



KEEN MINDS CASE COMPETITION 2026

Everbright & PMD Tea

Pouring Value at a Regional Crossroads

A strategic-partnership decision in boutique hospitality



MANCHESTER METROPOLITAN UNIVERSITY • EVERBRIGHT GROUP HOTELS • PMD TEA

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Case abstract

In early 2026, Everbright Group Hotels and PMD Tea began exploring a partnership. Everbright runs seven boutique hotels across North Wales and the Lake District, where a “quintessentially English” afternoon tea is central to the experience guests come for, and a lever the group hopes will lift average spend and set it apart from a crowded field of independents and chains.

PMD Tea, a heritage Sri Lankan house built on single-estate provenance and sustainable sourcing, sees the group as a route to grow beyond London and the Home Counties. But a diagnostic “Afternoon Tea Review” that PMD ran across sample properties was blunt: weak storytelling, mismatched crockery, tired food presentation and, fatally for a premium pitch, a single low-grade tea bag. The gap between Everbright’s ambition and its execution is real, and closing it costs money and management attention that neither firm has in abundance.

The two boards do not yet agree on whether to proceed, on what form a deal should take, or on who should carry the cost and the risk. That is the decision this case puts in your hands.

Your brief

Your consulting team has been jointly engaged by the boards of Everbright Group Hotels and PMD Tea. The two organisations want a partnership decision, not a description of their situation. You must take a clear position and defend it. Specifically:

- **Recommend whether to partner.** Should Everbright and PMD form a partnership at all? Ground your answer in both the strategic logic and PMD’s operational findings, tea quality, menu and storytelling, service standards, crockery and sustainability.
- **If yes, recommend the form.** Choose among the strategic options (and any hybrid you can justify), decide how deep and how broad to go, and settle the commercial architecture: exclusivity, term, revenue model, who funds the upfront cost, and how brand integrity is protected.
- **If no, give each firm a credible Plan B.** Set out what Everbright and PMD should each do instead.
- **Resolve the constraints.** Analyse the financial, organisational and regulatory hurdles that must be cleared before anything can be implemented.
- **Sequence the money and effort.** Recommend how each firm should phase resource allocation across competing priorities over the next 24, 36 months.

Deliverable: a board-ready slide deck (maximum 15 slides including appendices). Teams present for 10 minutes, followed by 5 minutes of judge questions. There is no single correct answer, the strongest teams will make defensible assumptions, quantify their reasoning, and be honest about what they are trading off.

Learning objectives

By working through this case you will practise how to:

- Evaluate a strategic partnership (a classic build, buy, ally choice) between two firms whose goals only partly overlap.
- Combine qualitative operational diagnostics with quantitative modelling to reach a recommendation.
- Weigh competing options under hard constraints on capital, capacity and time, and justify a choice.
- Read stakeholder interests across two organisations and design a deal that can survive their disagreements.
- Build a sequenced, costed implementation plan, and handle ambiguity and incomplete data with defensible assumptions.

How to use this case

The figures in this case are illustrative and built for teaching. They are internally consistent and realistic enough to model, but they are not the audited accounts of any real business and should not be treated as such. Some information is deliberately incomplete or drawn from small or non-representative samples, this mirrors real management decisions, where you rarely have everything you would like. Where you make an assumption, state it. The named executives in Section 9 are illustrative composite characters created for the exercise; they are not real individuals, and no quotation should be attributed to the real case partners.

1. The decision on the table

It is a wet Tuesday in March 2026, and a joint working group from Everbright and PMD Tea is meeting for the fourth time in a first-floor room of the Llandudno Bay Hotel, rain streaking the windows that look out over the promenade. On the table sit two documents that do not entirely agree with each other.

The first is a slide deck from late 2025 that sketched an exciting future: a signature “Everbright English Tea Experience,” higher room rates, curated loose-leaf teas telling a story of Sri Lankan estates and Welsh and Cumbrian larders. The second, produced a few weeks ago, is PMD’s Afternoon Tea Review, a candid, occasionally uncomfortable account of what a mystery-guest visit actually found when the tea arrived.

Everbright’s leadership wants to lift its afternoon tea from a marketing line into a genuine reason to choose the group. PMD wants to grow beyond London without cheapening a brand built over decades on provenance. Both can see the prize. Neither is sure the other can deliver, and neither has unlimited money or people to find out. The working group has been asked to bring a recommendation to a joint board session in 36 months’ planning horizon, but a first go/no-go decision is due in weeks.

