

ORGANIZATION

2.1 INTRODUCTION

► CLASSIC ORGANIZATION

In hotels in the United States at the beginning of the twentieth century, the classic European hotel organization model was predominant. This structure was built around two major hotel managerial personalities: the chef and the maître d'hôtel. The chef was the chief or king of the kitchen. In many ways, he represented a feudal lord on his estate who held sway over everything that had to do with selection and preparation of food in the hotel. This structure recognized the importance of the role that food and its preparation played in the hotels of the time.

Similarly, the maître d'hôtel was the master of all service in the hotel. It was his responsibility to manage the interaction of the hotel's staff and guests such that guests were always served promptly, properly, and in line

with the hotel's policy. Even the titles *chef* and *maître d'hôtel*, translated from the French as "chief" and "master of the hotel," suggest a strong European influence. That these terms are still in use today attests to a continuing influence, but the roles have changed and evolved. In several places in this book, we consider the ways in which people, organizations, and jobs have changed in the hotel industry.

For many of the same reasons cited in the Introduction as to why the management of hotels has changed, hotel organization structures have also changed. As our knowledge of our guests and the markets they represent grew and became more precise, specialization within the hotel organizational structure increased the effectiveness with which the organization managed and delivered its services.



Hotel organization structures are not immune to the influences of the economy and business cycles, so the difficulties that befall business in general during economic downturns also affect hotel organizations. *Downsizing* and *reengineering* are terms used to describe the changes hotel companies have undergone.

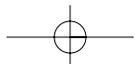
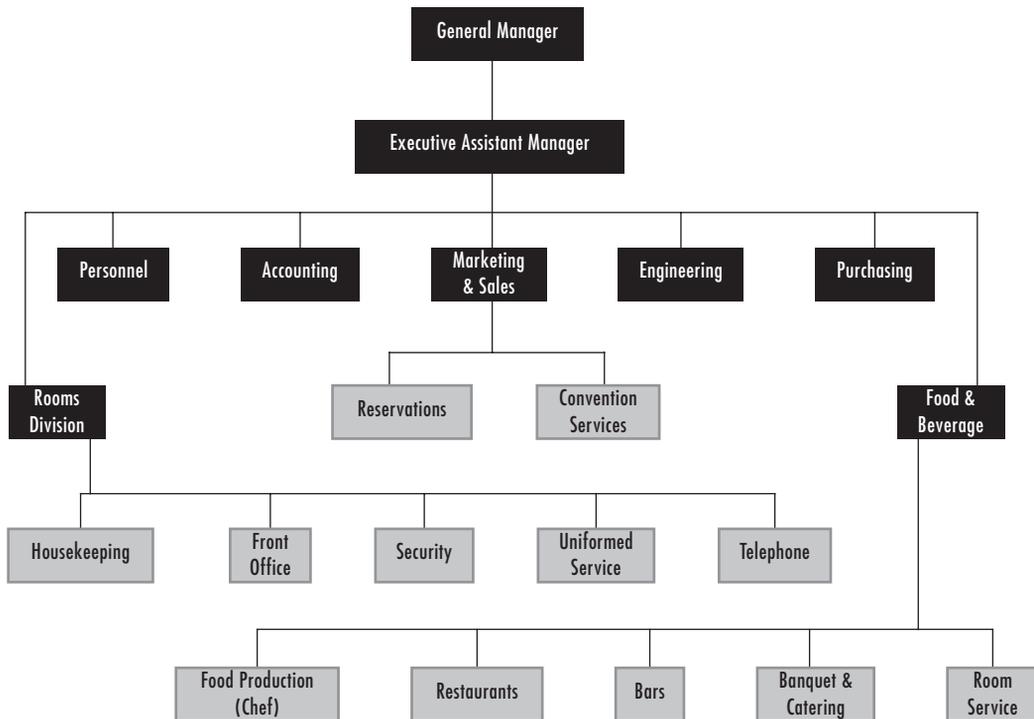
In the early 1990s, some hotels eliminated entire levels of management or combined managerial responsibilities to flatten the organization. In the typical functional chart, such as that depicted in Figure 2.1, the executive assistant manager was often eliminated, making division heads directly responsible to the general manager (GM). Some hotels elim-

inated separate managers at the division level, with all department managers reporting directly to the GM.

