

CBM2015-00091

EXHIBIT 2040

PART 5



E i g h t

Lodging Facilities



Learning Objectives

After reading and studying this chapter, you should be able to:

- 1** Define the term *product line* as used in lodging operations.
- 2** List and discuss the three elements in the service product line of a lodging enterprise.
- 3** Name the activities common to all front office operations that must be taken into account in their layout and design.
- 4** Identify by name and size eight types of beds commonly used in lodging properties.
- 5** Provide the size range in square feet for each of the following: sub-budget motel room; budget motel room; commercial hotel/motel room; luxury motel room; hotel junior suite; hotel standard suite; suite in an all-suite property.
- 6** Compare and contrast the size and furnishings of a budget motel room with those of a luxury hotel.
- 7** List and discuss ten engineering systems found in lodging facilities.
- 8** Distinguish between centralized and decentralized air conditioning systems.

- 9 List four possible sources of water for lodging operations having no access to a public water supply.
- 10 Identify the principal components of a fire safety system.
- 11 List and describe four common types of energy control systems.

► Introduction

The previous chapter was devoted to examining the size and scope of the lodging industry. We identified characteristic types of lodging establishments and discussed three classification systems. In addition, we identified several rate plans that include food and described two rating systems used for lodging properties. With that as background, we now turn to the subject of lodging facilities.

As indicated in the previous chapter, lodging establishments may offer any number of different services to guests. Some lodging operations offer very few—simple guest houses having only rooms with a bath down the hall, for example. Others present a full range—elegant luxury hotels, for example, offering twenty-four-hour service, laundry and valet services, concierge service, twenty-four-hour maid service, secretarial services, hairstylists, and many other services.

Lodging establishments also vary greatly in size and in target clientele. The simple guest house may have only one or two rooms to rent, whereas the large, complex hotel may have over three thousand rooms. Similarly, some lodging operations cater to business travelers while others specialize in convention business. Still others offer permanent accommodations to those who consider the hotel their home while some provide temporary accommodations to people on vacation.

It should be apparent from the broad range of possibilities for service, size, and target clientele that lodging facilities differ considerably from one another. For example, compare a resort property to a city hotel. The resort is likely to provide recreational activities—golf, tennis, and swimming, for example—requiring specialized facilities and equipment. In contrast, the city hotel might offer specialized services to appeal to high-level business executives—in-room computers and fax machines on each floor, possibly—requiring different kinds of specialized facilities and equipment. While there are obvious differences between these two—and between any two different types of lodging properties—there are a number of important similarities. All lodging properties provide accommodations for guests, and all provide some services, although the services may be very limited in some properties.

As we will see, however, the points of similarity are of far greater importance than the many apparent differences.

As we proceed with a discussion of lodging facilities, it is important to remember that the typical lodging facility is likely to be far more complex than the typical food and beverage facility. In addition, the amount of money and the length of time required to plan and open a food and beverage operation is far less than that needed to plan and open a lodging operation. These realities clearly help to explain why comparatively few people develop their own commercial lodging operations. Most are planned and developed by corporations.

Prior to a discussion of lodging facilities, it is necessary to address three key topics that are fundamental to the layout and design of a lodging facility.

1. Concept
2. Legal requirements (local, state, and national)
3. Product line

These are the same key topics that were addressed before the discussion of foodservice facilities in chapter 5. However, while the topic areas are the same, the details differ considerably.

► Concept

Every lodging operation is (or should be) established around a **concept**—an imaginative, unifying idea of the operation that serves as the focus for the people, energies, and other resources required to convert the idea into reality. This concept originates with the person or company that will own the property, or with some other person or firm that develops the property on commission.

We will begin with one fairly obvious element of this concept: the type of lodging operation to be developed. The person or company responsible for the concept has in mind some idea of the type or types of lodging operations that might be developed—motel, convention hotel, resort hotel, or some other. A new property is likely to resemble one of the various characteristic types discussed in chapter 7 or some combination of those.

Those responsible for the concept must clearly understand the nature of the hospitality service products to be offered in the lodging operation they are developing.

► Legal Requirements

The laws and regulations—federal, state, and local—that an owner faces in operating a lodging facility must be taken into account. Building codes, fire codes, health codes, zoning regulations, environmental regulations, and licensing requirements are among the most common. Each of these provides specific direction for an owner in planning, designing, and operating a lodging enterprise.

Laws and regulations vary considerably from one state to another and even from city to city within a given state. For example, zoning regulations in some areas limit the height of new buildings constructed in the area. Plans for a facility that fail to comply with these regulations will not receive approval from local authorities. Consequently, it would be impossible to obtain a building permit until architects and engineers had redesigned the building to comply with the regulations. This is just one example of the many possibilities.

Before proceeding with plans for lodging facilities, owners lacking full knowledge of the laws and regulations that apply in given locales must have advice from lawyers, architects, engineers, professional lodging consultants, and others with the necessary expertise. Failure to take these details into account can lead to costly errors.

► Product Line

As indicated in chapter 5, the term *product line* is used in marketing to refer to a group of products with similar characteristics. We will borrow the term from marketing once again and use it to mean the service products that a lodging operator intends to offer based on the concept developed for the establishment. For example, if one intends to operate a budget motel, the service products will be significantly different from those offered by a developer who intends to operate a luxury resort. Each lodging establishment offers its own distinct product line.

The hospitality service product line offered by lodging operations has three elements.

1. Accommodations
2. Services
3. Ambiance

Accommodations

Lodging establishments offer **accommodations**—the most basic element in their service product line. This accommodations element consists of all the accommodations that will be offered to the public. The accommodations are the specific rooms, suites, or other facilities to which guests are assigned. All of these, taken together, are defined as the accommodations element in the service product line.

Many lodging operations offer specialized accommodations. Some, for example, feature only one type, such as suites. Any number of specialized accommodations can be found in the lodging industry today. Two of the characteristic types of properties discussed in the previous chapter offer good examples: budget motels and residential hotels. In contrast, other lodging operations offer a broader range of accommodations, which may consist of both rooms and suites of varying sizes and types.

Services

The second basic element in the hospitality service product line offered in a lodging enterprise is the **service** available to guests. This element is defined as all the services the operator intends to offer. Again, the type of establishment will strongly influence the nature and extent of the services offered. Housekeeping service is the basic service offered by transient hotels, motels, and similar lodging enterprises. Other common services include security, parking, valet and laundry, and bell services. Additional services may include information about goods and services available in the geographic area and assistance in making reservations at affiliated properties in distant locations for future dates.

Many operators offer such additional services as entertainment and recreational facilities—common hospitality-related services that are central to specific types of lodging operations and expected by guests in these operations. Again, the characteristic type of lodging facility established strongly influences the nature and extent of any additional services offered. Thus, entertainment and recreational facilities are central to resort hotel operations.

Ambiance

The third basic element in the hospitality service product line in lodging operations is **ambiance**. This element includes a vast number of

tangible and intangible features that give a specific lodging operation its special and distinctive character. These include theme, lighting, uniforms, furnishings, cleanliness, wall coverings, fixtures, fabrics, decorations, and any other related features, tangible or intangible, that customers see or sense and that help to form their impressions of the establishment. For example, when an arriving guest walks through the front door of a lodging facility, he gets an impression of the property from the lighting, furniture, carpet, wall coverings, works of art, and any of the other coordinated elements that make up the lobby area. Similarly, after being assigned to a particular accommodation, the guest gets additional impressions from the elevator, the elevator foyer on her floor, the general appearance of the corridor leading from the elevator foyer to her room, and so on. To a guest, the sum of these and many other tangible and intangible features constitutes the property's ambiance, or atmosphere.

The discussion above does not take into account that many lodging operations also offer food and beverage products. Some would say that the lodging enterprise that offers food and beverages is offering a second product line. Others would disagree, arguing that if food and beverages are offered because of guests' expectations, the food and beverage operations should be thought of as additional services, akin to the recreational facilities discussed above. One can agree or disagree with either point of view.

Accommodations, service, and ambiance are the three basic elements in a lodging product line. The ambiance of the lobby pictured right immediately conveys a sense of this hotel's special and distinctive character. (Photo courtesy of the Four Seasons Hotel.)



In summary, the service product line offered by a lodging establishment consists of three basic elements—accommodations, services, and ambiance. Some operators choose to add one or more of an array of other possible product lines by including boutiques, jewelry shops, gift shops, souvenir stands, and other retail shops on premises. Although these are interesting and often desirable additions to a property, they are not essential to the basic lodging enterprise. Therefore, we will limit the following discussion to the facilities required for the basic service product line of a lodging enterprise. (Appropriate discussion of food and beverage facilities appears in chapter 5.) In the present chapter, we will assume that the owner has attended to the necessary preliminaries and decided to proceed. At this point, we will turn our attention to the specifics of lodging facilities.

The student reading about lodging facilities may find it useful to refer to particular lodging properties. Therefore, in order to describe the various facilities and to point out some of the differences from one property to another, we will refer to the three distinctly different types of lodging properties described in case studies 8.1, 8.2, and 8.3. The first of these is a limited-service budget motel catering to economy-minded transient travelers. The second is a full-service, upscale resort hotel that provides accommodations and services primarily for vacationers. The third is a luxury hotel located in a major cosmopolitan city offering the services associated with that type of property.

Case Study 8.1

The Value Lodge is a fifty-room property located in a small midwestern town adjacent to an exit on Interstate 80. It is owned and operated by a couple name Roger and Janet Goodson. It is part of a chain called Value Lodges. Roger and Janet were both executives for major companies for many years. Eventually they both began to dislike their work and felt they were wasting their lives, so they decided to open their own business. They had always been fascinated by innkeeping and felt they had the talent for it. Because they had no formal training in the business, they decided to work with a chain to receive the necessary training and to reduce risk. The Goodsons sold their home and as many other assets as they could. Because they had limited funds, they could only afford a relatively small property. They answered an advertisement in the *Wall Street Journal* placed by the Value Lodge Company. After thorough investigation, they agreed to an arrangement giving them a motel in an excellent location, a Value Lodge sign, a large mortgage, and an obligation to pay various fees to the chain.

The Value Lodge is a fairly simple fifty-room operation. Roger and Janet, as owner-managers, live in quarters connected to the office where guests check in and out. The fifty units are modern and comfortable—pleasantly decorated, yet simply furnished. Each unit contains two queen-size beds, a private bath, a color television, two lounge chairs, a dresser with mirror, and a telephone, among other items. The motel has no restaurant, no meeting rooms, no swimming pool, and no recreational facilities. It does have a small dining area with tables, chairs, and vending machines from which guests can obtain ice, beverages, sandwiches, and snacks. The motel caters almost exclusively to motorists from Interstate 80 looking for clean, comfortable overnight accommodations. Most guests check in by late afternoon and are back on the road again early the following morning.

There is a fast-food restaurant located across the road and a family restaurant nearby. The Value Lodge Co. has a central system that takes reservations for all units in the chain. Roger and Janet receive about 25 percent of their business from the reservation system.

Roger and Janet take turns in the office during the day. Roger is usually there during morning hours, doing the bookkeeping and ordering supplies, while Janet supervises the housekeeping. During the afternoon, Roger sees to the maintenance of the grounds and rooms while Janet takes her turn in the office. In the evening, neither stays in the office, but the door to their quarters is open, so they can attend to any needs of the guests or to any check-ins.

Case Study 8.2

The Mountain Inn is a four hundred room, three-star resort hotel located in a major ski area in Colorado. It is owned by the Mountain Inn Corporation, a company formed by the group of investors that built the property. They have hired the Preferred Management Company to run it. The agreement calls for Preferred Management to receive 3 percent of gross room sales and 10 percent of profits.

The Mountain Inn is a seasonal resort hotel. During the winter months—early November to mid April—the hotel is a ski resort, catering to vacationers who come for winter sports. During the summer months—from June 1 to September 30—it is a summer resort catering to individuals and groups that come for summer recreational activities and meetings. The hotel closes during the months of October and May.

This four hundred room hotel has two dining rooms—one for individual guests and families and the other for groups. It has one large

meeting room that can be divided into several smaller ones, as well as a coffee shop, pharmacy, hairstylist, several boutiques, an indoor pool and exercise room, two racquetball courts, and four outdoor tennis courts.

The hotel is located at the base of a ski slope within one mile of an excellent golf course. Mountain Inn guests receive special consideration at the golf course. There is an excellent stable nearby for horseback riding. Additional services offered guests include room service from 7:00 A.M. to midnight as well as tennis and swimming instruction.

Case Study 8.3

The Kensington is a 350-room, four-star luxury hotel located in the center of a major eastern city. It is a classical hotel, owned and operated by a nationally-known chain, but the name of the chain is not used on any signs, linen, literature, or other item that would be noticed by guests. Management decided that the image of the property would not be improved by being linked with this particular chain.

All 350 guest rooms are furnished with reproductions of antique furniture. There is a doorman on duty at the front door at all times to welcome guests, take charge of their cars, and obtain transportation for them. The lobby is finished in marble and brass. Each elevator is operated by an attendant, even though they can be operated automatically.

The Kensington has a large ballroom with its own kitchen and a separate entrance from the street for guests attending weddings and similar formal functions. The hotel does not have the number of meeting rooms that one would find in a convention hotel. It does have three small meeting rooms that can be used by guests—usually business executives—for small meetings.

Other services offered to guests include twenty-four-hour room service, concierge service, secretarial service, a hairstylist, gourmet dining in the Empire Room, cocktails in the Kensington Lounge, a pharmacy, an indoor pool and exercise room, and extensive house-keeping service that includes the service of early morning tea or coffee, fresh towels twice each day, and turndown service in the evening.

Seventy-five of The Kensington's 350 rooms are presently occupied by permanent guests. The remaining rooms are available for transient business. Guests are served by a staff of five hundred employees, half of whom have worked in the hotel for over ten years. The Kensington emphasizes personal service. All staff members—desk clerks, elevator

operators, bellmen, and doormen, among others—make special efforts to know guests by name. Staff members are expected to be friendly and courteous at all times, and to attend quickly to all reasonable requests made by guests.

These three lodging properties, although they appear at first glance to be very different from one another, really have much in common. In fact, they have the same basic facilities that any property must have to be called a lodging facility.

1. An area for activities and records associated with guest reservations, check-in, and check-out: the front office
2. The accommodations themselves: guest rooms
3. An area for attending to housekeeping activities, including the storage of linens, uniforms, and cleaning supplies and equipment: housekeeping

In the following discussion, we will focus our attention on the layout and design of these three basic elements found in all lodging facilities.

► Facility Layout and Design

Because these three areas are so different from one another, the layout and design of each will be addressed separately.

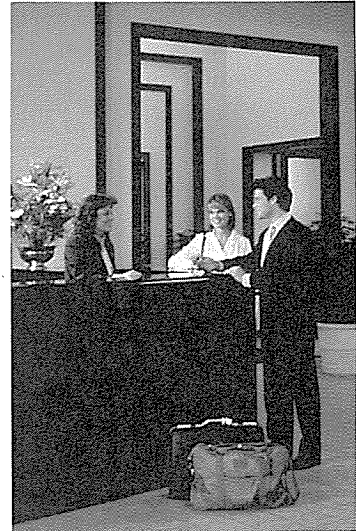
► Front Office Layout and Design

Front office layout and design tends to be determined by the size of the lodging establishment. In smaller properties, for example, front office areas tend to be smaller, simpler, and more compact because there is no need to have more than one clerk on duty for each shift. By contrast, larger properties tend to have larger front offices because they need more people on duty at any one time to deal with the larger numbers of guests.

A lodging enterprise needs a facility to handle **front office** activities, which have traditionally been separated into several categories of work known by the terms **reservations, check-in, information, and check-out**. These four terms require some simple explanation.

Reservations is a term used to refer to a process for holding accommodations for future guests.

In a lodging facility, the front office is the area for activities and records associated with guest reservations, check-in, and check-out. To guests, pictured right checking in, the front desk is the front office. (Photo courtesy of Radisson Hospitality Worldwide.)



Check-in is the process by which people become guests.

Information refers to providing guests with advice and directions relating to shopping, dining, entertainment, local transportation, and a range of other possibilities.

Check-out is the process by which guests terminate their status as guests.

Further discussion of front office work will be deferred to the following chapter on lodging operations.

The facilities in which front office activities take place vary greatly from one property to another. In a fifty-room motel, such as the Value Lodge described above, a front office facility is normally quite small. Figure 8.1 is a diagram of the front office of the Value Lodge.

In a larger property, such as the 350-room Kensington hotel, the amount of work and the number of employees make a larger front office facility necessary. Figure 8.2 is a diagram of the front office of the Kensington.

Note that both facilities are designed to deal with the same activities—those associated with reservations, check-in, information, and check-out. As previously noted, these are the activities common to all front office operations, and every lodging establishment has some form of front office designed to accommodate the level of activity anticipated in each of those four areas. To that extent, the front offices of the Value Lodge and the Kensington hotel are the same. There are obvious differences, however, between the two front offices, and these

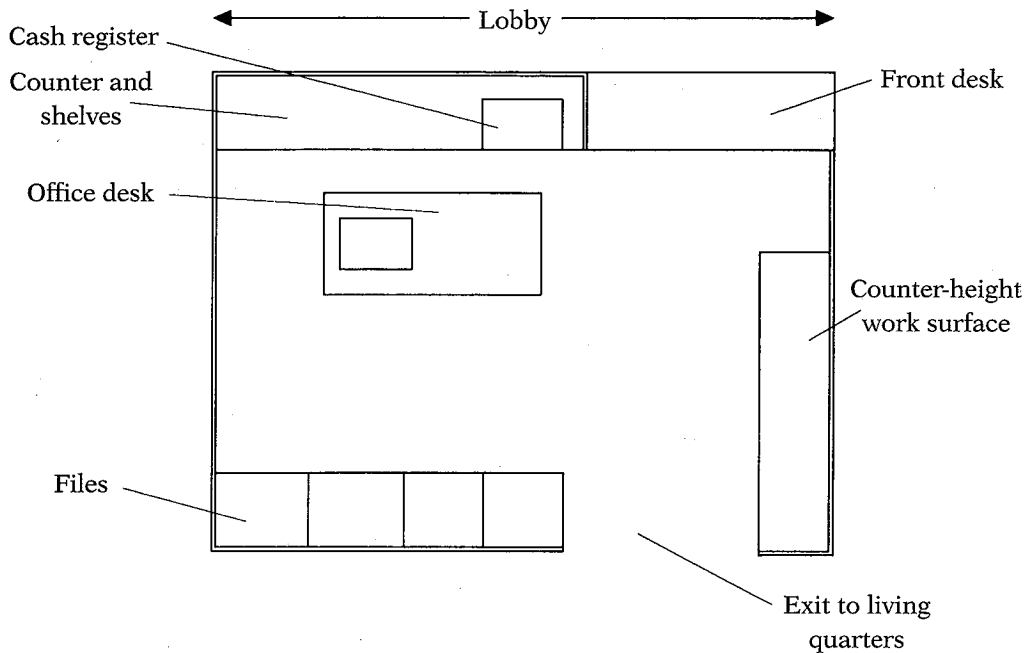


Figure 8.1

Layout of the front office of the Value Lodge

differences reveal much about the differences between the two properties. The principal differences are listed here.

Size

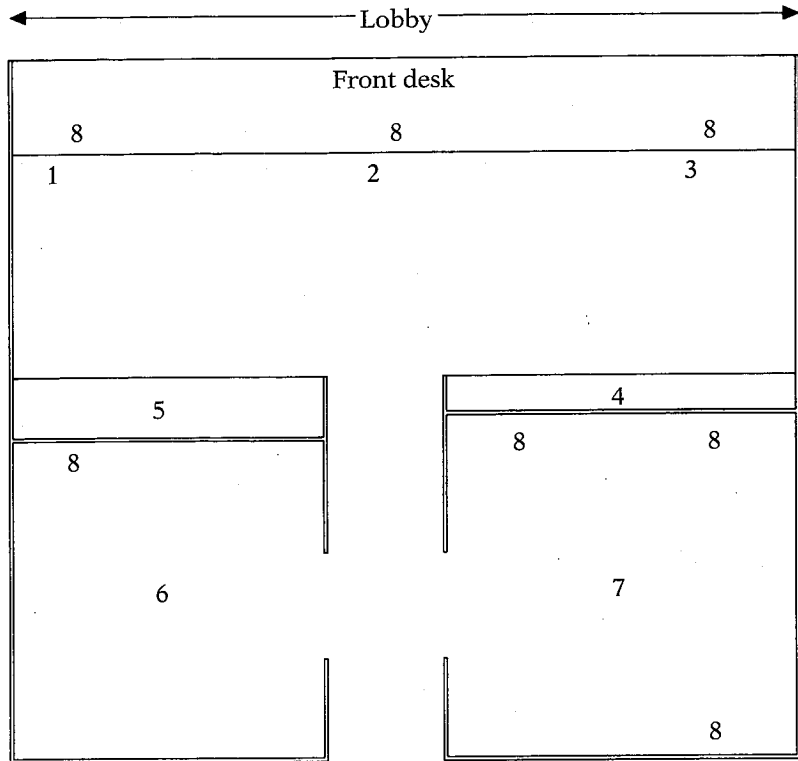
In the Value Lodge, the volume of work involving front office activities can be handled by one individual in a single small area. The entire front office area, including the front desk, is only 54 square feet: 6' × 9'. By contrast, the front office area in the Kensington is quite large, encompassing 540 square feet: 18' × 30'.

Space Allocation

The Value Lodge has one single area in which all front office activities take place, and the volume of each is such that all can be handled by one person. In the Kensington, however, some of the front office activities occur in sufficient volume to require that some employees dedicate their time to specialized work. For example, the volume of financial activities—updating guest accounts, processing guest check-outs, cashing checks, and making change—make it desirable to assign specialists (cashiers) to the work and to allocate one specific area for their work. The same is true for the specialist employees assigned to deal

Figure 8.2

Layout of the front office of the Kensington



Key:

- 1 Cashier's area
- 2 Information area
- 3 Room clerk's area
- 4 Wall of mailboxes for keys, mail, and messages
- 5 Counter-height bank of safe deposit boxes
- 6 Office for front office manager
- 7 Reservations office
- 8 Locations of computer terminals and printers

with reservations, information, and check-ins. In the Kensington, the front office staff is large enough to require supervision by a front office manager, for whom a separate office area has been allocated.

It should be noted that a number of larger lodging operations do not follow the Kensington's system for functional division of front office work. In many lodging operations with front offices similar to that of the Kensington, the three front office computer terminals could be used interchangeably for check-in and check-out. During evening

hours, when the number of arrivals in commercial hotels tends to be higher, all terminals may be used to handle check-ins. By contrast, in the morning, when the number of departures are higher, all terminals can be used to process check-outs.

Equipment

In the Value Lodge, the front office requires some simple manual equipment: a room rack that also holds room keys and guests' bills, a cash register, a telephone, and a file cabinet for reservations records and for storage of various forms and records. In the Kensington, the front office has an integrated computer system with terminals in each area. For example, the reservations office has a workstation with a terminal in which all reservations are input. A telephone and a fax machine are within reach, as are file cabinets and other storage facilities for reservations and related forms.

► Rooms Layout and Design

To a great extent, the layout and design of guest accommodations in a given establishment are determined by the type of establishment. In economy motels, for example, guest rooms tend to be smaller, simpler, and more compact than in traditional luxury hotels.

Because beds, the principal furnishings in most guest accommodations, vary considerably in size, it is useful to know the dimensions of beds most commonly found in lodging establishments (see table 8.1).

Most beds are 75" long. Some guests however, prefer longer beds, and these are readily available to lodging operators who choose to buy

Table 8.1 **Dimensions of Beds in Lodging Establishments**

Bed Type	Width
Rollaway/cot	30"
Studio	33"
Single	36"
Twin	39"
Three-quarters	48"
Double	54"
Queen	60"
King	78"

Table 8.2 **Typical Size Ranges of Lodging Accommodations**

Type of Lodging Accommodation	Common Sizes of Guest Accommodations (in Square Feet)
Sub-budget motel room	175–200
Budget motel room	225–250
Commercial hotel/motel room	250–325
Luxury hotel/motel room	350–450
Hotel junior suite	400–475
Hotel standard suite	450–550
Suite in an all-suite property	450–700

them. Some are 78" long; others may be 80" or 82". The latter are often called California lengths.

