



UNIT-1

Introduction to Hotel Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explore various characteristics of hospitality Industry.
- ✓ Explain the relationship between hospitality industry and tourism.
- ✓ Explore major hotel departments and their functions.

Unit 1

Introduction to Hotel Management

What is Hospitality?

There is no one single and simple definition to explain the term of hospitality. Many people have tried to describe the hospitality industry in different ways. Some tried to summarize the scope of the industry and its characteristics of involving both tangible and intangible features in the service delivery process. Others attempted to describe the industry by exploring the stakeholders involved, mutual benefits generated and the industry's impacts to the society and economy.

Broadly speaking, Hospitality is the act of kindness in welcoming and looking after the basic needs of customers or strangers, mainly in relation to food, drink and accommodation. A contemporary explanation of Hospitality refers to the relationship process between a customer and a host. When we talk about the "Hospitality Industry", we are referring to the companies or organisations which provide food and/or drink and/or accommodation to people who are "away from home". However, this definition of the "Hospitality Industry" only satisfies most situations.

Characteristics of the Hospitality Industry

Different from other sectors, the hospitality industry is unique in its nature which tends to be service-oriented and has a strong emphasis on human exchange in the service delivery processes. A summary of key characteristics relating to the hospitality industry are listed in Figure 1.1 as below:

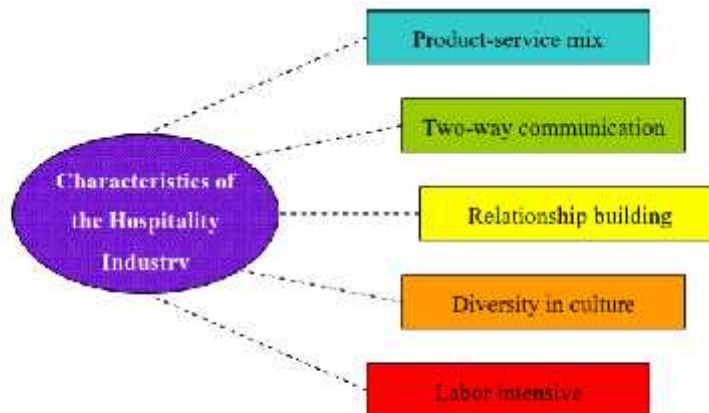


Figure 1.1 – Characteristics of the Hospitality Industry

1. Product-Service Mix

In the hospitality industry, customers rarely consume pure products but a mixture of products and services. For example, one who dines in a restaurant will not only pay for the food and drinks

but the services provided by the servers. The bill has covered both tangible and intangible experience.

Tangible features- for example, a steak as the main course, a glass of house wine, well groomed service staff and decoration of the restaurant. Intangible features- for example, a comfortable dining atmosphere or the friendly attitude of staff.

A successful hospitality business does not only count on its products and services, but also *how* they are delivered. The qualities of staff and the way they deliver the service are often more important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. Hence, the two features can contribute to the total experience in the service delivery process.

As products and other tangible features can be easily imitated by competitors, hospitality operations which aimed for high-ended customers and 'superior' quality gradually spend more and more resources in enhancing the service standard as a strategy of differentiation.

2. Two-way Communication

In order to achieve service excellences in the hospitality industry, two-way communication is one critical factor which requires the involvement and participation of both customers and service staff in the service delivery process. Through interactions with customers, important messages about their needs and expectations can be received by service staff for their immediate actions to create customer satisfaction. Interactions between internal staff or inter-departments is also critical since total experiences of customers in using any lodging or food and beverage services usually involve team work and exchange of information within the organization.

3. Relationship Building

The hospitality industry highly depends on repeated customers for survival. Building long term relationship with customers can benefit the organizations for generating stable revenues regardless of the instability of seasons and at the same time, developing brand reputations through positive word-of-mouth of the repeated customers. In order to develop brand loyalty, different methods are currently applied by the lodging and food service sectors, such as membership programmes which give privileges and incentives to frequent customers. However, top management of organizations do believe that the informal ways of building "friendship" between front-line staff and customers through high degree of personal attention and customization can win the loyalty of customers in long run.

4. Diversity in Culture

As hospitality are closely related to tourism industry, it is not surprising that people involved in this sector, no matter customers or staff are experiencing a diversity in culture through interacting with others. Staff who work in a hospitality organization always have interactions with customers from different regions, or to work and corporate with other colleagues who may have different backgrounds or cultures. Due to their differences in religious beliefs and values, some conflicts and misunderstandings can be easily occurred. Therefore, staff should be open-minded, and come up

with solutions together in resolving problems in their duties. For example:

- **From customers' perspective**, some of them abstain from meat due to their religious beliefs or habit. Therefore, restaurants should provide vegetarian food as an option in order to satisfy their needs.
- **From staff's perspective**, eating pork or any food products with pork as ingredient should be avoided if some colleagues are Muslims in order to show respect to their religious belief.

Such a cultural diversity implicates that local staff should generally understand different cultures so flexible services can be provided to customers based on their national cultures and harmony in cooperation with colleagues from different nationalities can be achieved.

5. Labour Intensive

Since the hospitality industry is service-oriented in its' nature, it requires a huge supply of labors to create a memorable experience for the customers. This characteristic is especially true for those enterprises which target for high-ended customers. For example, staff-to-guest ratios are high in fine dining restaurants and 5-star hotels which aimed at providing one-on-one services to their customers. Although the advancement in technology do contribute to the replacement of some simple tasks in the whole service process, customers who concern the element of 'care' generally expect high degree of human contacts and personalized services in their consumption experiences. It explains why the industry is always in high demand for labor and is willing to spent time and resources in training and recruiting potential candidates to join the workforce of the hospitality industry.