However the restructuring looks, organizations are still formed around principles such as those outlined by Stoner and Wankel (1986). They said that the organizing process involves balancing a company’s need for both stability and change. They go on to comment on “organizing” as a multi-step process based on that proposed by Dale (1967):

- Organizing details all of the work that must be done to attain the organization’s goals.

Figure 2.1 Typical Hotel Organization Chart



- Organizing divides the total work to be performed into groups of activities that can be performed by one person or one group of people.
- Organizing combines the work of an organization's members in some logical and efficient manner.
- Organizing sets up a mechanism to coordinate the work of the organization members such that it forms a unified, harmonious whole.
- Organizing sets up a mechanism to monitor the effectiveness of the organization's efforts to achieve its goals.

In the modern hotel organization, even a reengineered one, a linear line and staff structure has emerged to reflect this theoretical organizing process.

Figure 2.1 depicts a typical organization chart for a large hotel. Note that, with the exception of top managers, function rather than title identifies the departments. This is to indicate that job titles and associated duties vary from company to company, and, as noted, may be combined or eliminated to reflect current conditions. Looking at an organizational chart by function rather than by job title allows an industrywide perspective, for the services a hotel delivers remain the same even through financial emergencies.

Note also that in this chart the two major operating divisions are identified as *Rooms Division* and *Food and Beverage Division*. Again, on a company-by-company basis, individual functions may find homes in various divisions, but basically, hotel organizations are set up to deliver these two basic services to their guests: rooms and food and beverage.

What may differ in a given hotel company's organization is the placement of the other departments. The departments on this

organization chart should be considered typical and illustrative of a generic hotel organization chart.

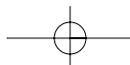
For purposes of illustration, the line and staff functions are defined as follows.

► Line Functions

Line functions are the tasks assigned to hotel employees in organizational components that bring them into regular or semi-regular contact with guests. The line operations in a hotel organization are the Rooms Division and Food and Beverage Division. Obviously, some departmental functions within each line division have more or less guest contact than others. The underlying commonality is that most line employees are hands-on participants in the assembly and delivery of the hotel's services.

For instance, under most circumstances, members of the hotel's security staff do not have regular guest contact; housekeeping staff may have somewhat more guest contact, and housekeepers are obviously major participants in the production of the hotel's services. However, in the Rooms Division, the front office staff has the vast majority of highly visible face-to-face contact with the guest.

Similarly, in the Food and Beverage Division, the employees of the restaurants, bars, room service, and banquet departments have a tremendous amount of face-to-face guest interaction. Like the housekeeping staff, however, only under special and irregular circumstances does the food production staff under the hotel chef interact with guests. Because of their importance in the service production process, they still clearly fall under the line rubric.



► Staff Functions

Staff functions are generally those behind-the-scenes activities that support the line functions and, under most circumstances, have little or no guest contact, although major components of the work are to influence the quality of a guest's stay.

In this chart, for instance, engineering is included as a staff function for those reasons. The success of the engineering function heavily influences the quality of the guest's stay and, at the same time, the engineering department supports the activities of almost every other department in the hotel.

For instance, the engineering department maintains and repairs equipment that is crucial to all of the hotel's line functions, including the food production equipment in the kitchen. Engineering staff can be called on to repair the tables and chairs in the dining room, the furniture in the lobby, and the carts the bellhops use to transport guest luggage. The engineering department thus can be considered a true staff department that serves and supports at any given time any or all of the other departments in the hotel.

Other hotel organization charts place the engineering department in the Rooms Division. This may be because that is where engineering works best in the hotel's organization, or perhaps this placement is only tradition.

This situation may also be true for other departments traditionally thought of as Rooms Division functions. Security is one example. In some organizations, housekeeping has been changed to a staff function rather than strictly rooms, for housekeeping, by definition, "keeps" the entire house.

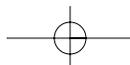
► ORGANIZATIONS FOR THE MODERN ERA

Organizations, of course, are more than just boxes and charts. The most modern business organization structures have not changed much in form since the Roman Catholic Church first designed the pyramidal structure as a visual depiction of organizational relationships with which we are so familiar today. If you think about it, the military, government, school systems, and nearly all businesses follow the same model.

What does affect organizations—not so much in their pictorial view but in the way they respond to external and internal stimuli—can be seen by analyzing several of the readings included here and those that are suggested at the end for further study.