Table 8.2 indicates typical sizes of guest accommodations in seven types of lodging operations. Note that the number of square feet in each accommodation includes bedroom, parlor or living room (if any), bathroom, and entry area, as well as any closets and other hallways.

Figure 8.3 illustrates typical floor plans for guest accommodations in the seven common types of lodging establishments listed in table 8.2.

The layout and design of guest rooms in the Value Lodge closely resembles that for the budget motel room in figure 8.3. Each unit has a private bath, two queen-size beds, a color television, two lounge chairs, and a dresser with mirror, among other items. Units in this property are of uniform size: 236 square feet.

Guest rooms in the Kensington more closely resemble those for the luxury hotel room in figure 8.3. Some, like that in the diagram, have a private bath, a king-size bed, two night stands, a desk/dresser with mirror, and a lounge area consisting of corner table, loveseat, lounge chair, and coffee table. Units in the Kensington hotel are of differing sizes but average approximately four hundred square feet. That illustrated is among the largest the property offers.

Note that both guest rooms are designed for the same basic purpose—to provide accommodations for travelers. Every lodging establishment has guest rooms designed to accommodate the needs and desires of the kinds of travelers management intends to attract to the establishment. To that extent, the guest rooms in the Value Lodge and the Kensington hotel have the same general purposes. There are, however, obvious differences between the two guest rooms illustrated, and these differences reveal much about the differences between the two properties. The principal differences are listed here.

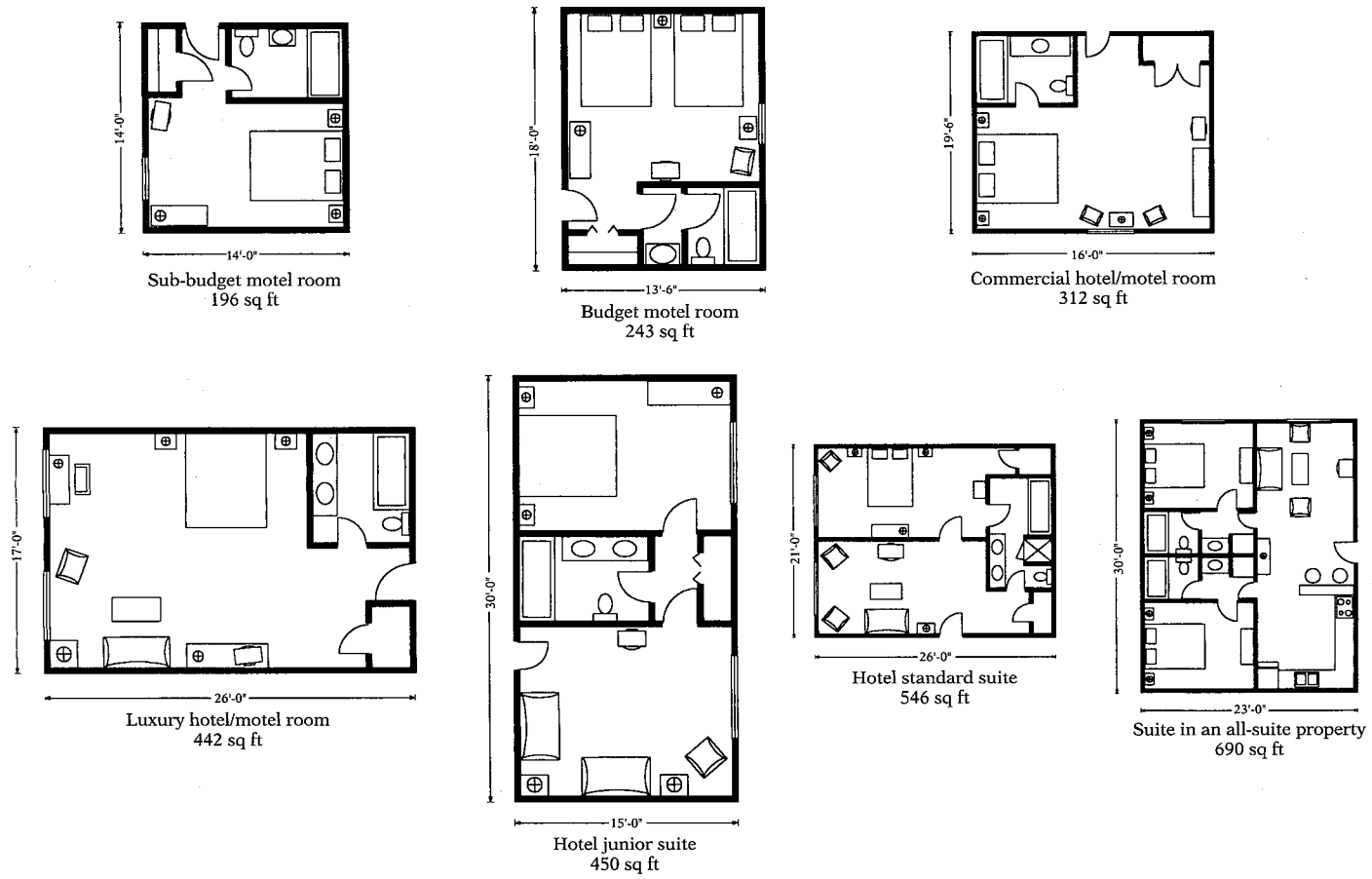


Figure 8-3

Typical floor plans for guest accommodations in lodging establishments

Size

The typical room in the Value Lodge is approximately 150 square feet smaller than that in the Kensington.

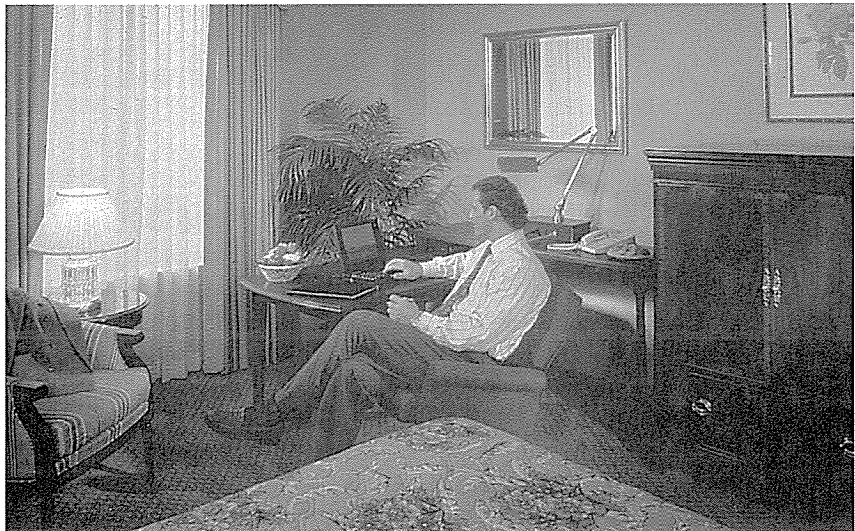
Space Allocation

In the Kensington, some of the additional space has been allocated to some additional furnishings not found in the Value Lodge. In addition, the Kensington hotel room appears to be more open and uncluttered. Some of the extra space is used, quite simply, as space, affecting the ambiance of the lodging product.

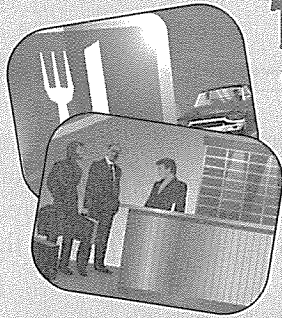
Furnishings

In the Value Lodge, the furnishings are better suited to those staying overnight than to those remaining for longer periods. They are not quite as attractive and comfortable as those in the Kensington, which features reproductions of classic antiques. However, the Kensington caters to guests who are seeking attractive furnishings and who are both willing and able to pay higher rates for more luxurious accommodations.

Today's work environment is changing. Many business travelers are carrying laptop computers so they can work on long airline flights and in hotel rooms. Marriott offers business travelers the "Room That Works," pictured right. (Photo courtesy of The Philadelphia Marriott.)



► Let Them Have Workspace ◀



Today's work environment is changing. Because of advances in technology, more people each year are doing work away from the traditional office. They are working at home during the day, in the evening, or on weekends. They are also taking their work with them on business trips, carrying laptop computers so they can work in hotel rooms.

Lodging operators have always provided for the basic needs of business travelers, offering desks, telephones, and message service. Today, however, many business travelers need more than yesterday's basics in their hotel rooms. Marriott understands this, and has begun a company-wide effort to provide the "Room That Works," which features

- A large console and mobile writing desk
- Two power outlets and a PC modem jack mounted in the console top
- A movable task light
- Fully adjustable ergonomic chair

This concept was introduced recently at the one thousand, two hundred room Philadelphia Marriott, a new property built adjacent to Philadelphia's Pennsylvania Convention Center. Marriott management announced that it expected to complete the process of converting 20 percent of its full-service guest rooms to "Rooms That Work" within two years.

Adapted from Lodging, June, 1995.

► Housekeeping Layout and Design

As in front office and guest accommodations layouts, the layout and design of a **housekeeping** area in a lodging establishment is determined, to a great extent, by the type of establishment. In economy motels, for example, housekeeping areas tend to be smaller, simpler, and more compact than in traditional luxury hotels found in the more affluent areas of major cities. The housekeeping area in the Value Lodge, for example, is quite small and compact. In the Kensington, by contrast, housekeeping requires considerable space because of the lux-

ury nature of the Kensington and the comparatively large number of employees required to maintain such a property.

The layout of the housekeeping area in the Value Lodge is illustrated in figure 8.4. Note that the facility is comparatively simple, having storage space for laundered bed and bath linens and cleaning supplies, and providing floor space for the overnight storage of three mobile carts used by the housekeeping staff during working hours.

Figure 8.5 illustrates the layout of the main housekeeping facility in the Kensington. The housekeeping area in the Kensington includes an office for an executive housekeeper as well as considerable space for storing bed linens, bath linens, and cleaning supplies. A separate room is set aside for soiled linens. Here, soiled linens are separated and counted before being sent out to a commercial laundry to be washed and folded or ironed.

Caring for bed and bath linen is one of the major responsibilities of any housekeeping department in any lodging operation. Without adequate supplies of linen, it is impossible to operate a lodging facility properly. Essentially, one can adopt either of two approaches to laundering bed and bath linen: either send it out to a commercial laundry or install a laundry facility on premises. If the latter approach is adopted, considerable space must be set aside for the laundry facility, and considerable funds must be allocated to equip it. Additional discussion of this topic will be deferred to the chapter on lodging operations.

Note that housekeeping areas in both the Value Lodge and the Kensington are designed for the same basic purpose—to facilitate housekeeping services for guests. Every lodging establishment has a

Figure 8-4

Layout of the housekeeping facility in the Value Lodge

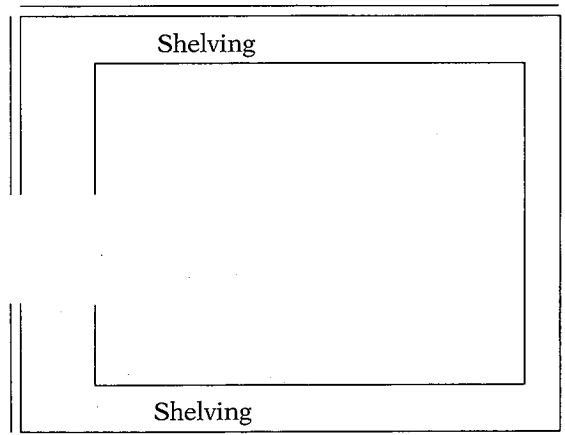
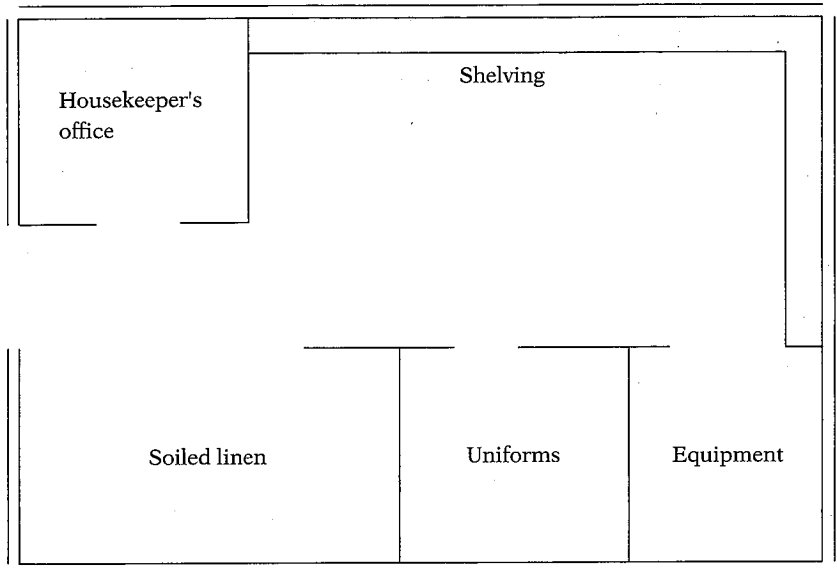


Figure 8-5

Layout of the housekeeping facility in the Kensington



similar area designed to provide the kind and level of housekeeping services preferred by the travelers patronizing the establishment. To that extent, the housekeeping areas in the Value Lodge and the Kensington have the same general purposes. However, there are obvious dissimilarities between the two areas illustrated, which suggest some of the dissimilarities between the two properties. The principal differences are described here.

Size

Two major factors account for the differences in size between the housekeeping areas in the two properties. The first of these has to do with the number of rooms to be serviced—50 in the Value Lodge versus 350 in the Kensington. Thus, the Kensington must have at least seven times the amount of bed and bath linen. The second reason has to do with the need to store uniforms in the housekeeping area of the Kensington, a need that does not exist in the Value Lodge.

The diagram of the housekeeping area of the Kensington does not show the additional housekeeping storage facilities that are located throughout the hotel. Each floor has a housekeeping closet used for storing small amounts of cleaning supplies, guest room supplies, and linens, and for housing mobile carts when not in use by the housekeeping staff.

Space Allocation

Besides the space allocated for an office in the housekeeping area of the Kensington, there is also space for storing uniforms for all hotel employees required to wear them. This is not necessary in the Value Lodge, as we have noted. Because the Kensington is an older property, some of the side rooms now used for storage were once used by housekeeping employees with job titles no longer found in most hotels: upholsterers and seamstresses, for example. Work formerly done by people in these job classifications is now typically done outside the hotel by independent contractors, making it possible to allocate this space for additional storage.

Equipment

Because it is a luxury property with a large lobby and considerable public space, the Kensington has some heavy, specialized cleaning equipment used to maintain these areas. Because the Value Lodge has no comparable space, it has no such equipment.

In addition, the Kensington, as a luxury enterprise, makes available to its guests various kinds of equipment not offered to guests in the Value Lodge. Guests in the Kensington can telephone the housekeeping office to obtain such common items as steam irons and ironing boards, and guests visiting from other parts of the world can borrow conversion devices that enable them to use their electrical appliances.

From the foregoing discussion, it should be apparent that lodging facilities are relatively complex physical structures. Because of this, those studying lodging management need some basic knowledge of the complex physical systems required to make them operational. These are the systems designed to provide the basic requirements that make it possible for people to inhabit buildings in reasonable comfort and safety. These are commonly referred to as engineering systems.

▶ Engineering Systems

The following are brief descriptions of the basic engineering systems common to most lodging properties. These brief discussions will serve to suggest the degree of complexity inherent in the layout and design of a building constructed for use as a hotel, motel, or similar lodging enterprise.

The engineering systems in a building may include all of the following:

1. Heating
2. Air conditioning
3. Ventilation
4. Electrical
5. Water
6. Transportation
7. Waste
8. Fire safety
9. Energy control
10. Communications

Heating

In the United States, lodging facilities have **heating systems** to raise the temperature of air and water in the building, thus providing warm rooms and hot water. Heating systems accomplish this by converting energy resources to heat. Common energy resources include oil, gas, electricity, steam, coal, and solar energy. The selection of one of these over another depends on availability, relative cost, and particular preferences of the owner/operators of the facility.

Air Conditioning

Technically, **air conditioning** is any treatment of the air in a building that changes that air in any way. Thus, heating, cooling, humidifying, dehumidifying, and filtering are all air conditioning processes. However, the term *air conditioning* is commonly taken to mean improving the comfort level in a facility by reducing the temperature of air, by controlling the level of humidity in the air, or by doing both of these. There are two types of air conditioning systems used in lodging facilities.

Centralized. A central system services a number of guest rooms and other facilities, treating the air in one large unit and distributing the treated air through ducts.

Decentralized. A decentralized system relies on individual units in each room or part of the facility to treat the air. In some properties, these are built into the walls of the rooms they serve; in others, they are installed in windows.

Ventilation

Ventilation systems provide fresh or recirculated air and control the volume of air. They ensure an adequate supply of air with sufficient oxygen for human activity. Some ventilation systems also filter the air to remove dust and other particles as well as cigarette smoke and cooking odors. Lodging facilities in the centers of major cities commonly install air filtration equipment to remove the pollutants from automobile, truck, and bus traffic.

Ventilation systems are designed to remove and replace all the air in a given space or room a number of times each hour. That number may vary from a very few times per hour—possibly six, for example, in a large hotel ballroom—to a great many times per hour—up to fifty in a large hotel kitchen—according to one authority. Ventilation systems are typically linked to heating systems, air conditioning systems, or both.

Electrical

Electrical systems are designed to provide for the availability of electric power wherever it may be needed as an energy source in the building. Electrical systems consist of wires of various sizes as well as circuit breakers or fuses, switches, and outlets that facilitate the safe use of electric power. Electricity is used for three primary purposes in lodging facilities: lighting, heating, and operating specific equipment requiring electric power.

Because of their public nature, many lodging establishments are required to maintain emergency systems to use in the event of a power failure. The nature and extent of the emergency systems vary, depending on state and local regulations. Some are simple battery systems that provide emergency lighting in corridors and other public areas for limited periods; others are complex systems that may include gasoline-powered generators to provide sufficient electricity for lighting and limited elevator service. Many operators install emergency systems that will also provide power for refrigerators, freezers, and computer systems until the regular flow of power resumes.

Water

A **water system** consists of those parts of the plumbing system that provide fresh water to various parts of the lodging establishment,

including guest rooms, food and beverage facilities, laundry facilities, and public bathrooms, among others.

In many localities, the source of fresh water is a public water supply with water pipes running under the streets. In many remote, rural areas, however, absence of a public water system makes it necessary for lodging operators to use some alternative means to obtain fresh water. Most commonly, this means drilling a well. Another possibility is pumping the water directly from a nearby lake or river. Others, although rare, include collecting it from rainwater and processing salt-water from the sea.

Sometimes incoming fresh water is processed before being distributed throughout a building so that its properties may be changed before use. There are various reasons for doing this. One is that the water is too *hard*, a term used to describe water containing excessive amounts of calcium and magnesium salts. Another is that the water may contain other minerals or impurities that must be filtered out. Still another is that the water may require the addition of chlorine to make it safe for human use.

Some fresh water—the cold water—is distributed directly to the areas in which it is used. The rest—the hot water—is diverted to the heating system, where its temperature is raised before distribution.

One of the significant engineering challenges in a multistory lodging operation is to design a water system that will provide

1. adequate water pressure on all floors during periods of peak use—if this is not addressed, guests in rooms on high floors may not be able to obtain adequate water at particular times;
2. an adequate supply of both hot and cold water, so that each water user can maintain the temperature he or she selects for any given purpose—failure to provide for this may result, for example, in sudden changes in shower water temperatures from comfortable to excessively hot or cold, either of which may be unpleasant or dangerous.

Transportation

The **transportation system** in a lodging establishment consists of those facilities used to move guests, employees, equipment, and supplies from one level of the building to another. Its most common components are elevators and escalators.

Wherever feasible, planners of lodging facilities provide for an adequate number of elevators so that those used by guests need not be

used for other purposes. Elevators used for other purposes are often called service elevators and are usually located some distance from the guest elevators. They are used for transporting employees, equipment, and supplies from one part of the building to another.

A small, specialized kind of elevator called a **dumbwaiter** is used for moving food, normally for short distances between floors. For example, if the main kitchen in a large hotel is one or two floors below the dining rooms and banquet rooms, a dumbwaiter may be installed to transport food and materials between kitchen and the foodservice facilities.

Dumbwaiters are not normally used to transport personnel and, consequently, lack the internal operating controls found in elevators. Staff members usually place food and other items in a dumbwaiter, close the door from the outside, and control it by depressing a button on the wall next to the dumbwaiter shaft.

Escalators are normally used to transport large numbers of people for short distances—one or two floors up or down. They are more commonly used with banquet and meeting facilities, so that those attending meetings, dinners, and other events can get into and out of the facility quickly and easily. If it becomes necessary to move large numbers of people into or out of a facility quickly, all escalators can be made to move in the same direction—up or down. With this arrangement, greater numbers of people can be moved more quickly than would be possible using elevators.

Waste

The **waste system** in a lodging property is designed to facilitate the removal of solid and liquid wastes produced in the property. Solid waste includes paper, glass, fabric, plastic, metal, wood, and food. Liquid waste is primarily waste water being drained into a sewage disposal system.

Solid waste is normally collected throughout a lodging establishment by employees who transport it to one central area. From there, it can be put out for pickup in plastic bags, trash cans, or dumpsters, depending on type, volume, and local regulations. Alternatively, it can be compacted before being put out or incinerated on premises. Many large hotels accumulate huge amounts of solid waste daily. In many areas, local regulations now identify certain solid wastes as recyclables and require that they be separated and made ready for special handling or collection.

In contrast, the disposal of liquid waste is normally quite simple. In areas with public water supply systems, there are also public sewer systems, and disposal is a simple matter of connecting to that system. In other areas, some other means must be found. The most common alternatives are treatment plants and underground drain fields.

Fire Safety

A **fire safety system** is designed to detect, contain, or extinguish fires and to alert both guests and employees to the danger. Some are also designed to summon fire and police personnel to the scene. A fire safety system consists of

1. sensing devices for detecting heat, smoke, flame, or some combination of these;
2. devices for containing or extinguishing fires, such as doors that close automatically to prevent the spread of fire, sprinklers, and portable extinguishers containing water, carbon dioxide, foam, or other chemicals;
3. warning devices for alerting guests and employees, such as fire horns, fire alarms, and flashing lights.

Because of the public nature of lodging establishments, all but the smallest are required by law to have some type of fire safety system. The nature and extent of the systems required clearly vary from one area to another and from one size and type of lodging facility to another.

Energy Control

The **energy control system** in a lodging establishment is designed to manage the use of energy in the building efficiently, minimizing its use and consequent cost. It consists of various devices that turn energy-consuming equipment on and off at optimum times or that prevent excessive use of energy in any system or subsystem. There are four common types of systems.

Time Clock. This is the simplest and least costly of the systems. It uses time clocks to turn on and off the flow of electricity to such devices as exterior lights, lighted signs, and even swimming pool filtration systems, ensuring that they will operate only when needed and for the proper length of time.

Automatic Sensor. Some lodging operators control energy costs by installing automatic sensors that detect the presence or absence of people in a room. These are used primarily to turn lights on and off, ensuring that lights are off when there is no one in a room. They may also be used to turn off such appliances as television sets when guests have left a room.

Electric Demand. These systems are designed to limit the amount of energy of one type that can be used at any one time. This may entail limiting the length of time that a given device can operate continuously or preventing the use of a given device while another is in use. These systems are more commonly used in large buildings where, for example, three major air conditioning systems serve different parts of the building. An electric demand control system may be used to prevent two or more from operating together and to limit the length of time that any one of them can run before being automatically turned off to enable a second to operate.

Computerized System. Computerized systems are the most flexible, efficient, and effective in use today. These are the systems most commonly installed in newly constructed lodging facilities. They can be programmed to control energy use and are capable of all the controls exercised by the three systems described above.

Because proper use of an appropriate energy control system can result in considerable savings in energy costs—some manufacturers claim up to 40 percent—owners of lodging properties are normally interested in selecting systems that will produce minimum energy costs for their facilities.

