CHAPTER: V
HOTEL MANAGEMENT: - A CORE COMPONENT OF THE TOURISM INDUSTRY

- Introduction
- Introductory Profile
- Characteristics of Hotels Investigated
- How is a Hotel Organized
- Revenue Centers
- Rooms Division
- Uniformed Service
- Measuring the Performance of the Rooms Division
- Food and Beverage Division
- Selecting Food and Beverage Outlets
- Organization of the Food and Beverage Division:
- Meal Plans
- Catering
- Problems in Food and Beverage Operations:
- Insufficient Marketing
- Other Revenue Centers
- Cost Centers
- Marketing Division:
- Division
- Engineering Division:
- Accounting Division
- Human Resources Division
- Security Division:
- Training Employees
- Involving Employees
CHAPTER: V
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Introduction

This chapter deals with the management of Hotel business in managerial acuity of its nature, scope, utility, problems and importance in the tourism industry. The research methodology for the chapter is the combination of both i.e. exploratory and descriptive in nature giving more thrust on the experience survey.

Introductory Profile

The Hotel industry for the purpose of tourism development, today ranks premier among the world wide industries. It is quite widespread around the globe since we can find them in every country and every type irrespective of the culture location, etc. In all most all the urbanized places in India, the Hotel industry is one of the major service industry. Historically the backbone of the industry having potentialities of employment generation and social utilities is still in juncture of enlargement and progress. This period of transition will certainly help it in determining the future which will unquestionably cast some major changes in hospitality industry that can help in altering the constraints and attracting the tourist along with regular guests.

The incoming changes in perception make possible a large scale variation in the different categories of hotel enterprises. Since time immemorial there have been repeated changes in the concept and format of enterprises engaged in hotel services. In this context, it is natural that
all hotel enterprises do not offer the same amenities, facilities or
coveniences. The variation in service features, the size, the facade, the
facilities and the amenities can’t be over-looked. The same may change as
type of hotel services changes. This industry includes the following types
of enterprises:

(1) Hotels & Restaurants. (From Non Graded, A grade to Star
Hotels)
(2) Traveling & Tour Agencies attached to hotels.
(3) Motel & Farm Houses.
(4) Recreation & Entertainment Clubs.
(5) Tracking & Adventures Clubs attached to hotels.

The significant role of hotel industry consisting of different types of
enterprises in economic development is un-deniable. With increasing
tempo of development activities, many new avenues of employment are
being thrown open which offer better remuneration. Hotel industry in
such employment has an unique share. The enterprises under hotel
industry have potential to employ local labour. Only in rare cases, like
Star Hotels, the skilled is required to be imported from outside.

The enterprises under Hotel industry are happened to be a cash-
crop to entrepreneurs at many places. The work under this industry is
very strenuous; it begins early in the morning and go still it gets mid-
night. Both men & women entrepreneurs can normally stand with
potentiality to earn monthly profit to the extent of 20 to 25 percent of
investment. In some enterprises such profit may be cent percent or more.

The Hotel enterprises are instrumental in boosting the allied
economic activities. Thus, a hotel needs supplies of milk, grain,
vegetables, manual and managerial skills, security personnel etc. It is true that the development of Hotel industry depends primarily upon the development of Trade, commerce, industry, education, social & political fields etc. However, the work of all these industries in later stages is facilitated by Hotel enterprises. The Development of all these economic activity is reciprocal or supplementary to each other.

Looking to multidimensional services of Hotels it can be concluded that the Industry is essential for the development of economic, commercial and allied activities, besides tourism. Through its facilities, it contributes to the total output of goods and services, which make up the material for well being of nations and communities. In many areas, hotels and other Hotel enterprises often contribute significantly to local economics both directly and indirectly, with the subsequent diffusion of the visitor expenditure to other recipients in the community.

Hotel Enterprises are important employers of labor. Thousands of jobs are provided by these in the many occupations, which make up the Hotel industry. Many people of this Industry are self-employed. The role of Hotel enterprises as employers is particularly important at areas like Mahabaleshwar, a hill stations with few alternative sources of employment.

It is a well-known fact that hotel industry today is ranked highest in the midst of the worldwide industries. It is quite common around the globe since we can find them in every country and every type irrespective of the culture, location, etc. In most of the developed nations like the U.S.A., France, England, etc. the hotel industry is one of the major service industry. Historically the backbone of the industry is still in stage of development and progress. Hotel business or industry may be
understood as the organized efforts of enterprise to supply consumers with goods and services and to make profit in the process.

Hotel Business is a vast and fascinating subject. The more one reads about hotel business, the deeper it goes and more absorbing does it become. The subject encompasses the use of latest scientific know-how and technical know-how; challenges and difficulties encountered in converting raw materials into saleable products; problems confronted in raising and spending money for the good of business; the uphill task of bringing employees together and motivating them to achieve higher productivity; sleepless nights spent for better market the products; the stupendous task of complying with legal restrictions and government requirements and discharging obligations to consumers, employees, owners and to other interest groups which have a stake in hotel business directly or indirectly.

In keeping with its vastness, literature on the hotel business is ever growing. Numerous books are being written and published on each functional area and on the totality of hotel business. Some of the books on hotel business have become best sellers. Dailies and periodicals are also being published and their tribe is ever growing. Universities and other educational institutions are conducting special courses on hotel business and its management. Millions of people all over the world devote their time, attention, money and physical efforts to hotel business consisting of numerous types as given ahead.
National Industrial Classification of hotels

Classification Group 690

(A) This group includes sale of prepared food and drinks for immediate consumption at the places such as:

(i) Restaurants,
(ii) Cafes,
(iii) Lunch counters,
(iv) Refreshment stands,
(v) Catering activities and take-out activities as well as dining car activities of railway companies and other passenger transport companies where catering is undertaken as independent activity.
(vi) Sales through vending machines, vending stalls, whether or not mobile

Group Class 691

(B) Hotels, rooming houses, camps and other lodging places.

Mechanism of Hotel Catering Business:
Basically the Hotel Industry could be divided into two segments:
(1) Commercial catering

(2) Welfare catering

(i) Commercial Catering
a) Residential
   - Hotels with living accommodations,
b) Non-Residential

- Variety Restaurants
- Specialty restaurants
- Coffee shops
- Tea houses
- Stands
- Bars
- Cafeterias
- Night clubs /Tamasha or dancing clubs
- Drive in Variety of fast food services
- Pizza huts or Bhakari Huts
- Hamburger (Bhel, Batatewada etc) stalls,
- Ice-cream or juice parlors
- Juice corners
- Sandwich shops
- Steak houses etc.
- Automated vending machines

(ii) Welfare Catering

Examples of this type of catering are found in the following areas:
(1) **Industrial**: Canteens in factories, workshop, mills, work sites, etc.

(2) **Institutions**: Hospitals, schools, colleges, homes for the aged, orphanages, offices, etc.

(3) **Transport**: Mobile catering

(4) **Services**: Defense services.