Relationship Between the Hospitality Industry and Tourism

Scope of the Hospitality Industry

"Guests" means those who are away from their homes and it therefore, has generated a perception that the hospitality industry should include or overlap with the tourism industry to a certain extent. Without a clear definition about the scope of the hospitality industry, some suggested that it should not only cover all lodging and food service operations but other tourism related operations, such as airlines and theme parks. Besides, there were also some who considered putting hospitality and tourism into one industry. One example of categorization is shown in Figure 1.2.

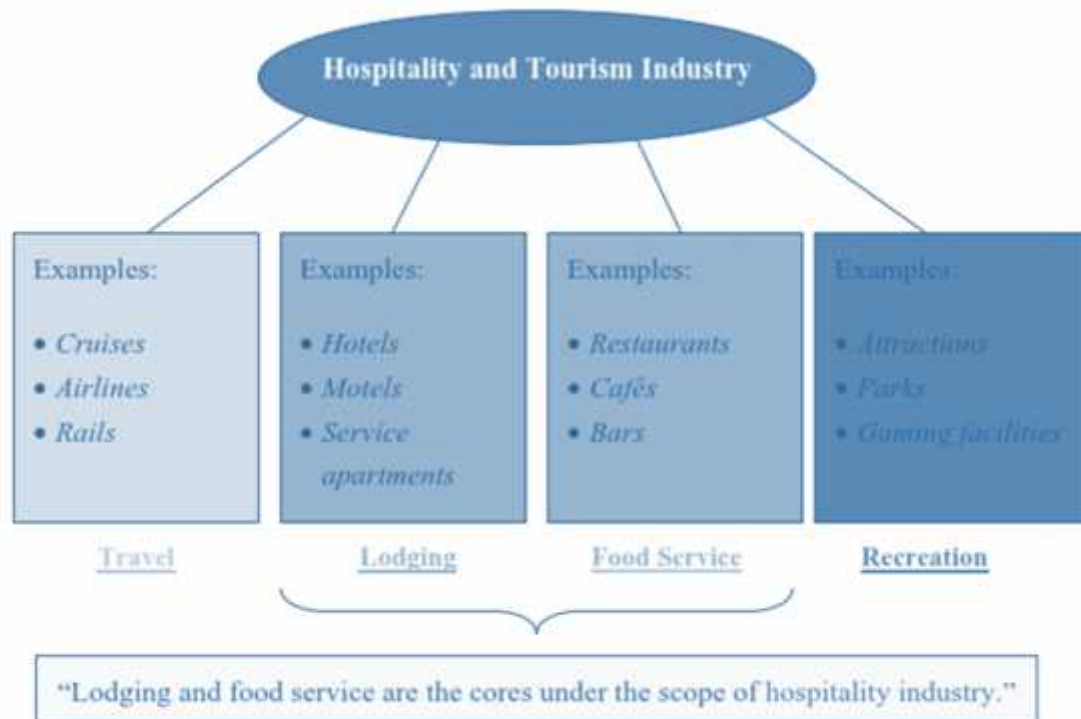


Figure 1.2– Scope of the Hospitality and Tourism Industry

There are two main business sectors in the hospitality industry:

- **Accommodation** – To provide accommodation (and usually food and drink) to people who for whatever reason are away from home
- **Food and Beverage** – To provide food and beverage to local, commuting, transient customers and tourists

These two sectors will be covered in more detail in subsequent units.

As we have seen, the hospitality industry includes hotels and restaurants, as well as many other types of organisations or institutions that offer food, drink, shelter and other related services. These products and services are offered not only to people away from home, but also to local customers. A manager in the hospitality industry, therefore, must keep in mind the following three objectives:

1. Making the customers feel welcome personally;
2. Making things work for the customers; and
3. Making sure that the operation will continue to provide service and meet its budget.

Career Prospect of the Hospitality Industry

There are always some pros and cons for working in the hospitality industry. The concern whether a position suits to you or not is mainly dependent on your own character and personal interest. Some general views, both positive and negative, about the career prospects of hospitality industry are summarized below as reference for those who may have intentions to join this unique and challenging industry.

1. Positive Views

a) Variety of Career Choices

Due to the booming development of the hospitality and tourism industry, many new hotels and restaurants are opened for catering the needs of both the visitors and locals. It facilitates a huge demand of labor in the market, especially in some developing countries. The job natures are broad, ranging from different back-of-the-house to front-of-the-house positions in the hospitality industry. Some positions that can be selected by graduates with their certificates or diplomas relating to hospitality are highlighted in Table 1.1 below:

Accommodation Sector	Food Service Sector	Other Related Sectors
• Front desk receptionist • Room attendant • Telephone operator • Reservation • Concierge • Bellman/Doorman • Business center associate	• Waiter / waitress • Host / hostess • Cashier • Food runner/Busser • Bartender • Apprentice • Commis • Banquet server	• Tour guide • Tour escort • Travel agent • Theme park crew • Event sales • Other“customer service” positions

Table 1.1 — Career Opportunities of Graduates Studying Hospitality Programs

b) Opportunities to Meet People with Different Backgrounds

As mentioned earlier that the success of a hospitality service highly depends on the human contact between staff and customers. Having a chance to work in the industry, particularly in some front line positions means that there would be many opportunities for one to meet and communicate with people with different backgrounds and cultures. For example, a hotel receptionist can perceive his/her position as a tourist ambassador, which can be enjoyable and

challenging. The job satisfaction through winning customers' smiles, as well as its' interactive nature make hospitality industry attractive to youngsters with an out-going character.

c) Long-Term Career Development

It is common that most people have to start their careers from the entry-level. However, the career paths are always quite clear for employees and there are always opportunities for them to get promoted and proceed to management levels based on their experience and performance. Successful stories are numerous in this sector and someone starting from room attendant can finally turn into the general manager of a hotel. Figure 1.3 shows a sample career path provided to employees by a famous fast food chains.