At the time of his untimely death, Professor Eddystone C. Nebel III was the C.B. Smith Professor of Hotel Management at Purdue University. He had recently spent a sabbatical leave researching and observing 10 outstanding general managers and 53 key subordinates. During this research, Nebel gained critical insight into how hotel organizations function. In several chapters of his book, *Managing Hotels Effectively: Lessons from Outstanding General Managers* (1991), Nebel weaves the insights gained from the GMs with organizational theory and then incorporates the increasingly important role that committees can play in the successful organization.

Another view of the peculiar dynamics of hotel organizations is provided by Mark Conklin in his essay on how the leadership can influence a hotel's effective organization. In his position as vice president of market manage-



ment for Marriott Hotels and Resorts, he is positioned to comment knowledgeably. In this instance, he proposes a radical new view—neither the Catholic Church nor the military might be comfortable with. It does, however, appear well suited to hospitality.

While there is no lack of literature and

commentary on hotel organizations, the research and opinion presented here highlight current thinking about the relationship of organizational structure, interdepartmental connections, and the organization's people. Additional insights can be gained from suggested readings.

2.2 ORGANIZATIONAL DESIGN

Eddystone C. Nebel III

This section reviews general management principles of organizational design, including the important but often neglected topic of a hotel's committee and meetings structure.

► THE ELEMENTS OF ORGANIZATIONAL STRUCTURE

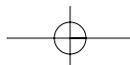
If the efforts of people in organizations are to be channeled toward productive ends, structure must be given to their activities. Aldag and Stearns (1987) list five ways by which managers give structure to organizations:

1. work specialization
2. departmentalization
3. patterns of authority
4. spans of control
5. methods of coordination

Whenever a manager decides to make an organizational change, he or she usually must take these five elements into account.

Specialization. If there is more than one way to accomplish something, management must make a conscious decision about how to divide tasks among workers. At one extreme is the case of little or no specialization, where an individual worker is responsible for all of the tasks required to complete a job. An example is the chef in a small country restaurant who singlehandedly prepares an entire meal for 20 guests. It's rewarding to have total control over a project and motivating to see the results of one's efforts. The problem, however, is that as demand for products or services increases, it becomes more and more difficult for individuals or small groups to increase their output without changing the way they are organized.

One of management's tasks is to determine the extent to which work and jobs should be specialized. As a general rule, specialization holds out the possibility of greater worker productivity and managerial control over tasks. On the other hand, dividing complete jobs into smaller subunits tends to increase the need for coordinating the activities of numerous workers, each involved



in separate, specialized tasks. Also, overspecialization can result in jobs so narrow that workers lose interest, motivation drops, error rates increase, and quality suffers.

Departmentalization. As organizations grow in size, managers are faced with the need to group certain jobs in order to ensure efficient coordination and control of activities. Most restaurants departmentalize, with food preparation and food service as separate functional departments. This is a logical and practical solution. Preparing and serving food is achieved through distinctly different kinds of work; both the process and the function of the two activities are different. Forming departments along functional lines is the most common method of organizing a business.

Authority. Every time managers restructure a job or group into different departments, they are faced with the question of how much decision-making authority to grant individual workers, managers, or departments. Organizations are never totally centralized or decentralized with regard to decision making; rather, they tend toward one direction or the other. A number of factors must be taken into account when deciding what pattern of authority is best for an organization. Managers must take into consideration the experience and personality of subordinates, the environment in which they work (Is it stable or rapidly changing?), the business strategy to be followed, and the management style with which they feel most comfortable.

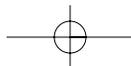
Line executives have responsibility for business units that provide products or services to customers and account for the revenues of the business. In a hotel, the rooms and food and beverage departments account for most revenue. On the other hand, staff departments are set up because the principles of

work specialization and departmentalization suggest efficiencies from such an organizational design. The personnel and engineering departments of a hotel are examples of staff units. Once set up, however, staff departments sometimes cause organizational problems.

How much authority should functional staff executives have over line executives? At one extreme, line executives could be given total authority. At the other extreme, staff executives, in their specialty areas, could be granted authority over line executives. Two intermediate examples: (1) Line executives are required to consult with staff specialists before making a decision; and (2) line and staff executives are required to make joint decisions. Whatever the situation, top executives like GMs must arbitrate line-staff disputes when they develop.