Communications System

Communications systems in lodging establishments are designed to enable guests, managers, staff members, and others outside the lodging property to communicate with one another. This system may be as simple as a telephone system used by guests, employees, and managers to reach one another to communicate simple messages. This would be the case in the Value Lodge, for example, where an overnight guest may use the telephone only to call the front desk to request information or to request a morning wake-up call so that he or she can get an early start the following morning. However, some communications systems in lodging properties today are far more complex.

A typical modern communications system may link telephones, televisions, computers, and various audiovisual devices. The communications may range from telephone calls between front desk and guest room to interactive televised conferences linking groups in two or more cities via satellite transmission. They may involve business travelers using computers with modems in guest rooms or suites to communicate with their offices via telephone lines. They may even provide a means for guests to view and approve their room bills via the television sets in their rooms. The possibilities for developing increasingly complex telecommunications equipment for installation and use in lodging enterprises are growing with each development in this relatively new field. Therefore, those purchasing communications systems for lodging facilities will be challenged to select systems and equipment that will not soon become obsolete as new systems are developed.

► Summary

In this chapter, concept, legal requirements, and product line are introduced as fundamental to the layout and design of lodging facilities. Product line is described as having three components: accommodations, services, and ambiance. Case studies describing three different lodging facilities—Value Lodge, Mountain Inn, and Kensington hotel—are presented as aids to understanding facilities layout and design. The layout and design of three areas central to lodging operations are illustrated and discussed: front office, guest room, and housekeeping area. The layout and design of these three in the Value Lodge and the Kensington hotel are described, compared, and contrasted. Finally, ten engineering systems are identified as the basic elements in lodging properties that make it possible for people to inhabit lodging facilities buildings in reasonable comfort and safety.

► Key Terms

Air Conditioning System	Front Office
Accommodations	Heating system
Ambiance	Housekeeping
Check-in	Information
Check-out	Product Line
Communications System	Reservations
Concept	Service
Dumbwaiter	Transportation System
Electrical System	Ventilation System

Energy Control System
Escalator
Fire Safety System

Waste System
Water System



Questions

1. Define the term *product line* as used in lodging operations.
2. List and discuss the three elements in the service product line of a lodging enterprise.
3. What are the activities common to all front office operations that must be taken into account in their layout and design?
4. How would you expect the front office layout and design for a seventy-five room budget motel to differ from that for a five hundred room luxury hotel?
5. Identify by name and size eight types of beds commonly used in lodging properties.
6. Provide the size range in square feet for each of the following: sub-budget motel room; budget motel room; commercial hotel/motel room; luxury motel room; hotel junior suite; hotel standard suite; suite in an all-suite property.
7. Compare and contrast the size and furnishings of a budget motel room with those of a luxury hotel.
8. How would the layout and design of the housekeeping area in a fifty room motel be likely to differ from that in a five hundred room luxury hotel?
9. Why would there be great differences in the size, space allocation, and equipment found in the housekeeping areas cited in number 8?
10. List and discuss ten engineering systems found in lodging facilities.
11. Distinguish between centralized and decentralized air conditioning systems.
12. How often should air be changed in the ballroom of a large hotel? In the kitchen serving the ballroom?
13. List four possible sources of water for lodging operations having no access to a public water supply.
14. What are dumbwaiters? For what purposes are they used in lodging facilities?

15. What are the principal components of a fire safety system?
16. Identify four common types of energy control systems.



1. Visit a lodging facility with at least 150 rooms. From your own perspective, describe the concept around which this operation is established.
2. For the lodging facility you have identified in number 1 above, describe its product line as completely as you can.
3. Describe the layout and design of the front office in the lodging operation you discussed in numbers 1 and 2.



N i n e

Lodging Operations



Learning Objectives

After reading and studying this chapter, you should be able to:

- 1** Name the three basic elements common to all lodging operations.
- 2** Identify six additional services offered by some, but not all, lodging operators.
- 3** List and state the goals of the four activities associated with front office operation and describe the functions of each.
- 4** List the advantages of using electronic locks rather than traditional locks with metal keys.
- 5** Describe three possible variations of the checkout procedure used by hotels, motels, and similar properties.
- 6** Identify two common problems that have induced some lodging operators to overbook reservations.
- 7** Describe a minimum of ten tasks that can be assigned to the housekeeping operation.
- 8** List a minimum of ten tasks required to make a room ready for occupancy.
- 9** Identify three methods used to assign daily work quotas for room attendants in hotels, motels, and similar properties.

- 10 Discuss the key differences between security measures used in large center-city hotels and those used in smaller rural and suburban properties.
- 11 Identify the kinds of activities normally associated with front service.
- 12 Name three services offered by the telephone system in modern lodging operations.
- 13 List and describe the three types of foodservice facilities found in lodging establishments.
- 14 Identify eight personal services offered by some, but not all, lodging properties.

► Introduction

In the previous chapter, the basic similarities of lodging establishments were illustrated by means of case studies describing three specific properties: the Value Lodge, the Mountain Inn, and the Kensington hotel. Chapter 8 will serve as the foundation for this chapter, which will identify significant concepts that lie at the heart of lodging operations.

In this chapter, we will point out similarities in lodging establishments that are sometimes obscured by the vast array of differences. We will define and describe a number of important operations—elements and processes—that lodging establishments have in common.

► Basic Elements of Lodging Operations

The elements and processes that one encounters in lodging can be divided into two basic groups.

1. Those that are found in all lodging establishments
2. Those that are found in some, but not all

Elements in the first group are common to all lodging facilities; without them, an enterprise would not be considered a lodging establishment. Elements in the second group are used selectively, depending on the goals of a particular lodging establishment.

Group 1 is made up of:

1. Front office

2. Housekeeping
3. Security

Group 2 is made up of:

1. Front service
2. Telephone service
3. Food and beverage services
4. Recreation/entertainment
5. Parking
6. Other personal services

Lodging operators choosing to provide some or all of these services have two basic options:

1. hire employees to provide the service, or
2. engage an outside contractor to do so for a fee.

For purposes of this text, we will consider that either option results in the addition of an activity to the lodging facility—one devoted to providing the service. In addition, guests using the service will consider that activity part of the lodging facility regardless of whether it is provided by employees of the lodging establishment or those of an outside contractor.

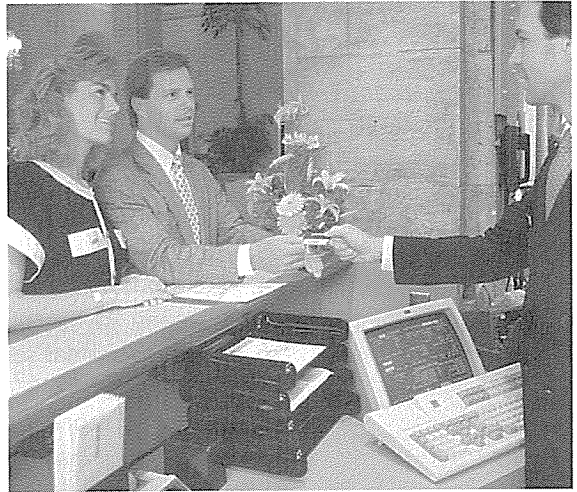
► Group 1

As indicated above, the three operations in this group—front office, housekeeping, and security—are common to all lodging establishments. However, although this is true, discussion of housekeeping or security in a small boarding house would be much less enlightening than discussion of those activities in a hotel, motel, or similar commercial lodging enterprise. Therefore, much of the following discussion relates to those kinds of properties—the kinds illustrated in case studies 8.1, 8.2, and 8.3.

► Front Office

Front office is a term commonly used to refer to the location where the front desk is situated within a lodging property. To guests, the front

The front office is a guest's principal point of contact with the hotel. Here, at the Breakers, guests who have just checked in are receiving an electronic room key from the desk clerk. Pictured is the workstation used by the clerk to find their reservations, assign their rooms, establish their accounts, and prepare their room keys. (Photo courtesy of the Breakers.)



office represents the lodging property: it is their first point of contact on arrival and last point of contact at departure.

The front office operation consists of four primary activities that are known in the lodging industry by the following terms:

1. Check-in
2. Information
3. Check-out
4. Reservations

Together, these four activities comprise front office operation.

Check-In

Check-in refers to a process by which people become guests in a lodging establishment. Check-in takes place in a reception area, another name for that part of a front office known as the front desk. Here, guests register, are assigned accommodations, and pick up keys for these accommodations. In the Kensington, the check-in process proceeds in the following manner.

An arriving guest goes first to the front desk, normally located in the lobby near the main entrance. A **room clerk**¹, a job title for the

¹There are a number of titles for this job, including desk clerk, assistant manager, desk attendant, guest services attendant, and receptionist. For simplicity, we will only use the terms room clerk and desk clerk in this text.

person on duty at the front desk, greets and welcomes the arriving guest and asks if he or she has a reservation. If so, the room clerk asks the guest to register, a term which refers to filling out a form known as a registration card. A registration card is a printed front office form on which guests record their names, addresses, and other information. The clerk then updates information about the guest in the computer and confirms the number of nights a guest expects to stay. If the guest has no reservation, the room clerk will describe available accommodations and rates, thus attempting to “sell” a room to the individual. If successful, the room clerk will ask the individual to register. Once the guest has registered, the room clerk assigns a suitable accommodation.

In some operations, the guest does not write the necessary information on a registration card but dictates it to a room clerk who inputs this essential information into a computer terminal. After the information has been input, a form with this information is printed from the computer record, and the guest is asked to sign this hard copy.

Today, most hotels, motels, and similar lodging establishments determine at the time of arrival how guests intend to settle their bills. In general, bills are settled by one of three means: credit, cash (or check), or billing to a third party. If a credit card is to be used, the guest is asked to produce the card so that a record can be made of the credit card number. This gives the lodging operator some reasonable means of verifying that the guest has sufficient credit available. If payment is to be with cash or check, the guest is likely to be asked for credit identification. Credit identification is verifiable proof that an individual has sufficient credit to cover his or her hotel bill. Without credit identification, guests are usually asked to pay cash in advance. If the bill is to be settled by a third party, some suitable arrangement is normally made when the reservation is taken. The Mountain Inn, for example, accepts both cash and national credit cards, but virtually all its guests present credit cards at check-in and settle their bills at the time of departure. In contrast, the Value Lodge requires that all guests either pay for their accommodation in cash as they check in or sign credit card vouchers imprinted with their card numbers. Most of the guests pay cash.

In order to be able to assign guests to rooms, room clerks must quickly be able to determine which rooms are occupied, which have been vacated but not cleaned, and which are both vacant and ready. To enable room clerks to do this, lodging establishments use either manual or electronic means to maintain the necessary information. The latter refers to computers, of course, and computers are fast becoming the preferred means in most properties. Computers used for guest

check-in are typically part of an overall *property management system*—a term for a computer system designed to perform a variety of tasks formerly accomplished by manual means.

In some properties—the Value Lodge, for example—the information needed by room clerks is maintained manually in a device called a room rack; in many other more complex operations—the Kensington, for example—property management systems are used. Detailed information about specific equipment and techniques for registering guests is normally covered in a rooms management course.

The important point to remember is that the check-in process in all lodging establishments has at least two common goals: to assign guests to accommodations and to insure payment.

After a room number has been assigned and questions of billing have been attended to, guests are given access to their assigned accommodations in one of two possible ways: either they are given keys to their assigned rooms or their keys are given to bellstaff, who accompany guests to their rooms. In the Value Lodge, there is no bellstaff; guests are simply given keys and directed to their rooms. By contrast, room clerks in the Kensington are required to give the keys to bellstaff, who always accompany guests to their rooms. At the Mountain Inn, guests are offered their choice of being accompanied by bellstaff or finding their own way.

Modern technology has changed the nature of the room keys used in many hotels and motels. Although many operations still use the traditional lock with metal key (the kind inserted into a lock, then turned to unlock a door), growing numbers are now using new types of locks that open by means of cards rather than traditional metal keys. Two types of cards are common. The first has information electronically encoded on magnetic strips. To enter a room, the guest inserts the card into an electronic device that reads the code and opens the lock. The second type is a thick card made of plastic or some other material in which round holes have been punched. With either type, the guest inserts the card in the lock and that allows the door to be opened.

These new types of “keys” have several important advantages over traditional metal keys, which have always given hotel and motel operators constant problems. When lost or stolen, they are sometimes used by burglars to enter rooms illegally and steal guests’ money and valuables. In addition, lost keys must be replaced, an expensive and time-consuming requirement in a large property. Some large hotels have traditionally employed full-time locksmiths to make duplicates of lost metal keys and to change locks in guest room doors when necessary. The newer card “keys” eliminate many of the problems associ-

ated with metal keys. Frequently, no room numbers are visible, so that a lost card is useless to the finder. In properties using cards with magnetic strips, the code is changed each time a guest checks out, and this is the same as changing the lock. In properties using cards with punched holes, it is relatively easy to change the code in the door lock and prepare a new “key” if the card is lost.

Information

The goal of the **information** activity in a hotel or motel is to serve the special needs of guests and employees for information about:

1. Guests
2. Goods and services

Guest Information. The front office serves as a center for guest information. In effect, it maintains a data bank with the names and addresses of current guests, their room numbers, the status of their accounts, and considerable additional information. As guests check in, information about them is added to this data bank; as guests leave, the data bank is changed to keep it current. Thus, the front office of a hotel or motel always has up-to-date information about all current guests and about the status of each room—whether occupied or vacant. This information may be maintained in any number of possible forms: data in a computer, typewritten slips of paper, or handwritten sheets of paper are some of the possibilities. The information is used constantly.

Without this information, any number of routine front office matters would be very difficult. For example, in the Kensington, one of these routine matters is assisting guests who have forgotten their room numbers. When such a guest goes to the front desk, the clerk on duty finds the guest’s name and room number in the data bank and is thus easily able to give the guest her room number. In the Value Lodge, a small property, the owner has the same need for information but maintains the records in a very different way: the registration cards are simply kept in a file box in alphabetical order.

In front office work, some of the other tasks that require the use of this guest information include the following: placing mail and messages for guests in numbered mailboxes that correspond to their room numbers; directing incoming telephone calls to guests’ rooms; assisting visitors in finding the guests they have come to see; verifying the room numbers of guests who have signed guest checks in the restaurant or bar; determining the number of occupied rooms that are

expected to be vacated by guests checking out on the current day; counting the number of rooms vacant at any given time during the course of a day; determining the house count, a term meaning the number of guests registered in the property; advising housekeepers that a room has been vacated so that it can be cleaned; and calculating the percentage of guest rooms occupied.

Information about Goods and Services. Many transient guests find themselves in strange surroundings when they have registered in a hotel or motel. Most are strangers to the community and need some orientation and assistance. In many hotels and motels, the front office may have maps, guidebooks, and other sources of information to help guests. Room clerks and other employees may be asked to recommend restaurants, give directions to places of interest, or help guests find sources for any number of goods or services that the community offers. The front office in the Mountain Inn, for example, has maps of the surrounding region that it makes available without charge to guests interested in sightseeing. Similarly, the owners of the Value Lodge provide guests with free copies of a directory listing the locations of all other motels in the chain, from coast to coast.

In hotels, motels, and other lodging establishments that offer services beyond sleeping accommodations, guests normally ask many questions about the available services. They may ask about the hours of operation of restaurants, bars, swimming pools, stables, or other facilities. They may ask about the regulations governing the use of the golf course or the availability of child care services, hairstylists, or travel agents; they may ask details about the kinds of exercise equipment, the types of computers and printers, or the hair dryers available in these facilities. An unlimited number of questions can be asked about the facilities and services of the property itself. Consequently, room clerks and other employees are expected to provide all sorts of information to guests quickly and courteously.

Check-Out

Check-out refers to a process by which guests terminate their status as guests of a lodging establishment. The goal of check-out activity in hotels, motels, and other lodging operations is to accomplish this process.

There are several variations of the check-out process. In the Value Lodge, overnight guests typically pay their bills in advance at check-in, so most simply leave their keys in the rooms and drive away. Because of the size of the property, the owners normally see or hear guests

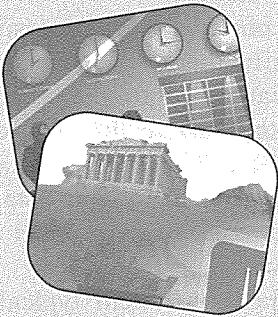
depart and thus know that the vacated room needs to be cleaned and made ready for its next occupant.

In the Mountain Inn, the procedure is different. All guests are expected to stop at the front office to settle their accounts and leave their keys. As indicated above, these accounts are created and maintained in the front office. When guests leave, employees update the front office data bank and make the room number available to housekeepers so that the room will be made ready for the next guests.

In the Kensington, by contrast, guests have access to advanced technology that enables them to “check out” before they leave their rooms. This is accomplished by using the television screen in their rooms to review and settle their bills. While the approaches differ from one establishment to another, the goal is the same in all three: to accomplish the check-out process.

Today, because so many lodging operations require that guests sign credit card vouchers or pay cash at check-in, there are fewer problems

► Hotels: The Next Generation ◀



Hotels are studying ways to serve guests better. In the near future, you can expect check-ins to be hassle free and rooms to be a lot smarter.

As you approach the hotel, a chip imbedded in your frequent guest card will not only alert the front desk to your imminent arrival but will also identify you so staff members can call you by name as you enter the property. In some properties, you may not see any members of the staff: to check in, you may simply use a credit card, inserting it in a machine that will assign you a room and provide you with a key. When you reach the room of the future, motion detectors will sense your entry and turn on heat or air-conditioning.

Your night's rest may be like sleeping on air. In fact, the room will have a mattress with inflatable pockets that each guest can adjust to achieve his preferred degree of firmness. It will also have an interactive television monitor that will enable you to call home on a video-phone, use an on-line service to shop, plug in your laptop to receive your E-mail messages, and check your bill before you check out.

Adapted from USA Today, June 6, 1995.

with unpaid and uncollectible bills than was the case years ago. Because credit cards can be verified as guests check in, hotels, motels, and similar lodging establishments do not have as many *skippers*, an old hotel term used to refer to guests who leave without paying their bills.

Reservations

The term **reservation** refers to an arrangement by which lodging operators hold accommodations for guests who will be arriving at some later time. This may be later in the day on the date the reservation is made or at some date in the future. The reservations operation in a hotel or motel is designed to make such arrangements. There are two major goals of reservations activity.

1. To provide assurance to prospective guests that suitable accommodations will be available to them at a specific price for a specified period.
2. To ensure that the greatest number of rooms possible are occupied each day and that the rates charged for those rooms are the highest possible.

The first major goal is to serve the needs of people seeking assurance that accommodations will be available to them when needed. Individuals intending to travel to a distant location want to be certain that they will have rooms to stay in when they arrive. Reservation operations are intended to meet this need. A potential guest can call or write the reservation office in a hotel, motel, or other lodging establishment to arrange for a room to be held for the necessary number of nights.

The reservations operation in a lodging establishment typically consists of an office with some number of employees, known as reservation clerks or reservationists, who respond to requests for accommodations from potential guests. Requests may be for the coming night, some date in the distant future, or any time in between. These requests usually arrive by telephone, fax, or mail. Each request for a room reservation must be answered promptly with a definite *yes* or *no*; *maybe* is never an acceptable response to a potential guest. In order to give definite answers, reservationists must have access to information about the number of rooms already reserved for each night, the number of rooms remaining available for those same nights, sold-out dates for which no reservations can be taken, and rates for the rooms avail-

able for any given night. Without such information, no reservationist would be able to give a prompt response to someone calling on the telephone to ask about the availability of, say, a room for one person for three nights, beginning next Tuesday. Potential guests need immediate, unequivocal answers to requests of this nature, and reservationists must be able to provide them.

Assuming that an appropriate room is available at an acceptable rate for the nights requested by a caller, the reservationist must record some information quickly. This normally includes name, address, dates for which the room is to be reserved, type of room required, rate, expected time of arrival, and intended method of payment. Some lodging operators may require additional information—telephone number, for example. Many require deposits from guests before they will confirm reservations. Others reserve rooms only for guests who provide national credit card numbers when they make their reservations.

The information taken from guests is recorded either on a paper form or at a computer terminal. If the paper form is used, additional processing is required to add the reservation to others for the same arrival date. If a computer terminal is used, the reservation is automatically added to the reservations database. The Value Lodge, for example, uses inexpensive paper forms for recording reservations and files all the reservations for one date in one folder. By contrast, the Kensington has a computerized system, and all reservations are recorded at terminals and added to the reservations database.

Each day, the reservations that have been taken for that particular day are given to the front desk so those on duty will have the names, addresses, and other information about guests who are expected to check in during the course of the day. In the Value Lodge, the owner has a single folder at the desk that contains all reservations for the current day. In the Kensington, the morning desk clerk uses the computer system at the front desk to print the list of reservations for the day. In some hotels, no list would be printed; desk clerks would use the computer system to look up arriving guests' reservations.

The second major goal of the reservations operation is to ensure that the greatest number of rooms possible are occupied each day and that the rates charged for those rooms are the highest possible.

The ideal goal in a hotel or motel is to have every room occupied each night at the highest possible rate. This is obviously the way to earn maximum revenue. Although it is desirable, however, it is nearly impossible to accomplish. In order to come as close to this ideal as possible, an owner or manager must establish a rate structure that will enable reservationists to sell as many rooms as possible. There

must be a range of rates that appeal to the target clientele—that group of individuals and businesses that management wants to attract to the property.

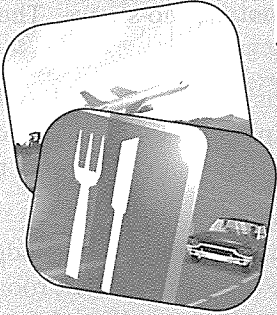
Yield Management. In recent years, many hotels have instituted a reservation system taken from the airline industry called **yield management**. Although each hotel chain has a different variation of it, the goal is the same for all—to obtain maximum occupancy at maximum rates.

The yield management system at the Mountain Inn works as follows: a yield management team consisting of the reservation manager, front office manager, and director of sales meet once each week to review current reservations and establish specific room rates for times in the future. The Mountain Inn has three rates for its double rooms—*A*, *B*, and *C*. Rate *A* is their highest rate, rate *B* is their standard rate, and rate *C* is their lowest rate. During a future holiday period, the team expects demand for accommodations to be very high, and the Mountain Inn is expected to be sold-out for the entire time. The team has decided that only rate *A* will be quoted to potential guests seeking accommodations for that period. The week immediately after the holiday will be busy, but the Mountain Inn is not expected to be sold-out. After discussion, the team decides to quote rates *A* and *B* for that week. The team also decides to review room demand for that week at a future meeting. If reservations for that week are strong, the Mountain Inn will continue to quote only rates *A* and *B*. If there are many rooms still available for that week, the team will open up rate *C* to customers who request a lower rate.

In the fashion described above, the Mountain Inn yield management team reviews all weeks for a six-month period. Demand for accommodations is assessed based on past occupancy and current conditions. During periods of low demand, all rates are available to potential guests. During periods of high demand, only the highest rates are quoted. In that way, only those willing to pay the higher rates are accepted during periods of high demand, and those who are seeking only low rates can be accommodated during slack periods. This method assures the Mountain Inn maximum revenue and maximum occupancy.

One of the more difficult and interesting problems of lodging operations results from customers who make reservations and either cancel at the last minute or fail to check in. Those who fail to check in are called **no-shows**. Last minute cancellations and no-shows may result in vacant rooms and lost revenue. Potential guests, whose requests for

► No Room at the Inns ◀



Harris Rosen of Orlando, Florida, is one of the most successful independent hotel operators anywhere. Over the last decade, the occupancy rates in his hotels have averaged 96 percent while those of his competitors have never exceeded 78.8 percent. Much of his success has been attributed to a version of yield management that he has developed for his properties. Each day he sets the rate structure required to fill his vacant rooms for the coming night and establishes the rates his employees must quote as they take reservations over the telephone or sell rooms at the front desks. His approach is quite simple: openly cut prices during the day to lure guests, even if you have to reach rock-bottom rates to fill the last vacant rooms.

Mr. Rosen compares his method to the airlines' practice of yield management—lowering fares at various times on seats that could remain unsold.

Adapted from the New York Times, November 23, 1995.

reservations were turned down when it appeared the hotel would be sold-out, have then gone to other properties and may be permanently lost.

Historically, lodging operators have attempted to deal with this problem by **overbooking**, which means taking more reservations than the number of anticipated rooms available. Many transient hotels have used this method with some success. They have accepted 10 to 15 percent more reservations than they had rooms available, knowing from historical data that some customers will cancel and others will not arrive to claim their reservations.

