CHAPTER 1: ACCOR’S PROFILE

Introduction

Accor is a multinational company that since settling in Sydney, Australia has developed a meticulous strategic logistic to position itself as one of the most powerful hotelier conglomerates in the Asia-Pacific region.

Locally, the hotelier conglomerate has had a major success in the hospitality industry within Australia. However, it has seen the decline of some of its hotelier complex, like Accor’s Sydney Darling Harbour Hotels (DHH) due to the overdevelopment of the hospitality industry in Australia, ferocious competition to gain market, as well as, internal and external factors that have affected the quality service and reduced the demand on this hotelier complex.

This case study analysis will revise some problematic incidents that have happened during my internship, in 2006, in the Darling Harbour hotelier complex, in order to identify the main problems that the company has been facing ever since. Nevertheless, it seems evident that Accor’s DHH main problem is its considerable rate of employee turnover. Therefore, the study will focus, mainly, on this issue.

In Chapter 1, it will review the company’s general profile, its story, and its philosophy & values. Moreover, there will be a look over the Darling Harbour Hotels’ story, the product it offers, how it is organized, as well as, the customers with whom it deals.

Chapter 2 focuses more on the current situation of the company since 2006, the symptoms and the problems it has been facing.
Moreover, Chapter 3 makes a scrutinized analysis of the theoretical view of the problems, its possible causes and consequences, as well as, how turnover can be understood and its potential solutions.

Finally, Chapter 4 and Chapter 5 points out the realistic solution that can mitigate significant turnover rates, taking into account the literature reviewed previously, the company’s scenario and my personal contribution to come up with a conclusion of the study.
Background

Accor is a large French multinational corporation, whose main business is running chains of hotels and restaurants. The organization started with the set up of the first Novotel hotel in Lille, France in 1967.

Its founders Paul Dubrule and Gérard Pélisson had a great vision of the hotel industry and knew how to interpret the demand by diversifying the business to offer different products to different customers, a key formula to their unstoppable success worldwide. Accor’s hotels count nearly 4,000 in 90 countries in 5 continents, covering all segments of the hotel industry, offering hotel services tailored to each customer’s needs (ACCOR, 2008).

Accor is divided into two major activities:

Hotels

Accor Hospitality covers the full market range offering all kind of hotels types from luxurious hotel (Sofitel), deluxe (Mercure or Mercure Network), resorts (All Seasons), business centre (Novotel), voyage (Ibis), budget hotels (Formula 1) and the new hostel brand (X Base Backpackers).

It is important to mention that there are some brands that are aimed to serve just the local market and its needs therefore; they do not have as much presence worldwide as some others. For example, lower profile chains located in the USA and in Canada including Motel 6 and Red Roof Inns. Also, All Seasons hotels are mainly located Australia, Dorint & Orbis and X Base Backpackers (Accor Hotel’s Asia & Pacific, 2006).
The leisure and tourism businesses also include travel agencies, restaurants, cooking schools and casinos.

**Services**

Accor Services division encompasses a variety of products including vouchers (Ticket Restaurant and Luncheon Vouchers), smart cards and online internet services. It serves over 23 million people daily in 40 countries. (Groupe, Accor Groupe, 2008)

The service vouchers are intended mainly for service industry employees, a sizeable market that is growing.
Accor in Australia

In early 1991 the group started to penetrate the Australian market opening their first hotel, called: Novotel Sydney Darling Harbour located in one of the most outstanding tourist complexes in the city of Sydney, Darling Harbour.

From then on, the company has expanded their brands to build up a chain of 121 hotels all over the country (7 Sofitel, 21 Novotel, 57 Mercure, 12 Ibis, and 19 Formula 1, 5 other brands) offering jobs up to 4,700 employees (Groupe, Accor Groupe, 2008).

Complementing ACCOR’s network in Australia is a range of tourist services, including:

- Blue Line Cruises: Sydney Awarded Showboats (Since 1987) & the Majestic Cruises.
- The Summit Restaurant and Orbit Lounge Bar in the Sydney’s CBD (Centre Business District)
- Sydney Convention & Exhibition Centre Darling Harbour
- Accor premier Vacation Club

Accor has an extensive involvement in Travel distribution, catering and the provision of services to corporate clients and public authorities.
Company Description

Philosophy

“To always exceed the expectations of our guests, employees & stakeholders; this is our strength in building smiles on all their faces” (ACCOR, Accor.com Group, 2006).