Hotels in cater to all, which could be expediently grouped as follows:

(1) Travelers,
(2) Vacationers,
(3) Professionals & Social groups,
(4) Families and Students,
(5) Business and Industrial groups, and

Commercial Hotel Management

If one desires to run his hotel business on commercial lines he has to take the recourse of scientific management for the purpose of profit, expansion and development. Operationally profit motivated Commercial hotel management is different for:

Single Units Multi-Units, Chain Units, Franchises, and Affiliations, Etc.

Experience Survey reveals that

(i) In 15 to 20 percent hotels, there is a pre-thought and pre-planned hotel management, and

(ii) In majority number of hotels there is trial and error type of hotel management.
    Every entrepreneur’s hotel business needs management and management is viewed itself as a business, which is taken care of by the professional experts in big or in Star Hotels. Hence, we shall briefly discuss the subject of commercial management in the light of our field observations in the following pages:

Management philosophy for hotel business is illustrated as follows

![Diagram](Image)

Satisfaction

Management is said to manage the following ‘M”s, men, money, materials, machines, and methods. Looking to multidimensional services, utilities and Management of hotels, it can be concluded that the hotels are as essential to as
transport, communication and retail distribution systems for various goods and services. Through their facilities, hotels contribute to the total output of goods and services, which make up the material for well being of nations and communities. In many areas hotels are important attractions for visitors who bring to them spending power and who tend to spend at a higher rate than they do when they are at home. The visitors spending on hotels often contribute significantly to local economies both directly and indirectly, through the subsequent diffusion of the visitor expenditure to other recipients in the community.

In addition to those directly engaged in hotels, hotels for those employed in industries supplying them therefore, generate much indirect employment. Mini or Small Hotels are important employers of labor. These are in multitude of types, which make up the hotel industry. It provides thousands of jobs. Many people in the Hotel Industry are self-employed and proprietors of smaller hotels. The role of hotels as employers is particularly important in areas like Marathwada with few alternative sources of employment, as they contribute to regional development.

Small or Mini Hotels like other big hotels are also important outlets for the products of other industries. In the building and modernization of hotels, business is provided for the construction industry and related trades. Equipment, furniture and furnishings are supplied to hotels by a wide range of manufacturers. Food, drink and other consumable are among the most significant daily hotel purchases from farmers, fishermen, and food and drink suppliers and from gas, electricity and water undertakings. Last but not least, hotels are an important source of amenities for local residents. Their restaurants, bar and other facilities often attract much local customers and many hotels have become social centers for their communities. The foregoing information shows that the hotels are of many types. These hotels may be large, medium, small or
mini size. All these hotels are catering the needs of customers as per their capacities. It is found that the many scholars have written on all types of hotels excluding mini or small hotels. The small hotels are economical in functioning and catering needs of ordinary man on the street. They are source to self-employment and useful to commercial and industrial activities carried at particular place. The government has always a policy to take care of big or medium sized hotels but it does not have any special Programme for the development of small hotels. Looking the importance of mini hotels, (where less than 10 persons are employed) it is decided to undertake the study of such hotels. This sort of study will be useful to the municipal planners who are reluctant to provide any room for mini hotels in their town planning schemes.

**Fig. - Goals of Hotel Business**
Characteristics of Hotels Investigated
Under the Experience Survey

The foregoing discussion reveals that the hotels are of multiple varieties. However the logic/practice of management of these hotels depends upon the availability of the resources and the demand for their products/services. This logic or practice may amend as per variations (Plus or Minus) in the quantum of available resources and demand for their products/services. Hence it is decides to conduct the model experience survey of only those hotels which are under A Grade + category but under Non star categories. It is assumed that the hotels below that category /Model may have lower side operational practice than the operational practice observed but when they reach into the higher side or in A Grade + category/Model; they follow the same model of management which is being observed ahead..

In order to gain a perception on how the typical hotels are being organized/managed, the hotels bearing the following characteristics, besides noted in the above paragraph were selected for the exploration:

- All hotels are in the business of renting rooms.
- Hotels vary in size
- Hotels vary in types thus; they can be center-city hotels, resorts, highway properties, conference centers, and so on.

- Hotels vary in the nature and extent of their facilities. Some hotels offer only rooms, while others have coffee shops, gourmand restaurants, swimming pools, golf courses, and other facilities.
• Hotels vary in the level of service they offer. For example, some offer 24-hour room service, others offer room service from 7 a.m. to 10 p.m. only, and some do not offer room service at all.

Clearly, hotels are not all alike. No matter what category a hotel falls into, however, it must be organized in order to: (1) coordinate the many specialized tasks and activities necessary to attract to serve guests, and (2) produce a reasonable profit consistent with the amount of money and time invested in the enterprise. Organizing Hotel has one of the principal jobs of management.

**How is a Hotel Organized:**

In order to attract and serve guests and make a reasonable profit, hotels are organized into functional areas or divisions' based on the services the hotel provides. For instance, all hotels have a rooms division to manage guestrooms. If the hotel operates a restaurant or lounge, it is likely to have a food and beverage division as well. Within each division there are specialized functions. The rooms division handles reservations, check-in and check-out activities, housekeeping tasks, uniformed service (bell staff) activities, and telecommunications service. At a small hotel, these functions are performed by personnel who report to and take their instructions from the general manager. At a large hotel, rooms personnel report to a rooms division manager. The tasks each employee is responsible for also vary with the size of the hotel. For example, in a small hotel, one person behind the front desk may act as receptionist, cashier, and hotel operator. In a large hotel, different individuals handle these jobs.

**Revenue Centers versus Cost Centers:**

The divisions in a hotel can be categorized as revenue centers or cost centers. Revenue centers generate income for the hotel through the
sale of services or products to guests. Cost centers, also known as support centers, do not generate revenue directly. Instead, they support the proper functioning of revenue centers.

Probably the easiest way to understand revenue and cost centers is to take a look at hotel organization charts. Chart 5.1 shows a typical organization chart for a small hotel. As you can see, this hotel has four divisions: front office, housekeeping, food and beverage and building maintenance. The general manager supervises four people, each of whom has the responsibility and the authority to take care of one of the four principal areas in this hotel.

Chart 5.1: Principal Operational Areas in A Grade + Hotel

<table>
<thead>
<tr>
<th>General Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Office</td>
</tr>
<tr>
<td>Housekeeping</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
</tr>
<tr>
<td>Building Maintenance</td>
</tr>
</tbody>
</table>

These individuals may or may not supervise other employees, depending on the size of the property. For example, at a very small property, building maintenance may be handled by just one person.

