

*Motorway Services Extraordinaire: Welcome Break case study***Introduction**

Welcome Break is one of the leading independent motorway service operators providing a variety of hospitality and retail services in the U.K. They currently have more than 27 locations that operate 24 hours a day, 365 days a year to provide service and products to more than 85 million customers annually. The Welcome Break brand is anticipated to have more than 648 (£m) in sales, with an EBITDA of more than 56 (£m) in 2016. Welcome Break has many name brand foodservice, retail and lodging properties that create a great motorway stop for everyone with brands that range from Burger King and Starbucks to Waitrose, Ramada Hotels, and WH Smith. The company has more than 5500 employees and a culture of innovation and caring for their most valuable assets, people. This focus on people is evident throughout the operations they serve and the programs that they implement. This case study gives an example of an organization that focuses on the assets that are hard to quantify on a balance sheet, the human capital and what happens in an organization when you prioritize people.

Welcome Break is a great example of a company that values the people that work with them and this gives them a competitive edge over other companies. They have been proactive on ensuring that there are development plans in place for people and there are opportunities for people that are interested in cross-training with multiple brands or that are interested in being promoted within the brand that they work for or with other brands. This case study provides students with the opportunity to think about another type of hospitality operation, Motorway Service Areas (MSA) and to see how taking care of the people in an organization (internal guests or employees and external guests) and promoting your employer brand can provide a company with a long-lasting competitive advantage. Following the discussion of the case study, students will be able to identify a variety of positive human resources best practices. In addition, students will learn the importance of employer brand management by working through the Welcome Break case study.

**Content**

This case study presents an interesting story of Welcome Break, a company that faces several challenges and has capitalized on their overall philosophy of ensuring that people are taken care of and they have a strong focus on people, committing resources to ensuring that their employees are provided with a great work environment and opportunities for development and advancement. The case study looks at a company that is one of the top three companies in their specific segment of expertise- Motorway Service Areas (MSA). They have the added challenge of working with a multi-brand portfolio on a regular basis as they manage multiple brands of foodservice, retail, gasoline,

and lodging all under one roof at each of their various sites across the UK. They deal with a variety of contracts and operations manuals that make the operation of the businesses tough. On top of that, they have a need for a lot of employees in remote locations on the highways across the UK that employees have to commute to on a regular basis, and wages that cannot be so high that they put the company out of business. They deal with the people struggles in the hospitality industry, and the unique features of co-branding and multi-branding.

The case study discusses the MSA segment of the hospitality industry and the challenges to this type of business. It discusses how Welcome Break refuses to only focus on the bottom line, but instead they focus on the people that make this bottom line possible. In reviewing the information provided in the case study, it is clear that this strategy has been very effective for them as their sales numbers have increased consistently over the past 5-6 years, in addition the employee feedback shows positive results overall for the company from that perspective.

The theories that inform the case study and can get students to think in a more complete way about organizations and their resources are human capital theory and employer branding theory. The human capital theory comes from economic theory and maintains that an organization must train and develop their employees in order to prosper since people are the most sustainable and important resource (Fitz-enz, 2000; Luthans, 1998). The branding theory looks at how organizations use brands to communicate with their customers (both internal to the company and external). There is a relatively new concept called employer branding which looks at how companies can create a strong brand that employees perceive to be attractive to them and encourages them to work for and stay at the company (Edwards, 2009).

***Suggested Activities or Discussion Topics***

Some of the activities that can be done around this case study are to look at the differences between your college or university town and the UK system of motorway services. For example, the service or rest areas in certain parts of the U.S. are simply there in order to allow people to stop and use the restroom facilities and are not places to stop for services, food, or lodging. The opportunities that Welcome Break has due to the way that the MSAs are developed in the UK are many and can be seen as attributes for the company. They also are burdens since typically in the U.S. the financial burden of developing the off and on ramps are either done by the state or are a shared expense. In the UK, where Welcome Break operates, the company is responsible for the financial burden of developing the ramps, the parking lots, the buildings, and ensuring that the area is pristine and great looking before the facility can open. Discuss the similarities and differences be-

tween home and the UK in development of these motorway services.

One discussion could center on how motorway services are different than other areas in the hospitality industry. What challenges do they face that other types of hospitality organizations don't? This discussion could compare and contrast motorway services from a hotel or a restaurant in an urban or rural area and how they all have to cope with the human resource aspect of their businesses.

Another activity would be to discuss the concept of co-branding and how that can help or hurt a hospitality company. Co-branding or the use of multiple brands in one location can be an asset as there are synergies that the brands can create with each other. The use of multiple brands can attract more customers than a single brand alone. This type of business can be a challenge as there are a variety of operations manuals and policies and procedures that the various brands have that could contradict each other, could put a burden on the overall parent company, and could mean competing for resources of the overall brand that is trying to successfully operate.

Additionally, an activity that can be done to discuss the case study nuances is to have students discuss the human resource practices in their own organizations in order to see if there is a focus on the positive characteristics of people or if they are seen as costs of the organization rather than as benefits. Have the students break into groups and discuss the way that people are rewarded, developed, and taken care of in their current places of employment in order to determine the similarities and differences with Welcome Break. Have students discuss management theories of Theory X and Theory Y that were developed by Douglas McGregor in order to determine if their organization is people-centric or not.

