

The moral compass



A recent assignment reminded me that owners and operators of hotel companies drop their ethical standards at their peril.

At the end of the assignment, it was my job to tell the client's Board that I had uncovered several examples of sensitive information leaking from their business.

This was bad enough but there was also evidence of the receipt and knowing use of the information by executives and staff of an as-yet-potential-and-future business partner.

In my mind, it remains the collective responsibility of the board to address the matter.

The chairman and his colleagues need to formulate remedial processes that provide long-term protection to all stakeholders and ensure that any short-term gain by the recipients of the information is nullified. The recipient company also needs to challenge itself, starting at the top of the organisation.

Competitive intelligence

Generating and using competitive intelligence is a key strategic activity in the highly competitive world in which we all work. Most mature companies have guidelines for executives, management and staff that integrate the need for gathering and protecting competitive intelligence into a corporate code of conduct.

These guidelines will be extended to all current business partners, ensuring future business partners are made aware of 'the way we do business here'. Start-ups may not have such processes in place, or may not have robust processes in place, but they need them just as much as established businesses do.

In the EU and USA, the presumption is that the sharing of operating data is likely to be contrary to the interests of consumers. The only way, therefore, in which the industry gains access to benchmarking information is through warehousing data with STR Global, MKG, TRI, TravelCLICK and others.

In other parts of the world, such a presumption is not reflected, either in law or practice or both. Hotel operators seem happy to share the detail of their relative operating performance, obtained through the informal network of contacts that exist at different levels within businesses that are otherwise competitive.

Hotel owners and operators both need to introduce corporate codes of conduct to address this matter.

Ethics

Vendors awarded major contracts should be able to demonstrate that they are ethical in their approach to the way they manage their business.

This is particularly the case when awarding a long-term management contract. In such a case, the net present value of the fees payable under a typical 20-year contract can represent the equivalent of half the cost of constructing the hotel. The awarding board needs to satisfy itself that the incoming operator has the same ethical philosophy as itself. In the process of awarding the contract, the board should satisfy itself that a vendor's decision-making process is completely transparent.

An ethical company is one that thinks about the way it does business, including its relations with competitors and business partners.

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