Let’s examine a much larger hotel that has a more complex organization. The divisions and departments shown in chart 5.1 can be re-categorized like this:

<table>
<thead>
<tr>
<th>Revenue Centers</th>
<th>Cost Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rooms</td>
<td>Marketing</td>
</tr>
<tr>
<td>Food and Beverage</td>
<td>Engineering</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Accounting</td>
</tr>
<tr>
<td>Concessions, Rentals, Commissions</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Fitness and Recreation Facilities</td>
<td>Security</td>
</tr>
</tbody>
</table>
In order to make hotels more efficient and profitable, there is a trend to combine some departments and eliminate certain middle-management positions. At some hotels, the rooms operation and food and beverage operation have been combined into one division, for example. Those areas responsible for generating revenue, such as sales, guestroom reservations, and catering, might be combined into a revenue division. Finally, there might be an administrative division that includes human resources and accounting.

In some hotel chains, regional management clusters have been formed. Under this system, a single manager - i.e., general manager, controller, or human resources director - is in charge of more than one hotel in the region.

At other hotels a different kind of reorganization is taking place. Based on management concepts that put the customer first, front-line employees are being given more authority to solve guest problems and make other decisions - by themselves or in teams. Authority is pushed down to the lowest level in the organization. For some hotels, the sample organization charts shown in this chapter may be more representative of the functions that occur in a hotel rather than individuals who do the job. Now let's take a closer look at each revenue and cost center.

Revenue Centers:

The two main hotel revenue centers are the rooms division and the food and beverage division. Other revenue centers include the telecommunications department; concessions, rentals, and commissions; and fitness and recreational facilities.
Rooms Division:-

In most hotels, the rooms division is the major division and the central reason for the business entity. (Casino hotels are an exception to this rule, since their rooms are occupied by guests whose primary reason for being at the hotel is to gamble.) Most of any hotel’s square footage is devoted to guestrooms and areas that support the operation of those rooms. Therefore, the major segment of the building investment and, in most cases, the land cost is related to the rooms division.

For all hotels except casino hotels, guestroom rentals are the single largest source of revenue. Rooms not only occupy the most space in a hotel and produce the most revenue, they generate the most profits.¹

Organization of the Rooms Division:-

No matter what the size or category of hotel, rooms divisions are organized and function in a similar manner. Large hotels have more departments and personnel within the division, but this does not change the basic tasks that must be performed.

In a small hotel, the general manager or owner directly oversees the rooms division because of its paramount importance. In a mid-size to large hotel (100 rooms or more), there is likely to be a rooms manager or an executive assistant manager in charge of rooms. The Chart No. 5.2 informs the more details as explained ahead as four operational departments i.e.

i. Front Office
ii. Reservations
iii. Housekeeping
iv. Uniformed Service
Front Office, The front office is the command post for processing reservations, registering guests, settling guest accounts (cashiering), and checking out guests. Front desk agents also handle the distribution of guestroom keys and mail, messages, or other information for guests.

The most visible part of the front office area is of course the front desk. The front desk can be a counter or, in some luxury hotels, an actual desk where a guest can sit down and register. Traditionally, the front desk was placed so that the person behind it had a view of both the front door and the elevator. This was so front desk agents could discourage unwelcome individuals from entering and keep non-paying guests from departing. Because of modern credit and security procedures, such front desk placement is no longer necessary.
Chart 5.2:- Principal Operational Departments in A Grade + Hotel

- General Manager
  - Resident Manager
    - Front Office Manager
      - Front Office Agents
      - Reservations Agents
    - Reservations Manager
    - Executive Housekeeper
    - Uniformed Service Manager
      - Drivers
      - Concierge
      - Door Attendants
      - Bell Persons
    - Cashiers
    - Room Inspectors
    - Room Attendants
The duties of front desk agents include:

- Greeting guests
- Registering guests
- Establishing a method of payment for the guestroom-credit card, cash, or direct billing.
- Assigning guestrooms that are unoccupied and have been cleaned.
- Assigning guestroom keys to guests.
- Informing guests about their room location and special hotel facilities, and answering questions about the property and the surrounding community.
- Calling a bell person to assist guest with their luggage, if such service is normally provided.

In small and mid-size hotels the front desk agent is also the cashier. Although the front desk station and cashier’s station are usually separated in large hotels, employees are often cross-trained to handle both jobs. One important duty of a cashier (or a front desk agent performing cashier duties) is to post charges to guest accounts. This means that the cashier must make sure that all of the expenses a guest incur, such as restaurant bills and telephone calls that were charged to the guestroom are added to the bill before it is presented. This task is not necessary in hotels that have a computerized Property Management System (PMS) that interfaces with a Point-Of-Sale (POS) system and automatically posts charges to guest accounts. Once the posting has been accomplished (either manually or electronically), guests can settle their account when they check out. Checking out guests requires tact and diplomacy. Guests often have questions about their charges and, in some cases, may not even be aware
that they incurred a charge when using a particular service (such as making telephone calls).

Computerized Property Management Systems have simplified check-in. For example, in one high-end hotel chain, guests with reservations are greeted personally at the door by an employee, who then escorts the guests to a special rack. In the rack is a packet for each pre-registered guest. The packet contains a room key and a registration card already filed out. The employee checks with each guest to see if the information is correct. If it is, the employee offers to escort the guests to their guestrooms or simply gives directions. Another hotel chain has a similar program, in which guests go directly to a special station, have an imprint of their credit card taken, and are given an arrival packet that includes a room key. At other hotel chains, guests can even check in by phone before they arrive at the hotel. In still others, check-in is done when guests arrive at nearby airports.

Self-service kiosks in hotel lobbies provide an even more simplified check-in system. From the kiosk, guests can check in simply by inserting their credit cards into the machine to retrieve reservation information. The kiosk will then dispense a room key, completing the guest check-in process. Upon checking out, guests can use the kiosk’s terminal to pay their bills and print a receipt. Check-out information is then transmitted to the property management system. Guests can also fill out satisfaction surveys at this time.

Many hotels allow guest to review their bills on the television screens in their guestrooms and then send a signal through the channel selector to acknowledge that their accounts are in order and authorize
payment. The bills are then charged to the guests' credit cards. Copies of the guests' hotel bills can be mailed directly to their homes or offices, or picked up in the lobby when the guests depart. In guestrooms with fax machines, bills can be faxed to guests in their guestrooms on check-out day.

Another common front office procedure to facilitate checkout is to slip copies of final bills under the doors of guestrooms during the night, while guests are sleeping. This system saves time because guests don't need to request their bills, and it allows guests time to study their bills before checkout. If guests have no questions, they can simply phone the front desk and tell the cashier that they agree with the charges as posted. Any charges incurred between the time a bill is Okayed and the time checkout actually occurs are added to the guest's final account. The total amount of guest charges will appear on the guest's personal or corporate credit card statement.

This system presumes that the guest has used a credit card and that an imprint of that card was taken at registration. Usually, approval of the card and the guestroom charges is obtained form the credit card company at check-in, not checkout. If a credit card is not used, then the cashier must handle payment by cash or check according to the hotel's policies.

