After Martin left we then advertised again and we got a girl general assistant she stayed a summer and she was quite good. That was the year after Niel's illness so that relieved the pressure a little. Unfortunately she did a midnight flit. She stayed with us the whole year and we sent her to Paris France for two months and paid her full wages as well and she came back and we went for 10 days to Spain and when we came back at the start of the season one busy Friday she disappeared; and never saw her again. We then advertised again and got another girl who absolutely suited the job and she knew all the best families in Scotland and it was a revelation to watch her. She apparently had come to us on the rebound from her boy friend in America she was 28 years old. One night the boy friend phoned up from America and asked her to come back and she did.

0112

AL: How frequently do people in the Pride of Britain actually sit round the table and talk to each other?

HM: They have a committee which sit once per month. They do a lot of work, neither of us are on it because we are quite a small hotel and it would be too expensive travelling all over the country to go to meetings. It tends to those who have larger establishments who often have managers running them. We do go to meetings of the Scottish members we had two last winter. The next meeting will be the end of the summer.

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HOTEL 2

Interview with the accountant

Interview Accountants Inverness September 1986

AL: How many hotel companies do you deal directly with through this particular office?

ACC: Its very difficult to say but it will be more than 50 but less than one hundred.

AL: Your office here is quite used to receiving information from proprietor run hotels?

ACC: Oh yes certainly.

AL: How typical would you say that the A/cs are of other similar sized hotels, both in terms of comprehensiveness and accuracy?

ACC: Very definitely much better than average.

AL: I have to say that I was quite astounded at the amount of detail they do produce.

ACC: Oh yes I think I would agree with you he is quite a nit picker is Niel.

AL: I take it that it is quite unusual to have such a detailed analysis of costs of revenues in an hotel of this type?

ACC: Oh yes everything he does is meticulously done in great detail. Without being too discouraging we would be perfectly happy with much less detail.

AL: How has the valuation of their property been arrived at?

ACC: All the property valuations are shown at historic cost, unless otherwise stated. If the owners wish they can revalue their property at any time.

AL: What comments, as an accountant, would you have make concerning the cost structure as shown in the profit & loss A/c? In particular the different levels of gross profitability which have been achieved in the three main revenue areas; food, drink and accommodation?

ACC: The margin on drink in 1982/3 were about 35% It ought to have been a little higher I would have thought. Having said that I think you will see a marked improvement in the current year. In the year to April 1986 it is in fact 56%. Even that is low for a luxury place such as the

0114

Why it has been very low and is still quite low I don't know. I remember asking them in 1985 about this drink gross margin percentage. I think the main reason for the short fall would be that all his income from drink does not get fully recorded.

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AL: He does not have a cash register in other words.

ACC: When guests have a meal perhaps theirs does not always get recorded.

AL: What sort of margin would you expect from this type of sales?

ACC: In an up market establishment liquors sales should be 40% plus quite a bit more.

AL: Industry norms are in the order of 60%.

ACC: Well I do not know if they can boost their prices up to that level. A down town bar or social club would probably yield 35%. If you are talking about London Hotels may be it is 60% or higher. The Tullich Lodge hotel are getting better they got 56% last year.

AL: Their room rate is 55 per person per night. Always bearing in mind that their annual turnover is only shown at around 100K.

ACC: Well its a short season. Its an up market place. There aren't many bedrooms, the amount of income they can generate is very limited.

AL: I am correct in thinking that the Inland Revenue are more likely to accept a situation where there are few major fluctuations in revenue?

ACC: I think that is the case.

AL: Do the Inland Revenue take a view about what level of costs are to be charged to proprietors for being able to live off the business?

ACC: The resident benefit is assessed as a standard amount. What we do is agree with local revenue an adjustment for their personal residential benefit.

AL: Would it be true to say that this standard assessment is as much for the Inland Revenue's benefit as the client's?

ACC: Yes I think that is right. They tend to run now as mainly looking at exceptions to what have been established as appropriate levels. They do not examine every A/c in any tremendous detail nowadays but if there are things which do not look right they will look at it in depth.

AL: Speaking as a dispassionate accountant what do the figures for this hotel suggest to you?

ACC: 1986 was exceptionally successful and 1985 was a little disappointing, the result was affected in that year by a heavy repairs expenditure. On the whole I would say that it is a pretty well run place.

AL: Don't you feel the sales are rather disappointing given the levels of occupancy they have and the reputation which they undoubtedly enjoy?

ACC:

with limited accommodation with a short season. It seems to me that you stuck them with a fairly limited revenue. They are an up market place and what they are aiming to do is make the most they can out of the rates they charge for their services while they can. (3)

AL: This is not reflected in their gross margins on drink or their sales revenue on accommodation?

ACC: Well it is this year.

AL: In the previous five years the highest gross margin they have had is about 39%. Speaking more generally about the difference between the ~~hotels~~ and other hoteliers you know, what other main differences have you noticed?

ACC: Yes, I do not know how well you are acquainted with small hotel records. But quite a number of them have very little information and keep very minimal records. All I usually get are a combination of the bank statements and invoices. Although with the introduction of VAT there has been an improvement. (4)

AL: Do you ever get people turning up with "three shoe boxes" of data containing in out and pending?

ACC: No the shoe box regime is all but killed off by the VAT requirements.

AL: Would you say the balance sheets over the past years are problem free?

