M Beta - Development of New Division

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**Executive Summary**

**DO THIS LAST – PULL OUT YOUR KEY POINTS. Prepare** a minimum 350-word executive summary defining the new division of existing business. Share your Vision, Mission, final business model, and value proposition, and list your key assumptions, risks, and change management issues. Quantify the growth and profit opportunity and planned impact on various stakeholders. Tell me what you going to do, how you are going to do it, what I am going to get out of it as an investor, what the Parent organization will gain, and why this is a worthwhile project for our people, planet, community, share holders and so on.

*Note*: Any investor should be eager to meet with you after reading your executive summary.

Development of New Division of M Beta

**Parent Division** Marriott International

Marriott international is the largest hospitality company in business. Currently they own over 6000 hotels and have 30 distinct brands across 127 countries. Marriott was established by Bill and Alice Marriott back in the early 1900’s. They began their business venture in a small 12 seat hot shop and were very successful. A few years later they opened their first hotel called the Twin Bridges Motor hotel in Arlington, Virginia. Fast forward to 2018 Marriott International is the most prevailing hospitality brand in the business. So much has been accomplished thus far however, the company continues to grow and thrive. According to (Marriott International News Center) “Marriott reported net income totaled $392 million in the 2017 third quarter, a 460 percent increase over 2016 third quarter net income of $70 million. Reported diluted earnings per share (EPS) was $1.04 in the quarter, a 300 percent increase from diluted EPS of $0.26 in the year-ago quarter.” The vision is “To be the world’s favorite travel company” (Marriott.com) and the company has certainly been working towards achieving their vision by acquiring Starwood hotels and continuing to innovate and grow their product.

**New Division** - M Beta.

**Proposal of new division.** M Beta

The company New division is focusing on introducing M beta services. It’s a lab innovation that functions as hotel world-class live beta. The focus of this new product will be to offer customers a new experience of tasting new and modernized equipment at different levels. The company is targeting to improve and promote its services to the customers across the globe. This new division will attract more customers into the hotel services thus increasing sales and promoting the global brand competitive market. The new product will be useful for inviting a guest, getting instant feedback from the customers and ultimately shaping the future of the hotel. The M beta service is a new product that will challenge the company management and all the internal stakeholders to keep improving and promoting customers services. The vision is to become the “Worlds preferred hotel”

**Organizational fit.** Marriott company new product division target to promote and improve customers relationship with the company the M Beta product is offering customers with an opportunity to provide instant feedback about their experiences in the hotel. This helps in promoting the relationship between the business and the customers. Sharing of one's opinion provides a platform that enhances communication and idea sharing. Secondly, the product will enhance customers to share their approvals about a particular product. Since the new division will provide differing services, customers will have an opportunity to choose. Lastly, the relationship between the customers and the outcome will further be enhanced by voting and innovation engagement.

Marriott Company new division will address customer needs by focusing on the price of the commodities. Majority of the customer are often concerned about the price of the commodities. Many individuals make a comparison of the cost of particular product provided in different entities. Secondly, customer needs are addressed by introducing modern services and products. Some of the services include M Beta services that provide a comprehensive number of services. Also, service delivery will be improved. This can be done by minimizing the duration between customer orders and delivery time. This promotes their confidence and satisfaction with the firm. Lastly, employees relationship with customers is important, communication skill and etiquette need to be addressed to ensure that all personnel are trained to relate and with customers well. This will also help gain competitive advantage by identifying the unique desires of every traveler. In obtaining information from every guest the hotels are able to keep improving the product that is tailored to their needs and preferences. To achieve competitive advantage the company will have to focus on various areas; its important for the firm to reduce costs, some of the costs that need to be monitored include, variable cost and fixed costs. Unnecessary expenses should be avoided to cut down on the costs of operations. Secondly, the firm can review its core strengths. The strength such as its global brand, financial stability and reputation can provide a competitive advantage over its rivals. Thirdly, the firm should focus on the services and products that it's offering. Diversifying to multiple product will increases costs and other resources (Girard, 2017).Lastly, the company should differentiate its products, and ally with another company that is sharing its values to promote their businesses