Another important duty performed at the front desk is the night audit. This is usually done between 11 p.m. to 6 a.m., when there are few other distracting duties and the hotel's sales outlets are closed. In a small hotel, the night audit is performed by the front desk agent on duty. In the larger property, an auditor from the accounting division usually is assigned this task.
The typical metal guestroom keys and locks have been replaced in most hotels by electronic locking systems that operate with disposable plastic card keys — and sometimes with a guest’s own credit card. An electronic connection between guestroom door locks and a console at the front desk makes it possible to code a card key with each check-in, matching the card-key’s code with a code programmed into the console for the guest’s room. When the guest inserts the card key into a slot in the guestroom doorknob assembly, the door is unlocked. The door will stay locked if someone tries to use a card key with a code that does not match the electronic coded for the lock. These new card keys usually do not have the name of the hotel or the room number on them, so if they are lost they are of no use to whoever finds them. Some new card-key systems connect guestroom locks to a central computer so that the hotel has a record of everyone who has entered the room (each housekeeping and maintenance employee’s key registers its owner’s code), along with the time of entry.

In addition to all of their other duties, front desk employees, in most cases, represent the first and last (and often the only) contact the guest has with hotel personnel. The front desk agents’ ability to make guests feel welcome and special has a tremendous impact on the quality of a guest’s experience. It’s essential, therefore, that the front desk staff be well-trained and that morale be kept high so that interactions with guests and among staff members are always positive.

In order to improve guest relations, more and more hotels are encouraging front office and other employees to take the initiative in resolving disputes themselves rather than referring them to a supervisor.

Reservations. Another part of the rooms division is the reservations department of office. A reservations department should be staffed by
skilled telemarketing personnel who are able to accept reservations over the phone, answer questions about the hotel and its facilities, and quote guestroom rates and available dates. Since some callers are shopping around, reservationists should be trained to sell the property as well as simply accept reservations. Reservationists also process reservations that arrive through a Central Computer Reservation system (CRS) or through third parties such as travel agents and hotel representatives, who typically contact hotels by telephone or use the Internet. Many hotels have their own Web sites where guests can make reservations directly.

When travel agents and hotel representatives call in a reservation, their calls must be handled with skill and efficiency if they are to be served properly. They require immediate and correct information on current room status. These travel professionals are compensated by commissions that the hotel sends to them after guest stays are completed. Naturally, a major concern of theirs is that the hotel will keep accurate records so that they will be paid promptly.

The largest percentage of advance reservations comes into hotels through direct inquiry. The reminders are received through the following sources:

- The hotels' own reservation system.
- Travel agents.
- Hotel representatives.
- The Internet.
- Tour operators.
- Independent reservation systems.
- Airlines, cruise lines, and other transportation companies.
Many hotels use revenue management techniques in the reservations department. For many years, airlines have used sophisticated revenue management pricing systems. These are automated marketing programs that allow the airlines to control the inventory and pricing of airplane seats by forecasting the demand for seats on a given flight or route and then adjusting prices to maximize revenue. Revenue management for hotels means using information, historical and current, to enhance a hotel’s ability to carry out a number of common business practices, and thereby increase both its revenues and its customer service capabilities. These practices include:

- Setting the most effective pricing structure for guestrooms.

- Limiting the number of reservations accepted for any given night, room type, or length of stay, based on the expected profitability of a reservation.

- Reviewing reservation activity to determine whether any inventory control actions should be taken (for example, lowering rates).

- Negotiating volume discounts with wholesalers and groups.

- Providing customers with the right product (the right guestroom type, rate, etc.).

- Obtaining more revenue from current and potential business.

- Enabling reservations agents to be effective sales agents rather than merely order takers.

Revenue management requires the use of complex-computer programs to (1) forecast the number of reservations a hotel can expect on a given day (as well as cancellations and no-shows), (2) track the availability of guestrooms, and (3) compute the maximum rates that those rooms can
be sold for, based on availability, demand, and other factors which fluctuate.

As revenue management systems become more sophisticated, their scope is expanding. For example, today many hotel companies use revenue management systems to manage their meeting space as well as their guestroom space. By tracking demand for meeting space, the goal of "total hotel revenue management" is to maximize the revenue stream of both room inventories (guestrooms and meeting rooms).

Some hoteliers feel that revenue management systems sometimes encourage discounting. Others see revenue management as incompatible with good customer service, because room rates that frequently change can confuse guests. But, properly used, there is no doubt that revenue management can be an effective reservations tool.

In part because of the increased use of revenue management techniques, the issue of perceived fairness in hotel pricing has received a lot of attention in recent years. Many customers have an idea of what a hotel room in a specific situation is worth, and, if a hotel increases the price of a room without a good reason, guests may consider this unfair. Hotels have used various strategies to overcome this perception. For instance, hotels selling weekend or other packages that include food make it more difficult for guests to easily calculate the real price of a room. Since most travelers get some kind of discount off the rack rate, by increasing its rack rate a hotel can raise its non-rack prices with less chance of being perceived as unfair. In one way or another, hotel managers must address the "unfairness" factor if they want to make their revenue management system an effective and profitable reservations tool.
Housekeeping. The housekeeping department is another department of the rooms division. Housekeeping is responsible for cleaning the hotel’s guestrooms and public areas. In most hotels, this department has the largest staff. In a large hotel, the housekeeping department might consist of an executive housekeeper, an assistant housekeeper, room inspectors, room attendants, a house person crew (which cleans the public areas and handles the logistics of moving housekeeping supplies throughout the hotel), a linen room supervisor and attendants, laundry employees, and personnel in charge of employee uniforms (see Chart 5.3). Hotels with laundry and valet equipment may use it only for hotel lines and uniforms and send guest clothing to an outside service where it can be handled with specialized equipment.

Chart No. 5.3 Housekeeping Departmental Operational Areas

An executive housekeeper has an enormous amount of responsibility - not only for cleaning and maintenance, but also for training staff and controlling large inventories of linens, supplies, and
equipment. Room inspectors supervise room attendants. Room attendants are responsible for cleaning guestrooms according to specified procedures and for maintaining a predetermined level of supplies in the linne closets located on each hotel floor. They are usually assigned a quota of rooms to clean in a given number of hours. Fifteen guestrooms per shift is average, although this figure may vary considerably because of such conditions as geographic location, union contracts, the size of the property, and the wage scale. In most hotels, room attendants are paid relatively low wages.

When guests check out, it is the room attendants' responsibility to clean the guestrooms so that they are available again for rental. This includes such duties as:

- Removing soiled linen and towels and replacing them with fresh ones.
- Checking the bed and blankets for damage.
- Making the beds.
- Emptying trash.
- Checking the guestroom for broken appliances, damaged shades or blinds, and leaky faucets.
- Checking closets and drawers for items forgotten by guest.
- Cleaning the guestroom and bathroom.
- Replacing bathroom towels and amenities.

Some hotels contract with outside cleaning services to clean the hotel's lobbies, restaurants, restrooms, and windows. With the exception of windows, much of this cleaning must be done late at night, and hotels often find it difficult to find supervisors and employees willing to work at those hours. Contract cleaning firms, many of whom handle office
buildings and airline terminals as well, are geared to efficiently handle these cleaning tasks during unusual work hours.