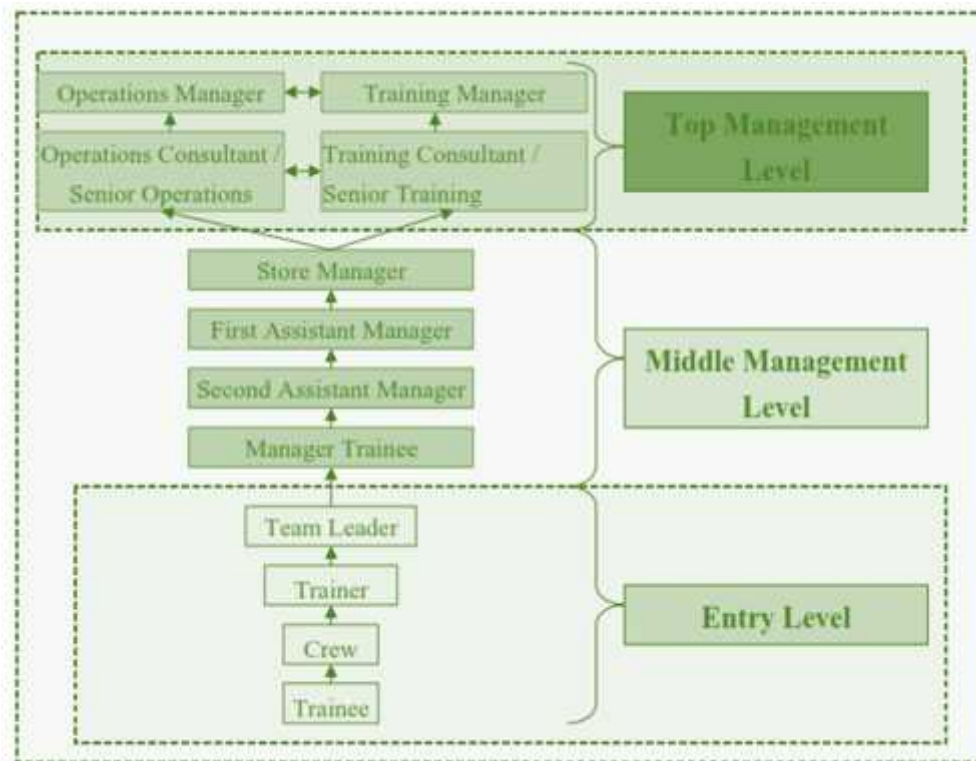


Figure 1.3—Sample Career Path in a Fast Food Chain

d) Fringe Benefits Enjoyed By The Employee

Different from other business and service operations, staff working in hotels and food service operations can usually enjoy some other benefits in addition to the basic salaries, annual bonus and insurance coverage. For example, hotel and restaurant staff are normally provided with 2 duty meals in their work days. Some hotel staff are also allowed to enjoy a discount rate or associate rate for booking rooms, which can be even applied to hotel outlets under the same brand all over the world.

2. Negative Views

a) Long and Non-Regular Working Hours

Shift works are very common in food and beverage and accommodation sectors. Despite of morning and evening shifts, some positions require staff to work overnight, such as night auditors in the front desk and security officers. As there are no such things of public holidays, staff are always required to work on weekends or special days, such as Christmas and Easter, etc. “Long working hours” seem to be the implicit norm of many positions in the hospitality industry. Over-time works due to the shortage of labors and peak seasons of businesses are frequent to both operational staff and managers. The concerns about the bad effects on one’s health and family life lead to people’s hesitation in joining the industry.

b) Work Under Pressure

In most situations, staff are expected to provide “quick” and “high quality” services without keeping their customers from waiting. The pressure of maintaining the service efficiency and consistency, especially in peak seasons could be tremendous. The need for frequent communications with customers has especially created intense pressure to staff in front line positions. Receiving complaints or handling angry customers are resistances for people in starting their careers in this industry.

c) Low Starting Salary

Hospitality industry offers many relatively low-skilled entry level jobs. With the exceptions of management or positions which require fluency of languages or specific skills, staff with no experience generally have low starting salaries. The differences between large-scaled and small-scaled hotels or food service operations lead to further variations in staff salaries.

d) Perceptions of Low Job Status

As mentioned above that many positions are low-skilled in the hospitality industry, some people would think their job status are relatively lower when compared with other industries, such as banking and finance. The misperceptions of ‘being a servant to others’ in the Chinese culture plus other negative views introduced above have also discouraged many graduates from joining the industry.

The Accommodation Sector

Classification of Accommodation Establishment

There is no generic rule for classifying accommodation establishments globally. One method is to divide accommodation into two main groups:

1. Non-commercial; and
2. Commercial.

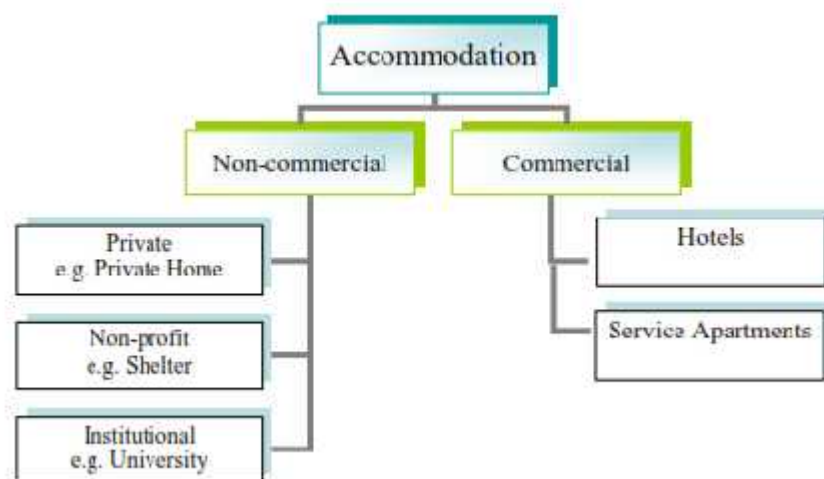


Fig: 1.4

Hotels and Their Classifications

As **Hotel** is the predominant type of commercial accommodation we, therefore, will discuss in depth about how hotels can be classified.