**New division business model overview-** The new division is focusing on new vision and mission statements that aim to improve its services and revenue generation. The vision of the division is to become the modern hotel facility with vocational and leisure facilities that serve all customer needs regardless of their economic status. Additionally, the mission of the division is to establish a long-lasting solution to customers who seek modern facilities for their leisure time, the gym and lab equipment among other services are intended to serve all customers. The statements share some similarities with the companies vision and mission stamen (Girard, 2017).

However, the firm has focused on a new division business model that aims to promote service and grow business activities. Some of the plans put by the new division aim to grow the business into higher levels. It is essential for every manager to have plans for their business. In this case, Marriott management has established plans that will see to it that the new division yields positive outcome that will benefit the company. Some of the proposals put in place include growing business revenue by 76 percent. This can be done through the modernized set of equipment that will be used to generate more sales and increase the number of customers. Through segmentation of the customers and value proposition, the business will be able to establish reliable sources and resources that will enhance growth (Humpel, 2012). Secondly, the division targets to improve customer service experiences. This can be done through the mechanisms that have been put that enhances customers to give feedback and approvals regarding particular experiences and products. On the other hand, the division will facilitate expansion and establishment of several other division in three other states in the U.S. The program will cost the owners a small investment. Owners must pay for their guest to experience Mbeta. Customers may choose to redeem their rewards points to stay at one of the Mbeta properties. However, the fee is minimal in comparison to all the knowledge and feedback that they owners will receive. For every 1 Mbeta guest the owners are guaranteed 5 more customers. The goal within the next 5 years is to have enough customer feedback that Mbeta is able to identify trends in markets and know more about all customers and their needs. This would set up the company for success by having a product suitable for everyone’s needs.

**New division guiding principles-** The guiding principles of ethical behaviors are organized around Integrity, excellence and respect for others. Every business focuses on promoting ethical behavior within its premises. This can be enhanced through promotion of integrity on work practices and respect among employees. If workers disrespects their superiors, they will not perform as expected. Also, excellence is expected in all areas of work to ensure quality of service delivery and customer satisfaction (Werther Jr, 2010). The company was founded on the beliefs that if the employees are treated with respect they in turn provide great service to the guest and the guest continue to come back. According to Marriott “in taking on our world’s most pressing social, environmental and economic issues. With our size and scale, we have a global responsibility and a unique opportunity to be a force for good. Guided by our 2025 Sustainability and Social Impact Goals, as well as the UN Sustainable Development Goals, we commit to creating positive and sustainable impact wherever we do business.” The company is committed to helping the community and providing assistance globally. M Beta will follow in these footsteps and assist with Nurturing the world, empowering other to grow, and to assist with world hunger.

**Name of New Division – SWOTT Analysis**

**External Analysis – SWOTT-** Mbeta faces external threats. For instance, customers might be reluctant to redeem their points to stay at the Mbeta properties. Lack of customer participation may result in low data and an unsuccessful product. Moreover, the price of operating such property may vary from location to location. Some cities in which hotels operate are governed by local living wage ordinances or a collective bargaining contract. In these situations the cost of doing business would be much higher “At least 140 communities in the U.S. have passed such laws over the past two decades, and there is now a significant body of research on their effect. The evidence shows that living wage ordinances raise wages for low-income workers, often by a significant amount, with few if any measurable negative effects on either employment or taxes.” (Local Living Wage Ordinance P1) Another external factor that will have a negative impact on Mbeta are other lodging options such as the Airb&b options. These lodging accommodations may reduce the number of stays a guest visits the hotels.