ACC: No problems that I am aware of I don't think.

AL: What about the capital structure?

ACC: There are no other equity interests represented.

AL: Is that relatively unusual in your experience to such low gearing?

ACC: What you get up here is a lot of HIDB finance of various forms. Both loan and grant.

AL: The fact that TL seem to have a sizable overdraft, is that a factor caused by the date of the year end?

ACC: This year we had a bank overdraft of 46K. That reflects the expenditure within the year.

AL: Do you advise them on short term investments or do they do that themselves?

ACC: No they seem to manage that quite adequately for themselves. Oh yes they did have an overdraft after all in 1981/2, that's right. In 1984/5 the partners made a substantial withdrawal. H MacDonald withdrew 24K in April 1986, N Banister withdrew a substantial amount the year before. They have acquired a separate property as I remember.

AL: How did such a large firm as Ernst & Whinney come to be established in Inverness?

ACC: In 1976 was amalgamated with E & W. They basically moved here to take advantage of a proposed petro-chemical development which in fact never took place.

AL: How would you react when I tell you that so far in my research amongst similar hotels is that they, with exception of the TL, all seem to have minimal forms of record keeping? Profitability seems to be almost a by-product of what they do.

ACC: Yes I would agree with that. It is normal for these types of businesses not to keep good records and they do not use financial information as a basis for planning. They do not look at last years accounts and see how they could improve next years business. In other words the accounts are regarded by most hoteliers as just another chore which has to be done for tax purposes.

AL: With some of your clients this will involve quite a lot of tooting and froing trying to establish exactly what these documents actually mean. I have heard it said that those hotels who keep good cash records and details of room occupancy tend to be the ones who are most likely to be doing better than their competitors? How do you react to the statement that where meticulous records are kept it sometimes can be a good indicator that the business is in fact experiencing trading difficulties?

ACC: Yes there is an element of truth in what you are saying. But speaking as an accountant I do not endorse them fully.

AL: This can also extend to the frequency of stocking. In a large hotel drinks stocks are taken either weekly or monthly. In smaller hotels it can range from once per season to twice per season. What kind of frequency in stock taking of drinks would you expect your hotel clients on average to use?

0117

ACC: Where a client tends to employ bar staff from outside the family one would expect a greater frequency between stock takes. it is a sad but expected fact that many bar staff will steal liquor if the opportunity presents itself.

AL: It is relatively rare in your experience for hoteliers with seasonal hotels in this part of Scotland to retain key workers on the payroll even though the hotel is closed for five months of the year?

ACC: In my experience this practice is not very widespread.

AL: If you were giving advice to someone on the verge of buying a small hotel what kind of advice would you give them?

ACC: You must get an accurate assessment of the true turnover and the property itself. It has to be the type of hotel that you are interested in and would be happy in.

AL: How would some be able to satisfy himself that the turnover as stated in the accounts was a true reflection of reality?

ACC: You will find that no privately owned accounts are audited. Well in truth you cannot. The last thing anybody will do is carryout an audit of the accounts for things for which there is no statutory requirement for that. You just have to make the best of it. But you have got to remember that the presumption is in fact higher and not lower than the stated situation.

AL: What type of incorporation do you find to be the most widespread amongst your hotel client base?

ACC: Well partnerships do require formal incorporation.

HOTEL 2

Interview with the commis chef (September 1986)

AL: How did you first find out about the amount of money you were going to receive in the form of wages?

Chef: We negotiated a wage which was agreed by both of us.

AL: Was there any mention early on of the possibility of retaining your services with pay during the close season?

Chef: Yes it was agreed at the interview that I would get the same wage all the year round even when the hotel was closed. (38)

AL: What type of questions did they ask you about the job you were then doing?

Chef: They knew my previous employers quite well and really understood what I had been doing before I met them.

AL: Apart from wages in your current job what happens about gratuities?

Chef: All the money received is given to either me or the housekeeper. The gratuities are then distributed weekly. We decide who gets what and part-timers always get less than full-time staff. (38 (a))

AL: So I am right in thinking that Wilma (housekeeper) and yourself get exactly the same as the dining room staff?

Chef: Oh yes just the same. (38 (b))

AL: Did you expect that form of share out here or were you surprised?

Chef: I wasn't surprised because it's just the same set up as where I worked before.

AL: Was the level of gratuities there more, less or just about the same?

Chef: Being a restaurant it was probably a little bit more.

HOTEL 2

Interview with loyal customer

AL: How did you come to first stay in this particular hotel?

Cust: I stayed here 1962 with my family and we loved the place. That was before the present owners were here. The building is special for us and we loved it. The previous people were not so special to us and we had no relationships with them. If the other owners had not left we would not have returned so often. When we returned we found that Hector AND Niel were now running things as though we were house guests rather than hotel customers. Because of their friendliness and good food we have been coming here a least once a year every year since 1974. We used to stay in a family owned hotel in Bavaria. We like this type of hotel because apart from my - son we have no relations. Year after year we went there because it was like visiting old friends rather than staying in an hotel as a paying guest. It was just the same type of atmosphere as here. One year we came to Scotland about ten years ago saw this place liked the look of it and we have been coming here every year since

AL: How would you describe the "family" atmosphere you have just mentioned?

Cust: Having been here for all these years when we arrive and stay here we feel that we are coming back to friends.