They have engaged your team to help them decide.

2. Everbright Group Hotels

2.1 The group and its portfolio

Over the past decade Everbright has assembled seven boutique properties across North Wales and the Lake District, regions known as much for rugged coastlines and walking trails as for unpredictable, sharply seasonal demand. Publicly the group describes its hotels as “beautifully located properties managed by considerate experts.” Internally the picture is more complicated: service quality varies between sites, several properties carry ageing room stock, and there is a running tension between preserving traditional hospitality and meeting shifting guest expectations.

Each hotel has grown its own identity, shaped by local managers, historical quirks and its surroundings, from the Georgian Rossett Hall near Wrexham to the spa-focused Stonecross Manor in Kendal. The Llandudno Bay Hotel, one of the group’s strongest performers, enjoys steady seaside footfall and a reputation for polished afternoon teas; the George Hotel in Penrith leans on walkers and cyclists moving through the North Lakes and competes hard on price.

Leadership frames the brand promise as “coast-to-country”: seaside promenades, rural fells, heritage buildings and traditional British hospitality. Yet the group has never pinned down what truly separates it from the many independents and national chains working the same regions. Afternoon tea is marketed everywhere as a signature experience, but, as the review would confirm, it is delivered unevenly.

EXHIBIT 2, EVERBRIGHT PROPERTY SNAPSHOT (FY2025 FORECAST, ILLUSTRATIVE)

Property	Region	Rooms	Occ.	ADR	AT price	AT covers/wk	Guest score
Llandudno Bay Hotel	N. Wales (coast)	82	72%	£125	£26	120	4.4
Conwy Waterfront Hotel	N. Wales (coast)	76	67%	£120	£24	80	4.2
Wild Pheasant Hotel & Spa	N. Wales (Llangollen)	88	66%	£112	£22	70	4.1
Rossett Hall	N. Wales (Wrexham)	70	69%	£108	£21	55	4.0
Stonecross Manor & Spa	Lake District (Kendal)	45	68%	£115	£24	55	4.0
Ambleside Fells Hotel	Lake District	75	70%	£116	£23	60	4.2
The George Hotel	Lake District (Penrith)	84	71%	£98	£19	30	3.7
Group total / average	,	520	~70%	£110	,	,	4.1

Note: “AT” = afternoon tea. Covers per week are annual averages; peak weekends and celebratory bookings can run 2, 3× the average, while winter weekdays fall well below it. “Guest score” is the property’s average public review rating out of 5. Columns may not tie exactly to group figures because of rounding and inter-property variation.

2.2 Guests and demand

Everbright’s customer base is diverse and occasionally contradictory. Leisure couples and families are the backbone, short breaks, spa weekends, “traditional” British experiences. Corporate bookings and small conferences add revenue at properties with meeting space. Weddings and celebrations matter but swing hard year to year, with some hotels growing and others squeezed by local competition and pricing.

International visitors, chiefly from Europe, North America and parts of Asia, are the segment leadership is most excited about. They now account for roughly a quarter of room nights and are growing a few points a year, and they book afternoon tea at about twice the rate of domestic leisure guests, often explicitly seeking the “quintessentially English” ritual: afternoon tea, countryside walks, heritage hotels, local crafts. Their expectations around service, dining and “authenticity,” however, vary widely, and internal debate persists over whether the current service model and staffing can carry a more premium, globally appealing experience.

EXHIBIT 8, SELECTED GUEST & DEMAND EVIDENCE (ILLUSTRATIVE)

Indicator	Value	Source / caveat
Group average public review score	4.1 / 5	All properties, trailing 12 months
Reviews mentioning afternoon tea	18% of reviews	Of these, ~40% criticise tea quality or presentation
Afternoon-tea attach rate (Llandudno / group)	22% / 12%	Share of eligible staying guests who book AT
International share of room nights	24%, +3 pts/yr	AT booking rate ~2× domestic leisure
Median acceptable price, "premium" AT	£32 (30% would pay £38+)	Willingness-to-pay survey, single site, n=140, not group-representative

Note: The willingness-to-pay survey covers one property and a small sample. Treat it as a directional signal, not a group truth, part of your job is to decide how much weight it can bear.

