

INTRODUCTION TO HOTEL OPERATIONS

Hotel Ownership (Hollander, 2022)

Running a hotel requires a diverse variety of skills and resources. Many hotels use various entities to manage different operational aspects to maximize profitability and performance and meet the owner's preferences. Large hotel companies usually do not manage their hotels. A single property may be owned by one party, managed by another, or carry the brand flag of a third party. Below are four (4) basic types of hotel ownership and management (Wickford, 2017):

- **Franchised** - A franchise hotel operation has clear benefits and disadvantages. While the hotel benefits from recognition of the brand name by consumers, an established business model, and national marketing, the owner depends on that brand name for its business. If the brand loses its reputation with consumers, the business also suffers. Additionally, since a franchise is generally limited to its market territory, its growth options are limited to purchasing additional franchises.
- **Privately Owned and Operated** - This hotel ownership gives an owner the most freedom but with the biggest risk. The hotel owner can make all decisions on staffing, operational structure, and growth but does not benefit from a brand like a franchise. All marketing research and efforts must be developed and built from scratch.
- **Leased** - These hotels are privately owned, but the physical hotel building belongs to another. This type of lease arrangement is generally long-term. The lessor will specify a minimum rent for the premises and may also include a *sliding scale* (scale of fees) based on total hotel revenue for ongoing rent.
- **Managed** - While the trend for new hotels is to open as franchises, existing hotels frequently go the managed route. It is where an existing privately owned hotel partners with a recognized brand name or a smaller, more experienced hotel. The hotel continues to be privately owned, but the managing hotel takes over the business's day-to-day operations and frequently lends its brand name. The managing hotel charges royalties based on the hotel's total revenues.

A hotel owner is primarily concerned with the continued success of their hotel or guest accommodation, but this does mean that owners have many different responsibilities. They will typically employ department managers to handle specific tasks. On a strategic level, owners must compete with rival properties and may need to run marketing efforts or hire marketing professionals to manage advertising and distribution. It is usually the general manager who reports directly to owners. With this approach in place, the role of the general manager is essential to oversee all the activities within a hotel and ensure things run smoothly and may need to handle strategic decisions, assist with marketing or distribution efforts, and help to deliver customer service quality.

Approaches to Hotel Management (Malachovský, 2018)

There are selected modern management approaches for the hotel industry, which open opportunities to accelerate development and increase competitiveness among establishments. Management approaches are predefined activities and procedures designed to help managers in different business areas achieve predetermined goals. Below are some of the most used management approaches in the industry (Malachovský & Mazúchová, 2018):

- **Strategic Planning.** It involves implementing a well-defined enterprise strategy into key business goals. Strategic planning helps a company identify early changes in the external business environment and adapt the necessary measures in its future direction and corporate governance. It is a tool for managers to learn how to respond to constantly changing conditions in the business environment.
- **Customer Relationship Management.** The basis of this management practice is to understand the customers' needs and desires and simultaneously satisfy them adequately by collecting relevant data

for an enterprise to understand the customers. An enterprise can create sales strategies for its products, segment customers into different groups according to predefined criteria, and use this information to develop strategy, product innovations, and internal processes, plan future earnings, create a training program for employees, price formation, design of product distribution channels for individual segments, and create loyalty programs.

- **Six Sigma.** It is a set of management tools and techniques designed to improve the capability of the business process by reducing the likelihood of error. It is a data-driven approach that uses a statistical methodology for eliminating defects, defect reduction, and profit improvement through Define, Measure, Analyze, Improve, Control (DMAIC) steps applied in the product or delivery of a service.
- **Benchmarking.** It has been a management approach in common practice for a long time. It is a continuous process of measuring the company's systems, processes, and products and comparing them with successful competitors or establishments in the same field. All establishments must monitor each competitor to increase efficiency and market share constantly. Such comparison aims to adopt new practices and procedures and to obtain information that may lead to improved business performance.
- **Re-engineering Business Processes.** It represents a radical change in the business process system to achieve a significant increase in productivity and quality and in shortening the length of the production process or provision of services. This change aims to increase the customer's end value and satisfaction as a prerequisite for increasing the productivity and performance of the business.
- **Outsourcing.** Outsourcing is a popular and most-used management approach in different sectors. Its essence is using external suppliers or subcontracts to improve production, increase revenues, reduce operating costs, reduce risks, and meet service needs. The common outsourcing services in hotel accommodations are transport rentals, manpower services for housekeeping, kitchen, and security, information technology for hotel systems, and administrative services.
- **Supplier Relationship Management.** This management approach aims to harmonize all factors involved in producing goods or providing services – suppliers, manufacturers, distributors, dealers, and customers – emphasizing timely, complete, and effective satisfaction of their needs. This approach is based on a sophisticated information system that ensures a close relationship between input factors and makes the value chain of goods or services more efficient.
- **Controlling as a Management Tool.** Controlling is currently a relatively well-used management approach. It is a system whose purpose is to improve the management of an enterprise based on objective evidence and evaluation of all economic events in the enterprise. Controlling provides a financial expression of the processes and their optimization, which supports management decisions in an enterprise.