AL: Have any of your other family or friends also been to this hotel?

Cust: We came once with my brother, and another time with a friend of my wife. Last year we sent a couple of our friends from Marseille. It was the first time they were in Scotland even though they had travelled all over the world to Africa, Asia and US but never before to the UK. They also understood why we like Scotland and particularly this hotel.

HOTEL 2

Interview with Chairman of Pride of Britain Marketing Consortium  
15.6.87 Chairman of the British Association of Hotelkeepers and  
Restauranteurs and Chairman and Founder of The Pride of Britain  
Marketing Consortia

AL: Over the past three years as you know I have been studying six  
hotels of different quality standards in remote rural locations in  
Scotland. I have found that all of them have had very active roles  
with different types of Marketing Consortium. Does this surprise you?

GM: No because a small business really cannot allocate the funds  
necessary that is really purposeful in the marketing sense. I  
consider a small hotel business to be up to £1M turnover.

AL: What interests me is that you are in sense implying that people  
in these hotels have to co-operate with people who are actually  
competitors.

GM: That's absolutely right. But have got to realise that amongst  
the top three in Europe; Pride of Britain  
Prestige  
Relais Chateaux

are a group of establishments who give each other business by word of  
mouth recommendation. They do this because they are geographically  
separated and also they are all of a similar high standard. In other  
words they practice reciprocity.

AL: Could you please tell me how you yourself came to establish The  
Pride of Britain?

GM: Yes... I have been closely involved with running what is now  
called country house hotels for some 25 years. It all started really  
when I became the first British member of Relais Chateaux. It was  
like belonging to a good club. I learnt a lot about hotelmanship and  
made several very good contacts. I didn't see it as powerful  
marketing organisation. But it did provide a vital function for me,  
because at that time I was doing something quite unusual in Britain  
but was common place in France. They were a tremendous boost and  
moral support. I didn't even get as much business from Relais  
Chateaux but I did get peace of mind and wise council. It was  
rather annoying too because it was run by the French for the French  
in their inimitable chauvinistic manner. But from a marketing point  
of view I felt that you couldn't market British hotels under a French  
flag. The other thing was I didn't like being pushed around by the  
French telling me how to run my business. So I came out of Relais  
and said we'll look whereas when I started there were one or two good  
British country house hotels there were a least two dozen. As you  
will know the country house hotel is the flavour of the 1980's. It  
is the finest part of British hotel scene. It seemed to me that we  
ought to be doing our own thing. So I started Pride of Britain  
myself. Others had tried to do similar things themselves before but

had failed. You see I was fortunate because I left Relais Chateaux in a blaze of publicity. There is nothing like getting the British together and upsetting the French. With any marketing consortia you have to have a very strong powerful identity. Prestige was the first consortia powerful identity. Prestige was the first consortia to be formed in Britain some 17 years ago. When they were formed they did not have and still do not present to the public a very image of what they are about apart from representing the interests of good quality independent hoteliers. Pride of Britain was formed with a very clear purpose in life to provide an association of well run country house hotels. A country house hotel is not merely an hotel which happens to be in the country. It is one where the house was originally built for somebody's home. You drive in the front gate and you crunch up the gravel surrounded by at least two or three acres of well maintained garden. And the moment you go in to the place you feel that you are in somebody's home. Every single one of our members fall absolutely into that category. That's why I want to be sure that anyone who stays in a Pride of Britain hotel must get that feel as though they are a guest rather than a commercial customer.

4

5

AL: At the moment you have about 20 members in Britain.

GM: Yes well actually 24 and by the end of the year it will be 26. We are very very concerned about the quality and standard of the hotels in our consortia otherwise poor quality will rebound on all of us.

6

AL: Presumably you are not saying that there are only 26 good quality country houses in Britain.

GM: Well of course not. Many of them are still in the Relais and the others in Prestige. But some do not share my rather dogmatic and forthright views on what an hotelier should be.

AL: With this in mind how do you see the future of Pride of Britain?

GM: I do not believe that there will be a massive growth in PoB because I do not see vast numbers of hotels which are run to the exacting standards that we require. At the most there are no more than 40 such hotels in Britain at the moment.

AL: So the size of the consortia is constrained by the limiting factor of the shortage of quality establishments?

GM: Yes but also geographic. Many member would not be too happy in living at very close quarters with direct competition from within the same consortia. Normally members object to another new member starting up within say ten miles and we stand by our existing members.

7

AL: Would you agree that there is an analogy between running an individual small hotel, in terms of maintaining an optimal size, as there is with running a consortia which represents them?

GM: Yes.

AL: What sort of selection procedure do you have for new members?

GM: We have informal soundings, listen the "bush telegraph" and sometimes approach hotels and suggest they might join. There is a group of five of us, all members of the PoB, who sit down three times a year and make decisions of this nature. Then at the AGM we tell people what we have done. So far no one had objected to our decisions. Yes we definitely do inspect. But we do not inspect in the same way as the AA or RAC do. We do not go round with our shopping list counting the number of wash hand basins and lifts. Quite frankly to have such a predetermined list is crazy because although the hotels in PoB have similarities it is there incomparability which is so important. What we look for on our visits to these places is hospitality. Hospitality is to do with making the hotel seem welcoming, that the person staying there is a guest. These things are things which you experience rather than count. They are intangible but the experienced eye notices them instantly. We get inside the dedication of the owner to discover what it is he is doing to provide these vital but invisible sensations which make it a country house hotel of quality. (5)

AL: This word dedication interests me because I have found that both the owners and those working with the public in these hotels actual management and manipulate the relationships with their guests.