Some difficulties arise when the anticipated number of cancellations fails to materialize, or when more people than anticipated arrive to claim their reservations. On these occasions, some guests must be **walked**—a hotel term meaning to send guests with confirmed reservations to other lodging properties because their reservations cannot be honored.

A few lodging operators have sometimes been guilty of serious overbooking. The vast majority have not. Nevertheless, almost all have found themselves in the unfortunate position of having to walk guests. When this happens, most attempt to find suitable accommodations for

the guest at other properties, then pay for the guest's transportation to that property. Some even pay for the first night's accommodation.

In recent years, lodging operators have developed new strategies for dealing with the last minute cancellations and no-shows. They include

1. Confirming reservations with the provision that they will only be held until a specific time—5 P.M., for example. Thus, hotels do not need to overbook to any great extent because they can rent rooms to walk-in guests after that time.

2. Taking only **guaranteed reservations**, meaning that the lodging establishment will hold a room and charge the guest for that room unless the reservation is canceled prior to arrival by a specified date or time. Properties taking guaranteed reservations require a deposit in the form of cash, check, or credit card number when the reservation is made; hotels will not accept guaranteed reservations without one of these. Guests with guaranteed reservations are typically registered and charged for their rooms whether or not they actually arrive.

Resort hotels have long required advance payment for accommodations. The typical resort hotel will require a substantial advance deposit, and some resort hotels require full payment in advance. All have refund policies for customers who must cancel, but they vary greatly. Some will refund only a portion of the advance payment; others will refund the entire amount if the reservation is canceled within two or three weeks prior to scheduled arrival. Some have a sliding scale that provides a percentage refund ranging from 100 percent to 0 percent, depending on when the reservation is canceled: The closer the cancellation is to arrival time, the less of a percentage is refunded. No-shows are seldom a problem with resort hotels that require advance deposits. Thus, many of them do not overbook, and some will overbook only slightly, knowing that a few cancellations will occur.

► Housekeeping

The second major element in lodging operations is **housekeeping**. The principal goal of housekeeping is to serve the needs of guests by providing appropriate care for their accommodations and for various other areas in the lodging property. Although this may sound simple, it entails numerous large and small tasks, many of which are very easy for staff members to overlook. However, survey after survey has shown

that guests notice and rate overall cleanliness in hotels, motels, and similar properties. These surveys also reveal that positive or negative feelings about housekeeping in a given property play a pivotal role in determining whether or not a guest will return to stay in the property again. In housekeeping operations, even the smallest task can be of very great importance to guests.

Providing appropriate care for guest rooms and other areas includes changing bed and bath linens, making beds, and cleaning rooms for current guests; providing the same services in rooms vacated by guests who have checked out, thus preparing these rooms for new occupants; cleaning hallways and such areas as the lobby, meeting rooms, public bathrooms, and offices used by the management; and insuring the availability of a supply of clean bed and bath linens either by operating an on-site laundry, by using a commercial laundry, or by making suitable arrangements with a linen rental company. In addition, the housekeeping departments in some properties have responsibility for looking after the supply of uniforms for uniformed employees in all departments and the supply of *food linen*, the general term for all linens used in food and beverage departments. Housekeeping may also have responsibility for redecorating and rehabilitating rooms, looking after articles in the property's "lost and found," maintaining floors throughout the property (for example, washing and waxing floors, vacuuming and shampooing carpets), washing windows, raising and lowering flags, moving furniture, repairing torn fabrics, attending to the rooms of employees who live in the property, and cleaning such outside areas as porches or sidewalks that surround the building. The tasks assigned to housekeeping are limited only by the imaginations of those who make the decisions in hotels, motels, and similar lodging properties.

The housekeeping operation can be complicated. Housekeeping is commonly the largest single department in a lodging property, and it is managed by an individual who is usually given such a title as head housekeeper, supervising housekeeper, executive housekeeper, or some variation on one of these. A head housekeeper manages a staff that may include people with such job titles as maid or housekeeper, room attendant, rooms inspector, houseman, laundry manager, linen room manager, assistant housekeeper, floor supervisor, and many other possibilities. Job titles vary considerably from one property to another.

While many of the particular responsibilities of housekeeping may vary from one property to another, one major responsibility is common to all: giving daily attention to guest rooms occupied the previous night, whether or not the guests in those rooms check out on the current day.

Attending to Guests' Rooms

Each guest room in a property is monitored daily by the housekeeping department to determine whether it is occupied or vacant. In most major hotels and motels, daily comparison is made between housekeeping's determinations and front office records of occupancy so that any differences can be identified and investigated.

When an occupied room becomes vacant because of a guest check-out, the housekeeping office is informed and a maid or room attendant is advised so that the room can be made ready for a new occupant. The room is considered **on change** until it has been made ready again for occupancy. This entails removing all soiled bed and bath linen from the room; replacing it with fresh, clean linen; making the bed(s); cleaning the bathroom; vacuuming the floor; dusting or polishing furniture; cleaning mirrors; emptying wastebaskets; replenishing supplies of tissue, toilet paper, matches, laundry bags, soap, and such amenities as shampoo, hair conditioner, and shower caps; and checking electric lights, televisions, clock radios, heating/cooling units, hair dryers, shoeshine machines, and other devices to be sure they are working properly. It may also require washing ashtrays; replenishing supplies for in-room coffee- and tea-making devices; restocking supplies for in-room bars; reporting items used from an in-room bar to the front office for billing purposes; checking the number of hangers in closets; and many other possibilities. There can be so much to do in every room in some properties that staff members are often given printed checklists to help insure that nothing is forgotten.

For rooms that will continue to be occupied by the current guests, the procedures may be essentially the same, although some properties do not change bed linens every day for guests staying several nights. It should be noted as well that it is probably not possible to do a thorough job of cleaning when guests' belongings are in the room. This is particularly true when clothes and other items are scattered around the room.

If a room has remained vacant since it was last made ready for a new occupant, it is not normally necessary to do more than check it quickly, just to be sure it is still fresh and clean.

In order to have adequate supplies of linens and other materials available as they work, room attendants normally have mobile carts that can be pushed from room to room. Each of these carts typically has a canvas bag for storing the soiled laundry taken from guests' rooms. All soiled laundry collected in the course of one day is normally taken to a single area for processing, which may entail separating it by

type and reloading it in other carts that will be collected by a commercial laundry or linen rental company, or preparing it for processing by the in-house laundry.

In the larger hotels and motels of major cities, the work of room attendants may be inspected by supervisors, who verify that rooms have been properly cleaned and meet the standards established for the property. After a vacated room has been made up and inspected, the supervisor may have responsibility for reporting it ready for occupancy by informing the front office directly or by reporting it via the housekeeping office. In a number of the smaller properties, room attendants may have little or no immediate supervision and may report directly to the front office.

The number of room attendants and the manner in which their work is assigned varies greatly from one property to another. In some, they are paid by the hour and are expected to work at a reasonable pace, completing as many rooms as possible. In others, they are given a work quota for the seven-hour day that is stated in terms of the number of rooms or beds that must be done. In still others, they are paid by the room. In most cases, they are assigned a station, a term used to describe the particular section of property or the group of rooms assigned to a room attendant. The station may be a complete floor or a specific number of rooms on one floor, for example. Some hotels, motels, and similar properties use a team approach, assigning more than one attendant per room. The amount of time required to clean a room will depend on the number of attendants assigned to it as well as the size of the room, the number of beds, the extent of cleaning expected each day, and whether or not the room is a check-out. When a room is occupied by the same guests for several days, the amount of time attendants must spend in that room daily is somewhat less than the time they must spend in check-outs.

In those hotels that are considered luxury properties, room attendants normally have more work to do in each room. In some properties they must polish fine antique furniture; in others, they may be required to place arrangements of fresh flowers in rooms daily. In luxury hotels, standards of cleanliness are typically higher than in many other types of properties, so that a greater amount of time is expected to be taken for each room. In many luxury operations, guests may be provided with services not provided in other types of properties. In some, room attendants visit each occupied guest room during the early evening to supply fresh towels, empty wastebaskets, and turn down bedding.

At the Kensington and many other similar properties, these services are routinely performed for each guest. It is necessary, therefore,

for the hotel to employ additional room attendants for this purpose. They are supervised by an assistant housekeeper who works an afternoon and evening shift. The Kensington uses housekeeping teams to clean rooms. Two room attendants spend approximately one half hour working together to clean a typical room; that is, one full hour of working time in each room. This is about 50 percent more time than is spent by room attendants at other hotels in the area.

The Mountain Inn and the Value Lodge assign specific rooms to each room attendant. In the Mountain Inn, each is assigned a permanent station consisting of ten rooms on one floor, which are to be completed in one seven-hour shift. In the Value Lodge, room attendants are expected to do fourteen rooms in the seven-hour shift, and those who complete the work satisfactorily in less time are allowed to do additional rooms for extra pay. Thus, room attendants in the Mountain Inn complete each room in an average of forty-two minutes, whereas those in the Value Lodge take about thirty minutes.

Caring for Linen

Caring for linen is one of the major responsibilities of any housekeeping department in any lodging operation. Without adequate supplies of appropriate linen, it is impossible to operate a lodging facility properly.

Linen—bed linen, bath linen, and, in some establishments, food linen—is one of the major problems and largest expenses in a lodging operation. Every bed in every room must be made up and ready for use at all times, whether or not the room is occupied. In addition, the property must have an adequate supply of linen on hand each day to change the linen on each bed, just in case the bed was used the previous night. Finally, there is always some linen in the process of being washed and ironed or folded, whether in the property's own laundry or at that of an outside service. In effect, any lodging operation must have at least three complete sets of linen for each bed and an additional quantity in inventory to replace items that are worn, torn, lost, or stolen. To make up a bed, one would need at least two sheets and one or more pillowcases, depending on the bed and the standards of the property.

In addition to bed linen, housekeeping should have at least three complete sets of bath linen for each guest that the property can accommodate. A set of bath linen would consist of at least one bath towel, one face towel, and one face cloth. Most properties also supply one tub mat for each bathroom. Considerable money is invested in the bed linens and bath linens that lodging establishments need for operation.

Better lodging establishments typically change bed and bath linens for each guest daily. Others—some economy motels and a number of inexpensive resorts—provide guests with changes of bath linens daily and changes of bed linens every two to three days. Still others—boarding houses, typically—are likely to change all linens just once a week. Every responsible lodging establishment would certainly change all linens in any guest accommodation after each check-out.

In general, there are three possible approaches to obtaining clean linen. The lodging operator can

1. own linen and install a laundry on premises to wash, iron, and fold it;
2. own linen and send it out to a commercial laundry to be washed, ironed, and folded;
3. rent clean linen.

Each of these approaches has advantages and disadvantages.

1. Many hotels and motels maintain their own laundry equipment on premises. Space is set aside for the specialized equipment needed to wash, dry, and iron linens, which may have the name of the property embroidered or woven into the fabric.

Having one's own laundry has several advantages over other approaches. Linen does not leave the premises, so it is easier to control. If linen remains on the premises, it does not get lost as easily as when other methods are used, and personnel do not have to count linen leaving or returning to the building. The lodging operation is not dependent on an outside laundry, which can sometimes be late in returning clean linens and is thus less likely to encounter the kinds of difficulties caused by linen shortages. Finally, maintaining an in-house laundry is often more cost-effective than other approaches. In order for a lodging establishment to justify the expense of the investment in equipment and the ongoing cost of operating a laundry, however, the establishment must be large enough to keep the laundry operating several hours each day. Because of its remote location, the management of the Mountain Inn takes this approach.

2. There are many lodging operations that prefer to own their own linen but are not large enough to justify the installation of laundry equipment on premises or the cost of using employees to wash and fold linen. In these cases, lodging operations must use the services of a commercial laundry. This choice still permits management to choose linen of the desired quality and inscribe it with the prop-

erty's name, logo, or both. However, those who send their laundry out to a commercial establishment must separate and either count or weigh all sheets, pillowcases, towels, and other items going to and coming from the laundry. Billing is often a problem when the hotel's count or weight does not agree with that of the commercial laundry. In addition, commercial laundries may lose, tear, or otherwise destroy items sent out to be washed, and this can be a source of difficulty and misunderstanding.

The Kensington has judged it less expensive to send its laundry to a commercial laundry located in a nearby suburb than to allocate space and pay the higher wages required to have it laundered on premises.

3. Many lodging operators choose to rent clean linen rather than own it and have it laundered either on premises or in a commercial laundry. This is the most convenient of the three approaches: there is no investment in either linen or equipment, and management does not have the problems associated with operating a laundry. Many rental companies do not keep accurate records of the amount of linen returned by lodging operators because it is too time consuming to do so. Thus, lodging operators that rent clean linen may not have to account for it. They simply pay for the number of clean pieces they are sent and return the soiled linen. Laundries may not know how much linen they are losing to any one lodging operation, so they build the replacement cost of the lost linen into the rental prices charged to all lodging operators using their services.

Renting is typically the most costly of the three approaches, which is a distinct disadvantage. Another is that the lodging operator must accept the quality of linen supplied by the rental laundry, except in some special situations in which the rental laundry agrees to purchase higher quality linens for a specific lodging operation.

For many smaller operations, renting clean linen is the most desirable of the three approaches. The Value Lodge uses this approach because the owners of the motel are satisfied with the quality of the linen supplied by the rental company. Also, they lack the time to deal with laundry, they choose not to make any investment in linen or laundry equipment, and they do not want to add laundry staff to their payroll.

Redecorating and Rehabilitating Rooms

A very important function of the housekeeping operation is long-term upkeep. This is the process of maintaining the appearance of guest rooms by attending to the many items that make rooms attractive and

appealing to guests, including paint, wallpaper, fixtures, carpeting, furniture, lamp shades, curtains, draperies, and other fabrics. All these must be kept in the proper condition. This may mean touching up the paint on one wall, patching damaged wallpaper on another, or replacing a burned patch of carpet, a damaged lamp, a tattered lamp shade, or a broken mirror—the list is endless. If the quality of guest rooms is allowed to deteriorate, they become less appealing to potential guests, and fewer people are willing to stay in them. Over time, lodging operators who ignore this important element of housekeeping find that the establishment has deteriorated below the original standards of the property.

Many hotel and motel operators refurbish guest rooms regularly on a planned rotation system. Each year, a certain number of rooms are taken out of service to be completely refurbished. They are stripped, then redecorated and refurnished. One well-known hotel in New York completely refurbishes several floors each year. Over the course of several years, every room in the property is completely redone.

► Security

The third of the front office operations is that devoted to providing security. Security is one of the most important services provided for guests.

Hotels have both moral and legal obligations to protect guests from harm and safeguard their property. The goal of security is to provide the necessary protection to keep guests and their property safe. The extent of this protection varies from establishment to establishment and from location to location. Danger to guests may come from intruders, other guests, or from such hazards as fire or unsafe conditions in the property.

Major metropolitan areas typically have greater crime problems than rural areas, and large hotels in the centers of cities tend to have greater difficulty with burglary and robbery than do small properties in outlying areas. Thus, major hotels in major cities need to take greater security measures than their rural counterparts.

Hotels have always attracted thieves. Transient guests, after all, tend to have many of the items thieves seek: cash, credit cards, jewelry, and other valuables. And although all states have laws stating that lodging operators cannot be held responsible for losses of these valuables unless they are deposited in management's safe, many guests fail



Traditionally, hotel front offices have provided guests with safe-deposit facilities similar to those provided by banks. Instead, some have begun to provide in-room safes similar to that from the Sentry Group, illustrated above. (Photo courtesy of Sentry Group.)

to do so. Many keep cash, jewelry, and other valuables in their rooms, where it is subject to theft either by professional thieves or sometimes even by unscrupulous employees of the establishment (although this is rare).

In some hotels, motels, and similar establishments, prostitution presents problems. Most major cities have prostitutes who find willing customers among hotel and motel guests. It is not uncommon for guests to meet prostitutes in bars and invite them to their hotel rooms. Sometimes guests give their room keys to prostitutes who promise to come to the hotel room. Often they do. Sometimes, however, they merely give or sell the keys to professional thieves.

Major hotels, motels, and similar properties normally provide safe-deposit boxes for guests. In most establishments, these are located in the front office and are exactly the same as those used by banks. Some, however, provide in-room safes. In contrast, smaller and older properties, including small inns and motels, may provide nothing more than a single safe in the front office where valuables can be placed.

Fire and smoke represent continuing threats in most lodging operations. Sometimes guests accidentally start fires in their rooms. During the day, when people are awake, this is a difficult enough problem; at night, when guests are asleep, it is a terrifying threat to life. Newer establishments have smoke detectors and alarms to signal fire stations and to alert employees. But such systems are not universally required, and fire continues to be a danger. The security department of a large hotel in a major city may include personnel who patrol all floors of the building at night with watchmen's time clocks, looking for any signs of smoke or fire as well as for any other potential threats to guests.

Unsafe conditions that exist within the lodging property present a very serious threat to the welfare of guests and employees. Therefore, identifying, reporting, and remedying such conditions is of major importance in any lodging operation. Doing so is not the sole province of security, however; it is or should be one element in the job of every lodging employee. For example, room attendants who note frayed electric cords on hair dryers, lamps, televisions, or other appliances should be trained to report these so that repairs can be made.

Similarly, instances of torn carpets, broken glass, burned-out lights in stairwells, broken chairs or other pieces of furniture, elevators that do not function properly—all such hazards should be reported immediately by the employees who spot them, to prevent unnecessary harm or injury to guests and to other employees.

An important element in providing security for the guests of hotels, motels, and similar properties is that group of individuals known as the security staff. As indicated previously, they may be hotel or motel employees, or they may work for an outside company that provides security services on contract.

Larger properties may have some security personnel in uniform, while others work in plain clothes. Many of those employed as security personnel have backgrounds in law enforcement and are trained to spot people who are likely to present problems—potential thieves, confidence artists, prostitutes, and others. Security personnel are often placed in locations from which they can observe everyone who enters and exits the property. Resort properties, such as the Mountain Inn, often follow this procedure. They may employ a director of security, who supervises several security guards who work in plain clothes. Some may observe entrances and exits, while others mingle with guests in bars, nightclubs, and other recreational facilities.

By contrast, the large transient hotels and motels in major cities may install closed-circuit television cameras to monitor entrances, cor-

Security is one of the most important services provided to protect guests from harm and to safeguard their property. Security personnel in many hotels monitor some areas with cameras to provide maximum coverage with minimal staff. (Photo courtesy of Pinkerton Security & Investigation Services.)



ridors, storage facilities, and other important areas. Properties such as the Kensington commonly have modern closed-circuit television networks that are used to monitor a number of areas in these properties—particularly areas that are deserted at night and those from which food, liquor, and other hotel property may be stolen. In the Kensington and similar properties, employee entrances are typically locked during late evening and night hours, and security guards are posted at these entrances during the day to prevent their use by unauthorized individuals.

Small motels and similar properties cannot normally afford the number and type of security personnel employed in the larger operations just described. In the small property, the owner or manager, who is normally on premises most or all of the time, typically serves as the security staff. On a small scale, he must attend to all the security routines for which major city hotels employ security staff. Typically, this means keeping watch for suspicious or unusual activities. In the Value Lodge, for example, the owner must note carefully who enters and leaves the rooms and watch for strangers attempting unauthorized entry. The owner of such a property will normally walk throughout his property several times during the evening.

► Group 2

Most commercial hotels, motels, and similar lodging properties provide more than the basics, in keeping with the wishes of their guests. The majority provide additional services, some of which are listed above in group 2. Because the number of possibilities is so great, we will restrict the following discussion to those listed earlier in the chapter, which are those most often provided by the operators of hotels, motels, and similar properties.

The extent to which these services are provided to guests will vary. Some motels will provide few if any of them and some luxury hotels may provide them all; other hotels, motels, and similar lodging properties will offer a limited number.

One of the most common and important of the services and operations offered in lodging operations is front service.

► Front Service

Front service is a term used to identify the operation that provides a variety of useful and desirable personal services for guests. These

The front-service staff consists of uniformed personnel with such job titles as bellperson, concierge, and doorman (pictured right). (Photo courtesy of The Park Hyatt Hotel, Washington, D.C.)



include attended service at the front door for handling luggage, obtaining taxicabs, and opening doors; escorting guests from the front desk to the assigned accommodations, as discussed in the section on check-in; carrying luggage for guests; opening guest room doors for those having difficulty with their keys; delivering newspapers, mail, packages, or telephone messages to guests' rooms; providing information about restaurants, theaters, shopping, and sightseeing (if this is not done at the front desk); making reservations or providing tickets, or attending to both of these, for shows, tours, sporting events, and transportation.

The employees engaged in front service are normally uniformed and have such job titles as bellman or bellperson, doorman or doorperson, baggage porter, concierge, superintendent of service. People in these positions are typically paid low hourly wages and receive gratuities or tips from those for whom they perform services.

► Telephone

Telephone service has the obvious goal of providing a means for voice communication for guests and employees. Additionally, a telephone communication system may be used to provide guests with voice mail, wake-up services, and the means for sending and receiving fax messages. In some properties, guest rooms are equipped with the necessary jacks for linking laptop and notebook computer modems to the telephone system—a requirement of growing numbers of guests.

Today, the telephone service in most lodging establishments is automated. Guests in many hotels and motels can dial local and long-distance calls directly. Charges are calculated by computerized call accounting systems and automatically charged to guest accounts. Telephone operators in major metropolitan hotels do not make individual wake-up calls to guests: these are now accomplished by computer. And in many properties, guest rooms are equipped with clock radios so that guests no longer need wake-up calls.

In some properties—the Kensington, for example—the telephone system is operated as a separate department, with round-the-clock operator service available. In others—typically smaller establishments such as the Value Lodge—the telephone operation is actually part of the front office operation. The desk clerk on duty serves as telephone operator in addition to other duties.

► Food and Beverage

The food and beverage operation can be critical to the overall success of some lodging operations. For a number of luxury establishments, the quality of the food and beverage products offered in the restaurants and bars are among their major attractions.

For those hotels, motels, and similar lodging operations that offer food and beverage services, the primary goal of the operation is to provide food and beverage products and services that meet the quality standards established by the owners and managers.

Food and beverage operations in lodging establishments offer their services in three distinctly different types of facilities.

1. Restaurants and bars
2. Guests' rooms
3. Banquet rooms

Restaurants and Bars

Many commercial hotels, motels, and similar lodging operations operate food and beverage facilities that are normally open to guests of the property and to the public at large. These facilities include formal and informal restaurants—specialty restaurants, coffee shops, snack bars, and cafeterias among them—as well as bars, cocktail lounges, and nightclubs.

The type and quality of food and beverage products and services available to guests in lodging establishments vary, of course, from one establishment to another. Some properties—motels, most commonly— provide only vending machines with packaged foods. Other motels have vending machines that contain frozen meals, which can be cooked with microwave ovens installed in the lobby or near guests' rooms. By contrast, many luxury hotels take pride in providing the finest food and beverage products and services available. These properties have talented staffs of professionals in their food and beverage departments who are the equals of those in the finest restaurants. In between these two extremes are the majority of hotels, motels, and similar lodging establishments—those that serve guests and customers from the surrounding community foods and beverages that are comparable to those served in most restaurants.

Guests' Rooms

Most first-class and luxury hotels provide **room service**, a type of service that provides guests with food and beverages that may be ordered from and consumed in their rooms.

The most popular meal for room service is breakfast, even though some hotels provide room service twenty-four hours a day. Room service menus typically include items that are similar to or the same as those offered on menus in the public rooms. However, the prices for items offered on room service menus are normally higher than regular menu prices.

Even with higher prices, however, room service is not always a profitable enterprise. One of the primary reasons is that room service is labor intensive and relatively inefficient. It is necessary to have a separate staff of servers for room service, and these individuals may have few orders and little work much of the time. In addition, delivering room service orders can be a very slow and time-consuming busi-

Room service, available in all fine hotels, provides food and beverage service in guests' rooms. Here, a server at the famed Hyatt Regency in St. Louis delivers breakfast to a guest on a mobile cart, often called a room-service table. (Photo courtesy of Hyatt Regency St. Louis at Union Station.)



ness: food that comes from the main kitchen often must be transported great distances to guest rooms. For all of these reasons, labor cost associated with a given room service order is higher than that for the same item served in a public restaurant.