Accor, global leader in corporate services, relies on powerful corporate culture, a factor of cohesion and mobilization for all players within the Group, symbolized by "L’esprit Accor" (ACCOR, Accor.com Human Resources, 2008). This "Esprit Accor" is expressed via five values, experienced and shared by all the employees across the world:

1. Trust in Accor means always approaching people in a positive way, showing respect to the guests, colleagues, and others, delegating tasks to others and sharing knowledge with new employees that are joining to the ACCOR’s family.

2. The responsibility is another important value, which is linked with the commitment of people with their jobs; the initiative to do something before being asked to do it; always representing our hotels, brand and group, feeling part of the family, and giving the best image to our guest.

3. Innovation is a key word for the group, it implicates being flexible with ideas, with point of view, with the employees; being proactive in your tasks trying to be efficient and creative, thinking outside the box.

4. Another great value is professionalism, performing your task to the best of your ability, exceeding guest’s expectations, showing team spirit, aspiring to greatness.
5. Finally yet importantly is transparency, a value, which is connected with honesty, clear meanings, recognising mistakes and improving, it also, implicates being brief and clear in communication on the channels of communication.

The aim of the group in the Asia-Pacific Region is to enhance its position as the leading hotel group in tourism in Asia-Pacific Region (ACCOR, 2006)
**Organization Charts**

Figure 2. Sales & Marketing Organizational Chart

![Sales & Marketing Organizational Chart](image)

*Source: elaborated by Humberto Rodríguez Torres*

Figure 3. Accor's DHH Organizational Chart

![Accor's DHH Organizational Chart](image)

*Source: elaborated by Humberto Rodríguez Torres*
Customers

Accor’s Darling Harbour Hotels (DHH) work with a variety of customers, international and local tourists, entrepreneurs, performers, politicians, but most of them, corporate companies, in other words, international enterprises that sends theirs staff to Sydney for company affairs, such as conferences, conventions, meetings or to trade, and the hotelier complex offers them a big competitive advantage due to its strategic location in the heart of Sydney’s Central Business District (CBD). Moreover, Accor’s DHH are connected directly to the Sydney Convention and Exhibition Centre (SCEC) by undercover walkway.

The Sales & Marketing Department, which is in charge of selling, retaining and augmenting clients, classifies customers into three types: Domestic Travel Agencies or Domestic Wholesalers, Professional Conference Organizers (PCO’s) and Inbound Companies rather foreign travel agencies that locate businesses for the three properties. TYCO, BlueScope Steel and Fairfax are some of the biggest corporate clients for the hotelier complex and the sales & marketing team provides them accommodation and helps them to organize their venues, seminars, conferences within the three hotels and the Sydney Convention & Exhibition Centre (SCEC). It will be explained further the three types of clients as follows.

Domestic Travel Agencies or Domestic Wholesalers. They are well-known agencies that operate within the Australian territory and they locate a significant amount of customers in the three hotel properties during the year, most of the clients are local tourist, but in some cases they locate tourist groups from as far as the United States or Canada that commonly visit Australia for winter or summer vacations. Examples of this type of customers are Qantas Holidays and the Flight Centre.
Inbound Companies or International Wholesalers. They are world leading wholesalers of hotels and services to the travel industry. They allocate clients from big corporate companies (like Toyota, Mitsubishi, Creative Technology, Hyundai Group, TYCO, BlueScope Steel and Fairfax to mention but some) that organize international conferences or other events in the city. AOT-Australian Outback Travel, ATB Pacific, and Gulliver’s Travel are some of this type of customers.

It is important to highlight that these two types of customers mentioned before are companies with which Accor’s DHH possesses a special agreement, therefore, Accor gives them allotments, in other words, an amount of rooms available to locate customers within the three properties, as they bring guaranteed business to the company throughout the year.

Finally, there are the PCOs or Professional Conference Organisers. They are agencies specialized in organizing all kinds of meetings for international and national companies, even government authorities. Some PCOs clients are Lido Group, Info Travel & Accom and Tour Hosts.
Market Rivals

The principal market rivals of Accor’s DHH are the neighbouring hotels that surround the Darling Harbour Area as they offer similar products and address the same niche market, corporate clients principally (Sydney Convention & Exhibition Centre, 2008).