GM: When you are dealing with the public you have to be in control. (5A) If the guest does not know the ground rules he will be uncomfortable. An hotelier should in a polite but clear and distinct way telegraph what is going on. In short he is like the leader of an orchestra he orchestrates the situation. You see these hoteliers have a have a total and complete passion for the place that they are in. They have spent a lifetime creating it and they rightly believe it's unreasonable to keep altering the business to please every single guest. Under these circumstances you can get across the feeling that you are entertaining people in your home. (5B)

AL: Many people in Britain still feel uncomfortable when serving the public, are you surprised by this? Even British Governments feel uneasy and awkward about understanding the needs of small hoteliers.

GM: To be quite honest I know what you mean. On the political side in my role as current chairman of the British Hotels and Restaurant Association I am in contact with government ministers. All this so called interest in small business by government is very misleading because all they are doing is merely paying lip service. Government in this country is managed by our senior civil servants. They clearly neither understand small business or tourism. They are forever changing the minister in charge of tourism as they are for small business. Take Trippier for instance he was becoming the most informed minister for small business we have had. He just learns the ropes then he is sent elsewhere. Until we get senior service (8)

actually coming from small businesses themselves I cannot see the situation changing. You see you academic are also to blame as well you know because all the business studies theories are entirely based on big business experience sometimes not even in service industries. I know this because my younger son is just finishing his degree in hotel management at Surrey University. It will take about six months de-briefing before he will be any use in the business. You see I regard the restaurant and hotel business as theatre. It's a marvellous place for people to work who couldn't make it on the stage because there are many very close parallels. You give two or three performances daily. At dinner each day I do really consider that at seven thirty tonight the curtain will go up and the whole thing is set for an evenings enjoyment. We are in show business. Because you are in show business you do create news and we use this on every available occasion. We would like to think that most week we feature in the news somehow or other. We get massive amounts of editorial.

10

AL: Getting back to PoB what do you offer your members?

GM: Four things really: information exchange, discount on purchases, encouraging staff exchanges and marketing. On purchasing we have actually teamed up with "Consort" to give us a better discount.

11  
(a), (b), (c) + (d)

AL: Of these four types of services which do you think your members most value?

GM: Commercially purchasing but hoteliers are gossips by nature and it helps build up their camaraderie when they know they discuss their problems with others in the business they respect.

AL: Could I ask you about how the Master Innkeeper Award originated?

GM: Yes the worshipful company of city innholders. The then master of this company 7 years ago decided that the company had lost track of its roots and had strayed totally away from its main purpose. In order to bring this back they established an annual award. The Master Innkeeper.

# **The Topic Guide for the Focus Group Interview with the four hoteliers not involved in the main study held on 3.5.88**

## **TOPIC GUIDE**

### **General Issues**

STB hotel grading system

Retention strategies of key employees in seasonal hotels

Payment systems

Membership of consort

Most effective promotional approach?

### **The Service Culture**

Check and supply or orchestrate?

What special things do you provide which makes your hotel special from others?

Role of Master Innkeepers, BHARA and HCIMA

### **The Familial Economic Unit**

Small business or FEU?

Stress and family

Children

Loyal guests

Loyal employees

Wives

Formal, Informal and Underground

0125

### Focus Group Interview 3 Hotels at a conference in Perthshire

AL What do you think of the STB's hotel grading system is a very good idea. But the system itself is over complicated and is difficult for customers to understand. Because of this I do not think it will have the marketing effect it should have.

#### Hotel 1

I think the system works well. A system is essential if we are to clarify the choice available and improve the overall standards of Scottish tourism. I think, unlike John, that the system is too complicated its just that any new system is going to be difficult to understand. It is different and better than both the AA or RAC systems. The customers will come to understand what the codes and symbols mean as they use them more and more.

AL What do you think?

#### Hotel 2 (He helped devise the system for the STB)

I think the system works very well. A system is essential if we are to clarify the choice available and improve the overall standards of Scottish tourism. I think, unlike John, that the system is not too complicated its just that any new system is going to be difficult to understand. It is different and better than both the AA or RAC systems. The customers will come to understand what the codes and symbols mean as they use them more and more.

AL: What do you think?

#### Hotel 3

Well the thing about it is this that part of the system are clear and parts are very unclear. The crown ratings are straight forwarded but when you come to commended and highly commended things get much more difficult. There is no way that the customer is going to understand the difference between commended and highly commended. The trouble is that at themoment all the guides are grading you on quite different things. If there is one standard it would be much better. Take my hotel as an example I five crowns from the AA three star RAC and rated as very comfortable from Michelin.

AL Some owners of very small hotels have said that they object to being told by the STB that unless they have TV's in the bedrooms they will be given a lower crown rating. They tell me that one of their selling points in the absence of TV in their hotels. How do you react to that?

#### Hotel 2

The scheme allows for that. I think there would be other reasons why they failed to get higher gradings.

AL Another doubt which has been expressed to me is how can the STB categorize friendliness and a warm welcome?