“Hotel” means an establishment held out by the proprietor as offering sleeping accommodation to any person presenting himself who appears able and willing to pay a reasonable sum for the services and facilities provided and who is in a fit state to be received.

A hotel is classified as a commercial establishment providing accommodations, meals and other guest services. Originally guests had two choices:

- Luxury hotels; or
- Budget hotels.

In some countries, hotels were built to serve middle-class families and, when the economy in general boomed and room supply increased; hoteliers then focused on setting themselves apart by offering

specialised accommodation for:

- Conventioneers;
- Business groups; and
- Special weekend events and families.

As diversity flourished so did competition and brand loyalty. Anyone who can pay (within reason) can rent a room for a night in a hotel. Hotels vary greatly in style and services, from luxury, business, resort, townhouse to boutique and budget. A standard room will have a bed, bathroom facilities, shower, telephone, TV, lounge area and mini-bar. Housekeeping services available include laundry and dry-cleaning. Nowadays guests would usually have access to a wireless computer network and also to a business centre. Most major hotels will have restaurants and bars available for guests and if they are situated in a large city they are usually located near the business districts, tourist destinations and/or airports.

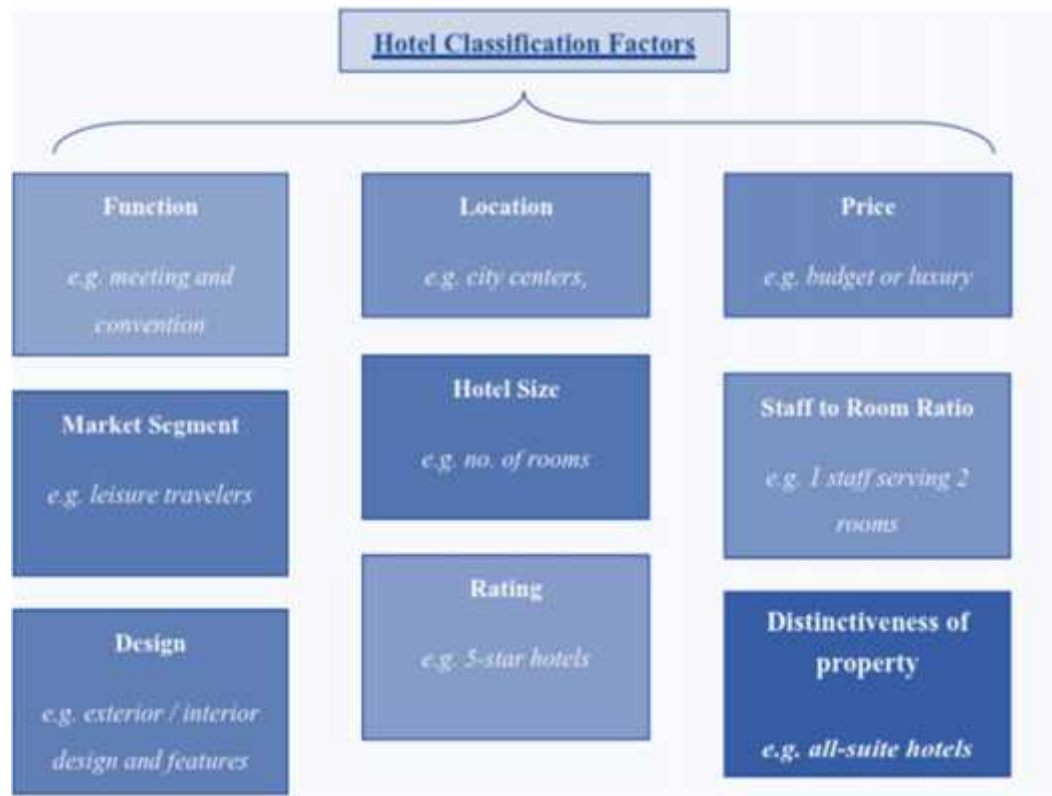


Fig: 1.5

Types of Accommodation

The following chart shows various types of accommodation used by travelers and their respective characteristics:

Name(s)	Characteristics
City centre hotels	These hotels are located within the heart of a city. The type may vary greatly from business, suites, residential, economy, mid-scale to luxury.
Suburban hotels	Suburban hotels tend to be smaller properties which usually provide full-service, and locate in suburban area.
Airport hotels	These hotels are designed especially to accommodate air travelers. They offer a mix of facilities and amenities. The majority offer customers transportation to and from the airport.
Highway hotels or Motels	They are designed for overnight stays for car travelers, often with very basic facilities. The rooms usually have direct access to an open parking lot. They are often smaller than most hotels. They are located on the outskirts of towns and cities.
Convention hotels	These hotels can provide a large quantity of rooms. In addition to accommodation, they provide extensive meeting and function space for holding conventions. There are banquet areas within and around the hotel complex. Most of them provide an in-house laundry, a business centre, airport shuttle service, and 24-hour room service. They are often in close proximity to convention centres and other convention hotels.
Commercial hotels	They are located in downtown areas. They tend to be smaller than convention hotels. Meeting and function space are smaller, and there are fewer banquet areas.
Resort hotels	These hotels are located in picturesque, sometimes remote settings. Customers travel long distance to resorts. Usually, they tend to stay longer. Resorts typically provide a comprehensive array of recreational amenities, as well as a variety of food & beverage outlets ranging from informal to fine-dining restaurants.