**Internal Analysis** - SWOTT- Some internal threats that Mbeta Faces is the lack of participation by the owners. Owners may opt out of participating in this program. If Mbeta is unable to show how valuable the information collected is to their properties the owners may choose not to participate. Another threat to MBeta is the lack of commitment from owners to take the information and implement the changes within their hotels. If the information that is shared with the owners is not acted upon then it becomes useless. Lastly, MBeta also faces the challenge of having to educate all new employees on the concept of a “test hotel facility” to help them better understand the purpose and the goal of MBeta

**Economic, Legal, and Regulatory Forces and Trends.** The hotel industry is often based on the existing trends within the market in addition to the regulatory frameworks therein. For instance, there has been an increasing popularity of the Gulf States as destinations for such leisure investment. Such marks one of the most important trends within the industry which could influence the rate of demand and supply for hospitality services within the region. As time changes, the focus could shift to North Africa, in which case it would be ideal for investors to align their business interests with such changes in trends within the market. Ultimately, availability of sufficient capital at Marriott International gives the business enough leverage to invest in taking advantage of such trends for purposes of growing the business as much as possible.

Notably, the new department within the company would be dependent on the favorable environmental conditions for success in addition to the company’s ability to adapt to changes in the hospitality market. In essence, every investor has the responsibility to ensure that the investment for which he or she is in charge is capable enough of adapting to the existing market conditions, enough to guarantee success in the determined business ventures. Having been in operation since 1927, Marriott International has successfully operated in the American and global market, consistently advancing its image and making new advances within the hospitality industry. Consequently, the chances of adapting to the current market conditions are also significantly high.

**Organizational Change-** Every industry is bound to experience changes, but the impacts of such changes are often more profound in some industries more than others. According to research, significant differences exist across generations on their accommodation choices, which has prompted Marriott International to adapt to changes in the market by developing an improvement in the hotel designs (Sima, 2016). The marketing department within the company determined that the most appropriate approach to appeal to the modern consumer would be through the implementation of a strategy that gives the company’s clients a reason not to think of wandering off in search of an alternative service provider.

Clearly, Marriott is a company highly intent on matching the market needs to the services it offers within its facilities. As is always the case within the service industry, a business is highly likely to succeed whenever the consumers feel they receive the anticipated quality of service from a particular company. Consequently, the company’s focus on service delivery has been instrumental in helping the management achieve its target objectives within the various markets, without which Marriott may not have been as successful as it is. MBeta will implement the changes in other properties by sharing the customer surveys with the hotels and showing the trends in the customer likes and dislikes. Mbeta will run these reports quarterly and provide the hotels with an action plan on how to implement these changes. The Mbeta will designate the properties with their own consultant that will be responsible for assisting with the implementations of the changes.

**Supply Chain Management -** Essentially, the new division within the company hopes to capitalize on variations in customer economic status and optimization of value to provide the clients with the best services available. Consequently, cost management is one of the primary ways using which the new division will reach its objectives, and have an ideal supply chain management approach adds to the chances of achieving such cost efficiency. Firstly, priority will be given to the front end services, which will provide the appropriate guidance on what the new division ought to source to meet consumer’s requests at the lowest costs. Therefore, there will be significant effort to get as much feedback from the customers as possible, the results of which will be used to develop appropriate strategies for providing the most common services to the consumers. Liaising with the direct producers of various primary essentials used in the production process would be one way to guarantee that the products used are of significant quality, and minimizing the costs incurred by using intermediaries.

**Internal Considerations –** The changes are appropriate for Marriott International. Mbeta was created to help identify the needs and desires of every guest. Mbeta will help create the best product based on the customers financial status, their technological preferences and their own personal needs. In incorporating these testing facilities the guest can come and be the first to experience services and products that cannot be found at one of the hotels.