Hotel 2

The star rating does not cover that. That is covered by the approved, commended or highly commended grading. The crowns are there to distinguish the facilities and buildings and the other gradings are an assessment by the inspector of the level of hospitality, cleanliness and general manner of the operation.

AL: What size of hotel do you have yourself?

Hotel 2

23 bedrooms

AL: Are any of your hotel closed for the winter period?

Hotel 3

I bought my hotel two years ago. When I first took it over it was always shut during the winter. I decided to keep the place open all the year round.

AL: How do you retain your key staff if the business is not there in winter?

Hotel 3

It's a great difficulty we have to face each year. I have flexible contracts so that they get paid the same rate all year but I do not pay overtime when they work long hours during the summer.

AL: You are all members of Consort. What was the main reason for you joining?

Hotel 1

I was attracted by the fact that my hotel of 32 bedrooms was typical of many of the other existing members and being so small I can't believe that an hotel like mine can survive without sharing the experiences and knowledge of others running similar size hotels. Secondly the discounts on purchases were good and finally their was the marketing. Now the marketing was a good reason for joining but not the main one.

②

AL: What would be the main reason for joining?

Hotel 1

The fact that I was going to be able to maintain contact with a group of other hoteliers was a tremendous asset and would reduce the feeling of isolation which is so much a feature of running your own hotel. Additionally the discount on purchases was a real advantage. But at the end of the day all that that does is recoupe administration, membership fees and travelling expenses and the like.

Hotel 2

The discounts are important and we all like them but I personally joined Consort in particular because I needed more business in the winter period. I was convinced that of all the consortia Consort had an effective program for attracting more commercial type business, which is what I lacked.

AL In my research I spoke to people who were also in Consort and they found that when they added up the extra business generated by Consort membership it wasn't all that impressive. However they valued their membership on the grounds that their real benefit was more to do with the opportunities for meeting with and exchanging ideas with other hoteliers.

Hotel 3

I agree with you I find it most helpful to be able to talk as we are now with experienced hoteliers about the way they view things and share the experiences.

Hotel 2

I do not agree all that strongly with me it was definitely the opportunity to increase sales by better marketing. But I'm not sure how typical I am. I am influenced to some extent by son who actually went the Scottish Hotel School at your University. He is now working in hotels in the USA and he is always bullying me to do more marketing. On a more serious point I think that there is likely to be a difference between those hoteliers who have grown up in an hotel environmental and those like I suspect the majority of hoteliers who have come into hotels from other walks of life. In the later case I think you are more likely to find anxiety and isolationism as this the need to get out of the hotel will be stronger.

AL The marketing text books claim that to be successful in business you have to find out what people want and then sell it back to them, what I actually found was the reverse. How do you react to my findings?

Hotel 3

I don't know if its relevant but have steadily reduced my spend on paid advertising without any reduction in my business. In fact at the hotel we fed-up of every newspaper, journal and magazine under the sun rining us up asking to place this or that advert.

Hotel 1

I think what you were saying about the difference between the text book approach to marketing and marketing practise amongst hoteliers is very true. People run hotels for all sorts of complicated and different reasons. There is no point in having a very profitable hotel if you don't enjoy the type of guest you get. Its very hard work in the business and we do it for enjoyment first and profit second.

(4)

AL I was quite surprised to find out the extent to which hoteliers orchestrated their guests behaviour. They were politely told when and where to eat at what time at what price how they should or should not dress. What are your reactions to this?

Hotel 2

I agree with especially in certain types of hotel. The country house hotel is fairly fashionable product. This type of behaviour is expected by the guests in these hotels. Just how long the fashion for country for country house hotels will last know one is able to say. (5)

AL I also found that the small hotel was more like a family than a smaller version of a large business.

Hotel 3

Yes you are quite correct because in the small hotel it is owner occupied. The owner, his family, his staff and his guests, most of whom will be regulars anyway, all occupy the same space and are physically close to each other. So yes it is different as you say. (6)

AL In these small hotels survival was enhanced by their ability to operate in three different economies simultaneously; the regime in which we pay taxes, information and goods/service exchange with no payment and those activities which involve money money are not recorded. Because they did this therefound that it was in their interest not to grow about a certain size because the bigger you are the morre difficult it is for you operate in these three economies.

Hotel 1

We all operate in the formal economy and the informal economy as do our accountants and lawyers. But increasingly the black economy activities is decreasing with the more effective VAT regime which we have. I would say that there is more informal economic activity in rural areas and more black economic activity in rural areas and more black economic activities in city centre hotels. (7)

Hotel 2

It a very different area you are investigating here. How do you know we are being honest or dishonest for example?

Hotel 3

I think what you are saying has a ring of truth about it. But I am not prepared to discuss my personal situation because I may not be typical. (7)

AL: How important do you believe having a good partner is to the survival of the small hotel?

Hotel 2

You seem to be assuming that running an hotel is sressful/ I don't think it is. Mine isn't. My wife and I work together quite happily, (unfortunately his wife wasn't with him, she was running the hotel!) We do however have complementary skills which are very important to the survival of the hotel

8  
9

Hotel 1

My wife and I do not work together. I run the hotel and she runs another business actually its a public house. I think its quite difficult to know yourself when you are under stress until its too late. Other people often outsiders are in better position to comment on stress I think. Stress amongst hoteliers does happen quite a lot and I think when you take yourself too seriously it makes the stress worse. You see its quite easy to mistakenly believe that the whole world revolves around your own hotel. In one sense it has to but in another sense because of the particular nature of the business its vital to get out of the hotel and stand back from the situation and put them into a wider and perhaps more important perspective. So going back to what I think lies behind your original question I have to agree with you that the type of working relationship you have with your business partner is vital to the survival of your hotel.