Banquet Rooms

Most establishments with extensive food and beverage facilities make concerted efforts to attract banquet business. The term **banquet** is used to refer to the prearranged service of food and beverages to a group of people in a private room not in use as a public dining room. Banquet business is normally very profitable—often more profitable than restaurant or bar business—because exact numbers of guests are guaranteed in advance, making it comparatively easy to achieve planned food and labor costs.

The availability of food and beverage products and services in some or all of the above can increase the appeal of a given property to potential lodging customers. Some guests return to particular lodging operations time after time because of the excellent food offered in the dining room or because of the superior wine list available. Some may enjoy the great luxury of having breakfast or some other meal served in the comfort and privacy of a guest room or suite. In some instances, those planning one or another type of banquet function will reserve sleeping rooms in the hotel, bringing revenue that would otherwise not have come to the property. Sometimes groups will select a particular hotel and reserve large numbers of rooms for a convention because the hotel has the capacity to provide banquet service for a very large group—five hundred or more people. The presence of a food and beverage operation can be very important in a lodging operation and can make a difference in the amount of revenue the property can generate both from food and beverage sales and from room sales.

► Recreation and Entertainment

Recreation and entertainment can be major factors in attracting guests to a lodging operation. In some cases, one or the other of these may be the only reason guests decide to go to a particular property. Recreation and entertainment are broad categories that can include an array of activities and events that guests find appealing.

One category of recreation and entertainment includes a number of well-known and popular athletic and sporting activities: tennis, skiing, horseback riding, golf, and swimming, for example. However, this category also includes such simple activities as Ping-Pong and pool found in some small family resort properties.

Another category includes the nightclubs and other showplaces featuring star-quality entertainers that one finds in many mountain and shore resort properties across the country, in the major hotels and motels of Las Vegas and Atlantic City, and on such closely related facilities as cruise ships.

Still another category is gaming, a highly profitable and very popular attraction in many of the hotels of Las Vegas and Atlantic City as well as on Native American reservations, riverboats, and in some areas outside the United States. Along the same line as gaming are the bingo games, card games, and coin-operated machines of various sorts that are available in many properties because they appeal to guests.

The operators of lodging properties who believe the addition of one or more of these is likely to increase the appeal of the properties, their profitability, or both will probably attempt to include them.

► Parking

Facilities for parking are of ever-growing importance to guests and lodging operators, as more and more travelers use automobiles—those they own and those they rent. Many properties are so far removed from any public transportation that guests must have automobiles to get around the local area.

Those properties surrounded by adequate land have relatively little difficulty using it for parking—either outdoor parking near the doors to guests' accommodations or on a simple lot, or indoor parking in a purpose-built structure. By contrast, many newer properties have parking facilities within their structures, permitting guests to drive inside buildings and to park their own cars before proceeding to lobbies to check in.

A number of older hotels in the centers of cities have been forced to arrange alternative parking. Because they had no surrounding land and could not create parking space within their structures, many have had to make arrangements for parking with nearby garages and lots. Some provide pickup and delivery service, so that guests need never go farther than the front door to leave or retrieve their vehicles.

► Other Personal Services

There are any number of other possibilities for offering personal services to guests of hotels, motels, and similar lodging operations. The following are the most common.

Banking Services

For the convenience of guests, some lodging operations provide banking services at the front desk. Cashiers normally make change, and in some properties they cash both personal checks and travelers checks. Given the increased number of international travelers, a growing number of lodging operations convert foreign currencies for dollars.

Guest Laundry

A large number of hotels, motels, and other commercial lodging operations provide personal laundry service to guests. In many instances, guests can arrange for soiled shirts, blouses, underwear, and other clothing to be collected from their rooms, laundered, and returned to their rooms. Some even provide same-day service. Another approach is to provide self-service facilities for guests to attend to their own laundry by making washers, dryers, irons, and ironing boards available.

Dry Cleaning

Most properties that provide laundry service also provide dry cleaning services for guests. Guests can arrange to have suits, skirts, trousers, and other garments collected from their rooms, cleaned, pressed, and returned to their rooms. As with laundry, some provide same-day service. Dry cleaning services in hotels are normally referred to as valet services.

HairStyling

Many lodging properties provide facilities for men's and women's hair styling. In a few properties, these are still known by the older terms barber shop and beauty salon, terms that are disappearing from the lodging lexicon. Some facilities offering hairstyling may also offer nail care, cosmetics treatments, and related services.

Office Services

Some hotels, motels, and other lodging properties offer an array of office services, primarily for business travelers. They may provide copy machines, fax machines, computers and printers, modems, typewriters, and tape recorders for dictation. Some have this equipment—as well as such simple items as staplers, staple removers, and paper clips—set up in special rooms for use by guests twenty-four hours a day. A very few will provide personal assistance on request.

Health Facilities

Because many guests are very health conscious and because of the increased emphasis on exercise, a number of lodging operations provide a variety of facilities for exercise. Some have health clubs, saunas, and steam rooms on premises. Others have set up a room or an area with exercise equipment. Some have small swimming pools for exercise. Still others assist joggers in finding appropriate routes at various hours of the day.

Newsstands

In a lodging establishment, the term *newsstand* can refer to a small counter at which a few newspapers and magazines are sold, or to a larger enterprise selling newspapers, magazines, books, candy, cigars, cigarettes, souvenirs, and such personal articles as disposable razors, shaving cream, antiperspirants, toothpaste, and the like.

Language Services

Hotels, motels, and similar lodging establishments that accommodate tourists and business travelers from other nations often employ individuals who are fluent in two or more languages. Such people can be very helpful to visitors who are not fluent in English.

Other Shops

Hotels and other major lodging properties in large cities are very likely to rent space to shopkeepers who provide various goods and services to guests as well as to people from the surrounding area. It is not unusual to find travel agencies, jewelers, luggage shops, and clothing boutiques, among many other possible shops, in the lobby areas of these properties.

The availability of some or all of these commonly increases the appeal of a hotel, motel, or similar lodging establishment to guests. Therefore, the property offering these typically enjoys some competitive advantage over those that do not.

► The Interrelatedness of Lodging Operations

It should be apparent that the several operations that are the very essence of a lodging facility—front office, housekeeping, and security, identified as part of group 1—as well as those that enhance the quality of the lodging operations—front service, telephone, food and beverages services, and others, identified as part of group 2—must function effectively, both individually and as a group, for the operation to achieve its goals.

Within the front office operation, reservations must be accurately recorded if the room clerks are to know how many rooms they have available to rent to persons without reservations. Room clerks must properly record information about arriving and departing guests if the housekeeping department is to have accurate data to perform its job. Housekeepers must clean and prepare vacated rooms properly and report the room numbers of made-up rooms to the front desk promptly and accurately so that newly arrived guests can be assigned to suitable accommodations.

In the front services operation, bellpersons checking guests into rooms should note and report the numbers of any rooms that are not up to standard—those with burned-out lightbulbs, damaged furniture, or dripping faucets, for example. This information helps housekeeping identify problems and keep guest rooms in the proper condition.

In the food and beverage operation, room service employees must accurately verify the names and room numbers of guests ordering from their rooms so that the items ordered can be delivered to the correct room quickly. Similarly, employees in restaurants must verify the names and room numbers of guests who charge food and beverages so that the bills of those guests can be properly charged.

Employees attending to guests' laundry and dry cleaning requirements must be particularly careful to obtain and record room numbers correctly so that garments can be returned to the right rooms and charges for the service can be recorded on the right bills.

Because the operations in a lodging establishment are interrelated, all must be functioning properly and in a coordinated way for the lodging operation to achieve its goals. When any given operation

is not performing as designed or intended, other operations are affected. For example, if the housekeeping operation in the Kensington fails to clean rooms quickly, the front office operation will be affected: room clerks may be forced to tell guests that there will be a delay in assigning them to rooms, thus disappointing some guests and possibly angering some others. In addition, this may affect the behavior of room clerks toward guests.

If one or another of the lodging operations fails to perform properly, the overall operation will not achieve its goals.

Summary

In this chapter, lodging operations are examined. Front office, housekeeping, and security are identified as the basic operations that are common to all lodging facilities. Front service, telephone, food and beverage, recreation/entertainment, parking, and personal services are identified as six additional activities not common to all lodging operations but used selectively by some to aid in achieving their goals. Examples are drawn from three different types of lodging properties—the Value Lodge, the Mountain Inn, and the Kensington. Finally, the interrelatedness of activities in a lodging enterprise is emphasized and offered as a basis for examining and understanding complex lodging operations.

Key Terms

Banquet	No-Shows
Check-in	On Change
Check-out	Overbooking
Front Office	Reservation
Front Service	Room Clerk
Guaranteed Reservation	Room Service
Housekeeping	Walk
Information	Yield Management

Questions

1. Name the three operations common to all lodging facilities.
2. List and state the goals of the four activities associated with the front office and describe the functions of each.
3. Identify six additional services offered by some, but not all, lodging operators.

4. What are the advantages of electronic locks over traditional locks and metal keys?
5. Describe three variations on check-out procedure used by hotels, motels, and similar facilities.
6. Define the terms *overbooking* and *no-show*. Describe two problems that have caused some lodging operators to overbook.
7. What is the goal of housekeeping?
8. Describe ten tasks that may be assigned to housekeeping.
9. List ten tasks typically involved in making a room ready for occupancy.
10. Why would a guest room in a luxury hotel take more time to make ready for occupancy than one in an economy motel?
11. Why is it necessary to redecorate or rehabilitate guest rooms every few years? List the kinds of tasks likely to be required for the complete rehabilitation of a guest room in a luxury hotel.
12. Describe several security measures that would typically be taken in a large center-city hotel. Contrast those with security measures typically taken in a small motel in a rural community.
13. List ten guest services normally associated with front service.
14. Identify three services provided to guests by a modern telephone system.
15. List and describe three different types of facilities in which food and beverage services are available in lodging operations.
16. Of the services offered in the three types of food and beverage facilities identified in number 15, which is the most profitable? Why?
17. Is it more important for lodging properties in remote rural areas to have parking facilities for their guests than for those located in city centers? Why?
18. List eight personal services identified in the chapter that are offered by some but not all lodging properties.

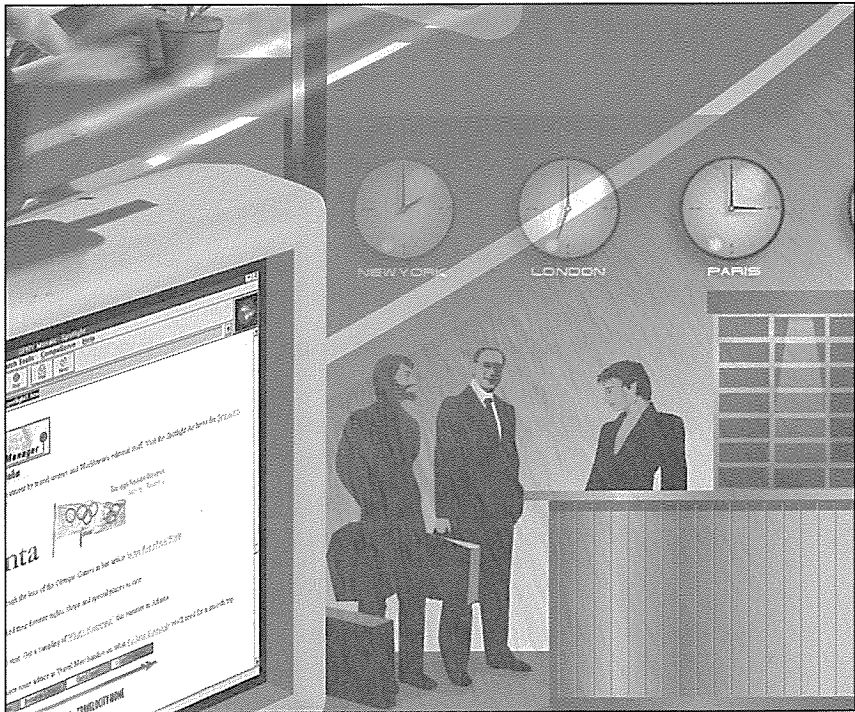
1. Visit a lodging property in your community. Identify the services offered to guests. Are there any services offered in the property that are *not* discussed in this chapter?

2. You are the desk clerk of a local motel. The reservation department has overbooked for the current day. Unfortunately, the anticipated number of cancellations did not materialize, and a guest with a confirmed reservation is now at your front desk. This particular guest has given the telephone number of your motel to a large number of potential buyers of his products, and many of these people will be calling to make appointments with him. You do not have a vacant room, so it is necessary for you to walk the guest. In your own words, explain how you would do this. Describe what you would do, what you would say, how you would say it, and how you would deal with the guest if she were very angry.
3. You are the evening desk clerk at a motel located in a remote area in the western part of the United States. At 9:00 P.M., you have no vacant rooms left except for one you are holding for a Mr. Nern, an individual with a guaranteed reservation who has not yet arrived. Your records show that the anticipated arrival time for the guaranteed reservation was 6:00 P.M. A woman without any reservation is at your front desk asking if any rooms are available. You check with other lodging establishments in the area, but find they have no vacant rooms either. She is desperate, because the next area with lodging facilities is over one hundred miles away. She is too tired to attempt that long drive at this hour. What would you do?



Part Five

Hospitality Management Perspectives





Hospitality Operations Management



Learning Objectives

After reading and studying this chapter, you should be able to:

- 1** Define the term *operations management*.
- 2** List and define the functions of management.
- 3** List the six steps in the organizing process.
- 4** Discuss the significance of an organization chart.
- 5** List and discuss the four steps in the control process.
- 6** Define *marketing* as used in hospitality operations.
- 7** List and describe the four elements of marketing.
- 8** Define the term *human resources management* and describe the activities it includes.
- 9** Identify three important steps taken by management to enhance employee safety in the workplace.
- 10** Define the term *accounting* and identify the two major financial statements derived from accounting records.
- 11** Define the following terms:
 - a** Asset
 - b** Current assets

- c Fixed assets
 - d Liability
 - e Current liability
 - f Long-term liability
 - g Owner's equity
 - h Income statement
 - i Revenue
 - j Expense
 - k Profit
 - l Loss
- 12** Identify the formula for calculating each of the following:
- a Food cost-to-sales ratio
 - b Beverage cost-to-sales ratio
 - c Labor cost-to-sales ratio
 - d Percentage of occupancy
- 13** Identify each of the following:
- a Inventory turnover
 - b Return on sales
 - c Average sale per customer
 - d Average rate per occupied room
- 14** Define the term *budget*.
- 15** Describe the importance of cost control to the management of a hospitality operation.
- 16** Identify benefits that computers can provide for hospitality operations.

► Introduction

Previous chapters have identified various types of hospitality establishments, discussed hospitality facilities, and described basic elements common to hospitality operations. This chapter will be an introduction to operations management in the hospitality enterprise.

Operations management is a term that requires some explanation. In the hospitality industry and in this text, the term **operations management** is defined as the day-to-day activities that managers engage in to achieve the goals of the operations they manage.

Those with any experience in professional hospitality operations are likely to be familiar with some or all of the areas that these activities encompass, and they are known to hospitality managers by such

traditional business terms as *marketing*, *accounting*, and *human resources management*. These and others similar to them are areas in which managers must be able to apply certain specific skills.

► The Functions of Management

In formal texts devoted to the subject, management at all levels is often said to have four specific functions.

1. Planning
2. Organizing
3. Directing
4. Controlling

► Planning

Planning is the primary task of managers at all levels. At the highest level—many refer to it as top management—planning is the process of defining goals and objectives for an organization and determining the appropriate means for achieving them. In its broadest sense, planning is an attempt to define the organization's future: to determine today what the state of organization should be in the future—one year or five years from now. In the hospitality industry, top management must make plans today for the future. These are likely to center on such considerations as the service products that will be offered in the future, the rate of expansion for the organization, the rate of sales increases necessary to sustain that growth, and the means for financing the expansion.

To illustrate planning in one hospitality organization, we will cite several examples from Marecki Foods, the business and industry hospitality organization described in chapter 5. In the Marecki organization, top management is developing plans to enlarge the business. These plans include increasing the number of clients by 10 percent per year and expanding the company from its present regional base to one that is more national in scope. This is an example of the type of high-level and long-range planning that top managers do.

At the next highest level—middle management—planning tends to be more pragmatic and more short range. In the Marecki organization, the middle managers are the district managers. Their plans are linked to the day-to-day realities of the units they oversee. At Marecki Foods,

the district manager of the area that includes the Mountain Bank and six other units is one of several middle-level managers. She works with unit managers to plan annual budgets to submit to the main office once a year. She also makes plans for unit renovations as needed and for such major purchases as kitchen equipment and computer systems.

At the lowest management level—the supervisory level—planning tends to be for the very near term. Supervisory managers must make plans for today, tomorrow, and next week. Their plans deal with such problems as having adequate staff and sufficient food available in the kitchen to prepare and serve the next meal and meals for the balance of the week. They commonly make plans, for example, for having enough servers and linens on hand in the dining room to prepare for heavy demand for the next three days. In the Mountain Bank unit, the manager plans menus as well as the food purchases necessary to prepare those menus, and he plans staffing levels for the operation, including the daily work schedules for employees.

► Organizing

Organizing follows planning as the next logical step in the management process. It is the second function of management. After a manager has developed plans designed to achieve some objective, those plans must be carried out. That is the purpose of the additional steps in the management process—organizing, directing, and controlling.

Organizing means coordinating the use of resources, human and otherwise, to achieve established objectives. To organize work in a hospitality operation, a manager determines how human and other resources will be combined and activated to achieve established objectives.

Organizing is accomplished by means of the following series of steps:

1. Determine what work must be done to execute plans and achieve objectives.
2. Arrange that work into logical patterns or structures.
3. Assign the work to specific jobs.
4. Allocate the resources required to accomplish the work.
5. Coordinate the work activity.
6. Evaluate the results of the organizing process.

Assume that in the Steak Shack, the restaurant described in chapter 5, the chef has completed plans to feed the expected number of cus-

tomers for the following week. The first step in the organizing process is to determine what must be done to carry out the plans. Clearly, food must be ordered and a staff schedule must be set up. The second step is to group the work into logical patterns. To do this, the chef must decide which menu items should be prepared by each of the stations in the kitchen. The third step is to assign the preparation of the various menu items to specific cooks. Next, each cook will be told the number of portions of each item to prepare and will be given recipes to use. Additionally, the chef will make provision for the ingredients to be on hand when needed. Next, he will coordinate the work activity, synchronizing the efforts of all personnel so that the established goals will be achieved; that is, that the various menu items will be ready on time. He will specify the times at which roasts and potatoes are placed in ovens and soup and sauces cookery begins so that all these items will be properly done at the time needed. As the work proceeds, he will continually evaluate the results of the organizing process to determine whether or not changes or alterations are required.

Once the organizing process is completed, each of the six steps does not necessarily have to be repeated each day. When work is satisfactorily organized, it simply becomes a daily routine. Although these daily routines should be reevaluated on a regular basis, they are unlikely to be changed unless new, more effective or efficient ways are found.

Hospitality Organization

The work in any hospitality enterprise can be organized in any of several ways. One way is to create departments in which the focus is on employees whose work is logically grouped. For example, all of the employees working in the dining room of the Steak Shack can be grouped into one department known as the dining room service department. This department is headed by a dining room manager and includes all servers and bussers. Similarly, all employees working in the front office of the Kensington hotel can be grouped into a front office department headed by a front office manager.

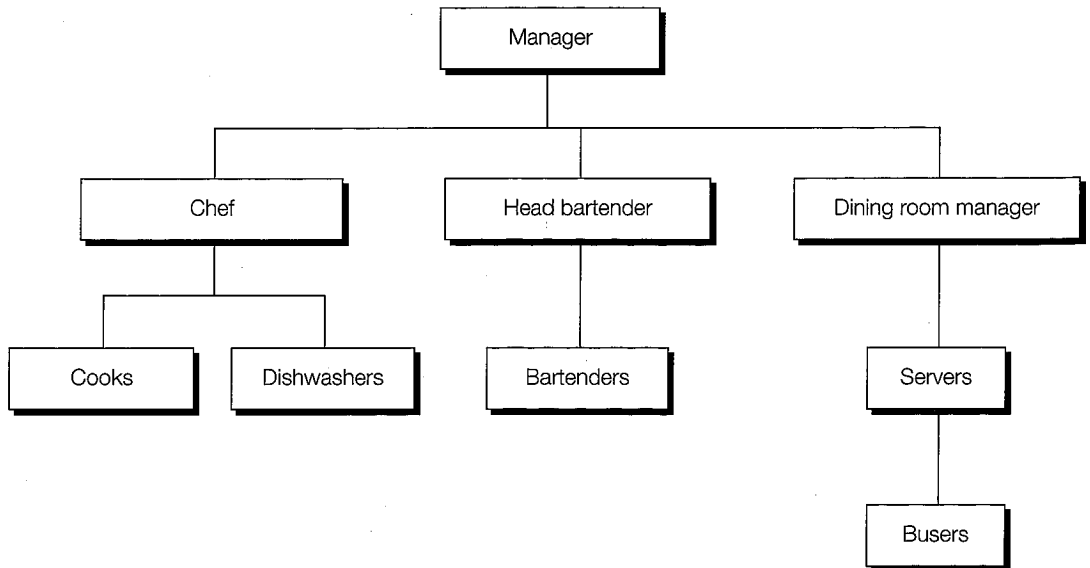
Organization Charts

An organization chart is simply a diagram of the formal structure of the business organization. In a small organization like the Steak Shack, an organization chart shows the departments in the organization and the relationship of the departments to one another. In figure

10.1, the organization chart of the Steak Shack, the lines connecting the various departments show the reporting structure. The reporting structure in an organization indicates to employees which workers report to particular supervisors. From figure 10.1, it is clear that the dining room manager and the chef both report to the general manager of the restaurant. It is also clear that cooks and dishwashers report to the chef, while servers and bussers report to the dining room manager. The owner/manager of the Steak Shack considered other possible organizational structures before settling on the one illustrated, but rejected them as unsuitable for this specific operation.

It is especially important in an organization to ensure that no employee has more than one immediate supervisor—a practice identified as unity of command. If an employee reports to more than one manager, there is a strong possibility—even a probability—that the employee will be given opposing or contradictory instructions by these managers. This will result in conflict and confusion. If, for example, the chef identified in figure 10.1 were to begin giving instructions to servers to serve plates of food from the right, the servers could become confused and frustrated because the dining room manager had instructed them to serve from the left. Some would be angry at being criticized by the two managers for failing to follow directions. If the chef wanted an item served in a particular way, the correct procedure would be to discuss it with the dining room manager, who could, in

Figure 10-1
Organization chart:
Steak Shack



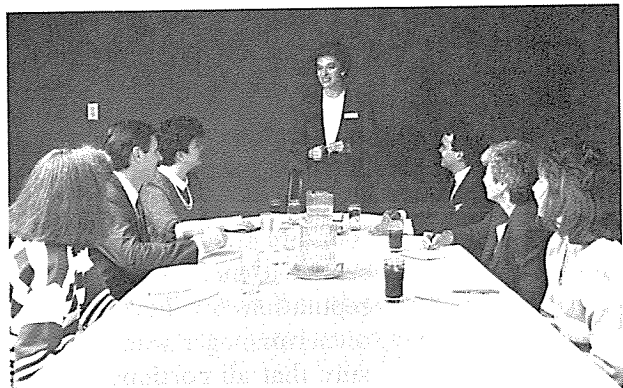
turn, instruct the servers. Similarly, if the manager wanted to change a standard recipe, she would be wrong to go directly to the cook preparing that item. Proper procedure would be for the manager to discuss it with the chef, who would in turn instruct the cooks. When one employee has two or more bosses giving him contradictory orders, confusion and conflict are sure to result.

► Directing

The third management function is directing. **Directing** is the process of achieving organizational goals by leading, motivating, and supervising subordinates. Directing is important at all levels of management, but it is particularly important at the supervisory level. Hospitality operations tend to be more labor intensive than other businesses. This means that a larger proportion of hospitality employees report to managers at the supervisory level.