Spa hotels	They are located in resort-type settings or as part of city spa hotels. They provide accommodations, spa treatments, programs and cuisine. Programs offered vary widely. They may include relaxation/stress management, fitness, weight management, grief/life change and pilates/yoga. Spas have professional staff that often include dieticians, therapists, masseurs, exercise physiologists, and in some cases, physicians.
Casino hotels	They have gambling operations which are the major revenue centres. They also provide live entertainment. A wide variety of luxury amenities, hotel services including fine and casual dining and shopping centres are typically available on site.
All-suite hotels	The guest rooms in these hotels are larger than normal hotel rooms, with separate areas for working, sleeping and relaxing. A living area or parlour is typically separated from the bedroom, and some properties offer a kitchen set-up in the rooms. The amenities and services can vary widely. They can be found in various locations such as urban, suburban, or residential.
Boutique hotels	Boutique hotels differentiate themselves from traditional hotels and motels by providing personalized accommodation and services/facilities. They are sometimes known as "design hotels" or "lifestyle hotels". The price varies greatly. They are very different in their "look and feel" from traditional lodging properties. They are more intimate, and, perhaps, more luxurious, and stand out as an individual. The amenities vary greatly depending on what the hotel's environment and theme chosen. For example, a boutique hotel may not offer Wi-Fi Internet, air conditioning, or cable/pay TV if it is focus on comfort and solitude.
Timeshares or Vacation ownership	This is a type of shared ownership where a buyer purchases the right to use the property for a portion of each year. In many cases, when the timeshare is purchased, the buyer receives a deed. This indicates that the buyer can use the property each year at the time specified for the number of years based on the deed and the purchase can be handed down to the buyer's heirs.

Historic conversion hotels	These properties have historic significance. They have been converted into lodging establishments with retention of their historic character.
Extended- stay hotels or Serviced Apartments	These properties cater to customers who stay for an extended period. They usually offer full kitchen facilities, shopping services, business services and limited housekeeping services.
Bed and breakfast inns (B&Bs)	They are usually family-owned. They are private homes whose owner lives on or near the premises and rents out rooms to overnight customers. The paid accommodation typically includes breakfast. A popular term is “B&Bs” (i.e. bed and breakfast provided). The host often provides customers with assistance regarding directions, and information regarding the local area including sightseeing suggestions. It is usually located in rural areas and villages.
Guest houses	Guest houses are similar to bed and breakfast inns. They range from low-budget rooms to luxury apartments. They tend to be like small hotels in bigger cities. Though the facilities are limited, most rooms are air-conditioned with en-suite shower and toilet.
Hostels	They are very cheap accommodation. The sleeping arrangements are usually in dormitory style and there may also be self-catering facilities on site.
Cabins	They are bedrooms on a ship or train for passengers.
Villas or Chalets (usually found in skiing and beach resorts)	They are self-catering accommodation in a private bungalow, usually rented to prestigious or renowned customers. In many cases, it refers to a small cottage with an overhanging roof in a seaside resort, e.g. beach houses.

Table 1.2 — Types of Accommodation

The Accommodation Product

Accommodation is the core product of a hotel and is always one of the largest revenue sources in a hotel operation.

Accommodation products refer to rooms and other related products or services that hotel guests will consume during their stays. Front line staff, especially receptionists and reservation staff, should be equipped with product knowledge which enables them to recommend or explain to their guests what is being offered by the hotel. Some basic concepts about the accommodation products, including bed types, room types and room rates are described in this section.

1. Types of Room

Room types of hotels can be numerous which vary in their grading, features and functions. Receptionists and reservation staff should be familiar with all different room types and their characteristics so that a perfect guest-to-room fit can be achieved.

a) Differences in Room Grading

The grading of rooms is generally divided into 3 categories. Table 2.4 illustrates an example of how different rooms are graded in a typical hotel.

Grade	View	Furniture / Amenities /	Extra services / products
Standard	Average, e.g. garden view, car park view	Basic setting, e.g. pine furniture, bed with blanket only, disposable paper slippers, etc.	Nil
Superior	Superior, e.g. city view, sea view	Upscale setting, e.g. rosewood furniture, bed with comforter, cloth slippers, etc.	e.g. complementary newspaper, complementary breakfast, etc.

Deluxe	Magnificent, e.g. sea view at high floor, attraction view	Grand setting, e.g. antique furniture, bed with feather comforter, leather slippers, etc.	e.g. free access to executive lounge and its services, express check-in, welcome drinks, complementary breakfast, free in-room internet and wi-fi services, free limousine pick-up service from the airport, etc.
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Table 1.3 Examples of Room Grade in a Hotel

(Adapted from www.sleeping-around.com/practical/hotel_room_types.)**b) Common Types of Room**

In addition to the room types mentioned in the above, more room types are available for guest s' selection according to their needs and preferences. Table 2.5 shows a comprehensive list of room types which are commonly provide by hotels worldwide.

Types of Room	Descriptions
Single Room	A room that sleeps only one person and has been fitted with a single, double or queen-size bed.
Twin Room	A room that can accommodate two persons with two twin beds.
Double Room	A room that can accommodate two persons with a double or queen-size bed.
Double-Double Room	A room that can accommodate two to four persons with two twin, double or queen-size beds.
Triple Room	A room that can accommodate three persons and has been fitted with three twin beds, one double bed and one twin bed or two double beds.

