



**SCHOOL OF HOSPITALITY**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **BHM3401 Strategic Hospitality Management**  
Semester & Year : May - August 2017  
Lecturer/Examiner : Mr.Gobein  
Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 2 parts:  
PART A (60 marks) : **FOUR (4) short answer questions. Answers are to be written in Answer Booklet provided.**  
PART B (40 marks) : **ONE (1) scenario question. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**Total Number of pages = 4 (Including the cover page)**

**PART A : SHORT ANSWER QUESTIONS (60 MARKS)**

**INSTRUCTION(S)** : Answer all questions in this section. Write your answers in the Answer Booklet(s) provided.

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1. Hospitality organizations that go through the strategic planning process for the first time would need to perform the situational analysis and look at strategic direction **before** they can begin the actual formulation of strategy. Explain what the organization must do in the situational analysis phase and the strategic direction phase and how they are connected. (15 marks)
2. Competitive Dynamics are reflected in **THREE (3)** types of strategies: Offensive strategies, Defensive strategies and Avoidance strategies. One of the Offensive strategies is the so-called “First-mover advantage” strategy which is intended to increase market share and diminish the ability of competitors to compete.
  - a. Analyse whether the First-Mover advantage strategy is used in today’s **hotel industry**. (9 marks)
  - b. Discuss why Structural Inertia would be of particular concern to companies pursuing a First-mover advantage strategy. (6 marks)
3. There are different types of corporate strategy available such as Concentration and Diversification. Most hotel companies will either go for Concentration or Related Diversification. Some companies however have the hotel chain as part of a company that practices Unrelated Diversification. Discuss the main benefits and drawbacks of both Concentration and Unrelated Diversification by using the Hilton Chain (practicing Concentration) and the Berjaya Cooperation, i.e. Berjaya Hotels (Unrelated Diversification) as an example. (15 marks)
4. Feedforward control systems help managers anticipate changes in the external and internal environments, based on analysis of inputs from stakeholders and the environment. Feedforward systems rely heavily on **Business Intelligence** and **Strategic Surveillance**. Assess where feedforward control systems fit in the Strategic Management System for hotels and how they would influence the Strategic Management of a hotel going forward. (15 marks)

(60 marks)

**END OF PART A**

**PART B : SCENARIO QUESTION (40 MARKS)**

**INSTRUCTION(S)** : Answer all questions in this section. Write your answers in the Answer Booklet(s) provided.

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### **The Hotel Royal**

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In the 1950's and 1960's the Hotel Royal was a household name in Malaysia. The hotel, located in Kuala Lumpur's Golden Triangle, was normally mentioned on a par with the Raffles Hotel in Singapore.

In the 1950's and 1960's the Hotel Royal was **the** place to stay in Kuala Lumpur for foreign dignitaries, and local and foreign members of royal families. Its famous guests included Ernest Hemingway, Elvis Presley and members of at least 4 different royal families (the most infamous of whom was a member of the British Royal family who was rumoured to have had an affair with a chambermaid in the hotel).

The hotel in its heyday consisted of 45 suites with a living room, one or two bedrooms with an attached bathroom with shower and bathtub each as well as a separate guest toilet. The finishings were of the highest quality including Italian marble and hand-made glass chandeliers in all rooms. The hotel was an old colonial hospital that had been completely rebuilt and was set in 10 acres of luscious gardens with waterfalls, ponds and pergolas. It had ample parking and a separate building which housed a ballroom that could seat 200 guests and that had its own kitchen. The other facilities in the hotel were a fine-dining restaurant with a seating capacity for 50 people and a luxury bar. The restaurant and bar were famous in their own right and were the places to be seen by anybody who was anybody in those days. Prices were prohibitive (for the time) and were far out of the reach of the average Malaysian.

In the late 1960's the hotel lost its appeal to customers as it was not central enough (the Golden Triangle at that time was not considered central Kuala Lumpur) and it was taken over by a hotel company who tried to change and rebrand it into one of their mainstream 5-star hotels. The hotel suffered more damage to its reputation when employees came out saying the location was haunted. In 1975 the hotel company gave up its efforts after the hotel roof was damaged by strong winds which blew the roof of the ballroom in the garden killing 2 employees and a guest.

In 1978 after having been abandoned for 3 years and suffering the consequences, the hotel was bought for MYR 8 million by a property development company who was early to see the potential of the Golden Triangle. The property development company initially housed some of its employees in the old hotel (in order to ward off vandalism) and in 1989 allowed a backpackers to be run in the hotel. The backpackers converted the 15 suites in the East wing to rooms and dorms (by using plywood walls) whilst the West wing (which included 30

suites, the restaurant and the bar) was closed off completely and boarded up. The gardens were also closed by using wire fencing.

In 2005 the property development company decided that the time was right to develop the grounds, they were looking to destroy what was left of the hotel and build a 35 story high-end apartment complex including retail facilities on the ground floor. However, due to changing views in Malaysia with regards to heritage, the demolishing of the Hotel Royal (one of the last surviving colonial buildings in Kuala Lumpur) became a rallying point for people looking to conserve Malaysia's heritage. They quickly garnered support locally and from abroad. When the Ministry of Tourism (MoTour) came in with their support for Hotel Royal's heritage building, the Kuala Lumpur City Council (under pressure from the Federal Government and the Prime Minister himself) denied the property company building permission and declared the building a national heritage site.

The property development company then decided to look at the options for the grounds. As the rules clearly stated that the façade of the building had to remain and that the internal layout of the property could only be modified slightly, the most logical option was to look at returning the property to a hotel. The Kuala Lumpur City Council, in an attempt to sweeten the bitter blow to the property development company, allowed for some construction to take place in the grounds as long as it would be in-line with the heritage theme and at least 70% of the gardens would be kept.

The property development company has invited you to write a brief proposal with regards to the future hotel to be run on the site. A quick study by their own construction people has indicated that it would cost between MYR 12 million to MYR 15 million to turn the property into a 3-star, 90-room hotel and between MYR 18 million to MYR 25 million to turn it into a 5-star, 45-suite boutique hotel.

You are required to produce the following:

- a. Create a SWOT analysis for Hotel Royal. (8 marks)
- b. Choose one of the options and evaluate your choice of option based on a strategic management view. Give at least **FOUR (4)** reasons for your choice (12 marks)
- c. Choose a minimum of **THREE (3)** facilities you would add-on to the former hotel facilities (based on either the 3-star concept or 5-star concept chosen in answer **b.**) in line with current trends in the hospitality industry and **why** you would choose those facilities. (6 marks)
- d. Write a **Mission Statement** for the hotel (based on either the 3-star concept or 5-star concept chosen in answer **b.**). In-line with current practices in the service industry the Mission Statement should be short. Discuss why you suggest this Mission Statement. (8 marks)
- e. Explain what the sustainable competitive advantage of the hotel (for your option) would be. (6 marks)

(40 marks)

**END OF EXAM PAPER**