

Keeping Hospitality's Heart Intact

Margins are tighter, costs are rising, and hospitality's complex environment is forcing leadership teams to take difficult decisions. For many operators, the obvious efficiency gains have already been made. What remains are harder cost cutting decisions.

That often means consolidating support roles, simplifying structures, stopping bonuses, reviewing estate mix, and, in some cases, divesting underperforming sites or shifting parts of a managed estate into lease or tenancy models. These are not decisions businesses want to make, but, for many, they are unavoidable.

So, in an industry built on experience, atmosphere, and human connection, how do you cut costs without cutting the heart out of the guest experience?

The businesses responding best are those that truly understand what matters most to their guests and remain focused on delivering that experience in the leanest way, every day.

Hospitality has moved beyond efficiency

Kaye Heath, who recently joined *mdj2* after many years leading operations in-house, has seen how tough the current environment has become.

"Virtually every business in hospitality is looking at how they can reduce costs without damaging what the customer needs and wants," says Kaye.

"I'd say somewhere between 80-90 percent are already through the efficiency phase and have moved into cost cutting. That's why you're now seeing restructure across major hospitality businesses."

At this tipping point, effectiveness becomes critical, because indiscriminate structural cuts can be fatal.

Andy Newman, who owned, turned around, and successfully sold an independent garden centre and restaurant before joining *mdj2*, likens effectiveness to pruning.

“Fail to cut and you risk becoming unwieldy. Cut too much or the wrong thing and you’re left with something withered, even dead.”

In today’s environment, shaped by food inflation, escalating energy costs, labour pressures, and continued price sensitivity, customers still expect the same quality and experience but are less willing to pay more.

“It’s no longer a question of when to cut, it’s knowing where and how to do it effectively, so you don’t cut the heart out of your business,” says Andy.

Why effectiveness matters more as businesses adapt

In hospitality, your people become even more critical during periods of change, particularly through restructure.

“Efficiency and cost control can’t be to the detriment of recruitment, training, and ongoing support,” says Kaye.

“If you’ve got any money to invest, put it into your people, because hospitality is built on relationships and customers want to experience that and feel valued.”

The smartest cuts are the ones customers never notice. That means protecting those frontline teams who deliver the guest experience and protect revenue.

The growing gap between new guest needs and old business models

Guest expectations and the economic environment are evolving faster than the industry.

Jane Bryon, who also recently joined the *mdj2* team and brings extensive commercial and strategic hospitality experience, sees a sector needing to adapt to a different kind of consumer.

“The pub experience, for example, is no longer all about alcohol. Doing food helps, but it needs to be more than that,” says Jane.

“People want a reason to visit, something they can’t get at home or that feels genuinely differentiated.”

Drinking habits are changing. Younger people are drinking less, and zebra drinking, alternating between alcoholic and non-alcoholic options, is on the rise. Those choosing no or low alcohol now expect more than traditional soft drinks, as seen in the rise of Guinness 0.0. And visits are increasingly about social play and experience.

That means operators must work harder to give people a reason to visit.

“No one can take demand for granted anymore,” says Neil Munz-Jones, *mdj2’s* founder.

“Expectations have increased and competition has widened. Today’s competitors could be a garden centre, a coffee shop, a dine-at-home option, or even the GLP-1 weight loss jab, alongside more traditional players. You’ve got to give people a reason to come and spend — and when they do, operational excellence is non-negotiable.”

Jane adds, “When the experience is right, guests come back. When it’s not, there are no second chances.”

How internal complexity undermines effective execution

One of the biggest barriers to effectiveness sits inside a business, in the gap between strategy and execution.

“Plans often get diluted as they move through layers of stakeholders,” says Jane. “By the time they reach the people executing them, they can look very different.”

In multi-site hospitality, this creates complexity and adds cost, weakening consistency, overloading teams, and impacting the guest experience.

The value of an outside-in perspective

Most hospitality businesses are already operating at full stretch. Efficiency programmes have pushed teams to their limits, leaving little time to step back or look outward.

That is where a focus on effectiveness, combined with an outside-in perspective, becomes crucial.

One recent *mdj2* project delivered increased colleague engagement, improved performance, and seven-figure cost savings for a leading hospitality business facing operational overload. You can read the **full case study** here, but what it illustrates is how an external view can make all the difference.

“Consultants hold up the mirror,” says Kaye. “Sometimes leaders need to hear hard truths and see the facts without emotion. That’s what enables honest discussions and decisions.”

Neil agrees.

“Our job is to go first and say those unpalatable things, to sow the seeds, because we can be dispassionate. But we don’t just hand over recommendations and walk away. Like those in hospitality, we understand the value of lasting relationships. We stay close to ensure change works.”

In this deeply inhospitable economic climate, as pressure continues to intensify, the businesses that succeed will be those that continue to get the balance right - cutting costs without cutting the heart out of their business.

At mdj2, we bring deep expertise in hospitality and retail, partnering with clients to solve critical challenges across productivity, proposition, process, and people.

We help businesses drive growth, improve efficiency, and deliver meaningful change, but it's how we do it that sets us apart. Relationships matter to us, which is why our strapline is "to us, it's always more than just another project".

If you're trying to protect what makes your business special while adapting to this tough environment, we'd love to talk: ***info@mdj2.co.uk*** ***+44 (0) 7788 748497.***