These approaches are not mutually exclusive. It means that one (1) approach builds on another, and quality programs often combine all these approaches. Although hospitality organizations can develop quality systems, many find these recognized systems helpful as frameworks that can be worked on.

Hotel Departments (Arenas, 2022)

Hotels are complex business operations involving multiple departments collaborating to serve a large volume of guests successfully. Every division has an essential function contributing to the guest's enjoyable stay. Below are the typical hotel departments (Arenas, 2022):

- **Housekeeping Department** - It maintains a hotel's appearance, sanitation, and cleanliness. Housekeeping employees pay attention to small details of the hotel rooms, hallways, and lobby areas to uphold a consistent aesthetic throughout the hotel that impacts the guests and determines whether they will return and recommend the hotel to others.
- **Front Office Department** - This is also known as the guest service department, which is the first point of contact for the guests when booking with the hotel. It performs various functions like

guest reservation, registration, room assignment, and processing of guest charges. Front office employees welcome guests, carry their luggage, help them register, provide their room keys and mail, and answer questions about the activities in the hotel and surrounding area.

- **Food and Beverage Department** - This department looks after serving food and drinks to guests in hotel restaurants, cafes, and bars. They provide prompt customer service to dining guests and bring room service orders to guestrooms.
- **Engineering and Maintenance Department** – It is responsible for repairing and maintaining the plant and machinery, water distribution, sewage treatment, and other common areas in a hotel. It also maintains all the equipment, furniture, and fixtures installed in a hotel.
- **Accounts Department** - This is also known as the finance or credits department that oversees a hotel's incoming and outgoing expenses. All financial transactions in the hotel are directed through this department. It also helps in budgeting and evaluating the overall operation of the hotel.
- **Security Department** - It is responsible for the overall security of the hotel building, employees, in-house guests, visitors, and their belongings.
- **Human Resource Department** - It is responsible for acquiring, utilizing, training, and developing the hotel's human resources. This department is also responsible for staff welfare, induction, promotions, and appraisal.
- **Sales and Marketing Department** – This department brings in business and increases the sales of the hotel's products and services. It develops advertisement campaigns, promotions, discounts, and membership programs to build lasting customer relationships.
- **Purchasing Department** - It coordinates the supply needs of the hotel and processes inventory requests for all other departments. It researches potential suppliers, negotiates contracts, and determines when to order essential supplies such as linens, uniforms, food, office supplies, and hotel decor.
- **Information Technology (IT) Department** – This department is responsible for the daily support of all IT systems, business systems, office systems, computer networks, and telephony systems in the hotel.

The different hotel departments are not the same in all hotels, as these ultimately depend on the property size. To run a hotel as a functional unit, each department must function well as a unit and in unison with all the other departments. It includes everything from a smooth and effective check-in through the front desk department, clean and inviting rooms done by the housekeeping department, well-maintained facilities that the maintenance department keeps up, and so on. Every department must work together. Transparency and communication are key to the effective running of a hotel. Each department should work to support the others in delivering the best possible guest experience.

References:

- Arenas, C. (2022). *Fundamentals in lodging operations* (2nd Ed.). Edric Publishing House
- Bardi, J. (2003). *Hotel front office management* (3rd Ed.). John Wiley & Sons, Inc.
- Costa, Miguel. (2021). Outsourcing in hospitality and local accommodations. In *Revenue Management*. Retrieved March 2, 2022, from <https://revmanager.eu/outourcing-in-hotels-local-accommodation/>
- Hollander, J. (2022). Hotel management: A complete industry overview. In *HotelTechReport*. Retrieved February 17, 2023, from <https://hoteltechreport.com/news/hotel-management>
- Hotel departments: Learn about all the sections of a hotel. (2023). In *Revfine*. Retrieved March 2, 2022, from <https://www.revfine.com/hotel-departments/>
- Jetmarová, B. (2011). *Benchmarking: methods of raising company efficiency by learning from the best-in-class*. E & M Ekonomie A Management, 14, 83. In Semantic Scholar. Retrieved March 2, 2022, from <https://www.semanticscholar.org/paper/Benchmarking%3A-methods-of-raising-company-efficiency-Jetmarov%C3%A1/886b9e21e526414333564610601f45f205efe1a2>
- Kumar, P. (2023). What is six sigma: Everything you need to know about it. In *Simplilearn*. Retrieved January 19, 2023, from <https://www.simplilearn.com/what-is-six-sigma-a-complete-overview-article#:~:text=Six%20Sigma%20is%20a%20process,per%20million%20units%20or%20events>
- Malachovský, A., Mazúchová, L., (2018). *Selected modern approaches to hotel management* [PDF file]. In ResearchGate. Retrieved January 19, 2023, from https://www.researchgate.net/publication/325851156_Selected_modern_approaches_to_hotel_management
- The main departments in a hotel or resort. (2023). In *Setupmyhotel*. Retrieved January 19, 2023, from <https://setupmyhotel.com/train-my-hotel-staff/securityandloss/765-departments-that-make-a-hotel.html>
- Wickford, H. (2017). Types of hotel ownership. In *Bizfluent*. Retrieved January 19, 2023, from <https://bizfluent.com/about-5598328-types-hotel-ownership.html>