2.3 The positioning problem

Everbright's leadership believes its locations and existing afternoon teas give it a foundation for a more distinctive, premium "English experience." But the group has never clearly answered a basic question: why should a guest with a choice pick Everbright over the independent down the road or the chain in the next town? Afternoon tea is one of the few things the group could, in principle, make consistently excellent and unmistakably its own. Today it is neither.

3. PMD Tea

3.1 Heritage and business model

PMD Tea is a heritage Sri Lankan house with deep roots in the island's high-elevation estates. Its reputation rests on provenance, craftsmanship and long relationships with growers, exactly the qualities premium hospitality venues like to borrow. PMD supplies single-estate teas, seasonal blends and curated collections to luxury hotels and speciality retailers in the UK and abroad, and has built a respected presence in London and the Home Counties.

Its expansion into regional boutique hotels, though, has been uneven. Some partnerships have flourished; others struggled on inconsistent staff training, thin brand storytelling, or too little footfall to justify experiential programming. Sustainability is more than a slogan for PMD: it works with estates on certified sourcing and lower-impact logistics, and its provenance narrative is a genuine asset with the international guests Everbright most wants, but only if it is told well and backed by delivery.

3.2 Ambitions and constraints

PMD's leadership sees experiential hospitality, masterclasses, tea flights, sommelier-led events, as a strategic growth area. But real constraints bite. Its UK team is small: just two tea educators, each already committed to roughly 80% of their available delivery days across existing retail and hotel partners. Logistics costs have risen sharply, and single-origin supply from Sri Lanka runs on eight-to-ten-week lead times, so a supply hiccup is felt for months. And there is an unresolved strategic argument inside the company about whether to chase higher-margin retail and product placement or the more resource-hungry, slower-burn experiential collaborations.

PMD has ring-fenced £150,000 for pilot partnerships in FY2026, but that budget is meant to cover Everbright and two or three other prospects, not Everbright alone. Committing heavily to a seven-property group in one of the UK's more seasonal regions would crowd out other opportunities, some of them in higher-footfall locations.

4. The market

4.1 Boutique hotels in North Wales and the Lake District

Both regions are mature, competitive leisure markets increasingly shaped by experience-led travel (Pine and Gilmore, 1998). Guests expect curated stays, walking packages, spa retreats, food trails, rather than a bed and a breakfast. Afternoon tea, once a quiet tradition, has become a battleground for differentiation, with themed menus, prosecco upgrades and seasonal variations. North Wales pairs coastal resorts (Llandudno, Conwy) with historic market towns and Snowdonia's peaks; the Lake District, a UNESCO World Heritage Site (inscribed 2017), is one of the UK's most visited rural destinations. Both are highly seasonal, weather-exposed and vulnerable to transport disruption, and both are losing share of younger travellers to holiday rentals and short-stay platforms.

Competitors are moving. In the past year a well-regarded independent group near Betws-y-Coed relaunched its afternoon tea around a named Welsh-heritage menu and a premium loose-leaf partner, pushing its price to £38 and drawing strong social-media traction; a Lakes spa hotel has begun running monthly "tea and pairing" evenings. The commercial terms of these moves are not public, but the direction of travel is clear: refinement and storytelling are becoming table stakes, and Everbright's single tea bag is increasingly conspicuous.

4.2 Premium tea and experiential hospitality

The premium tea market has moved well beyond packaged retail. Hotels use tea experiences, curated menus, tea flights, educational workshops, to stand out, and international guests often treat afternoon tea as a defining English ritual, though some seek tradition and others novelty. For PMD the opportunity is to embed its brand inside these experiences; the danger is a fragmented

landscape of varying service standards, where a poorly executed partnership dilutes the very premium positioning that makes PMD worth partnering with.

5. The proposed partnership

5.1 Strategic intent and the pilot-property question

The concept both sides started from is a signature “Everbright English Tea Experience” designed to elevate afternoon tea, lift average daily rate (ADR) and attract higher-value guests, while giving PMD access to a regional group with strong locations and appetite to invest. Two pilot properties were pencilled in: the Llandudno Bay Hotel (strong afternoon-tea base, seaside footfall) and Stonecross Manor Hotel & Spa (spa facilities, walking holidays, Lake District proximity).