**Issues and Opportunities -** The primary opportunities for the company include the availability of resources to facilitate the effective running of the proposed new division, and the expertise to ensure its success once they are implemented. Further, the company’s reputation increases the chances that the marketing efforts will be successful enough to achieve the desired 76% of the market share with the implementation of the new division. As long as the strategic plan is well implemented, the proposed division is highly likely to yield the expected benefits as it will be buoyed by the company’s success into achieving as much popularity as Marriott international. After all, it is the primary role of a brand name to achieve such marketing objectives for investments associated with the brand in question.

**Balance Score Card – Analysis**

Important – read the book first! This is all from part 3. First, sketch out your balance score card key bullet point strategic objective using the 4 quadrants and sub categories already defined for you. Create at least three strategic objectives for each of the four balanced scorecard areas. Each strategic objective would have a specific metric and target for each strategic objective using a balanced scorecard format. Then, create a balance score graphic from these key points and attach as an appendix. **Then, Create** a 900-1100 word strategic objectives summary.

**Shareholder Value or Financial Perspective – Strategic Objective Summary**

Paragraph # 1 and paragraph # 2 -as part of your analysis you identified three strategic objective for this category. Identify and discuss all three of them. Why do you think they are important benchmarks for you to achieve. What are the assumptions, and risks in the context of your final business model. What are the risks?

**Customer Value Perspective– Strategic Objective Summary**

Paragraph # 3 and paragraph # 4- As part of your analysis you identified three strategic objective for this category. Identify and discuss all three of them. Why do you think they are important benchmarks for you to achieve.What are your assumptions, what are the risks?

**Process or Internal Operations Perspective– Strategic Objective Summary**

Paragraph # 5 and paragraph # 6- As part of your analysis you identified three strategic objective for this category. Identify and discuss all three of them. Why do you think they are important benchmarks for you to achieve. What are your assumptions, what are the risks?

**Learning and Growth (Employee) Perspective– Strategic Objective Summary**

Paragraph #7 and paragraph # 8- As part of your analysis you identified three strategic objective for this category. Identify and discuss all three of them. Why do you think they are important benchmarks for you to achieve. What are your assumptions, what are the risks?

**Ethical Implications of Strategic Objectives**

Paragraph # 9 -Examine the paragraphs above and identify several key positive or negative ethical considerations of a couple of your objectives or perhaps an overarching potential positive or negative consideration. **Read your textbook!**

**Communication Plan**

**Paragraph 10 & 11 Outline** a brief communication plan discussing how you will communicate the company's strategic objectives including the following:

* Define the purpose.
* Define the audience.
* Identify the channel(s) of communication and why you selected that channel.

**Strategies and Tactics**

This is the part 4 of your project. It is really important to read your text first. Adapt the ideas!

**Marketing - Strategy and Tactics**

Paragraph # 1 -How will you use marketing to realize your objectives, measures and targets?

**Information Technology - Strategy and Tactics**

Paragraph # 2 -How will you use information technology to realize your objectives, measures and targets?

**Strategic Controls**

Paragraph 3 & 4 - Develop at least three methods to monitor and control your proposed strategic plan, being sure to analyze how the measures will advance organizational goals financially and operationally. Determine the best possible options for evaluating the strategic plan.

**Summary of Legal and Regulatory Issues**

Paragraph 5 – this is a restatement of previous content - perhaps worded differently – about what the legal and regulatory issues facing the new division and the parent ONLY if the parent faces a new exposure to legal/reg issues as part of the launch of a new division.

**Summary of Ethical Issues**

Paragraph 6 – this is a restatement of previous content - perhaps worded differently – about what the ethical issues facing the new division and the parent ONLY if the parent faces a new exposure to legal/reg issues as part of the launch of a new division.

**Corporate Social Responsibility**

Paragraph 7 – discuss your vision of how both the parent and new division can develop or leverage corporate social responsibility programs to be a good corporate citizen.

**People, Planet, Profit**

Paragraph 8 – making a final concluding statement about how your new division is going to impact people, profit and the plant. Make a final statement on why you think this is a positive strategic initiative for the Parent organization to approve the launch of this new division. What are your hopes and dreams, sell me on it!