**Uniformed Service:-**

The uniformed service department is sometimes referred to as the guest service department. Employees in this department include bell persons (so called because originally they were summoned by a bell), a concierge, and transportation or valet-parking employees. Some large hotels have door attendants who move luggage from cars or taxicabs into the hotel.

Bell persons move guest luggage to and from guestrooms. They also escort guests to their rooms, inspect guestrooms while rooming the guest, and explain the features of the room and the hotel to guests. Bell persons should possess a detailed knowledge of the hotel, including the hours of operation of the hotel's restaurants, lounges, and other facilities. They should also know the local community.

Some hotels have adopted the European system of concierge service. The concierge performs many of the functions that a host might perform for guests in his or her home. The goal is to give guests personal and attentive serviced. The concierge is the main source of information about the hotel. He or she is not only familiar with the hotel's facilities and services but also has a thorough knowledge of the local area. A good concierge knows what's going on in town. He or she can recommend a romantic candlelit bistro within walking distance or the best steak house in the city. The concierge can make reservations and get theatre tickets—or suggest someone who can. He or she can also recommend secretarial
services and copying centers, order limousines, and perform many other services that give guests the feeling that they are important and well cared for.

Transportation services include valet parking, either in the hotel’s own garage or a nearby facility. If other transportation services are provided, such as airport shuttle service, these are normally handled by the same department. In most large hotels, garages and limousines are handled by outside contractors.

**Measuring the Performance of the Rooms Division:**

The three most commonly used room department statistics for measuring department performance are the Average Daily Rate (ADR), occupancy percentage, and Revenue (REV) Per Available Room (REVPAR).

Most hotels have a number of rate classes targeted at different market segments. There may be different rates for government employees, corporate travelers, and senior citizens, among others. The rates also vary according to room size, location, furnishings, and service. For example, a large corner guestroom on a high floor overlooking a park is more expensive than a smaller room on a lower floor that faces an alley. The price the room is finally sold for will depend on who it is sold to, the location, the day of the week, and possibly the season of the year. Management’s goal is to sell the most expensive rooms first. However, guests usually request the lowest-priced rooms. Therefore, the average daily rate is an indicator of the sales ability of those taking reservations, as well as the demand for the various types of guestrooms.
An equally important marketing statistic is the occupancy percentage. It is computed by dividing the number of rooms occupied by the number of rooms available for sale for the same period and multiplying by 100. The number of rooms available for sale may be different from the number of rooms in the hotel. This discrepancy occurs when rooms are being used to house managers and other personnel on a permanent basis, or when rooms are being remodeled. Like the average rate, the occupancy percentage can be calculated for any period of time.

Revenue per available room (REVPAR) is a third common statistic operators use in evaluating the performance of the rooms department. It is computed by dividing room revenue by the number of available rooms for the same period. Alternatively, it can be determined by multiplying the occupancy percentage by the average daily rate for the same period.

These three statistics are used by managers to assess how the hotel is doing in relation to the budget and forecast of performance. Using these same forecasts, the marketing department can see which weeks and months ahead and need extra sales efforts. It should be noted that these figures cannot be used by themselves to measure a hotel’s financial performance. A hotel might have a 99 percent occupancy percentage and still be failing if the average daily rate or revenue per available room is not high enough to cover all costs and provide a reasonable return on investment.

**Food and Beverage Division:**

Although in most hotels the rooms division generates the greatest amount of revenue, this is not always the case. In a few hotels (most often resorts and convention properties with extensive banquet sales), the food and beverage division may produce as much or more revenue as the
rooms division. This is because guest in resorts tend to stay on the premises and may be less price-sensitive because they are on vacation. In convention hotels, the added food sales come from the multitude of restaurants, banquet rooms, and bars typically found in a convention property.

Whether the food and beverage operation is large or small, most hotel managers have found that their food and beverage facilities are of paramount importance to the reputation and profitability of the hotel. There is no doubt that in many cases the quality of a hotel’s food and beverages powerfully affects a guest’s opinion of the hotel and influences his or her willingness to return. In fact, some hotels are as famous for their restaurants as for their guestrooms.

Successful hotel operators no longer consider dining facilities merely a convenience for guests. A hotel’s food and beverage outlet(s) must attract members of the local community, convince hotel guest to dine on the premises, and return a fair profit. The capture rate that is, the percentage of guests who eat meals at the hotel - is measured regularly by many hotels.

Except for limited-service hotels and motels (which achieve that status in large part by staying out of the restaurant business), virtually all lodging facilities offer some level of food and beverage service. Large hotels usually have a wide array of facilities, while small properties may have just one dining room that serves breakfast, lunch, and dinner.
Chart 5.4 lists the types of food and beverage outlets that may be found in a hotel.³

**Chart 5.4: Types of Hotel Food and Beverage Outlets**

<table>
<thead>
<tr>
<th>Food Service</th>
<th>Beverage Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Dining Room</td>
<td>i. Cocktail Lounge</td>
</tr>
<tr>
<td>ii. Specialty Restaurant</td>
<td>ii. Public Bar (for guests)</td>
</tr>
<tr>
<td>iii. Coffee Shop (mid-price restaurant)</td>
<td>iii. Service Bar (for servers)</td>
</tr>
<tr>
<td>iv. Supper Club</td>
<td>iv. Banquets</td>
</tr>
<tr>
<td>v. Snack Bar</td>
<td>v. Discotheques</td>
</tr>
<tr>
<td>vi. Take-Out</td>
<td>vi. Mini-Bars (in guestrooms)</td>
</tr>
<tr>
<td>vii. Cafeteria</td>
<td></td>
</tr>
<tr>
<td>viii. Room Service</td>
<td></td>
</tr>
<tr>
<td>ix. Banquets</td>
<td></td>
</tr>
<tr>
<td>x. Employee Food Service</td>
<td></td>
</tr>
</tbody>
</table>

**Selecting Food and Beverage Outlets:-**

There are several criteria managers use to decide what type of food and beverage service should be offered in any given hotel. Managers should think about these carefully, both in the initial planning stages of a new hotel and as a hotel matures and the market it appeals to changes.
The first criterion is the type of hotel. Does this property primarily serve transient businesspeople or conventioneers? Is the property a resort? Business clientele are more interested in private dining, while convention hotels need ballrooms for large gatherings. Resorts often do well with specialty restaurants.

Next is the class of hotel. Five-star hotels need five-star restaurants. Moderate-price hotels could not sustain this kind of restaurant quality, nor would their guests expect it.

Competition is another consideration. What kinds of restaurants are already available in the area? If you are surrounded by Italian restaurants, putting one in your hotel would probably not be a good idea. It might be wiser to try something completely different.

Product availability also counts. A fresh-fish restaurant might have a difficult time making it unless it limited itself to the kind of fish that is readily available. The cost of flying in fresh Maine lobster and Dover sole could easily price it out of the market.