In the Mountain Inn, the front office manager is the supervisory manager with responsibility for leading, motivating, and supervising the front office staff. One of her activities aimed at fulfilling this responsibility is to hold regular meetings with staff to deal with some or all of a range of important topics, including procedures for handling credit cards, dealing with complaining guests, selecting and assigning rooms for arriving guests, and plans for room renovations over the next six months. In addition, because the front office manager is normally at the front desk during periods of heavy arrivals, she is in an excellent position to observe employees and to make note of problems that should be addressed during the meetings. This is just a small sam-

Front office managers and other supervisors commonly hold meetings of the front office team to deal with such important topics as procedures for handling credit cards and selecting and assigning rooms for arriving guests, among many others. (Photo courtesy of Red Lion Hotels and Inns.)



ple of the dozens of activities required of the front office manager of the Mountain Inn.

The vast majority of hospitality employees report to chefs, front office managers, dining room managers, and other supervisory managers. In hospitality operations, the employees who report to supervisory managers are those whose job titles are best known to the public, including servers, desk clerks, cooks, reservationists, dishwashers, housekeepers, and bartenders. Employees reporting to supervisory managers account for as much as 90 percent of all hospitality employees.

► Controlling

The fourth function of management is controlling. **Control** is a process used by managers to regulate and sometimes restrain the actions of people in order to achieve desired goals. Controlling consists of decisions and actions taken by managers to assure that desired goals are achieved.

Assuming that plans are made to achieve goals and objectives, the enterprise is organized, and managers direct the efforts of employees, it is unlikely that goals and objectives will be achieved unless managers exert control over those efforts to assure that goals will be reached. In part, they do this by preventing incidents and problems.

The Control Process

The control process consists of four steps.

1. Establish standards and standard procedures for operation.
2. Train employees to follow established standards and standard procedures.
3. Monitor employee performance and compare actual performance with established standards.
4. Take appropriate action to correct deviations in performance.

One example will serve to illustrate.

In the Steak Shack, one of the three soups listed on the menu is an onion soup served with a small toasted slice of rye bread covered with mozzarella cheese. The item is placed briefly in a broiler just before service to melt the cheese. In recent years, the restaurant has earned a reputation for having the best onion soup in the area, and the owner/manager wants to keep that reputation. To do so, he must be sure that all portions of onion soup are identical to one another day

after day. The best way to achieve this is to establish a standard procedure for preparing the item. This is done by writing a standard recipe, a recipe that kitchen personnel are required to use each time the item is prepared. The recipe is printed on a card and is accompanied by a color photograph of one portion prepared as it is to appear to each customer. Staff members must be trained to follow the recipe. If they do so correctly and see that every portion looks like that in the photograph, there is some reasonable assurance that all portions will be identical and the reputation will be maintained. The chef must monitor employee performance, comparing actual portions of onion soup with the standard portion defined by the standard recipe and photograph. If there are portions that do not measure up, steps must be taken to correct performance. The nature and type of corrective actions will depend on what went wrong.

► Operations Management

As indicated earlier in this chapter, *operations management* is defined as the day-to-day activities that managers engage in to achieve the goals of the operations they manage. These activities cover a number of key areas, including marketing, human resources, accounting, budgeting, cost control, and computers. In this chapter, we will suggest how all these key areas are linked to an operations manager's job in the hospitality industry. Successful performance as an operations manager in hospitality requires considerable knowledge of these key areas. In the course of demonstrating this, the chapter will provide a sense of the broad range of daily activities that face the typical manager in the hospitality business.

► Key Area 1: Marketing

The very best manager cannot make an enterprise meet its financial goals if too few customers patronize it. Restaurants must serve a given number of customers per week and hotels must insure that a given number of rooms are occupied if these hospitality operations are to be financially healthy. Our discussion of marketing will focus on the activities associated with obtaining the number of customers or guests required for a foodservice or lodging operation to achieve the necessary degree of financial health.

► Definition of Marketing

The American Marketing Association defines marketing very broadly. It states that marketing is “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that will satisfy individual and organizational objectives.”¹

While this definition is entirely suitable for organizations that manufacture and sell goods that customers tend to use in their homes and businesses, it needs to be adjusted slightly to apply to service products that customers tend to consume in hospitality establishments. Our adjusted definition for hospitality operations is as follows: **marketing** is the process of planning service products, finding the right place to locate, and pricing and promoting products to attract sufficient numbers of customers/guests and to create exchanges that will satisfy both their needs and the goals of the hospitality enterprise.

► Elements of Marketing

The above definition has four key elements.

1. Product
2. Place
3. Price
4. Promotion

Product

One basic decision to be made in hospitality marketing is the nature of the service products to be offered. To some extent, that is defined by the characteristics of the type of establishment one intends to operate. Some of the many possible foodservice types are discussed in chapter 4, including fast-food restaurants, family restaurants, specialty restaurants, fine-dining restaurants, cocktail lounges, and taverns. A number of the possible lodging types are identified in chapter 7.

Each characteristic type of foodservice or lodging enterprise is associated with some general type of service product line. Based on

¹“AMA Board Approves New Marketing Definition,” *Marketing News* (March 1, 1985): p. 1.

that knowledge, customers seeking a particular type of service product are likely to look for the type of establishment they expect will offer it.

Among the foodservice examples cited, the Steak Shack characterizes itself as a neighborhood family restaurant, and has a product line consisting of eight entrees that are among those most favored by residents of the area. By contrast, Frog's Pub, which caters to an entirely different group of people, has chosen to emphasize imported beers—36 varieties—and to treat its hospitality product line as secondary. Among the lodging examples, the Kensington is a luxury hotel offering the full range of services and amenities normally associated with that type of property, while the Value Lodge is clearly a budget operation offering clean, comfortable sleeping accommodations but few additional services.

Place

The second element in hospitality marketing is **place**. In the hospitality world, *place* is a synonym for *location*. The location of a hospitality operation can be an essential element in its marketing effort.

Physical location is critical to the success of many hospitality operations. A family restaurant like the Steak Shack must generally be located within a reasonable driving distance of the population it intends to serve. By contrast, any fast-food restaurant must be in the immediate vicinity of its customers to attract great numbers of them. In the lodging industry, it is well-known that location is probably the single most important consideration. If the Value Lodge were not situated within sight of an exit from a major interstate highway, it probably would not attract enough customers to survive.

For marketing managers, physical location is a fact of life that cannot normally be changed: hotels, motels, restaurants, and bars do not normally change locations. One of the major challenges of marketing is to develop a product line that is suitable for the existing location.

Price

The third element in hospitality marketing is **price**; that is, the prices charged for hospitality service products—menu prices in a restaurant, room rates in a lodging operation. In general, customers and guests tend to be more easily attracted to operations with lower prices and rates than to similar establishments that charge more. Price is only one consideration, however, in the consumer's decision to purchase a service product from one operation rather than from another. The three

other elements of marketing—product, location, and promotion—may also play important roles in the decision-making process.

Establishing the price structure for any hospitality operation is a difficult process. Unfortunately, there is no simple formula that will enable one to determine the right price structure. Many judgments must be made, most of which are subjective.

Menu pricing is one of the most difficult challenges facing hospitality operators. If menu prices are too high, customers may go elsewhere. If they are too low, the establishment may not be profitable. At the Mountain Bank, where operating costs are subsidized, menu prices are kept low to encourage bank employees to use the facility and to remain on premises throughout the working day. The Steak Shack has earned an excellent reputation for superior food, and menu prices can be somewhat higher than would be possible without that reputation.

The same basic problem of pricing faces operations managers in the lodging industry. If room rates are higher than those in similar operations nearby, customers may patronize those competing establishments. If, for example, the room rates in the Value Lodge were \$10 per night higher than those in a comparable new motel just across the highway, the Goodsons would lose considerable business.

To establish menu prices for food and beverages or rates for hotel rooms, operations managers take the following factors into account.

1. Product costs: ingredient costs in a restaurant, or such costs as bed and bath linen in a hotel or motel
2. Labor costs, including benefits and payroll taxes
3. Overhead costs
4. Prices at competing establishments
5. The effect of prices on the numbers of customers or guests likely to patronize the establishment

It should be obvious that hospitality operations cannot operate profitably if the prices or rates charged are less than the product costs. Also, operating costs are not limited to product costs: there are labor costs and such overhead costs as real estate taxes, telephone bills, insurance bills, utility bills, cleaning supplies, and others. All of these costs must be taken into account before setting menu prices and room rates, because there must be adequate revenue from product sales to cover all costs of operation.

Labor costs reflect both the levels of skill and the amounts of employee time required to prepare service products for sale. These must be factored into the menu prices and room rates. For example,

fine-dining establishments employ talented and highly paid chefs and cooks because they have the high level skills required to prepare the menu items. In contrast, most fast-food restaurants can operate successfully with relatively unskilled employees who earn far lower wages. The menu prices at both of these types of establishments reflect the levels of difficulty and amounts of employee time required to prepare menu items. These differences help to account for the higher menu prices charged in fine-dining establishments than those charged in fast-food restaurants.

The same considerations are important in lodging operations. In luxury hotels like the Kensington, labor costs are much higher than those in budget motels like the Value Lodge. The higher room rates charged by luxury hotels reflect greater numbers of employees and the higher levels of skills they bring to their jobs.

For the majority of hospitality operations, neither menu prices nor room rates should be established until one has considered prices in competing operations. Those who ignore the prices of their competitors risk having potential customers and guests go elsewhere.

Hospitality operators who seek to attract a large number of customers or guests usually establish low prices. For example, one of the major reasons for the success of fast-food hamburger chains has been this ability to attract many customers by pricing their products low. They are able to make a satisfactory level of profit by instituting strict controls over costs. For many foodservice operations, low pricing is a key element in marketing. This has also been the case in a number of the successful budget motel chains.

Promotion

The fourth element in hospitality marketing is **promotion**. For hospitality operators, promotion is the process of informing, influencing, and persuading customers to purchase their service products. There are five types of promotional activities.

1. Personal selling
2. Advertising
3. Sales promotion
4. Merchandising
5. Public relations

Personal Selling. Personal selling requires personal contact between buyer and seller. It typically takes place in a face-to-face encounter.

Personal selling enables a salesperson to communicate directly with a buyer—to ask and answer questions and to use personal powers of persuasion to sell the service product. In restaurants, servers come in direct contact with customers. Each server is in an excellent position to engage in personal selling—to make suggestions and respond positively to questions, with the aim of increasing sales. In addition, servers can be trained to promote the sale of those items with the highest profit margin—the items that it is in the best interests of the establishment to sell in greater quantities. In lodging operations, desk clerks come in direct contact with guests. The desk clerk is also in an excellent position to engage in personal selling—to suggest accommodations that may be larger, more luxuriously appointed or better located, and at higher rates than the more basic accommodations. Personal selling can be a major sales tool in hospitality operations.

Advertising. Advertising is paid, nonpersonal communication directed to potential buyers. A vast number of hospitality organizations promote their service products by advertising. Advertising is costly, however, and most organizations have limited amounts of money to use for purchasing advertising.

One of the important goals in advertising is to reach specific potential customers and to avoid reaching those who cannot or will not purchase the advertised service product. The familiar term *market* refers to a group of people who are willing and able to purchase a product. The owner/manager of the Steak Shack has identified as his market those families living within easy driving distance and having upper-middle-class incomes. The Goodsons, owners/managers of the Value Lodge, have identified transient travelers on Interstate 80 as their market.

Once a hospitality operator has decided to advertise his establishment, he must then decide where to advertise. There are a number of possibilities from which to choose, including broadcast/cable television, radio, newspapers, magazines, outdoor ads, direct mail, and even the yellow pages—a directory of business telephone numbers readily available to everyone. There are both advantages and disadvantages associated with the use of each of these for hospitality advertising.

Sales Promotion. A **sales promotion** is an inducement offered by a seller to persuade a buyer to make an immediate purchase. Sales promotions are intended to persuade consumers to take action immediately rather than to wait. In hospitality operations, sales promotions

OUR \$195 WEEKEND
WILL CHANGE THE WAY YOU
VIEW NEW YORK.

escape

weekends \$47.50*

PARAMOUNT
235 west 46th new york 10036 800 226 7474 or 212 764 5500

*per person, per night based on double occupancy. Subject to availability. Not offered to groups or to competition with any other discounts or promotions. Please ask about other packages.

THE BEST WEEKEND HOTEL RATE JUST GOT BETTER

ALL BEDS FROM **\$28** INCLUDE BREAKFAST

Discover the unique traditions of the city's favorite all-suite hotels. Short walk or means from Georgetown, the Kennedy Center, museums, and monuments. • Gourmet breakfast • Free Continental breakfast • Free bottle of cognac • Free Parking

one Washington Circle

WEEKEND

99.00 PER ROOM

Includes complimentary parking and full American buffet breakfast.

The Mayflower's Weekend On The Park

With its lovely on-the-park setting and close proximity to Lincoln Center, theaters, business and shopping, The Mayflower is a New York favorite. Our Weekend-On-The-Park Package includes:

- Deluxe room with continental breakfast, coffee
- Deluxe suite with full American breakfast, coffee
- Day and Sunday brunch with entertainment
- **COMPLIMENTARY PARKING**

For reservations, see your travel agent or call 1-800-223-4164 or 212-265-0060.

*per person, per night, based on double occupancy applicable to groups. Advance reservations.

\$7250 DILLON ROOM
\$95 DELUXE SUITE

THE MAYFLOWER HOTEL
Right on New York's Central Park

Weekend travelers know the value of being in the right place... at the right price.

95

They say location is everything. Well, at the Warwick, not only are we ideally located near Rockefeller Center, shopping, theater, and Central Park, we offer you a whole lot more. Like plenty of rooms to move around and discounted packages, too. And expect all this at very pleasurable weekend rates.

the Warwick

The Best Weekend Value in History

You couldn't ask for more... Washington D.C.'s original new hotel in the heart of Georgetown, just minutes from the most famous products of our nation's history. We've just finished a complete \$10 million renovation - the hotel is sparkling, like new, and responding to your every need.

\$79 222 ROOM, PER NIGHT includes full breakfast for two and valet parking

\$99 WEEKENDS Monday - Friday

WASHINGTON, D.C.'s BEST LOCATION

The home away from home of executives and travelers from all points of the globe, it is pleased to offer the following:

WEEKEND SPECIAL \$49 Per Night/Per Room

plus extra and occupancy tax based on availability. Single Suites with kitchens or wet bars, and Junior Suites - Maximum 4 to a room.

HOTEL ANTHONY
1823 1/2 Street, N.W. Washington, DC 20006
(800) 424-0970 / (202) 223-4329
FAX (202) 223-8546

Edham Hotel
town: Washington, DC
NW, Washington, DC 20007
\$222 / 202 726-5000
reservations: Specify Embassy Plaza

ETOWA

A Monumental Weekend

- ★ Located in Historic Foggy Bottom
- ★ Within walking distance to museums, monuments, The Kennedy Center and Metro
- ★ Elegantly Appointed Suites with Full Kitchens
- ★ Complimentary Parking

Fantastic Value!

\$49.50 per night

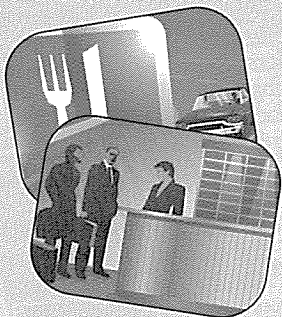
State Plaza Hotel
2117 E Street, NW, Washington, DC 20037
202-861-8200 800-424-2839
*Based on availability thru 5/27/02
*Taxes and gratuities not included.

Advertising is paid, non-personal communication directed to potential buyers. The selection of hotel advertisements reproduced above offers weekend packages with meals and other features included.

are intended to attract customers to an establishment immediately, or at least to make reservations immediately for dining or lodging.

Hospitality operators frequently offer sales promotions to increase business. Some restaurants offer entrees at reduced prices on specific nights. For example, the manager of the Steak Shack has developed a sales promotion for his slowest night, Monday, offering a 50 percent discount on all fried shrimp dinners. One aim is to attract business during slow periods. By contrast, Frog's Pub offers a 50 percent discount on the special imported beer of the week on Monday and Tuesday afternoons between the hours of 4:30 p.m. and 6:00 p.m. This would be illegal in some places, but not in the area where Frog's Pub is

Yellow Page Ads Call Attention to Your Restaurant



Today's diners have a nearly unlimited choice of places to eat. Every day, many of these diners go to the yellow pages of the telephone directory to help choose a restaurant. They use the yellow pages because of the availability of such information as type of food, location, value, healthy food choices, and quick service.

According to Statistical Research, Inc., adult American consumers referred to the yellow pages restaurant headings an estimated 1.3 billion times in one recent year. This makes the restaurant's heading the second most referenced heading in the yellow pages—a statistic that has been constant for approximately ten years.

Almost nine out of ten yellow pages users answering a recent survey indicated that they did respond to restaurant ads in the yellow pages, and that about 75 percent of these made purchases. About 37 percent were new customers to the restaurants they patronized. When they call, customers are reportedly seeking information about

- The menu
- Times and days the restaurant is open
- Exact location
- Possible delivery service
- Reservations policy
- Dress code
- Other services available—catering facilities, private rooms, and so on

Adapted from an article in Restaurants USA, August, 1995.

located. In the lodging industry, sales promotions are also very common. In the Kensington, a center-city property where weekend business is light, there is a discounted weekend package for two that includes a room for two nights, breakfast from room service, dinner in the dining room, and theater tickets.

Merchandising. **Merchandising** is a term used to describe those actions taken to increase sales to those customers who are already in the establishment. Merchandising differs from sales promotion. Sales pro-

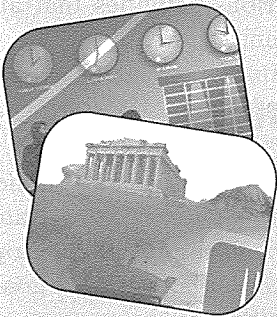
motions are aimed at attracting new customers to the establishment; merchandising activities are designed to increase sales to existing customers—diners seated at tables in the dining room, or guests who are passengers in hotel elevators, for example.

Merchandising tools used by hospitality operators include posters, carefully written menus, literature placed in guest rooms, table tent cards in a dining room, and displays of breads, desserts, fruits, and wines. Some restaurants use dessert carts; others may use tent cards to merchandise specific desserts. In the Steak Shack, tent cards on tables promote the sales of desserts, especially fruit pies. In the Kensington, signs in the elevator promote reservations in the gourmet dining room, while literature in the rooms promotes the hairstylist.

Public Relations. **Public relations** is a term used to refer to those activities and efforts designed to do any of the following: (1) improve or enhance the image or reputation of an organization; (2) promote the organization's name; or (3) improve an organization's relations with its employees, customers, suppliers, stockholders, or any other individuals or groups thought to be important to the organization.

Public relations activities and efforts can take many forms. Supporting local charities or sponsoring worthwhile activities is one form.

► Marketing on the Internet ◀



According to the vice president for marketing for Hampton Inns, "Instead of opening the newspaper or turning on the TV or making a phone call to buy a product, people will be turning on the computer." In fact, many are already hailing the information superhighway, the Internet, as the wave of the future. Best Western, Choice Hotels, Hampton Inns, Holiday Inn, and Hyatt already have property directories on line, making it possible for potential guests to determine whether or not a particular chain of hotels or motels has a property in a given city or town. Others are soon to follow. Some are already beginning to take the next step: allowing guests to book reservations over the Internet. Several chains, including Best Western, are testing direct booking of reservations, and many others will be doing the same in the near future.

Adapted from an article in Lodging, July, 1995.

The owner of Frog's Pub sponsors a little league team by purchasing uniforms, and the management of the Kensington hosts a fund-raising dinner once each year with the proceeds going to purchase equipment for the local hospital.

All of the four elements of marketing discussed above—product, place, price, and promotion—are important components in the marketing efforts of hospitality organizations of every size and type. Decisions about marketing are major concerns in operations management, so managers of hospitality establishments must understand the components of marketing and be prepared to use them effectively.

► Key Area 2: Human Resources

The hospitality industry is labor intensive, meaning that many people are needed to do the work required in the hundreds of thousands of hospitality operations in the United States. Of all the resources available to hospitality managers, none are of greater value than human resources.

This industry is known to have a high rate of *employee turnover*, a term used to refer to the number of new employees required to replace employees who have left. It is not unusual for a hospitality operation to have an employee turnover rate of 100 percent during the course of a year.

Because of the ongoing need to retain present employees as well as to hire and train new employees, hospitality managers commonly spend considerable amounts of time with various activities that are commonly grouped under the heading of human resources.

► Human Resources Management Defined

Dr. Mary L. Tanke, in her book *Human Resources Management*, defines **human resources management** as “the implementation of the strategies, plans, and programs required to attract, motivate, develop, reward, and retain the best people to meet the organizational goals and operational objectives of the hospitality enterprise.”²

From this definition, it is quite clear that human resources is a broad field that includes a number of specialized areas, including plan-

²Mary L. Tanke, *Human Resources Management* (Albany: Delmar Publishers, 1990), p. 5.

ning staff requirements, recruiting suitable applicants, selecting new employees, orienting them to the organization, providing them with the proper training, conducting performance appraisals, developing suitable compensation and benefits packages, attending to their various health and safety considerations, and making every reasonable effort to retain the services of personnel in whom a great deal of time and effort has been invested. And in organizations with employees covered by contracts negotiated by labor unions, labor relations constitutes another yet another specialized challenge.

The activities cited above are the major responsibilities of a human resources manager. In one sense, all managers are human resources managers, because working with people and supervising their activities is a human resources activity and is a major part of any supervisor's job. In large organizations with extensive human resources departments, such as the Kensington, supervisory managers are relieved of the need to attend to all the details of recruiting, selecting, and training employees for their departments. However, in a number of smaller organizations, such as the Steak Shack and the Value Lodge, human resources activities are somewhat limited because managers have limited time to devote to them. We will discuss the human resources activities to which managers in these circumstances would be most likely to devote their limited time.

► Recruiting Applicants

Recruiting is a process used by managers to find suitable applicants to fill vacant jobs. It may begin when there are actual vacancies to be filled because employees have left. Alternatively, it may begin in anticipation of vacancies that are likely to occur in the near future. This is a wise approach in an industry with high rates of employee turnover. Hospitality managers have found that applicants for particular jobs can be found by means of recommendations made by current employees, unsolicited resumes received in the mail, walk-ins, classified advertisements in newspapers, public and private employment agencies, vendors, unions, colleges and universities, trade journals, and competitors.

The decision whether or not to use any one of these sources will depend on the nature of the jobs to be filled. Many hospitality operations with labor contracts are required to seek new employees for jobs covered by the union contract through the union hiring hall. Applicants for jobs other than those covered by a union contract may be obtained through classified advertisements in the help wanted sections

of newspapers. In contrast, entry-level management trainees can often be recruited at colleges and universities. Candidates for supervisory positions and for such skilled positions as chef and front office manager often come from employment agencies.

► Job Descriptions

Before attempting to recruit anyone for any position, a manager must have a clear idea of the specific duties and tasks that someone in that position will be required to carry out. This is to say that there should be a job description for every job in any hospitality enterprise. As the term implies, **job descriptions** are detailed written statements that describe jobs. In many instances, job descriptions list very specific duties and directions for performing jobs. The job description for any specific job should answer three important questions.

1. What is to be done?
2. When is it done?
3. Where is it done?

A job description typically has three parts.

1. A *heading* that states the job title and the department in which the job is located. In some organizations, the heading may include such information as the number of positions with that particular job title, the specific hours, days, or shifts worked by those with the job title, and the supervisor to whom those with that job title report.

2. A *summary* of the duties of the job, typically written in paragraph form. The summary enables the reader quickly to gain a basic understanding of the nature and purpose of the job. By reading the summaries of all the jobs in a particular department, one could obtain a great deal of information about the department in a very short period. This might be of great benefit to a new manager, for example.

3. A *list of the specific duties* assigned to the job. These should be as detailed as possible, to the point that well-written job descriptions can be used as step-by-step instructions for doing the work required of those holding the jobs. As we will see, having job descriptions can be of great value to those charged with appraising employee performance.

A job description is particularly important for prospective employees. By having detailed descriptions of the duties required, job applicants and newly hired workers know specifically what is to be done by someone holding a particular job.

Job descriptions are also very important for employers. They enable employers to hold employees accountable for doing the work assigned to a job. Employees who have read job descriptions but fail to perform the assigned work cannot successfully use the age-old excuse, “Nobody ever told me I had to do this.”