But the choice is contested. Some Everbright executives argue Rossett Hall or the George Hotel might offer steadier staffing or stronger local demand; PMD has flagged Stonecross’s pronounced seasonality, its winter occupancy has dipped below 50%, as a poor test bed for a year-round premium experience. Part of your task is to decide whether the pencilled-in pilots are the right ones, using the property data in Exhibit 2 and the seasonality profile in Exhibit 4.

5.2 What PMD’s Afternoon Tea Review found

PMD ran a structured mystery-guest review of Everbright’s afternoon tea at sampled properties in early 2026, intended not as an audit but as a diagnostic of the baseline any partnership would have to build on. The findings were candid, and they matter because they set the size of the bill.



Current state: afternoon tea as served across sample Everbright properties, plain crockery, a single tea bag and dated presentation.

- **Story and menu:** no printed menus or provenance storytelling, so guests could not understand, or be asked to pay for, what they were drinking. Food arrived unexplained; dietary needs were not proactively addressed.
- **Food presentation:** sandwiches sparsely filled and uninspiring; scones (a genuine strength) served first and left to cool; pastries generic, with no nod to Welsh or Cumbrian heritage despite the group's regional ambition.
- **Table and service:** crockery mismatched and oversized, undercutting any sense of refinement.
- **The tea itself:** a single low-grade tea bag, described in the review as the weakest element of the experience and fundamentally incompatible with a premium pitch.

The review deliberately did not say whether to proceed. It sharpened the question instead: should the two firms bet on transforming afternoon tea into a flagship experience, which means paying for training, crockery, menus and proper tea, or pursue a lighter form of collaboration (product placement, a retail corner, occasional workshops) that demands far less operational change but delivers far less differentiation?

5.3 The commercial architecture: still to be decided

Beneath the “what experience” question sits a “what deal” question that the two sides have barely touched. Whatever you recommend, you must take a position on the terms that will actually govern the relationship:

- **Exclusivity.** Does PMD become Everbright’s sole tea supplier across all seven hotels? Does Everbright, in return, secure regional exclusivity, PMD agreeing not to supply competing North Wales or Lakes hotels? Exclusivity buys commitment but caps PMD’s regional growth and Everbright’s flexibility.
- **Revenue model.** Supply-only (PMD sells tea, Everbright keeps the guest revenue), a revenue or margin share on the tea experience, a licence fee for co-branding menus as “powered by PMD,” or some blend.
- **Who funds the uplift.** Crockery, menus, fixtures and training cost real money up front. Does Everbright carry it, does PMD co-invest to secure the account, or is it shared against agreed targets?
- **Term and exit.** How long is the commitment, and what break clauses protect each side if the pilot disappoints?
- **Brand control and governance.** PMD’s brand integrity depends on delivery it does not directly control. What quality standards, training requirements and audit rights does it need, and who, a joint steering group?, decides menu, pricing and rollout?

6. Options on the table

Three partnership concepts have been discussed, plus the ever-present fourth option of doing little or nothing together. They are not free to pursue all at once: they compete for the same limited capital at Everbright, the same £150k pilot budget and two educators at PMD, and the same scarce management attention. Choosing is the point.

6.1 Option A: Signature Afternoon Tea Programme

The most developed concept, and the one most directly shaped by the review. Everbright’s current execution, tea, storytelling, crockery, food presentation, would need real improvement before a premium price could be credibly charged. The base case assumes 40 incremental covers per week, over 48 weeks, at an average £28 spend: about £54,000 of incremental revenue per property per year, more plausibly achieved at Llandudno than at seasonal Stonecross. Costs split into a one-off setup and a recurring annual bill (see Exhibit 6). The strategic value, differentiation, provenance storytelling, a reason to choose Everbright, may exceed the direct financial return, but so might the execution risk.



The ambition: a signature afternoon tea with fine china, loose-leaf single-estate tea and patisserie-standard presentation.

6.2 Option B: Tea Workshops & Masterclasses

Experiential programming, workshops, tea flights, pairing evenings, could deepen engagement, generate content and burnish Everbright's reputation for curated experiences, especially at spa and leisure-heavy properties. The economics are modest (Exhibit 6), and the binding constraint is people: PMD has two UK educators already near capacity. Everbright would like to train its own staff to deliver sessions, but PMD worries about brand integrity if delivery drifts from its standards. Read this option more as brand-building than as a profit centre, and note it works only in periods with enough footfall to fill sessions.