**SWOTT Table**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Factors | Strength | Weaknesses | Opportunities | Threats | Trends |
| Industry Changes | A robust team that can handle market changes in the industry. Over 6500 properties world wide | Not represented well in some areas on the world | More hotels in areas of the world where the hotels are not represented | AirBNB and other lodging options | New regulations concerning ownership can affect the operations of the firm in future. |
| Legal and Regulatory | Dedicated legal team and HR Team to handle problems that may arise | Litigation concerning workers comp injuries and employee relation issues | Encourage mergers and acquisition to reduce cases of litigation by conduction better training | Other Hospitality brands and are more innovated than Marriott | New Hospitality trends such as Airbnb |
| Global | Largest hotel brand in the hospitality business | More operating cost. More representation in certain areas | Open new outlets in different parts of the world. | Price differential among the primary competitors | Other lodging options |
| Economic | The market is likely to expand as result of emerging global economies | Customers may be inclined to seek products from competitors. | Penetrate emerging markets in Canada, Asia and South America | The economic changes can result in losses for the firm | Less Hotels stays. Customers are looking for less costly lodging options |
| Technological | Innovation is top priority. | Some technology is not welcomed by guest | Should find the sweet balance between too much innovation and the right amount. | Customers not receptive of technology. Some of the older generation will not like it | Finding the right amount of technology for guest of all ages |
| Innovation | Expanding the current technologies to meet the demands of the market | Systems need to all communicate with one another | Expand the product and continue to look for other lodging options | Losing the ability to retain customers | Continue innovating the hotels |
| Social | Increasing disposable income in the society | Does not focus on the younger and tech-savvy generation | Employ strategies that incorporates all potential customers | Change in consumer taste and preference in the US. | Increasing number of hotels in the markets |
| Competitive Analysis | Dominant in the United States and all over the world | Not well represented in Asia | Should focus on creating a more robust rewards program | Losing customers to other brands or other lodging industries | Rising competition in hospitality chain industry. |
| Structures | Traditional organizational where responsibilities are shared | Lack of communication and structure between the hotels | There should be a platform where hotels may share best practices | Have a more collaborative approach rather than leaders dictating the work | New organizational structures that promotes efficiency |
| Resources | Online materials available. Large online training library | Lack of time to conduct the trainings | Provide employees with better training and more time to finish the training | Higher turnover due to lack of training | Creation of new resources that can provide opportunity for growth. |
| Goals | Become the worlds favorite travel company | Have the best product in the world. | Work harder on having all the products ready and accessible for every guest | Other competitors having a better product such as hilton | Committed to corporate culture and innovation to enhance goal achievement |
| Strategic Capabilities | Larger market share in Asia and other parts of the world where Marriott is not well represented | Create a better product that is suitable for every need | Lack of growth in some areas of the world | Think outside the box. | The company is enhancing its strategic capabilities to gain competitive advantage |
| Culture | A corporate culture focusing on employee satisfaction | The employees are responsible for customer satisfaction | Consider organizational culture that promotes customer loyalty | Losing employees to other brands due to wages and benefits, union activity | Living wage ordinances and union activity |
| Intellectual property | Relies on the primary products from producers | Do not manufacture final products | Should capitalize on the new technologies and seek patent rights | Merger and acquisition can result into lawsuits if proper regulations are not considered | New rules and regulations concerning ownership. |
| Leadership | Dedicated leadership committed to merger acquisition | The management roles are assigned to a group of experts | Hire talents abide by the goals and objectives of the organization. | Loosing key customers to the major competitors in the industry | Adequate compensation of the top leadership |

**pendix I – SWOTT TABLE**

**Appendix II – Balance Score Card**

**Reference**

**https://www.cows.org/local-living-wage-ordinances-experience-evidence-and-best-practice**