



Alignment and Restructuring for De-Merger

Case Study

Situation

The parent company of a hospitality business giant proposed separation of the group's hotel (pubs and soft drinks) businesses from the retail business, and the return of £700 million of capital to shareholders. The hotels group had more than 3,400 hotels and 530,000 guest rooms across nearly 100 countries and territories.

Challenge

At the time of the announcement, the company was being openly challenged by analysts and shareholders as to whether the company's leadership had what it takes to run and grow a profitable hospitality company. The company was faced with several unique challenges:

- Fending off a hostile takeover
- Finishing the work left undone after several recent acquisitions
- Integrating several brands, three regions and geographically dispersed operations
- Overcoming a significant level of skepticism in stockholder, analyst and employee circles

Approach

We provided training to the top leadership team and a select group of the clients' best and brightest as we coached them through a 90-day learn in designing a new operating model. Following 6-months of policy, process and structure transformation with leaders at all levels the results below were obtained.

Results

- The leadership pipeline strengthened and several members of the bootcamp joined the Executive Team. Tangible and intangible results included:
 - Ending the hostile takeover and accomplished successful de-merger of the hotels business unit from non-core businesses
 - Significant engagement score increases across corporate functions
 - A right-sized corporate structure with 30% cost structure reduction even with the addition of two hotel brands
 - Share price increase of 75% in 10 months.

Key to Success

Developing adaptive leaders, preserving competitive capabilities, taking out cost, funding growth, and transforming global operations with no negative impact to guests or corporate clients.

“In five months, the capability based approach aligned the leadership team, smashed silos, built a global company, and changed the organization’s performance culture.”

– CEO’s opening comments at a company meeting.

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Adaptive organizations from adaptive leaders