6.3 Option C: Co-branded retail / "Tea Heritage Display"

A retail corner gives PMD product placement and Everbright a way to extend the experience beyond the tea room. Benchmark sales of £36,000 per property per year come from high-footfall London and Windsor sites; PMD's own data shows wide regional variance, and North Wales and Kendal are likely to sit lower (a £15,000, £24,000 range is more realistic). Some Everbright executives worry a retail unit would clutter heritage lounges; the review floated a subtler "Tea Heritage Display", storytelling, provenance and sustainable packaging rather than a shop, as a better fit for pilots.

6.4 Option D: Minimal or no partnership

Doing little together is a real option, and a credible recommendation if the numbers or the risks do not hold up. Each firm then needs a Plan B. Everbright could fix afternoon tea in-house with a non-exclusive premium supplier and direct its scarce capital into rooms and energy efficiency, competing on ADR and location rather than a tea story. PMD could concentrate on higher-footfall London and Home Counties groups and retail, keeping North Wales and the Lakes non-exclusive so it can serve several hotels rather than tying itself to one seasonal group. The cost of doing nothing is not zero: Everbright's brand-promise gap persists, and competitors are already moving.

7. The numbers

The figures below support quantitative reasoning and scenario modelling. They are illustrative but internally consistent. Where a single “headline” figure hides a mix of one-off and recurring costs, you are expected to separate them yourself.

EXHIBIT 1, EVERBRIGHT GROUP HOTELS, CONSOLIDATED (ILLUSTRATIVE)

Metric	FY2024	FY2025 (F)	Note
Total revenue	£32.0m	£34.5m	Modest growth from leisure & events
Rooms available (group)	520	520	Across 7 properties
Average occupancy	68%	70%	Group average
Average daily rate (ADR)	£105	£110	Across all properties
F&B revenue (incl. afternoon tea)	£9.0m	£9.8m	Restaurants, bars, events
Spa & wellness revenue	£2.5m	£2.8m	Mainly Wild Pheasant & Stonecross
Operating margin (EBIT)	9%	10%	Before interest and tax
Capital expenditure budget	£2.0m	£2.2m	See discretionary note below
Net debt	~£11m	~£11m	Bank facility with a capex-linked covenant

Note: Of the £2.2m FY2025 capex budget, roughly £1.4m is already committed to essential maintenance and fire-safety compliance across the estate, leaving on the order of £0.8m genuinely discretionary, the pot from which any tea investment, room refurbishment, spa upgrade or energy project must be funded.

EXHIBIT 3, PILOT PROPERTY DETAIL (FY2025 FORECAST, ILLUSTRATIVE)

Metric	Llandudno Bay Hotel	Stonecross Manor & Spa
Rooms	82	45
Occupancy	72%	68% (winter can fall below 50%)
ADR	£125	£115
F&B revenue	£2.1m	£1.3m
Afternoon tea revenue (current)	£180k	£95k
Current afternoon tea price	£26	£24

EXHIBIT 4, MONTHLY DEMAND INDEX BY PROPERTY TYPE (100 = PROPERTY'S ANNUAL AVERAGE, ILLUSTRATIVE)

Property	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Llandudno (coastal)	62	68	82	95	108	120	138	142	118	100	78	89
Stonecross (Lakes)	48	55	78	96	112	128	145	150	120	98	62	78

Note: Coastal properties hold up better in the shoulder and winter months; Lakes properties swing harder, with deep winter troughs. Use this when judging whether a premium, staff-intensive experience can be sustained year-round, and which properties suit workshops.

EXHIBIT 5, PMD TEA, UK OPERATIONS (ILLUSTRATIVE)

Metric	FY2024	FY2025 (F)	Note
Total global revenue	£12.0m	£13.5m	Blends, retail, hospitality
UK hospitality revenue	£3.5m	£4.0m	Hotels, restaurants, cafés
Gross margin (hospitality)	45%	46%	After sourcing & logistics
Marketing & brand spend (UK)	£0.6m	£0.7m	Events, content, partnerships
Tea education & events revenue	£0.4m	£0.5m	Workshops, masterclasses
FY2026 pilot-partnership budget	,	£150k	Must cover Everbright + 2, 3 other prospects
UK tea educators	2	2	Each ~120 delivery days/yr, ~80% committed

Note: Import lead time from Sri Lanka runs 8, 10 weeks; freight costs are up roughly 14% year on year; loose-leaf hospitality margins (~46%) sit below PMD's bagged-retail margins (~55%).

