

“How to learn from the experiences of others and not repeat mistakes?”



A case study from rural Iceland

The PURPLE dream

The idea of training young people through real life and work has always been very appealing and we had been talking about the concept of doing that for many years. We both had been training young people in our professional lives and often thought that it would be great to run a business doing that. Couple of years ago we opened a rather big guesthouse / hotel in rural Iceland. We put a lot of work in this project and the whole concept was built on the idea of using whatever we had - try to reuse and be smart about nature and think in a sustainable way. The business was growing and we became quite popular and busy. We renovated big part of the property and at that time we owned over 85% of both the houses and then our family owned the business itself.

We got great reviews both on-line as well as in the business and had strong images for being very professional in our work, preparations and service delivery. Our customers were both foreigners and locals, you could say 50 /50. We had great facilities for seminars and group meetings and over time we were able to offer excellent service. We worked with most of Iceland’s biggest companies as well as government and public figures. And our guests came from all over the world, to enjoy our great location, nature, service, local food and facilities.

In these rather good situations, we found us in big need for more professional staff. This profession, tourism or hospitality, has never been big in Iceland and needless to say - this had always been a short time work, rather badly paid and there were no professional schools for getting some hospitality students. We needed people who could take the job of housekeeping, cleaning, service and guest reception. And we needed them the whole year around.

At this point we started to develop our idea of getting educated staff members or students. The only way - at this time - was to start to establish some sort of cooperation with schools in Europe or somewhere abroad. We had fine facilities to take on foreign students, great accommodation, a fine professional working environment and we could offer them good training and help them to build up a good network for the future.

We established good contact with 5 different schools in Europe and started to create a professional training material which we did jointly with all the schools. The training time was usually for 12 - 16

weeks and this was formally regarded as part of their education. We developed an assessment plan as well as an evaluation form for future training. We invited some of the teachers from partner schools to Iceland to design the training and make sure that this project would be approved in their schools. In our business at this time, we had a strong group of trained people and professionals, like chefs, hotel management, service people and teachers.

This was very interesting and a great learning process and for more than 3 years we created a network of young students who came to Iceland for internship through their schools and our business. In the beginning we didn't see how huge and positive this project could actually be. There were so many positive sides in doing this, like all the marketing values the students create through social media, how strong they were in promoting Iceland in their home culture and how important their Icelandic and international network became for them in the future. And of course this meant that we got all the good students from these schools, they, as our former interns, knew how to find the right people in the schools to send in after they got back home. Our guests were all informed about the training program in our business and this often created a fine time and new opportunities, when our guests discovered that there were students from their home countries working at our places.

Then suddenly, without any warning, members from the Workers Union in Iceland, got in touch with some of our students, asking about salary, working contracts, working hours, taxes and if they were registered in the Union. In the beginning we told these authorities (i.e. the Union) that this was not an issue by us because they were only staying by us on a student basis under our professional supervision and this was part of their education and training.

This was not an explanation that worked for the Union. According to Icelandic law, rules and regulations, based on the working people's rights, they do not allow businesses to take over training students on this basis. We were not legal as schools do and we did not have any legal right to take and train students like this. We did not understand how serious this situation was, nor did we anticipate what was going to happen next.

Our business and these students' situation topped the news for weeks and our business was said to have been exploiting young people, abusing them with huge workload, not paying adequate salary, nor paying taxes or any other regular payment. We had treated them as students - with the same rights as any other students - but not as regular workers. This got worse and there were cover stories, where the company was accused of "exploiting people, human trafficking and - being on the border of slavery - undermining the Union's law in Iceland".

Needless to say - we didn't have any clue of the negative impact of these situation. There was a huge covering about this on the TV, in the newspapers and this was all over social media. Our Icelandic staff members got mocked and disturbed by how they could work for such a deviance company and all the students were aware of this. This led to big cancellations from the Icelandic market and in the end we had to terminate all the promised training posts. Later on this also led to loss of another big foreign contract and project. The damages were huge and we were on the edge of going bankrupt.

To save the company from that, we took in investors and for the next years were struggling to improve our image, trying to recover on the domestic as well as on the international market.

The new investors had a different concept and different views and totally other intentions for the business than we previously had.

Finally, this all led to personal, emotional and social bankrupt.

In the beginning we were proud entrepreneurs with good and strong intentions and pretty clear vision for the future image of our business.

Now we felt that we were trapped in a corner with little impact on the future development of a business that had been ours.

One dark day, we were simply invited, in a very polite way, to leave the business.

Not financially bankrupt - but surely empty and devastated in all other areas.

- **Think about the power of Social Media**
- **Think about the external situations - how can this possibly affect your business - use and think in SWOT**
- **Try to understand the workload you might be getting into and how this might affect you social wellbeing**
- **Think about the total effect of your actions - direct and indirect- as well as your responsibility as a business owner**