Job descriptions offer the added benefit of forcing managers to assign specific work to each job holder. If all the normal duties of a department are identified with specific job descriptions, the department will be better organized and will operate more smoothly.

Figure 10.2 is an example of the kind of job description that one might find in a foodservice enterprise. Note the degree of detail provided.

Figure 10.2

Steak Shack Job Description

JOB TITLE: Server
SUPERVISOR: Dining Room Manager
WORKING HOURS: Schedule varies: hours and days vary each week.

JOB SUMMARY: Server reports in uniform at scheduled time, sets up stations, and follows standard service procedures.

DUTIES:

1. Following the appearance standards identified below, server reports in uniform to supervisor at scheduled time. Appearance standards are as follows:
 - a. *Uniform.* Servers provide own uniforms: black pants or skirt; white dress shirt with long sleeves and buttoned cuffs; black bow tie; polished black shoes with flat heels (no high heels). Server will be given a weekly allowance to care for uniform, which must be clean at the start of each shift.
 - b. *Personal grooming.* Servers must be showered or bathed just before reporting to work; underarm deodorant required; clean fingernails; hair clean and neat; no excessive jewelry.

Males:

 - a. Clean shaven preferred. Mustache permitted if neat and trimmed.
 - b. No facial or ear jewelry.
 - c. Hair cannot extend beyond shirt collar.

Females:

 - a. No excessive jewelry, makeup, or perfume.
 - b. Long hair must be in hair net.
 - c. No long false nails.
2. Server sets up tables in station assigned by dining room manager.
3. After opening, server attends to guests seated in assigned station by pouring water, taking food and drink orders, placing orders in kitchen and bar, picking up and serving food and drink, presenting check(s) to guest(s), and clearing/resetting tables. Service standards are as follows: serve food from guest’s left, beverages from right; remove china, glassware, and flatware from right.

► Selecting Applicants for Employment

One purpose of the recruiting effort is to develop a sizable pool of applicants from which the best person for a job can be selected. The value of job descriptions for this purpose should be evident. In their efforts to obtain sufficient information about applicants to ensure the selection of the best one, human resources personnel use a number of common “tools.” These include application forms, résumés, selection tests, interviews, and background checks. The following constitutes a standard selection process used by many organizations.

1. Preliminary interview
2. Application form
3. Selection test
4. Interview
5. Reference check and background investigation
6. Selection
7. Physical examination

Some or all of these are normally included in the selection process followed by managers in hospitality firms. However, each hospitality firm tends to develop its own preferred routine for selecting the best candidate.

► Orientation of New Employees

All new employees should be given a suitable **orientation** to the organization prior to their first day of work. New employees normally have some concern and uncertainty about beginning a job, and it is important to get them started with as little uneasiness as possible. In addition, some basic information should be given to every new employee. In most well-managed hospitality organizations, basic orientation includes

1. Organization policies, procedures, and rules. Among the concerns to be addressed are wages, work hours, overtime, sick leave, time cards, insurance, and keys, among others. In the hospitality industry, answers must be provided for such common questions as, “What meals do employees get?” “How do I get a clean uniform?” “Where do I change into uniform?” “How does the health insurance plan work?”
2. The mission and objectives of the organization. It is important that every employee in the organization work toward the same goals

and that the goals be understood by every employee from the very first day on the job.

3. A tour of the work area to point out offices and facilities with which all employees should be familiar. The tour should include opportunities for the introduction of such personnel as the chef or the front office manager—any managers with whom workers should be acquainted.

Some organizations rely on a mentor system to provide each new employee with a more complete orientation. A new employee will be paired with an experienced employee who will “show him the ropes.” For example, a cook who has been with the Steak Shack for ten years may be made the mentor for a new cook. The experienced cook could give the new cook an orientation tour of the property and kitchen, pointing out such details as the locker room, storeroom, specific pieces of equipment, requisitions, recipes, uniforms, and refrigerators. The experienced cook might also explain the chef’s policies for reporting to work, cleaning equipment, laundering uniforms, and other matters. In the Kensington, a new desk clerk might be paired with an employee of some years of experience who would give the new employee a tour of the property, pointing out particular elements with which any desk clerk should be familiar.

► Training Employees

Training is generally required of all new employees—even those who come to an organization with considerable experience. Every hospitality operation has its own way of doing things—its own methods for performing tasks and accomplishing work. It is important, therefore, that people who already know how to perform a job be shown the specific methods and procedures used by the organization for which they have just started to work. For those who are inexperienced, more formal training is likely to be needed.

Training can be done on an individual basis, or it can be done in groups. Individual training is undoubtedly the most effective, but it is very expensive: the trainer must devote time to training only one person at a time.

Training can be done on the job or off the job. On-the-job training is commonly used with experienced workers who need only be shown the methods used by the hospitality operation. For example, the new cook in the Steak Shack may be put to work immediately under the

guidance of an experienced cook who will show the new cook such details as how requisitions for supplies are filled out, how orders are placed for menu items, and how the establishment garnishes particular menu items.

For inexperienced employees, on-the-job training can be used effectively when their work can be easily monitored and corrected before it has negative impact on customers or when new employees can work side by side with experienced workers. For example, a new desk clerk in the Mountain Inn can be trained effectively if assisted by an experienced clerk. The experienced clerk can show the new employee the normal routine for checking in new guests and checking out departing guests.

► Employee Safety

Another important human resources concern in hospitality operations is employee safety. Accidents are costly to both employees and employers—costly in terms of lost wages, medical bills, and higher insurance premiums, among the many possibilities. Therefore, when feasible, responsible employers prefer to develop educational campaigns and training programs aimed at improving safety in the workplace and reducing the number of accidents. Efforts to do this normally come under the heading of human resources.

One agency of the federal government, the Occupational Safety and Health Administration (OSHA), sets safety and health standards for workers in the United States. The basic standard is that an employee's workplace should be free from recognized hazards—those that are likely to cause physical harm to the employee. Most states have also adopted legislation aimed at protecting workers from physical hazards.

The potential for physical harm in the hospitality industry is at least as great as that in many other industries. Such areas as kitchens, bars, stairwells, guest rooms and baths, boiler rooms, elevator shafts, and many others present great potential for physical harm. Management must take three important steps to enhance employee safety in the workplace.

1. Know the applicable federal, state, and local safety regulations, and take all necessary and appropriate actions to comply.
2. Develop policies, procedures, methods, guidelines, and work rules aimed at maintaining a safe work environment for all employees.

3. Conduct appropriate safety training for all categories of employees, giving special emphasis to those who work with potentially dangerous materials and equipment.

Human resources issues are major concerns in operations management, so managers of hospitality establishments must have considerable knowledge and understanding of this broad subject and be prepared to make critical decisions in this all-important area.

► Key Area 3: Accounting

Accounting has been broadly defined as the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information. In practical terms, it is the process of analyzing, recording, classifying, reporting, and interpreting financial information that reflects the financial condition of an organization. Accounting principles are the rules generally accepted by the accounting profession for analyzing, recording, classifying, reporting, and interpreting this financial information.

A hospitality manager should have sufficient knowledge of accounting principles to be able to look at information provided by an accountant, understand it, and make judgments about the financial condition of the organization. This is one reason that educational programs in hospitality management commonly include at least one course in financial accounting.

► Financial Accounting

Financial accounting is a branch of accounting concerned with analyzing, recording, classifying, and summarizing the day-to-day transactions that occur in an organization. Analyzing means preparing data to be recorded. Recording means entering data into the formal records of the organization. Classifying is arranging the data into useful categories, so that data will be reported in a way that can be understood. Reporting is summarizing the information into statements for managers, owners, and others.

Some people think of financial accounting as bookkeeping, and indeed bookkeeping is one part of financial accounting. Bookkeeping is record keeping; it is clerical in nature and a fundamental element in accounting.

► The Accounting Cycle

Accounting cycle is a term that refers to a sequence of procedures used to record and summarize transactions for an accounting period, to organize the summary data into financial reports, called statements, and to prepare for the next sequential accounting period. The normal accounting period is one year. Accounting data, however, are typically summarized monthly and used to prepare monthly statements.

The two most important financial statements prepared by accountants are balance sheets and income statements.

► Balance Sheet

A balance sheet is a financial statement that lists the assets, liabilities, and the value of ownership claims to the assets of a business on a specific date. Figure 10.3 shows a balance sheet for the Steak Shack; figure 10.4 shows a balance sheet for the Value Lodge.

Assets

On the left-hand side of the balance sheet are the assets of an organization. An **asset** is anything of value. Any asset belonging to an organization belongs on the organization's balance sheet. Examples of assets are cash, food, beverages, furniture, and automobiles.

Assets are classified as current assets or fixed assets.

Current Assets. **Current assets** are those that are not expected to last beyond one year. They are normally used up in the course of doing business. Current assets are listed on the balance sheet in order of liquidity. The term *liquidity* refers to the ease with which an asset can be converted into cash. Obviously, cash is the most liquid of all assets, so it is listed first. In figures 10.3 and 10.4, accounts receivable (money owed to a business) are listed second and are followed by such other current assets as food in the Steak Shack and cleaning supplies in the Value Lodge.

Fixed Assets. **Fixed assets** are those that will last beyond one year. In figure 10.3, the fixed assets of the Steak Shack are identified as furniture, equipment, and an automobile. In figure 10.4, the fixed assets of the Value Lodge are listed as land, building, furniture, equipment, and an automobile. Note that the values of some of the fixed assets have

Figure 10-3 Steak Shack Balance Sheet, December 31, 19XX

Assets		Liabilities and Owners' Equity	
Current Assets		Current Liabilities	
Cash	\$9,322	Accounts payable	\$4,250
Accounts receivable	3,893	Wages payable	2,312
Food	16,891	Sales taxes payable	1,567
Liquor	9,633	Rent payable	2,000
Supplies	4,540	TOTAL CURRENT LIABILITIES	\$10,129
Office supplies	561		
TOTAL CURRENT ASSETS	\$44,840	Long-Term Liabilities	
		Note payable	2,355
Fixed Assets		TOTAL LIABILITIES	\$12,484
Furniture and equipment	\$243,600		
Less accumulated depreciation	23,678	Owner's Equity	
Automobile	18,700	Capital at January 1, 19XX	\$111,100
Less accumulated depreciation	6,400	Net income for 19XX	153,478
TOTAL FIXED ASSETS	\$232,222	TOTAL CAPITAL	\$264,578
		TOTAL LIABILITIES AND CAPITAL	\$277,062
TOTAL ASSETS	\$277,062		

Figure 10-4 Value Lodge Balance Sheet, December 31, 19XX

Assets		Liabilities and Owners' Equity	
Current Assets		Current Liabilities	
Cash	\$3,560	Accounts payable	\$2,300
Accounts receivable	2,575	Wages payable	350
Cleaning supplies	620	Sales taxes payable	375
Office supplies	75	TOTAL CURRENT LIABILITIES	\$3,025
TOTAL CURRENT ASSETS	\$6,830		
Fixed Assets		Long-Term Liabilities	
Land	\$65,000	Mortgage payable	\$993,000
Building	\$1,500,000	TOTAL LIABILITIES	996,025
Less accumulated depreciation	100,000		
Furniture and equipment	50,000	Owner's Equity	
Less accumulated depreciation	14,285	Roger and Jane Goodson	
Automobile	12,500	Capital at January 1, 19XX	\$314,467
Less accumulated depreciation	5,000	Net income for 19XX	\$115,233
TOTAL FIXED ASSETS	\$1,508,215	TOTAL CAPITAL	\$429,700
TOTAL ASSETS	\$1,515,045	TOTAL LIABILITIES AND CAPITAL	\$1,515,045

been reduced by amounts shown on the balance sheets as accumulated depreciation.

Accumulated depreciation is a bookkeeping figure that indicates a theoretical lessening in value of assets from the time they were purchased. It should be noted that accumulated depreciation is only a bookkeeping figure and that the real value of fixed assets—their market value—may be either higher or lower than shown on the balance sheet. For example, the furniture and equipment shown on the balance sheet of the Steak Shack as having a value of \$243,600 less \$23,678 in accumulated depreciation may really be worth more or less than that if it were sold. Assets are listed at cost because it is impossible to know their true market value unless and until they are actually sold.

Liabilities

Liabilities are financial obligations to others. Stated another way, liabilities indicate what the business organization owes. Liabilities are generally incurred as a normal consequence of doing business. They are classified as current liabilities and long-term liabilities.

Current Liabilities. **Current liabilities** are those financial obligations that are due to be paid within the next accounting period. On the illustrated balance sheets, there are several current liabilities, including accounts payable, wages payable, sales tax payable, and rent payable. Accounts payable refers to amounts owed to suppliers for goods and services. Wages payable refers to wages earned by employees but not yet paid to them. Sales tax payable refers to sales taxes collected from customers but not yet remitted to the government agency that collects the tax. Rent payable refers to amounts owed to a landlord for use of the premises but not yet paid to that landlord.

Long-Term Liabilities. **Long-term liabilities** are financial obligations due beyond the accounting period. The Steak Shack has a note payable, and the Value Lodge has a mortgage payable. The amounts remaining on these are shown on the illustrated balance sheets as long-term liabilities.

Owner's Equity. *Owner's equity* is the term used to describe an owner's claims to the value of assets listed on a balance sheet. The term *capital* is sometimes used as a synonym. In the Steak Shack, capital (the owner's claim to the assets) at the beginning of the year was \$111,100. The restaurant made a profit of \$153,478 last year, and that amount is

added to the start-of-year capital to arrive at the total figure of \$264,578 at the end of the year. In the Value Lodge, capital at the beginning of the year was \$14,467. The motel had net income of \$115,233 for the year, making the end-of-year capital figure \$429,700.

► The Income Statement

The second important financial statement is the income statement. An **income statement** shows sales (or revenues) and expenses of an organization for a given time period. That period is normally one year, but

Figure 10-5

Steak Shack
Income Statement

The Steak Shack Income Statement Year Ended December 31, 19XX	
Sales	
Food	\$853,066
Beverage	<u>223,355</u>
TOTAL SALES	\$1,076,421
Cost of Sales	
Food	\$349,757
Beverages	<u>51,372</u>
TOTAL COST OF SALES	401,129
Gross Profit	\$675,292
Other Income	<u>4,356</u>
TOTAL INCOME	\$679,648
Controllable Expenses	
Salaries and Wages	\$333,548
Employee Benefits	78,692
Direct Operating Expenses	45,187
Energy & Utility Services	48,341
Administrative & General	16,528
Repairs & Maintenance	<u>8,976</u>
TOTAL CONTROLLABLE EXPENSES	\$531,272
Income Before Occupancy Costs, Interest, Depreciation, and Income Taxes	<u>\$148,376</u>
Occupancy Costs	<u>80,025</u>
Income Before Interest, Depreciation, and Income Taxes	\$68,351
Interest	1,258
Depreciation	<u>13,615</u>
Restaurant Profit	\$53,478

income statements can be prepared for any period of time. The income statements of the Steak Shack and the Value Lodge are shown in figures 10.5 and 10.6.

Sales and **revenue** are the terms used for the income an organization receives as a result of doing business. Expenses are the costs of doing business. Note the differences between the income statements of the Value Lodge and the Steak Shack. The income statement of the Steak Shack uses the term *sales* rather than *revenue*. This is simply a difference in terminology and is not significant. The income statement for the Steak Shack indicates two sources of revenue: food sales and beverage sales. The income statement also has a section labeled cost of

Figure 10-6

Value Lodge
Income Statement

The Value Lodge Income Statement Year Ended December 31, 19XX		
Revenue		
Room sales		\$584,040
Miscellaneous		<u>3,682</u>
TOTAL REVENUE		\$587,722
Operating Expenses		
Wages	\$51,162	
Employee benefits	7,665	
Laundry	57,838	
Cleaning supplies	25,632	
Uniforms	1,820	
Office supplies	5,591	
Repairs & maintenance	15,267	
Energy costs	26,722	
Telephone	11,115	
Automobile expense	4,451	
Commissions	3,334	
Reservation network fees	4,245	
Franchise fees	23,368	
Credit card fees	6,379	
TOTAL OPERATING EXPENSES		\$244,589
Income Before Fixed Charges		<u>\$343,133</u>
Fixed Charges		
Property taxes	\$34,600	
Insurance	26,500	
Interest expense	99,300	
Depreciation	67,500	
TOTAL FIXED CHARGES		\$227,900
Net Income Before Income Taxes		<u>\$115,233</u>

sales, in which the food and beverage costs are subtracted from total sales to determine gross operating profit. This is customary in hospitality operations whenever there are expenses that can be attributed directly to a specific revenue source.

The Value Lodge also has two sources of revenue. The major source is identified as room sales—income received from renting accommodations to guests. The secondary source is identified as miscellaneous income—that received from selling postcards, maps, and food in the vending machines.

Expenses on income statements are commonly grouped into two categories: operating (or controllable) expenses and fixed expenses, sometimes identified as fixed charges. Operating, or controllable, expenses are those that managers can control or change. They are direct expenses, which tend to increase and decrease as business volume increases and decreases. These expenses include wages, laundry, cleaning supplies, and office supplies. Fixed charges, by contrast, are those that managers cannot change in the near term. Fixed charges include rent, mortgage payments, and property taxes—expenses that must be met even if the business has no sales revenue. In the Steak Shack, fixed charges include occupancy costs, interest, and depreciation; in the Value Lodge, they include property taxes, insurance, interest expense, and depreciation.

The income statements of the Steak Shack and the Value Lodge are comparatively simple and provide useful information about financial operations to the owners. The total dollar amount in each category listed on an income statement can be compared with the amount anticipated or budgeted for that category. For example, if the amount shown for wages is higher than anticipated or budgeted, the owners can attempt to determine a reason and take precautions to hold wages to a lower figure in the next operating period.

If revenues exceed expenses for the period covered by an income statement, the result is termed *profit*. If expenses exceed revenues for the period, the result is termed *loss*.

The value of accounting information is not limited to the specific figures listed on income statements and balance sheets. Additional useful information can be obtained by anyone willing to spend a few moments performing some comparatively simple calculations, several of which are described below. There are literally dozens of ratios, averages, and other figures that managers can calculate from financial reports and then use to analyze business performance. The following are just a few, selected to suggest the broad range of possibilities.

► Ratios

Ratios compare one number to another for purposes of making judgments. Most students are familiar with the concept, if not the term. For example, if there are ten questions on a test, a student who answers eight correctly can be said to have performed well. Her ratio of correct answers to total questions is eight to ten, written numerically as

$$\frac{8}{10} = 0.8 \text{ or } 80\%$$

Thus we determine that the student's grade—an evaluation of performance—is 80 percent.

Ratios are used very commonly in hospitality operations to evaluate financial performance. The following are a few of the ratios that managers calculate and use. Note that all answers are rounded.

► Cost-to-Sales Ratios: Cost Percents

Food and Beverage Cost-to-Sales Ratios

The ratios of food cost to food sales and beverage cost to beverage sales are considered very important by hospitality managers. The ratio of food cost to food sales is also known as the **food cost percentage**; the ratio of beverage cost to beverage sales is known as the **beverage cost percentage**. Managers believe these two ratios, or cost percentages, indicate how well these important costs are being kept under control. Cost-to-sales ratios are calculated as follows:

$$\frac{\text{cost}}{\text{sales}} = \text{cost - to - sales ratio, or cost percentage}$$

For the Steak Shack, food and beverage cost-to-sales ratios are calculated as follows:

$$\frac{\text{food cost}}{\text{food sales}} = \text{food cost - to - sales ratio}$$

$$\frac{\$349,757}{\$853,066} = 0.4099, \text{ or } 41.0\%$$

$$\frac{\text{beverage cost}}{\text{beverage sales}} = \text{beverage cost - to - sales ratio}$$

$$\frac{\$51,372}{\$223,355} = 0.23, \text{ or } 23.0\%$$

The food cost percentage is 0.4099 or 41 percent. This figure can be compared with planned cost percentage and with industry averages for other restaurants of that characteristic type. The beverage cost percentage is 0.23 or 23 percent. As in the case of the food cost percentage, a manager would compare it with the planned cost percentage and might compare it with an industry average. In this instance, both the food cost percentage and the beverage cost percentage compare favorably with industry averages.

Labor Cost-to-Sales Ratio

From figure 10.5, the dollar figure appearing on the line marked salaries and wages is \$333,548. That on the line marked employee benefits is \$78,692. The sum of these, \$412,240, is the cost of labor for the period. Using this figure, one can calculate a labor cost-to-sales ratio by dividing the cost of labor by total sales, \$1,076,421.

$$\frac{\$412,240}{\$1,076,421} = 0.38297 = 38.3\%$$

This figure, 38.3 percent, is the **labor cost percentage**. As with food cost percentage, a manager would compare labor cost percentage with that planned and with industry averages. In this case, the labor cost percentage compares favorably with industry averages for these types of establishments.

Some additional ratios that can be calculated very simply using readily available figures include the following.

Other Operating Ratios

Operating ratios measure overall performance in specific areas. Four ratios commonly used in hospitality are percentage of occupancy, seat turnover, inventory turnover, and profitability.

Percentage of Occupancy. Percentage of occupancy is used in lodging operations to express the ratio of occupied rooms to total rooms available for sale. It is calculated as follows:

$$\frac{\text{occupied rooms}}{\text{total rooms available for sale}} = \text{percentage of occupancy}$$

To illustrate, we will use the Value Lodge, which has fifty rooms. On a given night, forty of those rooms are occupied, so the percentage of occupancy for that night is 80 percent, calculated as follows:

$$\frac{40 \text{ occupied rooms}}{50 \text{ rooms available for sale}} = 0.8 = 80\%$$

Lodging operations normally determine the percentage of occupancy each night. Managers then make comparisons with their percentages of occupancy the same night the previous week and the same night the previous year. By doing so, they are able to make some general assessment about the state of business for that one night compared with other nights. In some major cities, night managers in the major hotels normally exchange information about percentages of occupancy so that managers of the properties can compare their percentages of occupancy to those of their competitors.

Seat Turnover. **Seat turnover** relates the number of diners served in a given time period to the number of seats available in the dining room. Viewed another way, it indicates the average number of customers served per seat in the time period. Often called *turns* in the hospitality industry, it is calculated as follows:

$$\frac{\text{number of diners served}}{\text{number of seats available for diners}} = \text{seat turnover}$$

In the Steak Shack, with one hundred tables seating 250 persons, the number of customers served on a given Friday night was 575. Seat turnover for that night is calculated as follows:

$$\frac{575 \text{ diners served}}{250 \text{ seats available for diners}} = 2.3 \text{ turns}$$

Foodservice managers often keep records of the number of turns so that comparisons can be made between days and dates.

Inventory Turnover. **Inventory turnover** ratio measures the rate at which inventories are used up and replaced during an operating period. The ratio is calculated as follows:

$$\frac{\text{cost of goods sold}}{\text{average inventory}} = \text{inventory turnover ratio}$$

For the Steak Shack, there are two inventory turnover ratios to calculate: one for food, the other for beverage. Food inventory turnover rate is calculated as follows:

$$\frac{\text{cost of food sold}}{\text{average inventory}} = \text{inventory turnover rate}$$

The inventory figures from the balance sheet of the Steak Shack are shown as \$16,891 for food and \$9,633 for beverages. We will assume that these represent the average inventories of the restaurant. Costs are shown on the income statement as \$349,757 for food and \$51,372 for beverage. Given this information, the inventory turnover rates would be calculated as follows:

$$\frac{\$349,757}{\$16,891} = 20.71 \text{ food inventory turnover rate}$$

$$\frac{\$51,372}{\$9,633} = 5.33 \text{ beverage inventory turnover rate}$$

The food inventory rate is 20.71 times per year or just under two times per month. This ratio would be considered about right for many restaurants. Because food is perishable, it should be used up and replaced about every other week.

The beverage inventory turnover rate is 5.33 per year or about every other month. Except for beer, alcoholic beverages are not considered perishable. Therefore, it is not uncommon for foodservice establishments to have large liquor inventories. This is particularly true for those that stock fine wines.

Profitability Ratios. Profitability ratios are said to measure the efficiency of organizations. They are very important to both investors and managers because they are an indication of the quality of management. One important ratio is return on sales.

