



**European Forum on
Paradox and Pluralism**
Nova SBE Twinning Project

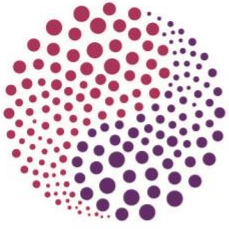
MANAGING PARADOX MINI-CASE SERIES

Anything is better than nothing: Improvising resilience at the Diamond Resort

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“If everything seems under control, you’re not going fast enough”

Former racing driver Mario Andretti

THE CASE

The hospitality industry in Italy accounts for approximately 60% of the national tourism industry (Mordor Intelligence, 2019). In 2019, the contribution of tourism to the Italian GDP was estimated to be around 237 billion euros (13.3% of the overall GDP) and it was expected to reach 14.3% in 10 years (World Travel & Tourism Council, 2020). In terms of hotels and available rooms, Italy is currently the first country in Europe and the fourth in the world with around 33 thousand hotels and 1 million rooms, behind only by the United States, China, and Japan (Ribaud and Franzese, 2019). Alongside this, new independent hotels, hotel chains, branded hotels have appeared throughout the country and the number of employees working for tourism and hospitality has increased dramatically: from 950 thousand employees in 2014 to 1.17 million in 2018 (Federazione delle Associazioni Italiane Alberghi e Turismo, 2020).

This sector has been hit by COVID-19 as one could have never foreseen. The impact has been even more severe given that Italian hospitality relies strongly on international demand, which offsets domestic demand. Due to the pandemic, Italy lost about 30 million tourists only between March and May 2020. Recent estimates from the World Tourism Organization (UNWTO, 2020) calculate that a return to pre-pandemic levels might not happen before 2023.

Monday, March 9, 2020: The day had been long and intense. It was 8.00 p.m. and Piero Giraudi, Diamond Resort’s General Manager, was still in the office, preparing the hotel for the high season and having a final look at the resume of two waiters the HR manager had selected for the breakfast buffet. He had scheduled a last-minute interview with them the day after. The hotel would have opened its doors next week.

As he used to do, before going home, he turned on the TV and searched for the national news. He almost jumped off his chair. In a prime time news conference, as an attempt to control the spread of the coronavirus, the prime minister was announcing



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severe national limits on travel. As of Tuesday, a permission would have been necessary for Italians who had to move around the country for reasons of work, health or extenuating circumstances. All sports events and outdoor gatherings were forbidden. A 6 p.m. curfew on bars, at the moment in place in the northern areas, would have been extended to the whole country. It came the moment when Piero Giraudi realized that COVID-19 had changed his life and the resort's destiny forever.

Before the pandemic, the plans and figures for Diamond Resort's 2020 seasons were extremely encouraging. The season would have opened with a one-week sold out edition of the world golf championship. Overall, the new season was expected to be particularly profitable: a great portion of loyal guests had already reserved their rooms; weddings and parties had been booked throughout the entire summer and, thanks to the successful marketing strategy implemented during the winter, a massive number of new guests had booked their vacation largely in advance. Further, meaningful partnerships with tours, activities & attractions that the resort has recently established boded significant flows of foreign tourists coming in low season to visit the countryside and the wonderful coasts surrounding Diamond Resort. The ambitious budget that the General Manager had negotiating with the Board of Directors in September seemed to be easily and rapidly attainable.

After the lockdown announced by the government, the resort's opening planned in March was cancelled, together with the entire agenda of events and bookings. Due to the spread of the virus, the loss of the 2020 season was estimated to be around 70% of 2019 revenues.

On top of that, during the rise of the pandemic, the resort had to face a further challenge. Because of new investments made by the holdings, in May the resort was acquired by a new corporate. Piero Giraudi had therefore to get to know the new top management, building a trusted relationship from scratch, illustrating the plans for the future, while, more importantly, depicting a strategy for recovering from the crisis.

Piero Giraudi had been in the hotel business for 30 years and was particularly known in the sector for his competence, leadership style, and commitment to his managerial



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role. In his CV he had accumulated noteworthy job experiences in big luxury resorts located both in Italy and abroad. Although during his career he had had to face world crises such as that caused by the Gulf War and the spread of the SARS epidemic (2002-2004), the COVID-19 emergency seemed to raise completely new critical issues, questioning Piero Giraudi's skills and his ability to outline timely solutions.

The case of Diamond Resort raises some questions:

- How can Piero Giraudi improvise new actions to face the consequences caused by COVID-19?
- How should he exercise his leadership given also the change occurred in the top management?
- What opportunities do you see Diamond Resort can seize to recover from the shock caused by the pandemic?
- The need to identify solutions to the problems raised by the pandemic leads Piero Giraudi to question his expertise and ways of working. What can he and his team learn from this 'improvised' solutions? Hence, what solutions could be brought in the 'new normal'?

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About the authors:

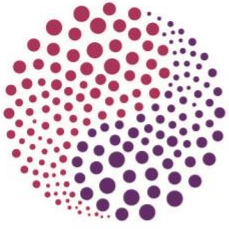


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TEACHING NOTE

The case shows how difficult facing a crisis can be even for a professional with a significant expertise in managing complex organizations. COVID-19 has presented leaders with completely new challenges, requiring them to be in the system while, at the same time, be out of the system. This is likely to help them learn from the crisis while avoiding being submerged by the adversity.

The case can therefore be used to explore the way leaders exercise resilience via also improvised actions. To do so, instructors may want to explore topics such as:

- To what extent is leaders' resilience improvised? To what extent does it ground on leaders' prior knowledge and expertise?
- What are the critical factors that shape leaders' resilience? Are there any team- and/or organization-related elements that matter the most?
- How can resilient leadership translate into organizational resilience?
- How can social relationships, both internal and external to the organization, affect leaders' ability to exercise resilience?

Areas:

Covid-19; improvisation; resilience

Keywords:

Resilience, Leadership, Improvisation, Hospitality, COVID-19 pandemic, Paradox