One more activity would be to have the class break into groups and discuss ways that they would try to get the most out of their people—how would they motivate employees, what would they provide within reason to get their employees to be committed to the organization, how would they manage the people aspect of the brands that they work with. This discussion can be an extension of the previous discussion about focusing on people and trying to get the most out of people.

### ***Case Study Challenge Issues***

In this competitive industry, Welcome Break has overcome many struggles, but still has many to overcome as they continue to try to stay as leaders in the motorway services industry. In order to learn more about the challenges and benefits in this industry, perform an industry analysis on motorway services in the UK, perform a SWOT analysis and assess the strengths, weaknesses, opportunities and threats of Welcome Break compared to their direct and indirect competition. This exercise can be completed using student groups of 3-4 people and working through the SWOT analysis using online resources either as an outside of class or inside of class assignment.

The SWOT analysis should include many of the following topics under each of the four headings: strengths and weaknesses (internal to the company), opportunities and threats (external to the company).

With strengths, Welcome Break is a leader in the area of Motorway Service Areas as they are one of the top three companies in the UK that operate these types of businesses. They also have the strength of being partnered with some strong national and international brands. Another strength is their internal focus on people and the resources that they commit to this. They also are proactive in raising wages before mandated with everyone else.

In the discussion of the weaknesses, Welcome Break has the challenge of being located on the highway system and this distance challenge presents a problem for recruiting and retaining employees. They also operate many brands and therefore have many operations manuals, policies and procedures to follow and train people on. This presents some challenges also for providing consistent service across brands and locations.

For opportunities for Welcome Break, with the current price of fuel down, many people are taking to the highway to travel for leisure or work, thus bringing an increase in traffic counts to their locations. Other benefits are that they are partnering with some strong brands that will help to attract a higher quality employee and thus make the people part of the job easier. One clear opportunity in this area is that there are highways throughout the UK and people will always take them, so even though these may not be places that people decide to leave their homes for to travel for in order to have dinner, there will always be people traveling the highways for work or holiday, so there will continue to be a need for great services and great people in the MSAs.

Last, the threats that potentially impact Welcome Break are, there are more operators out there in the local neighborhoods, thus diminishing the need for people to have to search for jobs in further out locations. The competition for employees continues to be an issue as more opportunities become available as the economy improves. Other threats are that there are more foodservice and lodging operations opening on a regular basis in local neighborhoods. Further analysis of the financial report can be completed as part of the strengths of the company, or of the threats of potential competitors that could come into the market. Currently, the EBITDA of the company is strong, but the financial risks are always there. Students can explore the financial statements of Welcome Break and other public companies that work in the motorway services area, restaurants, lodging, or retail areas to compare and contrast.

The following questions are brought up at the end of the case study and potential discussion responses are discussed here:

1. *Determine what 3 key areas Welcome Break needs to address over the next 5 years (10 years) in order to stay competitive and to stay at the top of the motorway services industry.*

Over the next 5 years, the projected key areas for Welcome

Break to address to continue to be competitive will be: work with employees to ensure that their key concerns are being addressed, as the price of fuel goes up it will make it harder for employees to get to work; review the brand portfolio on a regular basis to ensure the brands in the MSA are keeping up with customer demands; ensure synergy of brands when possible to make sure that the mission of the distinct brands support the mission of Welcome Break; as the economy gets better, more creative ways of recruiting and retaining will be necessary, so ensuring focus groups of employees are done to ensure needs are met will be critical.

The next 10 years will have key areas such as: retention and development within the brands to support the growth into management and supervisory positions; focus on the growth of the overall Welcome Break group through repeat customers and loyal employees. The issues for the hospitality and service industries are going to be amplified in the motorway services due to some of the challenges mentioned in the case study, such as distance for employees, costs, and the possible barriers for employees to get to the locations.

2. *What challenges will they possibly have moving forward? What are the potential benefits for Welcome Break in the future?*

Challenges moving forward will be: the economic growth, fuel prices, the recent Brexit vote, the review of great brands that will create synergy with current brands in the Welcome Break portfolio, the costs of technology and how to implement technology into the guest services and employee services

Potential opportunities will be: the continued growth of travel as fuel prices stay fairly low, the benefit of working with multiple brands and types of companies so that if one brand is struggling, the company has others to help the sales/profits.

3. *Discuss some of the challenges of working with multiple brands when it comes to the people part of the business.*

Multiple brands or co-branding brings unique issues to a company, but also benefits. The possible negatives of working with multiple brands are that there are different brand standards and operating procedures. There are multiple ways of doing things when you operate various brands. There also may be competing values within the various brands. The positives are that you can offset potential downturns in one brand through the use of a different brand. You can have a variety of products and service types in your portfolio. You can appease the 'veto vote' and ensure that if there are multiple people in the car traveling and one person wants one type of food, while the other wants another type of food, both brands can be housed under one roof. Thus ensuring that people can agree that there are lots of options under one roof.

## Additional Readings:

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