Some of Accor’s DHH market rivals are:

- Carlton Crest Hotel Sydney
- Crowne Plaza Darling Harbour
- Four Points by Sheraton Darling Harbour
- Fraser Suites Sydney
- Holiday Inn Darling Harbour
- Maestri Towers
- Medina Grand Harbourside
- Medina Grand Sydney
- Novotel Rockford Darling Harbour
- Oaks Goldsbrough Apartments
- Pacific International Suites
- Radisson Hotel & Suites Sydney
- Somerset Darling Harbour
- Southern Cross on Harbour
- Star City - Hotel & Apartments
- Star City Casino
- The Grace Hotel
- Vulcan Hotel
Offering

Products offered in Darling Harbour (Sydney)

As mentioned before, there are different kinds of products that the organisation offers. Accor is divided into two main activities:

1. Hotels & tourism businesses.
2. Vouchers, smart cards and online internet services

Place

Darling Harbour Hotels (DHH) offers different types of rooms for every necessity and taste, all of them with views to the Darling Harbour & Pyrmont suburb¹.

a) The Hotel Ibis Darling Harbour is a budget hotel which offers great value for money. Rooms are available in Twin and Queen.

b) The Novotel Sydney Darling Harbour is a more sophisticated hotel, with four and a half stars. It is designed for business people travelling to Sydney for a convention and other business purposes. It offers a variety of rooms like suite, deluxe, twin & queen.

c) The Grand Mercure Apartments consist of 2 or 3 bedroom apartments all furnished that provide comfort to guests travelling for a long-stay or with their family.

d) The hotel Complex also offers a variety of packages for people planning to organize events in these hotels (meetings, seminars, venues, conferences, birthday parties and weddings).

¹ More information about Accor and the hotels in Addendum
Promotion

The media used for promotional purpose varies in type, the principal media used is the internet, and the hotel complex owns 3 websites, one for each hotel. In addition, Accor’s DHH do web marketing, having dealt with some of Australia’s leading internet travel agencies, as well as, others that possess international presence.

Table 1. Web Marketing Companies

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wot if</td>
<td><a href="http://www.wotif.com/search/Advanced?country=AU&amp;region=2414&amp;viewType=all&amp;accommodationTypeMatch=&amp;roomTypeCategoryMatch=&amp;starRatingMatch=&amp;maximumPrice=&amp;isoCurrencyCode=AUD&amp;propertyNameMatch=&amp;assumedCountry=AU&amp;selectedSuggestionId=&amp;searchTerms=">http://www.wotif.com/search/Advanced?country=AU&amp;region=2414&amp;viewType=all&amp;accommodationTypeMatch=&amp;roomTypeCategoryMatch=&amp;starRatingMatch=&amp;maximumPrice=&amp;isoCurrencyCode=AUD&amp;propertyNameMatch=&amp;assumedCountry=AU&amp;selectedSuggestionId=&amp;searchTerms=</a></td>
</tr>
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Source: elaborated by Humberto Rodríguez Torres 2008

Other media used by the company are:

- Hotel Conventions & Trade Fairs
- Educational\(^2\) (Guest Relations)
- Leaflets
- Posters
- Phone lines (2 Sales Executives)
- Site Inspections (Guest Relations)
- Strategic Location

\(^2\) Events organized by the company for corporate agent to make show them the rooms and facilities the three hotels can offer them.
### Price

Table 2. Accor's DHH prices

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Price</th>
<th>Extra Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Novotel</strong></td>
<td>• Deluxe Harbour View AU$249</td>
<td>• Rates are for two adults or two adults &amp; two children under 16 years</td>
</tr>
<tr>
<td></td>
<td>• Superior Harbour Room AU$229</td>
<td>• Additional person on standard rates: $74.00 per night</td>
</tr>
<tr>
<td></td>
<td>• Pyrmont View Room AU$199</td>
<td>• Rollaway beds are available at an additional cost of $74.00 per night</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Car Parking $20.00 per night</td>
</tr>
<tr>
<td><strong>Ibis</strong></td>
<td>• Harbour View Room AU$199</td>
<td>• Broadband Connection all rooms $27.50 for 24hrs</td>
</tr>
<tr>
<td></td>
<td>• Pyrmont View Room AU$145</td>
<td>• Wireless Internet 2 levels $0.50 per minute</td>
</tr>
<tr>
<td><strong>Grand Mercure</strong></td>
<td>• Harbour View 3 Bedroom Apartment AU$669</td>
<td>• Rollaway beds are available at an additional cost of $74.00 per night</td>
</tr>
<tr>
<td></td>
<td>• Harbour View 2 Bedroom Apartment AU$559</td>
<td>• Car Parking $30.00 per car per day</td>
</tr>
<tr>
<td></td>
<td>• Pyrmont 2 Bedroom Apartment AU$439</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pyrmont 1 Bedroom Apartment AU$519</td>
<td></td>
</tr>
</tbody>
</table>