Availability of labor is another important consideration. A menu that requires a lot of employees – for example, one that features tableside cooking with dishes like Steak Diane and desserts such as crepes Suzette – might not be practical in a tight labor market.

Finally, there is the question of demand. Certain kinds of food are more popular in some areas of the country than others. Mexican restaurants are more in demand in the Southwest than the Northeast, for
example. Is the type of restaurant in the hotel one that the hotel’s guests will want to patronize?

**Organization of the Food and Beverage Division:-**

The food and beverage division of a major hotel can be complex, offering a variety of different kinds of restaurants and bars, each with its own unique décor, menu, and style of service. Such a division requires well-trained employees and highly skilled and versatile managers in the kitchen, bar, and service areas.

**Chart 5.5: Sample Organization Chart-F & B Division in a Mid Size Hotel**

```
Hotel

- General Manager
  - Food and Beverage Manager
    - Chef
    - Dining Room Manager
      - Head Bartender
    - Catering Manager
    - Room Service Manager
      - Bartenders
      - Beverage Servers
      - Buspersons
    - Food Servers
    - Kitchen Steward
      - Chief Steward
      - Warewashers
```


We can examine an organization chart of a typical food and beverage operation in a mid-size hotel to get an idea of how a food and beverage division works (see Chart No. 5.5). As can be seen from the exhibit, the person in charge of the food and beverage division reports to the general manager and is known as the food and beverage manager. (Some hotels assign this function to an executive assistant manager.) Since this job entails responsibility for a major business entity of the hotel that is staffed by persons with specialized technical skills, the food and beverage manager should have a thorough knowledge of general business and management practices. He or she should also be well-versed in the technical aspects of food and beverage preparation and service.

Reporting to the food and beverage manager is the chef, sometimes called the executive chef or head chef, who is in charge of the kitchen staff. An important member of the chef’s team is the chef steward, who directs the kitchen steward and ware washers and makes sure all dining rooms, bards, and banquet rooms have sufficient inventories of clean china, glassware, and silverware.

The dining room manager must see that guest service goes smoothly, that there is a sufficient number of food servers and bus persons on duty, and that all dining room employees are well-trained and are meeting the property’s service standards. The job may also include training new employees.

In mid-size hotels with a lounge, a head bartender oversees the lounge’s operation. He or she supervises bartenders and beverage servers. The catering manager and room service manager are in charge of food and beverage areas that will be discussed briefly in the following sections.
Meal Plans

There are several meal plans that hotel food and beverage divisions offer. They include the Full American Plan, the Modified American Plan, the Continental Plan, the European Plan and The Indian Plans classified as Maharashtrians. South Indian or North Indians .... as the case may be.

The Full American Plan and the Modified American Plan are usually seen in resort hotels. Under the Full American Plan, the room rate quoted includes all major meals-breakfast, lunch and dinner. In effect, guest are offered a package price that includes their room and all three meals for as long as they stay. This has great appeal to guests who are concerned with the total cost of their resort vacation and like to budget for it ahead of time. The Modified American Plan provides two meals only - usually breakfast and dinner.

The Continental Plan includes a continental breakfast with the room rate. This plan is also called a Breakfast Plan, and in Bermuda it's known as the Bermuda Plan. With the European Plan, no meal are included in the room rate.

Isolated resorts with few or no restaurants in the surrounding area and no centers of population nearby are more likely to offer an American Plan. These types of resorts were especially popular in the early 1900s, when travelers stayed at resorts for two weeks or more. Most guests today don't want to be locked into a meal plan - they prefer the freedom to try other restaurants in the area. As a result, offering a meal plan is not a growing hotel service, since demand for it, on the whole, is decreasing. Hotel managers can be sympathized with for wishing this were not so. From the hotels' standpoint, there is much better control over purchasing,
preparing, and staffing when the number of meals that will be served is known in advance. Moreover, both American plans guarantee food revenue and, to a great degree, beverage revenue as well, since guests often order cocktails before dinner, wine with dinner, or after-dinner drinks.

Catering:-

The food and beverage divisions of some hotels contain catering departments. A catering department’s importance is twofold. Not only is it an image-maker for the hotel, but it also can be the most profitable segment of the food and beverage division. Catering arranges and plans food and beverage functions for (1) conventions and smaller hotel groups, and (2) local banquets booked by the sales department. Catering sales, in some instances, represent as much as 50 percent of a hotel’s total food and beverage sales.

Catering is a highly competitive business in most market areas. To succeed, a catering department must have employees with a broad range of abilities and knowledge. Good catering departments excel in sales, menu planning, food and beverage service (including wines), food production, product knowledge, cost control, artistic talent, and a sense of theater. All of this requires sound technical knowledge as well as a skillful use of the hotels’ facilities and equipment.

Superior marketing tools are also needed. Oberio Groups Hotels has learned how to successfully sell catered events. From the Inn’s dinner catering menu, customers can choose between table service and a buffet. There are 16 table service menu items and four suggested buffets. Everything is clearly described and priced so that clients who are not sure
of what they want or of what the hotel offers can more easily make a choice. The beverage service menu offers three payment options to clients – the cost can be calculated on a per person, per hour, or per drink basis. This kind of flexibility is important if a catering operation hopes to service a wide variety of customers.

The catering manager generally reports to the food and beverage manager. There are exceptions to this rule, however. In some hotels, the catering manager reports to the director of sales or directly to the hotel's general manager; in such instances, the catering manager's main responsibility is to sell catered events to clients rather than actually manager the events. When hotels are organized in this manner, a banquet manager in charge of the catering area's food production usually reports to the food and beverage manager. Such a division of labor separates the catering area's selling function from the production and service function. To help cut costs, some hotels combine the positions of food and beverage manager and catering manager.

**Room Service.** Most hotels with a food and beverage division provide some type of food service to guests in their rooms. Room Service - or “private dining”, as the highly marketing oriented, it is one of the most difficult areas of hotel food service to manage and has the greatest potential for losing money.

There are two main difficulties with room service. First, food and beverages are served at great distances from production areas. In resorts where there are cottages for guests, electric cards are often used to transport food. Because of frequent stops along the way, there is a real likelihood of hot items arriving cold and cold items becoming tepid.
Second and, again, because of distance – the productivity of food servers is low, in the same amount of time, restaurant servers can take care of many more guests than room service personnel can. The revenue generated, therefore, is often not sufficient to cover costs. These problems are exacerbated by the fact that the greatest demand for room service is at breakfast, and the most popular type of morning meal is the continental breakfast (juice or fruit, roll with butter and jam, and a beverage). This meal has a low check average.

To retain food quality, the food must be delivered to the room as quickly as possible and at the appropriate temperature. This requires proper equipment and a highly efficient room service organization. Many hotels use a doorknob menu the items they want and the time they would like to be serviced. Guests then place the menus on the outside doorknobs of their rooms, for collection during the night. This allows the hotel to do a better job, because the hotel can plan the number of breakfasts to be served in each time period and organize delivery to the rooms.

