

Fairy Tale

We were recently contacted by a general executive to a non hospitality search firm that also has to do with outplacement division. They asked for our help and shared an interesting, and costly, epic tale that we became part of; this fable lasted about a year.



It began when a hotel purchasing agent bought furniture and services from a supplier already used by the hotel. The purchases were made at full retail price, with no discount. When the products and services turned out to be below standard, the purchasing agent refused to pay the supplier.

The supplier then hired a collection agency, which contacted the hotel and informed the purchasing agent's superior that his employee had unpaid bills. The supervisor confronted the purchasing agent, who bluntly responded that it was "a private matter and none of the hotel's business." The supervisor escalated the issue to the number-two executive, stating that the purchasing agent's conduct disrespected both him and the hotel. Shortly thereafter, the purchasing agent was terminated for disparaging the hotel.

The purchasing agent hired a lawyer (we'll call him George) and he sued the hotel, the management company, the supplier, and the collection agency for disclosing confidential information and for wrongful dismissal. He won easily; the court gave summary judgement based on disclosing private personal details. The settlement included outplacement services.

A general executive search firm known to the owners was retained to provide outplacement services and to recruit a replacement purchasing agent. Because it was the conduct of the hotel management company that triggered the situation, the total cost of the settlement was deducted from the management fees owed to the global hotel brand. Since the search firm had little understanding of hotel operations, we were contacted to facilitate both the outplacement and the replacement—**this is how we became aware of the situation.**

Shortly thereafter, the supervisor was brought before the number-two hotel executive, who blamed him for the situation. He was made a scapegoat and subsequently terminated. He retained the same lawyer, George, and filed suit against the supplier, the collection agency, and the hotel, etc., citing unfair dismissal and damage to his career and reputation. **At mediation, the judge ruled in favour of the employee...big time.**

The supervisor was also provided outplacement services and replaced by the executive search firm hired by the owner...who, in turn, hired us...

As the situation continued to unravel, the Vice President contacted the General Manager after the owner became upset over the mounting legal costs and the negative publicity the hotel was receiving on social media. To protect himself, the General Manager terminated the number-two executive, claiming the matter had been totally mishandled.

The number-two executive then hired—once again—lawyer George and sued the hotel and all involved parties for termination without cause. His defence stemmed from being directed to terminate the supervisor in writing...

Given the established pattern and prior settlements, the parties settled quickly. The number-two executive also received outplacement services from the same recruitment firm that was hired to replace him.

The situation escalated *even* further. The President of the group questioned the Vice President, who maintained that all actions had been taken in accordance with company policy and that he had acted to protect the management company. The General Manager was then quietly approached and encouraged to resign, under the pretext that he had reached the company's retirement age. The General Manager resigned and sued—yes, George again—claiming forced retirement. He won a significant settlement, as there had been no prior warnings regarding poor management behaviour...which resulted in him to receiving an even larger payout due to age-related employment considerations.

By this point, the owner was furious. Because of the number of lawsuits, his insurance company cancelled the policy altogether. A new insurer stepped in and dramatically increased the premiums. The owner confronted the Vice President, who again cited company policy. To placate the owner, the President of the group terminated the Vice President.

You can probably see where this is going...

The board of directors of the publicly held hotel group was informed that the owner was cancelling the management agreement due to the mishandling of the entire affair, its cost, and the terrible press it generated. The board concluded that the President should have intervened earlier, even while overseeing more than over a hundred hotels at once... and suggested she resign. She retired with a significant settlement.

In the end, the owner moved to another luxury brand. The hotel was rebranded, and with a stronger management team in place as a result of our recruitment efforts, the owner was ultimately satisfied.

The moral of the story? I'm not sure there is one. Almost everyone did very well—except the management brand; but with hundreds to thousands of hotels, it was “no big issue” for them. The recruitment firm did extremely well. Lawyer George did exceptionally well and even opened a labour law division after realizing how lucrative it could be. Everyone who was terminated found excellent new positions through our outplacement assistance and also benefited from substantial settlement payouts.

So again, who was right or wrong? Hard to say. But it was certainly an interesting saga... one that, you might say, could *only* happen in the hospitality industry. Yes. Absolutely.