8

AL The point I was trying to make was that where the husband and wife are working in an hotel together there is no physical seperation from one another and this in its self can cause stress.

Hotel 1

If that's what you mean then I do definately agree with you. Without being too flipant about it one of the main reasons for our 15 year old marriage being a success is that we have always worked seperately from each other which has allowed us to exist both jointly in an marriage and seperately as people. In fact it goes further than that because we extend this to our outside interests as well. We both have our own group of friends outside the business which we see seperately. We do also have friends outside the business which we see seperately. We do also have friends which are common to both of us as well.

10

11

Hotel 3

Well I would agree with what you are saying here with one word of caution. Its to do with the smallness of the hotel. Below 30 bedrooms as you approach 10 bedrooms I think this will become more of a problem. In very small hotels it can become clustraphobic and some type of planned physical seperation is necessary.

12

Hotel 2

I do not see what prying into peoples marriages has to do with your survey of hotels?

AL It is not a survey. What I have done is to closely observe how hoteliers in Scotland in small hotels run their businesses. You and your wife both work in the same hotel?

Hotel 2

That's right.

AL Are there not times when both of you as individuals value more personal space?

Hotel 2

Well yes but we know each other well enough to realise when this is necessary and it just happens naturally its not planned as such.

AL Do they have children?

Hotel 2

Yes

AL How do they like being born in hotel environment?

Hotel 2

(laughs and says) well yes they are both quite sensible and relaxed about the situation. My daughter is a secretary and my son is working in hotels in USA.

AL Are your children going to work in hotels?

Hotel 1

Its entirely up to them what they do. I certainly wouldn't encourage them one way or the other. Just because I have enjoyed hotels it does not mean that they will.

AL You were telling me earlier that you have within the past three years become a hotelier what has most surprised you about the life of a hotelier that you didn't expect.

Hotel 3

It was the fact that you are always on duty and the fact you are so tied to the business.

(13)

Hotel 2

I would most like to leave behind late nights in the bar followed by early mornings the next day.

Hotel 1

Once you are in the hotel its very difficult to get away from it, but some how you have to and if you don't manage it you are heading for trouble.

(8)

**APPENDIX E**

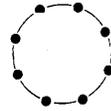
**THE QUALITATIVE CODING MATRIX  
A SUMMARY OF THE "OPEN" CODES USED**

OPEN CODES

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A priori interpretations of the conventional wisdoms in the "literature" and the secondary financial accounting data found in the hotel companies.

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- 1 Small firms survival by competition and market forces.  
Gibb & Scott (1983)
- 2 "Cosy" business clubs help small firms to survive.  
Gibb & Scott (1983)
- 3 The small business typology  
Goffee & Scasse (1983)
- 3(a) Small businesses avoid market forces  
Goffee & Scasse (1983)
- 4 The small hotel typology  
Hayes (1980)
- 5 An hotel is family which happens to be a business  
Hayes (1982)
- 6 Reasons why the Petit Bourgoisee are frequently running small businesses - Social marginality  
Goffee & Scasse (1983)
- 7 Employees are regarded as "family" members and not employees  
Hayes (1982)
- 8 Institutionalised theft  
Mars & Mitchel (1977)  
Lowe (1979)  
Mars & Nicod (1984)
- 8(a) Triadic relationships  
Mars & Mitchel (1977)
- 9 Transaction type  
Mars & Nicod (1984)
- 20(a) Marketing is an exchange process  
Kotler (1980)
- 20(b) Marketing is a matching process  
Foxall (1984)

- 20(c)      The marketing mix concept  
Borden (1965)
- 20(e)      Buyer behaviour concept  
Sheth (1970)
- 20(f)      Channel management  
Smith (1977)
- 20(h)      Differences between goods & services  
Gronroos (1981) & (1983)
- 20(i)      Technical & functional aspects of quality  
Gronroos (1983)
- 22(A)      Phenomenology  
Berger (1966)
- 22(B)      Anthropology  
Cohen (1974)  
Douglas (1978)
- 22(Bi)     Social boundaries  
Douglas (1978)
- 22(C)      Structuralism  
Weber (1970)  
Parsons (1951)  
Levi-Strauss (1962)
- 22(Ci)     Knowledge & power form the boundaries of  
acceptable social behaviour  
Foucaults (1972)
- 22(D)      Hermeneutics  
Habermas (1980)
- 22(E)      Language  
Berger (1966)
- 22(F)      Symbols  
Firth (1954)
- 22(G)      Myths  
Schein (1985)
- 22(I)      Ideologies  
Cohen (1974)
- 22(H)      Ritual  
Douglas (1978)