EXHIBIT 6, PARTNERSHIP ECONOMICS BY OPTION (PER PROPERTY, PER YEAR, ILLUSTRATIVE BASE CASE)

Option	Incremental revenue	One-off setup	Recurring cost/yr	Contribution/yr	Simple payback
A, Signature Afternoon Tea	£54.0k	£18.0k	£23.0k	£31.0k	7 months
B, Workshops & masterclasses	£10.8k	,	£7.0k	£3.8k	n/a
C, Retail / Heritage Display	£15, 36k sales	£7.0k	cost of goods	£3.0, 7.2k*	1, 2 yrs
D, Minimal / no partnership	,	,	,	opportunity cost	,

*Note: Option A setup (£18.0k) = crockery & tableware £8.0k + menu design & print £3.0k + initial staff training £7.0k. Recurring (£23.0k) = PMD loose-leaf supply £7.0k + additional labour £10.0k + joint marketing £6.0k. *Option C: PMD earns a 50% gross margin on retail sales; Everbright earns a 20% commission on sales, the £3.0, 7.2k range is Everbright's commission across the regional-to-benchmark sales range. Earlier joint modelling reported a single Option A "£13k contribution" by expensing all £41k of first-year costs against £54k of revenue; separating one-off setup from recurring cost, as above, gives a very different, and more useful, picture. Decide which framing you trust, and why.*

EXHIBIT 7, OPTION A SENSITIVITY TO THE COVERS ASSUMPTION (PER PROPERTY, ILLUSTRATIVE)

Scenario	Incremental covers/wk	Revenue/yr	Recurring cost/yr	Contribution/yr	Payback on setup
Low	20	£27.0k	£23.0k	£4.0k	~4.5 yrs
Base	40	£54.0k	£23.0k	£31.0k	~7 months
High	50	£67.2k	£23.0k	£44.2k	~5 months

Note: The whole case for Option A turns on whether the incremental covers materialise. At 20 covers a week the programme barely washes its face; at 40+ it is compelling. What would have to be true for the base case to hold at each pilot? What is your evidence?

Scaling up. Rolling Option A across all seven hotels would cost roughly £126k of one-off setup and £161k of recurring cost per year, for about £378k of incremental revenue and £217k of contribution at the base case, before discounting for the properties (like the George or a deep-winter Stonecross) where 40 covers a week is unrealistic. Set that £126k against Everbright's ~£0.8m of discretionary capital and against PMD's £150k pilot budget and two educators, and the "deep at one flagship vs. broad and light across many" tension becomes a genuine, quantified trade-off rather than a slogan.

8. Constraints, risks and trade-offs

8.1 Financial and capital

Everbright's discretionary capital (~£0.8m after committed maintenance and compliance) must stretch across room refurbishments, spa upgrades, energy-efficiency work and any tea investment, and its bank covenant links to capex. PMD's £150k pilot budget must serve several prospects. Over-committing to a seven-property, highly seasonal group could crowd out higher-return options for both firms.

8.2 Operational capacity and staffing

Everbright's teams are experienced in traditional hospitality but not in premium tea ritual, brewing, provenance, dietary communication, pacing. Closing that gap means structured training, new service protocols and possibly revised staffing, in a rural labour market that is tight and seasonal. PMD's two educators are already near capacity, so every property added stretches a scarce resource.

8.3 Brand alignment and positioning

Everbright is regional, accessible and family-friendly; PMD is premium, provenance-driven and craft-led. Too formal, and Everbright risks alienating its domestic base; too casual, and PMD risks diluting its brand. Both must judge whether the properties can deliver the required refinement without heavy capital, and, if not, whether a lighter form of partnership protects both brands better than a stretched flagship.

8.4 Competitive and market

Rivals in both regions are already investing in enhanced afternoon tea and pairing events. PMD's provenance story could differentiate Everbright, but inconsistent execution across properties could just as easily hand critics ammunition and undermine the partnership's credibility.