Hollywood Twin Room	A room that can accommodate two persons with two twin beds joined together by a common headboard. Medium tariff and budget hotels tend to provide many of these room settings which cater both couples and parties in two.
Studio / Murphy Room	A room that is fitted with a sofa bed or a Murphy bed (i.e. a bed that folds out of a wall or closet) which can be transformed from a bedroom in night time to a living room in day time.
Suite	A room with one or more bedrooms and a living space. The bedrooms might be singles, doubles or twin doubles.
President Suite	The most expensive room provided by a hotel. Usually, only one president suite is available in one single hotel property. Similar to the normal suites, a president suite always has one or more bedrooms and a living space with strong emphasis on grand in-room decoration, high quality amenities and supplies, and tailor-made services (e.g. personal butler during the stay).
Villa	A special form of accommodation which can be found in some resort hotels. It is a kind of stand-alone house which gives extra privacy and space to hotel guests. A fully equipped villa contains not only bedrooms and a living room but a private swimming pool, Jacuzzi and balcony. It is suitable for couples, families and large groups.

Accessible Room	This room type is mainly designed for disabled guests and it is required by law that hotels must provide certain number of accessible rooms to avoid discrimination. The room setting of an accessible room is different from other standard rooms for guests' conveniences. Common features include safety bars and emergency buttons in the bedroom and bathroom, touch floor lamps, fire alarm lights, and outward opening door for bathroom, etc. The rooms should always be located at ground or at lower floors and should be near to the elevators for easier accessibility of disabled guests. Besides, this room type is also suitable for seniors.
Balcony Room	A room with a balcony.
Executive-Floored Room	A room located at the 'executive floor' which enables convenient access to the executive lounge. Besides, some hotels also provide 'female executive floors' with their rooms assigned to female guests only due to safety and security reasons.
Room for Extended Stay	This room type can be found in service apartments and hotels which target for long stay guests (e.g. expatriates). Open kitchens or cooking equipment are usually available in the room. Some would also provide housekeeping services (e.g. once a week) in a regular basis
Smoking / Non-Smoking Room	Many hotels provide both smoking and non-smoking rooms for their guests. In order to minimize the effects of secondhand smoke exposure on non-smoking guests, some hotels group all smoking rooms in certain floors and separate them from non-smoking rooms.
Adjacent Room	Rooms close by or across the corridor, but are not side by side.
Adjoining Room	Rooms that are side by side, but do not have a connecting door between them.
Connecting Room	Two rooms that are side by side and have a connecting door between them.

Table 1.4 — Hotel Room Types

2. Types of Bed

A hotel has different types of guest room and bed for the guests to choose from. Hotel staff should explain these clearly to guests, as they may not be familiar with the hotel terminology.

Types of bed	Sizes (e.g.)
Twin	39" x 75"
Double	54" x 75"
Queen	60" x 80"
King	78" x 80"

Table 1.5 — Types and sizes of bed

There are various kinds of bed which sized differently to cater the needs of hotel guests. Some of them are particularly available in certain room types and are introduced as below in Table 1.5

Types of Bed	Symbols / Codes	Sizes	Descriptions
Single / Twin	S / T	39"x75"	Designed for one person only; single and twin beds sized the same; the term 'twin beds' implies they are in pairs and the room type is always described as 'twin room'.
Double	D	54"x75"	Designed for two persons; easily confused with the term 'twin beds' in Chinese translation.
Queen	Q	60"x80"	Designed for two persons; wider and longer than double beds for better comfort of guests.
King	K	78"x80"	Designed for two persons; wider than queen beds for better comfort of guests.

Hollywood Bed	T	78"x75"	Two twin beds placed side by side and shared the same headboard; it is designed for two persons.
Studio Bed / Sofa	H	48"x75"	Available in a studio room; it caters the needs of business guests for conducting business meetings in the guest room.
Murphy Bed	M	60"x80"/ 78"x80"	It serves the same function as sofa bed; the bed folds out of a wall or closet, which makes it more convenient for guests to conduct business meetings in the guest room.
Roll-away Bed	/	30"x72"/ 34"x75"	Extra bed temporarily added according to guests' requests; extra charges are usually required.
Baby Cot	/	/	Provided to those guests who bring along with their babies; usually requested in advance by guests in their reservations.

Table 1.6 – Different Types of Bed in a Hotel

*Twin bedroom**Double bedroom*

Types of Hotel Guests

Hotel guests can be classified according to their:

- Trip purpose – pleasure or business travellers
- Numbers – independent or group travellers
- Origin – local or overseas travellers

1. Leisure Travelers

They are individuals who travel to engage in leisure activities, outdoor recreation, relaxation, visiting friends and relatives or attending sports or cultural events.

2. Corporate Business Travelers

They are individuals whose frequent bookings are usually made by enterprises with reduced room rates. Business travelers travel to conduct business, attend business meetings or workshops, and engage in selling or purchasing products.

3. Free Independent Travelers (FITs)

They are sometimes referred to as "foreign independent travelers ". FITs are international tourists who purchase their own accommodation and make their own travel arrangements.

4. Group Inclusive Tours (GITs)

Tourists who travel together on package tours with accommodation and sometimes meals which are booked through travel agents. Group tourists tend to spend less and budget their spending allowance.

5. Domestic Tourists

They are local residents who stay at a hotel for special occasions and functions.

6. Conference Participants

Individuals who travel to attend conference and whose accommodation is usually reserved by himself/herself, his/her enterprise or a conference organiser before their arrival.

7. Very Important Persons (VIPs)

Very important persons may include celebrities, frequent-stay guests, guests in expensive

rooms, guests with security risks and top executives from enterprises.

8. Incognito

They are guests who stay in a hotel with concealing identities so as to avoid notice and formal attention.

Types of Guest Requests

1. Guests with Special Needs

- Wheelchair; and
- Facilities for the disabled.