Return on sales, or net profit margin, shows the portion of each sales dollar that an organization earns as a profit. It varies considerably from one type of business to another. Return on sales is calculated as follows:

$$\frac{\text{profit}}{\text{sales}} = \text{return on sales}$$

For the Steak Shack, it is calculated as follows:

$$\begin{aligned} \frac{\$53,478}{\$1,076,421} &= \text{return on sales} \\ &= 0.04968 \text{ or } 5.0\% \end{aligned}$$

For the Value Lodge, it is calculated as follows:

$$\frac{\$115,233}{\$587,722} = 0.196067 \text{ or } 19.6\%$$

The ratio for the current year can be compared with those for prior years and with industry averages. For the Steak Shack, the ratio is probably somewhat lower than the owner would like; for the Value Lodge, many would consider it to be reasonable for that type of property.

► Averages

In addition to ratios, owners and managers of foodservice and lodging operations commonly use various averages to evaluate business operations. An **arithmetic average**, the kind most commonly used, is determined by adding a series of figures to obtain a total, then dividing that total by the number of figures it includes. Suppose, for example, one wanted to determine the average grade earned by a student whose scores on four quizzes were 68, 82, 88, and 90. To determine the arithmetic average, one would add the scores on all quizzes and divide by the number of scores.

$$68 + 82 + 88 + 90 = 328 \text{ total of all scores}$$

$$\frac{328 \text{ total of all scores}}{4 \text{ scores}} = 82 \text{ average score}$$

Two of the most common arithmetic averages in hospitality operations are average sale per customer in restaurants and average rate per occupied room in hotels.

Average Sale per Customer

Average sale per customer is calculated by dividing total dollar sales for a given time period by the number of customers served in that period.

$$\frac{\text{total dollar sales}}{\text{number of customers}} = \text{average sale per customer}$$

In the Steak Shack, for example, total sales on a given day were \$3,150.40. The number of customers served on the day was 220. Therefore, the average sale per customer on that day was \$14.32, calculated as follows:

$$\frac{\$3,150.40 \text{ total sales}}{220 \text{ customers}} = \$14.32 \text{ average sale per customer}$$

Average Rate per Occupied Room

Average rate per occupied room is calculated by dividing the room revenue for a given period by the number of rooms occupied in that period.

$$\frac{\text{total room revenue}}{\text{number of rooms occupied}} = \text{average rate per occupied room}$$

In the Value Lodge, total room revenue for a given night was \$1,640, and 40 rooms were occupied. Average rate per occupied room was \$41.00, calculated as follows:

$$\frac{\$1,640 \text{ room revenue}}{40 \text{ occupied rooms}} = \$41.00 \text{ average rate per occupied room}$$

A variety of useful averages can easily be calculated, and many hospitality managers do so regularly. Some of the possibilities include average sale per waiter, average rate per guest, average food sale, and average beverage sale, among others.

Accounting is generally described as “the language of business,” and hospitality managers should have more than a passing knowledge of the subject. Accounting questions are major concerns in operations management, and managers of hospitality establishments must be prepared to make full use of accounting information in making critical decisions about operations management.

► Key Area 4: Budgeting

Budgeting is a necessary element in business operations. A **budget** is a financial plan developed for a period in the future. Therefore, a budget can be viewed as a manager’s attempt to project future financial performance. Successful businesses need to look ahead and make specific plans to reach revenue targets while keeping expenses within certain predetermined bounds. Without financial planning, management is leaving the future health of a business to chance.

There are various types of budgets, including operating budgets, capital budgets, sales budgets, advertising budgets, and cash flow budgets. For a hospitality manager, the most important of these is likely to be the operating budget.

► Operating Budget

An **operating budget** is a financial plan for generating a given amount of revenue at a given level of expenditure in a coming period. Operating budgets are usually based on income statements from the most recent operating periods. Normally, one assumes that past performance is the best indicator of future performance and that the enterprise will continue to operate more or less as it has been operating. If one could assume no change of any kind, then a recent income statement could be adopted as a future budget. However, there are always changes being planned and trends becoming evident. Changes include rewriting a menu, increasing the number of servers in a dining room, and raising menu prices or room rates to offset increasing costs. Trends include increases or decreases in sales revenue due to the opening or closing of other hotels or restaurants in the area, or, in the case of restaurants, to increases or decreases in the number of people living in the surrounding area. The manager of the Steak Shack, for example, has noted that the number of customers has been increasing at approximately 5 percent per year, a figure that matches the increase in population in the neighborhood the restaurant serves.

One element in budgeting is to identify tomorrow's changes and trends today because they will obviously affect tomorrow's revenues and expenses. The more difficult element is to quantify the changes and trends—to identify the net effect in dollars that these changes and trends will have on various categories of revenue and expense. In the budgeting process, managers attempt to project the effects all changes will have on each.

Figure 10.7 illustrates a budget for the Value Lodge for the coming year. Before preparing it, Roger and Janet Goodson analyzed revenues and expenses for the year just ending, then identified changes anticipated in the coming year—such items as the normal affect of inflation on expenses, planned increases in hourly wages for employees, an increase in reservation network fees, and a decrease in local real estate taxes reported in the local newspaper.

The Goodsons plan to increase wages to the staff by 10 percent, which will increase the expenses for both wages and employee benefits (which is normally a percentage of wages). They anticipate that most other operating expenses will increase by approximately 4 percent, except for reservation network fees, which are expected to rise by 10 percent. The remaining three operating expenses—commissions, fees to franchisor, and credit card fees—are expected to remain the same

Figure 10-7Value Lodge
Budget

The Value Lodge Budget Year Beginning January 1, 19XX		
Revenue		
Room sales		\$613,242
Miscellaneous		3,682
Total Revenue		\$616,924
Operating Expenses		
Wages	\$56,278	
Employee benefits	8,432	
Laundry	60,151	
Cleaning supplies	26,657	
Uniforms	1,893	
Office supplies	5,815	
Repairs & maintenance	15,878	
Energy costs	27,791	
Telephone	11,560	
Automobile expense	4,629	
Reservation network fees	4,670	
Commissions	3,508	
Fees to franchisor	24,536	
Credit card fees	6,700	
Total Operating Expenses		\$258,498
Income before Fixed Charges		\$358,426
Fixed Charges		
Property taxes	\$33,562	
Insurance	36,500	
Interest expense	99,300	
Depreciation	67,500	
Total Fixed Charges		\$236,862
Net Income Before Income Taxes		\$121,564

percentage of revenue. Fixed charges are expected to remain the same, except for property taxes, which will decrease by 3 percent, and insurance costs, which will increase by \$10,000. Next, having considered the general overall increase in expenses, the Goodsons have decided to increase room rates by 5 percent. Finally, they have quantified these changes and prepared the budget shown in figure 10.7.

Once an operating budget has been prepared, managers and others who need to purchase supplies and hire personnel have a guideline for doing so. The guideline is the budget. For example, once the budget has been prepared for the Value Lodge, the Goodsons have a budgeted figure for employees' wages for the year—a figure to be used as the

guide for spending in that category for the period. From that budgeted figure, the Goodsons will be able to determine the number of housekeepers and other employees they can have on the payroll.

Without budgets, managers have limited means of assessing whether or not operations are progressing satisfactorily and whether or not financial objectives are likely to be reached. Budgets are very important to operations managers, so those intending to follow careers in hospitality management must have some reasonable level of knowledge of this important subject and be prepared to develop and work within budgets throughout their careers.

► Key Area 5: Cost Control

Cost control activities are very important to managers in hospitality operations. Cost control is the process of regulating costs and guarding against excessive costs.

Managers need to know the costs of the hospitality service products they sell to customers and guests. For example, a hotel manager needs to know the total cost of preparing a vacated hotel room for the next guest. There are many elements to that total cost, including the wages of the housekeeper who will clean the room and the costs of the bed linen, bath linen, soap, and various other supplies that go into it. Restaurant managers need to know the costs of the ingredients in the menu items they prepare so that suitable prices can be established and printed in menus. Some need to know the labor cost of preparing standard quantities of particular menu items.

Determining these costs, as well as many others, is part of the cost accounting activity that take place daily in hospitality operations. It is important that these costs be known before sales prices are established for hospitality service products. The costs associated with cleaning and maintaining a hotel room clearly should be known before one sets room rates. And the costs of food and beverage items on menus should be established before setting menu prices. One example will suffice.

One of the items on the lunch menu at the Steak Shack is a charcoal-broiled hamburger served on a sliced, sesame seed bun. The standard portion size for a hamburger is 6 ounces. Hamburgers are made from ground chuck, which is purchased at \$2.40 per pound. Hamburger buns are purchased fresh daily at \$1.50 per dozen.

The cost of the 6 ounce hamburger is \$.90, determined by dividing 16 ounces into the \$2.40 cost per pound to find the \$.15 cost per ounce, then multiplying by 6 ounces in each portion.

$$\frac{\$2.40 \text{ cost per pound}}{16 \text{ ounces in each pound}} = \$.15 \text{ cost per ounce}$$

$$\$.15 \text{ cost per ounce} \times 6 \text{ ounces per portion} = \$.90 \text{ cost per portion}$$

The cost of the bun is \$.125, determined by dividing the cost of the dozen, \$1.50, by the number of buns in the dozen, 12.

$$\frac{\$1.50 \text{ cost per dozen}}{12 \text{ buns per dozen}} = \$.125 \text{ per bun}$$

Thus the basic food cost per portion for the hamburger and bun is:

hamburger	\$.90
bun	0.125
total	\$1.025

To this, one would add the costs of any other items accompanying the hamburger—ketchup, mustard, pickles, and so on—to determine the total cost of the item. If the other items are assumed to cost \$.225, the total cost of the item would be \$1.25.

It should be obvious that any foodservice operator should know the basic cost of every item on a menu before setting menu sales prices. If the hamburger above is listed on the menu at \$1.50, the cost of the food alone will use up all but \$.25 of the sale price. However, if the item can be priced at \$2.50, the sales price will be twice the food cost.

In the first case, food cost percent would be 83.3 percent, calculated as

$$\frac{\text{food cost } \$1.25}{\text{sales price } \$1.50} = 0.833 = 83.3\%$$

In the second, food cost percent would be 50 percent, calculated as

$$\frac{\text{food cost } \$1.25}{\text{sales price } \$2.50} = 0.5 = 50.0\%$$

Once the portion cost for an item has been determined, the manager has a responsibility to control the cost of all portions of that item prepared in the kitchen. In general, this means that the manager must establish procedures aimed at regulating portion costs and guarding against excessive costs. Those procedures should ensure that

1. purchases of specified ingredients of specified quality are made in appropriate quantities and at proper prices in a timely manner;

2. foods purchased are received, stored, and issued under secure conditions and in a manner that will preserve their quality until they are needed for production; and
3. food production is accomplished with minimal waste and results in appropriate numbers of portions of correct quality and quantity, prepared according to specific recipes.

For example, the manager of the facility in the Mountain Bank must limit the spending for food purchases to the amount specified in the budget. This requirement has led her to take a number of steps aimed at controlling the cost of hamburgers. These include

1. specifying that the only beef to be used for hamburgers will be ground chuck, U.S. Choice, with fat content not to exceed 20 percent;
2. estimating the amount of ground chuck needed each week and ordering only enough for one week at a time;
3. seeing that beef is moved to refrigerated storage immediately after it is received and that it is stored securely and under proper conditions until needed; and
4. installing a machine to make hamburger patties that features a dial to control the number of ounces per hamburger.

Many operations managers devote considerable amounts of time to setting up and overseeing extensive procedures for keeping costs under control. Cost control is of critical concern to operations managers in this industry, so anyone intending to pursue a career as a hospitality manager must have considerable understanding of the subject and be prepared to establish and maintain control over costs at every stage of that career.

► Key Area 6: Computers

In the hospitality industry today, **computers** are of critical importance to operations managers. Operations managers are using and relying on computer systems principally because they provide the kinds of information and types of control measures that owners and managers require to help insure efficient operation. In fact, it is becoming difficult to find a hospitality operation of consequence that lacks some type of computer system.

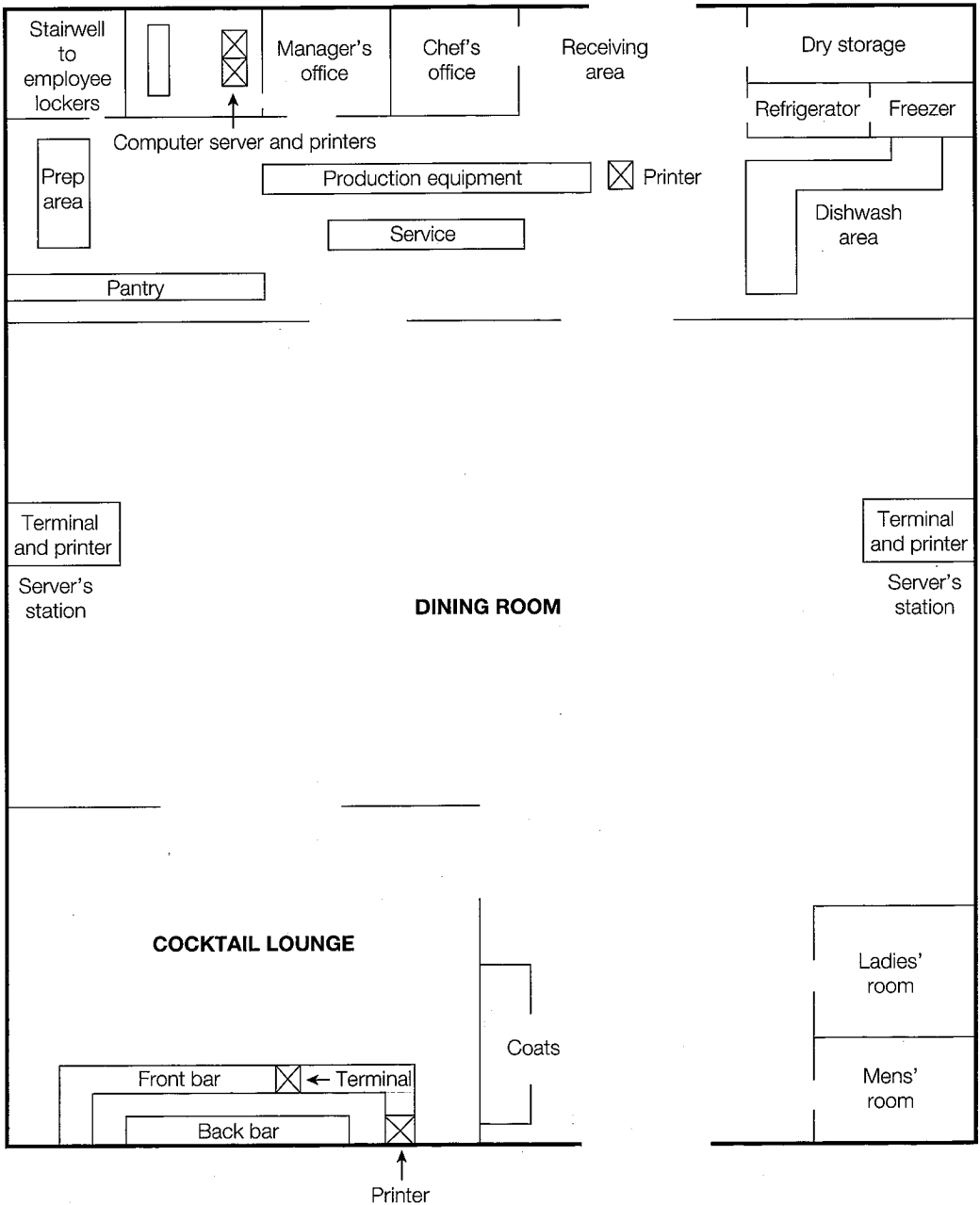


Figure 10-8

Layout of the Steak Shack, showing the elements of the restaurant's computer system, with terminals and workstations at several key locations: manager's office, dining room, bar, and kitchen.

At this point, it will be useful to describe the computer system used in the Steak Shack. It is typical of many found in foodservice operations today. Figure 10.8 is the floor plan of the restaurant showing the following system components linked together on a network:

1. In manager's office, a large capacity microcomputer used as a file server, which is the hub of any computer network
2. Terminals with keypads and printers at two servers' stations
3. One microcomputer with monitor and printer at the manager's desk
4. Remote printers at service stations at the front bar and at the cooks' station

Operations proceed along the following lines. Servers arriving for work change into uniforms, then proceed to their side stands in the dining room. On each of the two side stands is a small terminal with keypad and printer that dining room personnel use to log in. In other words, they record their arrival or work much as they would with a traditional time clock. Other personnel log in at the terminal in the manager's office.

Guests enter by the front door and leave their coats in the coat-room. They are seated by the dining room manager, who leaves menus at the table. Servers greet the guests and take their orders for drinks; the orders are written on ordinary white pads rather than on guest checks. Each server proceeds to a terminal and opens an account in computer memory. This account is equivalent to a guest check. The process requires that the server enter his personal code, the table number, the number of guests, and a special code used for creating a new account. With the account opened, the server uses a numerical code to enter the customers' orders for drinks. This information, together with the time of the order, is stored in computer memory. The computer has been programmed with correct prices for each drink.

The system is programmed to send the recorded drink orders to the service station at the front bar. There, the bartender gets the drink orders on a remote printer. The hard copy provided by the remote printer is an order for the bartender to prepare the drinks. This hard copy includes the server number, table number, and order time.

The bartender removes the hard copy of the order from the printer and places it on the tray with the prepared drinks, thus eliminating questions about which drinks are for which server and what time the orders were entered. At the appropriate time, the server follows similar procedures for placing food orders. With different codes used for foods

and drinks, the computer is programmed to send food orders to the remote printers at the cooks' station. All menu items ordered are stored in memory, but the only items appearing on the remote printer at any specific preparation station are those appropriate to that station. Thus food orders are not sent to the service bar, and orders for coffee, handled by the servers themselves, do not appear on any remote printers.

After a diner has finished his or her meal, the server obtains a guest check by going to the terminal and printer at the side stand and requesting one. With this system, the guest check is a hard copy of the data stored in the computer, accessed by table and server number. This hard copy is removed from the printer and given to the diner. In the Steak Shack, each server acts as a cashier for his own checks, and settlement for each check is recorded at the terminal as the server receives cash or a credit card.

At the end of a shift, the server reports to the manager's office to turn in the cash, checks, and credit card vouchers for his or her sales. The manager uses his terminal to print out summary data showing charge and cash sales for that particular server. He collects the appropriate amount of cash and all charge vouchers from the server. The totals collected from each must obviously equal the amounts recorded on the print out. Finally, each server logs out, using the manager's terminal, before changing out of uniform and leaving the premises.

At the end of the day, the manager obtains a detailed breakdown of the day's business on a computer printout. The system provides considerable information, including total dollar sales categorized into cash sales and charge sales, with the charge sales divided by type of credit card; total dollar sales separated into food sales and beverage sales, with the food sales broken down into dollar sales by menu category and by individual menu item; average dollar sale per customer, per server, per seat, per table, and per hour; seat turnover; number of orders of each hospitality item sold; total dollar sales per hour; sales in any category for the period to date; total payroll cost for the day, for any part of the day, or for the period to date; and a vast amount of hospitality cost data.

Using this system, the manager of the Steak Shack can monitor operations as the day progresses. Such data as gross sales volume, number of customers served, number of checks outstanding, number of portions of particular items sold, and any number of other possibilities may be of special interest at given times throughout the day.

Because computer systems are of such importance in operations management, hospitality managers should have reasonable knowledge

of computer operations. Any hospitality manager should be prepared to take full advantage of the capacity of the systems available in today's hospitality environment.

From the foregoing, it should be apparent that marketing, human resources management, accounting, budgeting, cost control, and computers all play important roles in hospitality operations management. Those planning careers in hospitality management should develop their knowledge of the topics discussed in this chapter and learn as much as possible about additional subjects and complex topics that can best be covered in the more advanced courses commonly offered in hospitality management programs.

► Summary

In this chapter, *operations management* is defined as the day-to-day activities that managers engage in to achieve the goals of the operations they manage. The four functions of management—planning, organizing, directing, and controlling—are identified as primary skills required by operating managers. Marketing, human resources, accounting, budgeting, cost control, and computers are described as key areas in operations management. Examples from the Steak Shack, the Mountain Bank staff dining room, and the Value Lodge facility illustrate these six key areas of operations management and provide a sense of the day-to-day work that consumes much of the time of a hospitality manager.

◀ Key Terms

Accounting	Labor Cost Percentage
Accounting Cycle	Liabilities
Advertising	Long-Term Liability
Arithmetic Average	Marketing
Asset	Merchandising
Average Rate per Occupied Room	Operating Budget
Average Sale per Customer	Operations Management
Beverage Cost Percentage	Organizing
Budget	Personal Selling
Computer	Place
Controlling	Planning
Cost Control	Price
Current Asset	Product
Current Liability	Promotion

Directing	Public Relations
Expense	Ratio
Financial Accounting	Recruiting
Fixed Asset	Return on Sales
Food Cost Percentage	Revenue
Human Resources Management	Sales
Income Statement	Sales Promotion
Inventory Turnover	Seat Turnover
Job Description	Training



Questions

1. Define the term *operations management*.
2. Define the term *planning* as used in management.
3. What does the term *organizing* mean?
4. List the six steps in the organizing process.
5. What does the term *reporting structure* refer to?
6. What are some possible consequences of failure to follow the practice known as unity of command?
7. What is an organization chart?
8. What does the term *directing* mean?
9. What does the term *control* mean?
10. List and discuss the four steps in the control process.
11. Define *marketing* as used in hospitality operations.
12. List and describe the four elements of marketing.
13. List five factors taken into consideration in establishing menu prices.
14. List and describe five types of promotional activities.
15. Define the term *human resources management*.
16. What does the term *recruiting* mean in hospitality?
17. What is a job description?
18. List and discuss the three parts of a job description.
19. Identify ten possible sources from which human resources personnel can recruit applicants for employment.

20. List and discuss the seven basic steps that constitute a standard procedure for selecting the best candidate for employment.
21. Identify three principal elements that should be included in a basic orientation for new employees.
22. Identify three important steps taken by management to enhance employee safety in the workplace.
23. How is accounting defined in the chapter?
24. Identify the two major financial statements derived from accounting records and list the principal parts of each.
25. Define the following terms:
 - a. asset
 - b. current asset
 - c. fixed asset
 - d. liability
 - e. current liability
 - f. long-term liability
 - g. owner's equity
 - h. income statement
 - i. revenue
 - j. expense
 - k. profit
 - l. loss
26. Identify the formula for calculating each of the following:
 - a. food cost-to-sales ratio
 - b. beverage cost-to-sales ratio
 - c. labor cost-to-sales ratio
 - d. percentage of occupancy
27. Given the following information, determine seat turnover for the Steak Shack for March 15: number of diners—900; number of seats available for diners—250.
28. Identify each of the following:
 - a. inventory turnover
 - b. return on sales
 - c. average sale per customer
 - d. average rate per occupied room
29. What is a budget?

30. Discuss the importance of cost control to the management of a hospitality operation.
31. Determine the portion cost for each of the following:
 - a. 5 ounce portion of tomato juice if tomato juice is purchased in 46 ounce cans costing \$1.38 each.
 - b. 1 order of toast consisting of two slices of bread from a loaf of 24 slices costing \$1.44, plus one ounce of butter purchased at \$1.60 per pound.
 - c. 1 order consisting of 2 eggs and 3 strips of bacon if eggs cost \$.96 per dozen and bacon costs \$3.36 per pound, and each pound consists of 16 strips.
32. Identify the benefits that computers provide for hospitality operations managers.



**Moments
of Truth**

1. You are the assistant manager of a fine-dining restaurant located in a midsize city. The chef has developed two new entrees that are unique and exciting. You have been asked by the manager to suggest ways of promoting these new entrees. Make a list of those you would suggest, explaining each in as much detail as possible.
2. You have just been hired as the front office manager for a two hundred room motel. During your first day on the job, you notice that the procedure for selling rooms is performed differently by each desk clerk. Some clerks explain which types of rooms are available and the rates for each, and then ask which type of room the guest would prefer. Others offer only the highest rates and suggest lower rated room only if the prospective guest refuses the highest rated room. Still others offer only the lowest rates in an attempt to sell as many rooms as possible. How do you deal with this problem?
3. Write a job description for the most recent full-time or part-time job you have held.
4. Go to a nearby restaurant or hotel. Interview a supervisor to learn in detail about the work he does, then write a job description for the job.



Part Six

Travel and Tourism Perspectives