8.5 Seasonality and location

The Lake District's remoteness and winter troughs (Stonecross below 50%) raise real questions about sustaining a staff-intensive premium experience year-round. Afternoon-tea demand is occasion-driven and weekend-weighted, which limits the scalability of workshops and flights in low-footfall periods (see Exhibit 4).

8.6 Regulatory and compliance

A premium tea programme is not just a marketing exercise, it carries obligations that the current service is arguably not meeting:

- **Allergen and food information law.** Menus and pre-packed items must meet UK allergen-labelling requirements (including “Natasha’s Law” for pre-packed-for-direct-sale food, in force since October 2021; Food Standards Agency, 2021). The review’s finding that dietary needs were not proactively addressed is a compliance risk, not merely a service lapse.
- **Food hygiene and safety.** Ratings and HACCP obligations apply to any expanded food offer.
- **Import and supply resilience.** Single-origin tea from Sri Lanka involves customs, potential duty and phytosanitary requirements, and 8, 10-week lead times, a real resilience question if a menu is built around specific estates.
- **Licensing and employment.** Alcohol pairings (prosecco, tea cocktails) need the right licence; training time, minimum-wage and seasonal-labour rules shape the true cost of an uplift.
- **Brand and data.** Co-branding needs a trademark-usage agreement; any joint CRM or marketing must respect data-protection rules.

8.7 Organisational and governance

A partnership between two firms with different goals needs plumbing: who sets the menu and the price, what quality standards and audit rights protect PMD’s brand, how a joint steering group makes decisions, how disputes are resolved, and what break clauses apply if a pilot disappoints. Get this wrong and even a commercially sound deal can fail on friction.

9. Stakeholders and internal debates

The decision is not made by two unified boards but by people who want different things. The following executives are illustrative composite characters created for this exercise; their positions capture the real tensions you must reconcile.

Inside Everbright Group Hotels

- **Helena Vaughan, CEO,** wants a genuine point of difference for the group, but is wary of chasing a premium positioning the estate cannot yet support. “Prove it at one hotel before we bet the brand on it.”
- **Raj Mehta, Finance Director,** guards an oversubscribed capital budget and a covenant. Wants payback inside two years and is sceptical of soft “strategic value” that never reaches the P&L.

- **Fiona Alderton, Operations & F&B Director**, worries most about people: training time, seasonal labour, and whether service can be lifted and held consistent across seven very different sites.
- **Gareth Pughe, GM, Llandudno Bay**, keen to be the flagship; sees the upside and the international-guest demand first-hand, and wants investment directed his way.
- **Sophie Chen, Group Marketing Manager**, loves the provenance narrative and the content it would generate, and argues breadth across properties maximises brand visibility.

Inside PMD Tea

- **Dinesh Perera, Managing Director**, sees regional growth potential but is undecided on exclusivity, which would strengthen the Everbright relationship while closing off other North Wales and Lakes hotels.
- **Priya Ranasinghe, Brand Director**, cautious: the current environment does not yet reflect PMD's values, and she wants operational foundations in place before experiential programming or heavy co-branding.
- **Tom Whitfield, UK Commercial Lead**, favours a broad partnership centred on product placement across all seven properties to expand regional distribution quickly.
- **Amara Fernando, Head of Tea Education**, the capacity constraint made human: two educators, already stretched, and real doubts about letting hotel staff deliver PMD-branded sessions.

The fault lines: deep-single-flagship vs. broad-and-light; hard payback vs. strategic value; product placement vs. experiential; and exclusivity vs. optionality. A recommendation that ignores these people will not survive the room.

10. Your task

Bring the two boards a clear, defensible recommendation. At a minimum, answer the following, and be explicit about the assumptions and evidence behind each answer.

- **Partner or not?** Is a partnership in the best interests of both firms, given the strategic logic and the operational realities the review exposed? If your answer differs for the two firms, say so.
- **What form?** If you recommend partnering, choose among Options A, C (or a justified hybrid), decide how deep and how broad, pick the pilot property or properties using the data, and settle the commercial architecture from Section 5.3, exclusivity, revenue model, who funds the uplift, term and governance.
- **Or the alternative.** If you recommend against a formal partnership, give Everbright and PMD each a credible Plan B.