2. Business Travelers

- Broadband Internet service;
- International direct dialling (IDD) service;
- Local & international newspapers;
- Laundry/valet service;
- Shoes polishing service;
- Other business facilities, e.g. business centre, executive floor, fax machine, laptop computer, conference and meeting facilities.³

3. Leisure Travelers and Holiday Makers

- Rollaway bed/ baby cot;
- Connecting rooms;
- In-room movies;
- Sports facilities, e.g. gymnasium, swimming pool;
- Spa facilities for beauty and health treatments, e.g. massage, hydrotherapy, facials and intensive foot and hand therapies;
- Baby sitting service.

4. Other Requests

- In-room dining (Room service);
- Doctor service;
- Smoke-free guest room;
- Room make-up service;
- Alteration & mending service;
- Repair and maintenance service;
- Food & beverage enquiries, e.g. hours and location of meals.

Hotel Ownership

Another way to classify hotels is by their ownership, which can be:

1. Private

An independent hotel owned by a person/partnership/private enterprise, e.g. Shamrock Hotel.

2. Local Group

Several hotels owned by a local enterprise, e.g. Harbour Grand Hong Kong, The Kowloon Hotel, Harbour Plaza Hong Kong, Harbour Plaza Metropolis, Harbour Plaza North Point and Harbour Plaza Resort City are all owned by Harbour Plaza Hotels & Resorts.

3. International Group

A hotel which is part of an international chain of hotels, e.g. JW Marriott Hotel Hong Kong is part of the Marriott International, Inc.

Modes of Hotel Management

Hotels can be operated in one of the following ways:

1. Independently Owned and Operated

These can be independent hotels, with no affiliation, that are being managed by the owners of the properties.

2. Management Contract

Management contracts are hotel management enterprises which operate properties owned by other entities. In some cases, the hotel owners may arrange to run their properties through a management contract with an enterprise that specialises in managing hotels. The reason for this is that the owner may not:

- Have the necessary expertise;
- Desire to become involved in the operation of the hotel.

Below is a summary of advantages and disadvantages of management contract to both hotel owners and management enterprises.

	Advantages of management contract	Disadvantages of management contract
Hotel owners	- Acquisition of operational expertise which can reduce the chance of business failure and enhance the services quality; - Gain national or international recognition for the hotel if it is operated by a reputable management enterprise; - The owners are not required to be involved in hotel's operations.	- Lost of operational control; - Financially liable for all costs, expenses and losses of the hotel; - The management enterprise may have less incentive and morale in managing the hotel if only a fixed management fee is paid without any sharing of profits.
Management enterprises	- Receive a management fee during the contract period regardless of the hotel performance; - Little or no up-front financing or equity involved; - Management contract period can last for five, ten or twenty years.	- Over dependence on owner for providing necessary funds in operations; - Minimum input in ownership decisions, such as the transfer of hotel ownership from the owner to another buyer; - No extra rewards for good business performance if the management contract is run in a fee structure without any incentive schemes.

Table 1.7 – Advantages and Disadvantages of Management Contract to Owners and Management Enterprises

3. Franchising

Some investors prefer to use the franchising concept in running the hotel. Franchising in the hospitality industry is a concept that:

- Allows interested investors to use a enterprise's (the franchisor) name and business format;
- Is made up of properties where the franchisees agree to run the hotel in accordance with the strict guidelines set by the franchisor; and
- Allows a enterprise to expand more rapidly by using others' capital.

Below is a summary of advantages and disadvantages of franchising to both franchisees and franchisors.

	Advantages of franchising	Disadvantages of franchising
Franchisees	- Obtain from the franchisor the expertise in doing business such as site selection, planning, pre-opening training, operations manuals, information management, central reservation system, field support, quality control, purchasing, advertising, marketing, new products and concepts; - Acquire a brand name with regional or national recognition; - The franchisee has complete control and responsibility over the daily operation of the property.	- Need to follow the standard set by franchisors without any tolerance of modifications in operations; - Need to pay for a joining fee and an ongoing fee which means sacrificing some of the revenues; - Risks of termination of contracts or no continuation of new contract if franchisor wants to take the rights of operation back.

Franchisors	- Receive a joining fee and an ongoing fee from the franchisee; - Expand the business and market share more rapidly without heavy investment; - Lower the risk of business loss by using franchisees' investment to expand the chains in new locations and markets.	- Franchisees may fail to follow the standard set by the franchisors and so may affect the quality of services provided to customers; - The trade name can be spoiled by misfits of franchisees; - The franchisor has to disclose confidential information to franchisees and this may constitute a risk to the business.
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Table 1.8 – Advantages and Disadvantages of Franchising to Franchisees and Franchisors

4. Referrals

Referral associations, e.g. Leading Hotels of the World (LHW), offer to hotels similar benefits as franchising, but at a lower cost. Some hotels choose to become a referral property. This means that the property is being operated as an independent hotel in association with a certain chain. These hotels refer guests to one another's properties and share a centralised reservation system, a common logo, image, or advertising slogan. Hotels pay an initial fee to join a referral association and further fees are based on services required. As the property has already been physically developed, the owner may want assistance only with marketing, advertising, management, or reservation referral. In addition, guests may find more variation among the referral properties as size and appearance standards are less stringent than those in a franchise agreement. However, every hotel is assessed and checked regularly to ensure that it maintains the highest standards.

Hotel Departments

1. Classifications of Hotel Departments

Besides classifying units or departments according to their functions as mentioned in the previous section, there are also two other types of classification which are commonly used in describing the nature of hotel departments:

1. 'Revenue centered' and 'Cost centered' Departments; and
2. 'Front-of-the-house' and 'Back-of-the-house' Departments.

a) Revenue Centered and Cost Centered Departments

Instead of segmenting a hotel structure into departments according to their functions, some hotels would also group their departments or units into two different categories: revenue centers and cost centers.

'Revenue centers' refer to those departments or units which generate direct income to the hotel through the provision of goods and services to guests, e.g. front desk, restaurants, room service, gift shop and business center.