Source: elaborated by Humberto Rodriguez Torres 2008

In conclusion, DHH complex offers competitive prices in comparison with its market rivals. However, customers are not getting that sensation as the quality service has been decreasing, this can be reflected in the complex revenues that will be discussed in the next chapter.
Sales & Marketing Department

The Sales and Marketing Department is a division in the hotelier complex that is in charge of looking for possible businesses, closing agreements, promoting the hotels and taking care of customers, especially the corporate clients, who normally lodge within the three hotels.

The Department works together with Inbound Companies, Domestic Travel Agencies and PCO’s or even, directly, with some corporations to give accommodation to their employees, organize conferences, meetings, weddings, birthday-parties, venues, seminars, incentives and functions depending on the customer’s needs.

In addition, The Sales and Marketing Team is in charge of the updating the hotel’s websites, advertising events, promotions and discounts. Also, they analyze and evaluate the complaints of the guests, as well as, the opinion and concerns of possible clients, who make enquiries on the internet pages, in order to get some feedback, provide solutions to the clients and maintain the good image of the company. Taking care of their clients is their most important priority.
Globalization has dramatically changed the world in many ways, shrinking distances among countries and slowly integrating all economies in a way that has led to a complex interdependent system, in which countries tend to specialize in their competitive advantages. These have, also, changed the way of doing business worldwide, from the way it was done a few decades ago, and in order to create skilful and competitive international business managers, universities have made compulsory, for their students, to have an internship experience internationally in their courses plans, in order to prepare them to enter successfully in the labour environment. That is the main purpose of the internships, to create competitive graduates.

It is difficult to describe all the different tasks I performed. But, to begin with, I started my internship helping the Reservations and Sales & Marketing team with a clearance of some customer accounts on the hotel’s system. For example, deleting Revenue Streams, in other words, blocks created on the system with the record of the clients, its contact information, historical consumption, and revenues they have left to the company, that the other Revenue Team had created but were redundant as some on them were repeated or the client was no longer a customer, all of these, with the purpose of making the system more efficient.

I spent a couple of days in the Reservations Department where I was trained to create a room reservation into the hotel’s system (called Micros-Fidelio). Indeed, this
system is used in all ACCOR’s hotels worldwide. Also I learned how to take a client’s enquiry, which questions I had to ask and which information was the most important to enter in a reservation. I learned about the codes to rate the different kinds of clients (Corporative, Government, Leisure, Inbound/Travel Agencies, etc).

On the other hand, in the Revenues Department, where I worked some weeks later, I learned how the strategic price planning was created. Rates differ from time to time in all room types; we worked with dynamic rates that depend on factors like availability and demand of the hotel, seasons, functions happening on Darling Harbour or in the city, conventions, fairs, etc. For that reason, The Revenues Team is in charge of forecasting, rates for the forecoming months in consideration all different scenarios from the same period of time last year with the intention of staying ahead of the competitors, it is important to be aware of the marketing behaviour in order to offer a competitive price.

Moreover, I had been taught how to develop the daily income and occupancy report for the three hotels, as well as, the food & beverage report, which was elaborated early in the morning in order to be sent to the purchasing and finance department, as well as, the general management. Additionally, I made reports comparing the rates of our room types with our main competitors (Four Points & Holiday Inn), all these, in order to evaluate and provide some feedback of the strategic plan settled before.

On the other hand, At the Sales & Marketing Department, where I spent most of my internship, I helped with assignments like: Attending phone calls (Taking enquiries and messages); Site inspections (Showing our clients the different rooms and venues we could offer); Website marketing (Updating the information and pictures, giving feedback and
analysing enquiries entered in the web by the clients), making proposals for possible events, preparing the expenses information for our clients, in other words, budgets and entering rooming lists and events into the system (Micros-Fidelio and Respak).

Some other tasks I did during my internship were delivering the event’s calendars to all the departments of the three hotels, marketing researching, exploring for possible businesses for the company on websites like the conventions centre’s website and the SCVB’s (Sydney Conventions and Exhibitors Bureau) website. I also helped in organizing guest’s arrivals and events.3

3 Internship Schedule in Addendum