- **Clear the constraints.** Show how the financial, organisational and regulatory hurdles in Section 8 would be resolved.
- **Sequence the resources.** Set out a phased plan for both firms over 24, 36 months that respects Everbright's ~£0.8m discretionary capital and PMD's £150k budget and two educators, and that says clearly what you would do first, what you would defer, and what would trigger a decision to scale or stop.

What strong teams do. The judges are not looking for the “right” answer, there isn't one. They are looking for teams that filter the noise, challenge the numbers rather than accept them, quantify their reasoning, weigh the trade-offs openly, and turn PMD's operational findings into a coherent strategy that both boards could actually sign.

Appendix: assumptions, definitions and research pointers

Key assumptions baked into the figures

- Option A base case: 40 incremental afternoon-tea covers per property per week, 48 operating weeks, £28 average spend.
- Option A costs: one-off setup £18k (crockery £8k, menus £3k, initial training £7k); recurring £23k/yr (PMD supply £7k, labour £10k, marketing £6k).
- Option B: 2 sessions/month, 10 participants, £45 ticket; ~£7k annual cost; PMD educator day-rate ~£450 + travel.
- Option C: benchmark £36k sales/property (high-footfall); regional expectation £15, 24k; PMD 50% gross margin; Everbright 20% commission; setup £7k.
- Everbright discretionary capital ~£0.8m of a £2.2m budget; PMD FY2026 pilot budget £150k across several prospects.

Definitions

- **ADR**, average daily rate (average room revenue per occupied room).
- **Attach rate**, share of eligible staying guests who also book afternoon tea.
- **Contribution**, incremental revenue less directly attributable recurring costs (before allocating overhead or one-off setup).
- **Simple payback**, one-off setup cost divided by annual contribution; ignores the time value of money.

You are expected to research independently

- The boutique hotel market in North Wales and the Lake District.
- The premium tea and experiential hospitality sectors.
- Comparable partnerships between hotels and premium beverage brands, and how they were structured.

References and further reading

The company and financial details in this case are illustrative, but its market, regulatory and conceptual context draws on real sources. The following are reliable starting points for your analysis and independent research; web pages were current in August 2026, so check for the latest version.

Concepts and analytical frameworks

Barney, J. B. (1991) 'Firm resources and sustained competitive advantage', *Journal of Management*, 17(1), pp. 99, 120.

Doz, Y. L. and Hamel, G. (1998) *Alliance Advantage: The Art of Creating Value Through Partnering*. Boston, MA: Harvard Business School Press.

Pine, B. J. and Gilmore, J. H. (1998) 'Welcome to the experience economy', *Harvard Business Review*, 76(4), pp. 97, 105.

Porter, M. E. (1985) *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.

Industry and market context

British Baker (2026) 'GLP-1s, Gen Z and drama: afternoon tea trends for 2026 and beyond'. Available at: bakeryinfo.co.uk (Accessed: 14 August 2026).

Mintel (2025) *UK Hotels Market Report 2025*. London: Mintel.

Mordor Intelligence (2026) *Hospitality Industry in the United Kingdom: Size, Share and Trends [market report]*, notes that independent hotels held roughly 57% of the UK market in 2025.

Regulatory and official sources

Food Standards Agency (2021) *Allergen labelling changes for prepacked for direct sale (PPDS) food ('Natasha's Law')*. Available at: food.gov.uk (Accessed: 14 August 2026). In force from 1 October 2021; 14 recognised allergens.

Lake District National Park Authority (2017) *English Lake District World Heritage Site*. Available at: lakedistrict.gov.uk/caringfor/whs (Accessed: 14 August 2026). UNESCO cultural-landscape inscription, July 2017.

Regional and tourism data (for your own research)

VisitBritain, inbound and international visitor statistics (visitbritain.org).

Visit Wales / Welsh Government, North Wales tourism profiles and volume/value data (visitwales.com).

Cumbria Tourism, Lake District visitor-economy data (cumbriatourism.org).

Sustainability and provenance

Ethical Tea Partnership, responsible tea sourcing and producer support (ethicalteapartnership.org).

Rainforest Alliance, certification standards relevant to tea provenance claims (rainforest-alliance.org).

A final word. Every figure here is illustrative and provided to support structured analysis, scenario modelling and strategic reasoning, not as a statement of any real company's accounts. Where the data is thin or a sample is small, that is deliberate. Make your assumptions, state them, and defend your judgement.