Because of the problems associated with delivering a satisfactory room service experience, some hotels have been cutting back on room service, curtailing the number of hours it is available or doing away with it altogether. On the other hand, some first-class and luxury hotels view room service as an opportunity. Hoteliers at these properties see it as part of the overall guest experience. To help guarantee its success, they have redesigned their menus to focus on foods that travel well, while still providing a variety of selections. For example, Ritz-Carlton includes pizz, hamburgers, and salads; The Four Seasons serves home-style dishes such as chicken pot pie and meat loaf.
Support and control services. Support and control services related to the food and beverage division include the purchasing department and the accounting division. Large hotels have a purchasing manager who is responsible for buying all of the products used in the hotel, including food and beverage items. Usually, orders are given to the purchasing department by the chef, by the bar manager (or head bartender), or by the food and beverage manager. The purchasing department then seeks competitive bids from suppliers, giving them precise specifications for each of the food and beverage items being ordered.

The control aspect of food and beverage is generally under the supervision of the hotel’s controller. Reporting to the controller are:

- Receiving clerks, who verify the number and quality of food and beverage items received.
- Storeroom clerks, who are responsible for properly storing and issuing items from the food and beverage storeroom.
- Cashiers in restaurants, coffee shops, and other food and beverage outlets, who handle the settlement of guest checks.

Problems in Food and Beverage Operations:

Although the food and beverage divisions of many hotels show a substantial profit in all of their food and beverage operations, not all food and beverage divisions are profitable. Some lose money in all areas, while others lose money in their food operations but make a profit with their beverage operations. Sometimes losses are attributed to bad management alone, but there are a number of other common reasons for losses in food and beverage operations.

- Long hours of operation:
Hotel restaurants must maintain an adequate level of service even during slow periods in order to satisfy the needs of hotel guests. But the low volume of business during slow times is not always sufficient to cover the cost of operation. Tightly managed employee scheduling can help alleviate this problem.

- **Low Check Averages:**
  Low-priced breakfasts and inexpensive snacks served at odd hours are frequently cited as reasons for un-profitability. Clever marketing of more profitable items can help overcome this problem.

- **Too many facilities:**
  Trying to satisfy a wide variety of hotel guests by having several different types of food and beverage facilities tends to be inefficient from a cost standpoint. However, proper planning, central kitchens, and coordinated menus (so that different recipes use many of the same ingredients) can help solve this problem.

- **High Turnover:**
  Because of the increasing complexity of hotel food and beverage divisions, there is a greater need for highly paid personnel. This labor cost cannot be avoided. What can be avoided is a high turnover rate among this group, which increases recruiting and training costs. Good human resources management can make a real difference here.
Costly Entertainment:
Some hotels with several restaurants and bars hire entertainers to entice guest into a night out. Although entertainment is a specialized business, prices charged by entertainers are negotiable. Hotels that use experienced booking agents often have lower entertainment costs and get better entertainers.

Insufficient Marketing:
In the past, few hotels marketed their food and beverage outlets; some are still guilty of that omission today. But one of the most significant changes in most hotels in recent years is that they are aggressively marketing their restaurants and lounges. Now many hotels compete successfully with free-standing restaurants by employing some of the same techniques that these independents have used so effectively: exciting themes and décor, interesting and dramatic menus, and quality entertainment.

Other Revenue Centers

Telecommunications Department:
Hotel managers know that good telecommunications service adds to a guest’s positive impression of the hotel, while poor service causes frustration and a negative impression. This can result in lost repeat business.

The use of modern telecommunications equipment has lessened the guest’s dependence on the hotel’s telephone operators. Many hotel telecommunications services can be accessed directly by dialing a given extension. For example, guests can retrieve their own phone messages, if
they are taken (or recorded) correctly, by dialing a digital code. Wake-up
calls can be automated, although clock radios in guestrooms often
eliminate the need for these calls completely. Local and long-distance calls
do not require the assistance of the hotel’s operator. As a result, the
telecommunications department in a modern hotel not only provides
better service than ever before but has a greater potential for profit. There
is no doubt that good phone service than ever before but has a greater
potential for profit. There is no doubt that good phone service is
appreciated, and guests may be willing to pay extra for it. One example is
offering in-room Internet Service.

Many first-class hotels offer guest a voice-mail service that allows
them to send and receive recorded messages. Beeper service and cellular
phones are also offered, so that guests can contact business clients quickly,
whether the guests are in the hotel or out at a meeting. AT & T has an
over-the-phone translation service. A non-English-speaking guest simply
calls a front desk agent, who can contact an AT&T operator to act as a
translator for the guest and the front desk agent.

Of course, many guests today own cell phones, which has had a
substantial impact on guest use of hotel telephone services; other guest
use calling cards when traveling. As a result, telephone revenues are
decrising in many hotels

**Concessions, Rentals and Commissions:**

If there is enough guest demand, a hotel has the potential to sell
more than rooms, food and beverages. Gift shops, newsstands, flower
shops, laundry and dry cleaning services, beauty salons, jewelry stones,
secretarial services, and even office space are just a few of the types of
services that can be made available within the hotel and accessible through the lobby or a separate street entrance. Hotel management has the choice of either operating these services themselves or bringing in others to do it for them.

A concession is a facility that might well be operated by the hotel directly, such as a beauty salon or fitness club, but instead is turned over to an independent operator who is responsible for the concession’s equipment, personnel, and marketing. The hotel’s income from concessions is determined in several ways. It can be a flat fee, a minimum fee plus a percentage of the gross receipts over a specific amount, or simply a percentage of total gross sales.

Rentals are common in many properties. With a rental, the hotel simply rents space to an enterprise such as an office or a store. The rent charged is typically spelled out in a lease, which is usually long term, with options to renew and annual rent adjustments specified.

Commissions are fees paid to the hotel by suppliers that are located outside the hotel but provide services for hotel guests. Some examples are car rental agencies, photographers, and dry-cleaning services. They pay a commission to the hotel based on a percentage of their gross sales to guests.

Fitness and Recreational Facilities:

Today’s businessperson may well travel with a pair of running shoes and feel that a daily run or workout of some kind is important. Hotels that have recognized this and provided workout facilities and indoor swimming pools have been able to capitalize on this new demand and increase their guest base. Other hotels have not kept up with the times
and have lost guest who insist on some provision for exercising while they are away from home.

Often guest are not charged for the use of basic exercise facilities, although there may be a fee for extras like massages, rental bicycles, or the use of a luxury spa. Some hotels have recognized the potential to sell access to their health club to office workers and residents near the hotel and have sold health club memberships, thus turning what started out as a cost center into a revenue producer.

Another growing trend in travel is to combine business with pleasure. It is not uncommon to see businesspeople traveling with their spouses and children. As a result, some properties have installed video-game rooms, which have turned out to be exceedingly popular. Such rooms can gross more than Rs.500 per week, with approximately half of that ending up on the bottom line as profit for the hotel.