- 22(Ai) Culture as an explanation of successful managerial behaviour  
Peters & Waterman (1982)
- 22(BB) Definition of culture - a phenomenological interpretation  
Van Maanen (1985)
- 22(CC) Culture as an explanation of business survival  
Schein (1985)
- 24(a) The service concept  
Lehtinen (1985)
- 24(b) Customers in services companies must be managed  
Normann (1985)
- 24(i) Taylor (1977)  
Nailon (1977)
- 24(ii) Whyte (1946)
- 24(c) Absence of agreement on what the management of hospitality services actually involves  
Nailon (1977)
- 24(d) The manufacturing model of business behaviour is misleading because it is a special case and not typical of most types of businesses  
Miller & Rice (1967)
- 24(e) Hotels should sell atmosphere and not bedrooms  
Greene (1985)
- 24(f) Waiters are entertainers not just workers  
Lefter (1959)
- 24(g) Hotel workers are performers not operatives because hotel business is showbiz  
Slattery (1970)
- 27 External agencies are important to small business survival  
Gibb & Scott (1983)
- 28 Small business mistrust external professional advisors  
Brown & Hankinson (1986)
- 28(a) Mistrust of professional advisors by small businesses  
Milne & Thompson (1984)

- 28(c)      Mistrust of government  
Curran (1986)
  
- 29(i)      Underground economic activities  
Bamford (1984)
  
- 29(ii)     Underground economic activities  
Friedman (1987)
  
- 30         Importance of social rather than technical skills  
in a restaurant environment  
Whyte (1947)
  
- 31         A service worker performs rather than operates  
Slattery (1974)
  
- 32         Small hotels are families first and businesses  
second  
Hayes (1980)
  
- 33         Financial reward is seldom the sole criteria  
for small businesses  
Stanworth & Curran (1973)  
Goffee & Scasse (1982)
  
- 34         Most small business do not wish to grow they  
prefer to remain small  
Stanworth & Curran (1976)
  
- 35         Economic Activity at the level of the household  
Pahl (1979)
  
- 35(i)      Formal Economy  
Pahl (1979)
  
- 35(ii)     Household Economy  
Pahl (1979)
  
- 35(iii)    Underground Economy  
Pahl (1979)
  
- 36         The survival mechanism of the family  
Bott (1972)
  
- 36(i)      Segregated conjugal roles  
Bott (1972)
  
- 36(ii)     Loose-knit external role relationships  
Bott (1972)

36(A) Survival of the family business  
Bertaux & Bertaux (1981)

36(B) Survival guidelines  
Rosenblatt (1985)

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Researchers interpretations data collected in interviews

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Hotel 1

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Husband and wife owners of the business

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- 34 Bias for action, energy and drive
- 35 Opportunistic decision making
- 36 An hotel is a way of life not just another job
- 37 Requirement for tenacity
- 38 High value placed on the role of intuition
- 39 Mistrust of professionals
- 40 Importance of the family over the business
- 41 Loose-knit external relationships outside the hotel
- 41(a) Highly segregated role relationships inside the hotel
- 42 Guest names used rather than room numbers
- 43 Quality control by obsessive attention to detail
- 44 Management of stress
- 45 Informal relationships between staff and guests

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Researcher's interpretations of interview with hotel 1's children

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- 44 Tension and stress between requirements of the

hotel and those of the family

- 46            Stress caused by hotel life on her parents  
              which affects her relationship with  
              them

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Researcher's interpretation of interview with hotel 1's head chef

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- 46(A)        Innovative management through novel use of staff
- 46(B)        Job flexibility within the hotel

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Researcher's interpretation of interview with hotel 1's guests

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- 46(C)        Staying here is like visiting old friends its  
              not like being a paying guest
- 46(D)        Management of the guests

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Researcher's interpretation of interview with hotel 1's staff

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- 47            Absence of animosity between kitchen and dining  
              room staff
- 47(A)        Absence of institutionalised theft

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Researcher's interpretation of interviews with Hotel 1's marketing  
consortia (chief executive)

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- 8            Alienation from external professionals
- 12           Co-operation between different marketing consortia  
              not competition
- 13           Typology of owners of small hotel
- 14           Competition not co-operation
- 15           Marketing consortia manipulating their members

- 16 Regional differences caused by market forces
  - 17 IT phobia amongst owners of small hotels
  - 18 Absence of internal management A/Cs
  - 19 Preference for PR rather than advertising
- 

Researchers interpretation of interview with major travel agent of Hotel 1

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- 20 Qualities necessary in an hotelier to have a good relationship with the travel business
    - trust
    - standards
    - responsiveness
    - enthusiasm
    - reciprocity
  - 21 Reciprocity [informal economic activities]
  - 22 Eye balling during the process of negotiations
  - 23 Survival in small hotels is by perpetual trial and error
- 

Researcher's interpretation of interview with Hotel 1's bank manager

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- 43((B) Guts, determination and energy are needed by the small business owner to survive
  - 43(A) Small business are largely ignorant of of the range of financial services open to them
  - 43(C) Professional advisors are reactive to their clients needs and do not volunteer information they act on instructions
- 

Researcher's interpretation of interview hotel 1's accountant

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- 24 Detailed accounts are rarely a feature of small

businesses

- 25        Underground economic activity
  - 26        Surviving small business owners tend to act on their instinct rather information from professional advisers
  - 27        Tourism depends largely on weather
  - 28        Importance of external contacts outside the hotel
  - 29        I find that all hoteliers use the bar as a strategic listening post to observe their guests
- 

Researcher's interpretation of secondary financial data in hotel 1 gained by participant observation