'Cost centers', which are also interpreted as 'support centers', mainly assist the functioning of revenue centers with no generations of any direct income for the hotel, e.g. human resources, purchasing, accounting and engineering departments. This classification is particularly useful for the accounting department in summarizing the performances of different units under these two main categories.

b) Front-of-the-House and Back-of-the-House Departments

Besides the revenue centered and cost centered classifications, it is quite common that hotels would also group their units or areas into 'front-of-the-house' and 'back-of-the-house'.

'Front-of-the-house' refers to those departments or areas which are accessible and visible by guests, e.g. front desk counters, restaurants, concierge and bell services. They are the points of service encounters where service staff usually have direct contacts and interactions with guests.

'Back-of-the-house', on the contrary, refers to those departments or areas which rarely have staff-to-guest interactions, e.g. kitchen, housekeeping, human resources and engineering departments. It should be emphasized that some 'back-of-the-house' positions would also come across and interact with guests. For example, a room attendant may meet a guest while cleaning the guest rooms. However, they are not considered as 'front-of-the-house' positions since their major duty is room cleaning rather than communicating with their guests.

Organization of Hotel Departments and Their Functions

The day-to-day operations of a hotel are the key factors determining the success or failure of its service. It is necessary to understand the structure of hotels in order to get an overview of how the organisation fits together.

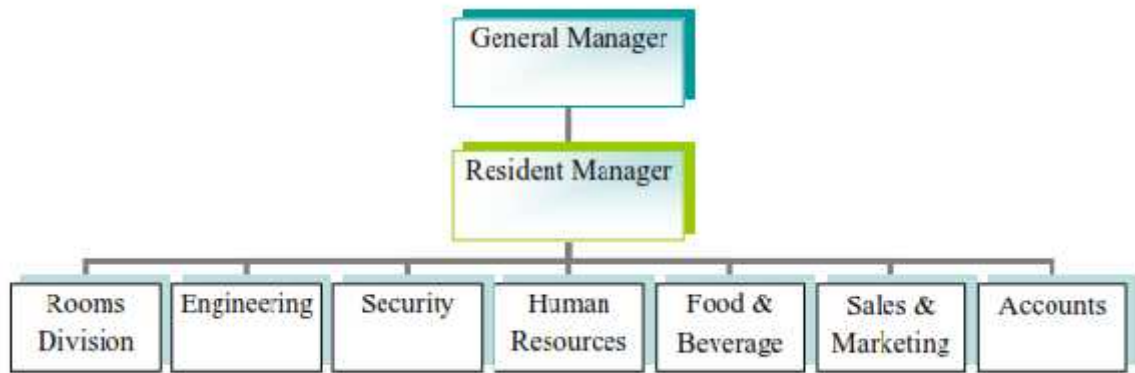


Fig: 1.6 Major departments of a 5 star Hotel

Regardless of the size of a hotel, the organisational structure will be basically the same. It is usually divided into several distinct departments, each responsible for a particular area of work. The larger the hotel is and the more facilities it offered, the more specialised the departments become. For example, the front office and housekeeping department are under the control of the director of rooms.

a) The Duties of Key Executives

I. General Manager

The main responsibilities of the general manager (GM) include:

- Providing leadership to the management team;
- Coordinating the work of all departments;
- Participating in the formulation of hotel policies and strategies;
- Leading the hotel staff in meeting the financial, environmental and community responsibilities; and
- Assuming full responsibilities for the overall performance of the hotel.

II. Resident Manager

The main responsibilities of the resident manager include:

- Holding a major responsibility in developing and executing plans developed by the owner(s), the general manager and other members of the management team;

- Checking on operations, providing feedback and offering assistance when needed;
- Completing, reviewing and summarizing statistical reports and sharing them with the general manager;
- Assuming responsibilities for the daily operations and management of the hotel.

b) Functions of Major Hotel Departments

(i) Engineering

The engineering department is responsible for maintaining the physical plant of the hotel such as electricity, plumbing, air conditioning, heating and elevator systems; and for overseeing all mechanical and technical conditions of the hotel.

(ii) Security

Security is an important concern in every hotel. The security department is responsible for implementing procedures which aim at protecting the safety and security of hotel guests, visitors, hotel employees and the hotel itself. Examples include monitoring surveillance equipment, patrolling the hotel premises and maintaining security alarm systems.

(iii) Human Resources

The human resources (personnel and training) department is responsible for hiring, orientation, training, wages and benefit administration, labour relations, employee relations, and staff development.

(iv) Food and Beverage

The food and beverage (F&B) department provides food and beverage services to the hotel guests and visitors through a variety of outlets and facilities/services. Examples include lounge, bar, coffee shop, restaurants, banquet service, room service (also called in-room dining) and cake shop.

(v) Sales and Marketing

The main functions of the sales and marketing department involve generating new businesses for the hotel, coordinating advertising, as well as sales promotions and public relations activities aiming at enhancing the hotel's image.

(vi) Accounts

The accounts department is headed by the financial controller who, as a key member of the management team, can guide the hotel to an increasing profitability through better control and asset management. In addition, this department is responsible for monitoring all of the financial activities of a hotel. Examples include overseeing accounts receivable, accounts payable, payroll, and cost control systems of the hotel; keeping records of assets, liabilities and financial transaction of the hotel; preparing the monthly profit-and-loss statement, coordinating with purchasing department and information technology department, and handling guests' inquiries about billing.

Further Reading:

- ✓ *John Wiley & Sons, (2010), Hotel Front Office Management, 5th Edition*
- ✓ *Michael J. O'Fallon, Denney G. Rutherford, (2011), Hotel Management and Operations*
- ✓ *Clayton W. Barrows, Tom Powers, (2009), Introduction to Management in the Hospitality Industry, Study Guide*