A major source of recreation revenue comes from pay TV in guestrooms. There are many systems for delivering television programming to hotel guestrooms and lounges. In addition to regular broadcast channels, there are cable channels such as HBO, Showtime, ESPN, and MTV. First run movies are also available on a pay-per-view basis. This is one service that a deluxe or even middle-market hotel can hardly afford not to offer. Many guests expect to be able to watch movies in their room – often with pizza or popcorn delivered by room service.

Cost Centers:

As mentioned earlier, cost or support centers are hotel divisions that do not directly generate revenues. These divisions include:

• Marketing
• Engineering
• Accounting
• Human Resources
• Security

Marketing Division:

The mission of a hotel’s marketing division is to (1) identify prospective guests for the hotel as much as possible to meet the needs of those prospects, and (3) persuade prospects to become guests. This task begins before the first brick is laid.

One way to understand marketing is to look at what it is not. Marketing is not selling. It has been said that the difference between marketing and selling is that selling is getting rid of what you have, while marketing is having what people want. If you have what people want and you tell them about it, sales will come easily – assuming that not too many others have it at the same place for the same price at the same time! If you don’t have what people want and you are forced to get rid of what you have, you may have to discount it or promote it heavily, and even then it might not sell.

Marketing a hotel is not an activity confined to the marketing division; every employee is involved in providing what guests want. It is part of the job of the marketing division to understand the needs and wants of the hotel’s guests and advise management of them, so that managers can train employees in how to meet those needs and wants.

The marketing division is charged with the responsibility of keeping the rooms in the hotel occupied at the right price and with the right mix of guests. It accomplishes this through many activities, including:
- Contacting groups and individuals.
- Advertising in print and on radio, television, and the Internet.
- Creating direct mail and public relations campaigns.
- Participating in trade shows.
- Visiting travel agents.
- Arranging familiarization tours (free or reduced-rate travel packages designed to acquaint travel agents and others with the hotel and stimulate sales).
- Participating in community activities that raise the community’s awareness of the hotel.

Chart 5.6: Sample Organization Chart – Marketing and Sales Division

On average, hotels spend approximately five percent of sales on such efforts. This figure is misleading, however, and should be considered cautiously. For example, marketing a new hotel is much more expensive than marketing an established one. The marketing expenses involved in opening a new hotel, such as parties for community leaders and familiarization tours for travel agents, are often capitalized and charged off over a period of time. The cost of reservation systems is often charged
to the rooms division, although it could be argued that such a system is a marketing tool and ought to be treated as a marketing expense.

In most large hotels, the marketing division is headed by a director of marketing and sales (see Chart 5.6). Reporting to the director is a sales manager, advertising and public relations director, and a convention sales manager. Each of these individuals heads a department that is responsible for a distinct and separate activity within the overall marketing mission.

The sales department is responsible for prospecting for business and making sales calls on individuals and companies. The advertising and public relations department attempts to attract guests through advertising and create a positive image of the hotel. Commonly used public relations techniques are news releases about the hotel and its employees or guests, and involvement by managers and employees in community service. The convention sales manager specializes in finding and booking group and convention business.

In many ways, the marketing and sales function of a hotel can be considered the very essence of the operation. A frequently quoted remark by management consultant Peter Drucker puts it this way: “There is only one valid definition of business purpose: to create a customer.”

**Engineering Division:**

Taking care of the hotel’s physical plant and controlling energy costs are the responsibilities of the engineering division. The physical upkeep of the building, furniture, fixtures, and equipment is essential to:

- Slow a hotel’s physical deterioration.
• Preserve the original hotel image established by management.
• Keep revenue-producing areas operational.
• Keep the property comfortable for guests and employees.
• Preserve the safety of the property for guests and employees.
• Creative savings by keeping repairs and equipment replacements to a minimum.

**Accounting Division:**

A hotel's accounting division is responsible for keeping track of the many business transactions that occur in the hotel. The accounting division does more than simply keep the books – financial management is perhaps a more appropriate description of what the accounting division does. A sample organization chart of an accounting division is shown in Exhibit 10.

The responsibilities of the accounting division include:

• Forecasting and budgeting.
• Managing what the hotel owns and what money is due from guests.
• Controlling cash.
• Controlling costs in all areas of the hotel-revenue centers as well as cost centers and payroll.
• Purchasing, receiving, storing, and issuing operating and capital inventory such as food and beverages, housekeeping supplies, and furniture.
• Keeping records, preparing financial statements and daily operating reports, and interpreting these statements and reports for management.
Human Resources Division:-

Good managers see themselves as developers of people and as guardians of their company’s most important asset – its employees. Thus, the old-fashioned personnel division has gone the way of the dinosaur. In the old days the personnel manager of a company was little more than a clerk. His or her job was to accept applications, check references, and keep records of who was hired, fired, and promoted.

Today’s human resources division does much more. Modern human resources managers are concerned with the whole equation of people and productivity – as well as salaries, wages, and benefits. Their job description includes recruiting, hiring, orienting, training, evaluating, motivating, rewarding, disciplining, developing, promoting, and communicating with all the employees of the hotel.

Security Division:-

The security of guests, employees, personal property, and the hotel itself is an overriding concern for today’s hotel managers. In the past, most security precautions concentrated on the prevention of theft from guests and the hotel. However, today such violent crimes as murder and rape have become a problem for some hotels. Many hotels now worry about terrorism threats. Hotel owners and operators are concerned about their ethical and legal responsibility to protect guests and their property. Not giving security the attention it deserves can be costly. Courts have awarded plaintiffs thousands (in some cases, millions) of dollars as a result of judgments against hotels for not exercising reasonable care in protecting guests.6
Training Employees:

It is not enough for a hotel to establish standards and procedures and select employees to carry them out. Employees must be shown how to perform the procedures. Employees who have never cleaned a guestroom or waited on a table can't be expected to know what to do simply because they've been given a manual.

To succeed, training must be ongoing and have the full commitment of management. At Ritz-Carlton, all hotels have a director of human resources on staffs who is assisted by the hotel's quality leader, who acts as an advisor. Each work area has a departmental trainer who is charged with the training and certification of new employees in that area. According to Horst Schulze, former vice chairman, president and CEO of Ritz-Carlton, "At the Ritz-Carlton, it is everybody's job, daily, to make our people more valuable."7

Involving Employees:

All successful quality programs use a participative style of management. Judy King, owner and president of Quality Management Services, list basic beliefs in employee involvement in problem-solving:

1) The person doing the job knows how the job can be done better.
2) Problem-solving and decision-making should be done at the lowest capable level in the organization.
3) People are the greatest untapped resource in the organization.
4) People will meet expectations if they have been enabled to do so and, with encouragement, will exceed them.8
5.52
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5. For more information on the responsibilities of a hotel's engineering division, see David M. Stipanuk, Hospitality Facilities Management and Design (Lansing, Mich.: Educational Institute of the American Hotel & Lodging Association, 2002).