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- 1        Accountants are being primarily used for their skills in tax reduction rather than management accounting information
  - 2        Absence of coherent internal management accounting records
  - 3        Underground economy
  - 4        Small business typology
- 

Researcher's interpretation of field notes from participant observation management dairies in all six hotels

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- 47        Importance of external contacts outside the hotel
  - 47(A)    Importance of the quality control by continual physical inspection of all parts of the hotel
- 

Researcher's interpretation of financial data in hotel 2

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- 1        Underground economic activities

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Researcher's interpretation of interviews with both male partners  
who own hotel 2

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- 30 Reason for starting up own business -  
falling standards elsewhere and dissatisfaction  
with existing employment
  - 31 Informal economic activity
  - 31(a) Innovative staff retention scheme - non  
monetary fringe benefits, accommodation &  
use of car. Offer of contra seasonal  
employment
  - 32 Highly segregated role relationship within the hotel
  - 33 Contrasting but complementary skills
  - 34 Intuition rather than economic rationality
  - 35 Emphasis on PR rather than advertising
  - 36 Hoteliers are performers ie "failed actors at heart"
  - 37 Alienation with external professionals
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Researcher's interpretation of interview with commis chef  
in hotel 2

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- 38 Enlightened employment policy - work six months  
get paid for 12
  - 38(a) No animosity between kitchen and dining room
  - 38(b) Absence of institutionalised theft
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Researcher's interpretation of field notes used following periods  
of participant observation at hotel 2

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- 34 Loose-knit external relationships

- 35 Attendance at marketing consortia meetings regarded as mainly a social event
- 36 Widely differing social contacts for each partner outside the hotel
- 37 Creating the illusion of house guest rather paying customer
- 37(a) No television allowed to dominate the proceedings
- 37(b) No telephones in the bedrooms
- 37(c) No cash register visible
- 37(d) Children encouraged to eat early in the kitchen and not in the dining room
- 37(e) Several idiosyncrasies which would normally threaten commercial relationships
- 37(f) The use of language to set the scene "guest" not customer "dining room" not restaurant
- 38 Trauma in the business due illness of one of the partners

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Researcher's interpretation of interview with guests in hotel 2

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- 39 We were house guests rather than hotel customers
- 40 The guests used the hotel as a surrogate family
- 41 Like visiting old friends not a commercial relationship
- 42 Atmosphere

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Independent hotel guide book's write up of hotel 2

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- 1 Guests not "customers", a "home" not an hotel

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Researcher's interpretation of interview with hotel 2's accountant

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- 1 Detailed management A/cs very unusual in small hotels
- 2 Underground economic activities
- 3 Accountants react to the advice of their clients rather volunteer opinions
- 4 Normally hotels send me as their management accounting system a combination of invoices and bank statements

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Researcher's interpretation of interview with chief executive of the marketing consortia [also chairman of the British Hotels and Restaurants Association] of which Hotel 2 is a member

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- 1 Importance of marketing consortia - formal economic activity
- 2 Importance of marketing consortia - informal economic activity
- 3 Co-operation not competition
- 4 The country house hotel ethos
- 5 Atmosphere and ambiance
- 5(A) Managing the guest
- 5(B) An hotel is first a home and second an hotel
- 6 Emphasis on functional rather than technical quality
- 7 Competition not co-operation
- 8 Alienation of professional advisors and government officials
- 9 Hotel business is a performance because it is show business

- 10 Promotional emphasis on PR not advertising
- 11 Marketing consortia benefits - Information  
discount on goods  
staff exchange  
Marketing

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Researcher's interpretation of field notes derived from participant observation in hotel 6

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- 48 The process of selection - choosing the chance guest
- 48(a) Type of car
- 48(b) Type of clothing
- 48(c) Type of accent
- 48(d) Type of booking request
- 49 The welcome ritual
- 49(a) React to sound of car over gravel chips
- 49(b) Stop current activity by any type of staff
- 49(c) Greet the guest by making a special effort to make them feel like long established friends
- 50 The dining room ritual
- 50(a) The hotelier creates the atmosphere by the ambiance formed by the decor, lighting and dress code
- 50(b) Uniforms of the staff reinforce the mood of the the dining room
- 52 The ritual of familial behaviour - with staff
- 53 The ritual of familial behaviour - with guests [the ultimate privilege]
- 54 Informal economic activity between guest and staff [small token gifts given and received]
- 55 The ritual of the sustaining the illusion of a the house guest rather than the hotel customer
- 55(a) No cash register in use, all drinks charged to an

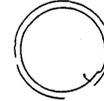
account no visible exchange of cash

- 55(b) The hotelier spends a considerable amount of his time with his guests acting as host rather than manager

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Hotelier's [not involved in the main study] interpretation of preliminary findings

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- 1 Flexible and innovative employment relations policies - six months work 12 months pay
- 2 Reason for joining marketing consortia -social rather than economic
- 3 Emphasis on PR rather than advertising
- 4 People run hotels primarily for enjoyment not just profit
- 5 Managing the guests
- 6 A small hotel is more like a family than a miniaturized version of a large business
- 7 Agreement with the concept of the FEU
- 8 The management of stress a vital survival characteristic
- 9 Internal role relationship segregation
- 10 Externally loose knit relationships between partners
- 11 A combination of 9 & 10 will resolve 8
- 12 The smaller the hotel the more necessary 11 becomes
- 13 The hotel business is a way of life rather than just another business