Span of Control. Span of control relates to the number of subordinates reporting to a supervisor. In the past, some management scholars advocated an “ideal” span of control of exactly seven subordinates. That simplistic view is no longer held. The ideal span of control is dependent on:

- *Task similarity*—The more similar the tasks of subordinates, the wider the span of control can be.
- *Training and professionalism*—The more trained and skilled a subordinate, the less supervision required and the greater the span of control can be.
- *Task certainty*—The more routine and predictable work tasks are, the greater the span of control can be.
- *Frequency of interaction*—If relationships require frequent interaction, the span of control must be narrow.
- *Task integration*—The more a supervisor must integrate and coordinate the tasks of



subordinates, the narrower the span of control must be.

- *Physical dispersion*—The more widely dispersed subordinates are, the fewer a manager can properly supervise.

Some of these factors may work in opposite directions. For example, fast food restaurants are operationally quite similar to each other, suggesting a broad span of control. However, their physical dispersion works in the (opposite) direction of limiting span of control.

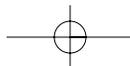
Coordination of Activities. Problems arise when organizations do not properly coordinate their activities. In simple organizations of only a few people, coordination is usually not a major concern. Problems develop, however, as organizations grow in complexity. As previously discussed, work specialization and departmentalization are organizational responses to the growth of a business. As duties are subdivided, it becomes increasingly important to coordinate the activities of individuals and groups toward common goals. The kind of coordination required depends on how tasks and activities are linked. These linkages result in different kinds of interdependence between individuals and groups.

Pooled interdependence refers to activities that can be performed with little interaction between individuals or groups. Suppose a hotel has three telephone operators. Each can usually perform the required duties independently—that is, without any interaction with the others—as can room maids and cashiers at food outlets. Because these workers need not interact among themselves, coordination of their activities is best accomplished by prescribing standardized rules and procedures for each to follow, by intensive individual training, and by direct su-

perision. The role of coordination is to ensure that each independently performed task is carried out at the same level of efficiency and quality.

Sequential interdependence occurs when one task's output is a second task's input. This is typical of production line operations where products are progressively assembled. A hotel example is the guest check-in process. The output of a front desk becomes an input to the accounting department in the form of a guest billing record or folio. A well-planned system linking the rooms department and the accounting department is vital for this activity to go smoothly. Proper coordination is ensured through detailed planning, scheduling, and standardization. Coordination also requires identification of the linkages that exist between activities.

Still greater coordination is required in cases where the output of Unit A is input for Unit B *and* the output of Unit B is input for Unit A. Whenever there is a high level of interaction between work units, they are said to exhibit *reciprocal interdependence*. One example is the coordination needed to host a major convention. Rooming decisions made by the front desk must be coordinated with accounting, sales, housekeeping, and reservations; function room usage requires interactions among convention services, engineering, food and beverage, and accounting. Because any one department's output and activity affect numerous other departments, mutual adjustments are required. Close coordination is only possible through direct communication and joint decision making by the units involved. While standardized plans and procedures are helpful, they cannot possibly solve all of the problems resulting from such a high degree of departmental interaction. Direct communication and group meetings are



needed to ensure proper coordination when activities involve reciprocal interdependence.

▶ STATIC PRINCIPLES OF ORGANIZATIONAL DESIGN

Experience has accumulated for centuries about how to organize institutions such as government bureaucracies, the military, religions, large commercial trading companies, and, since the industrial revolution, large manufacturing concerns. This experience is distilled in a number of principles that have been identified. While these principles do not hold in all circumstances, they are important and should be understood and applied where appropriate.

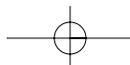
Chain of Command. This principle holds that everyone in an organization should have a superior to whom he or she is responsible. A hotel's organizational chart depicts the chain of command. It should be possible for any employee to trace his or her way up the organization chart's chain of command all the way to the GM. The typical pyramid shape of an organization chart is a consequence of the chain of command and the span of control concept discussed previously. Chain of command is a powerful concept. It provides structure in an organization by setting forth a system of subordinate-superior accountability for everyone.

The chain of command affects communication within organizations for both subordinates and superiors. If a GM wants to make a change in housekeeping, chain-of-command considerations mean he or she should communicate with the rooms department manager, who in turn will speak to the director of

housekeeping. The traditional chain-of-command structure in a hotel has the baker responsible to the chef and the chef responsible to the food and beverage director. Accordingly, the baker should communicate with the chef and not directly with the food and beverage director.

Too strict an adherence to this principle, however, can take away the spontaneity in an organization. Experienced hotel GMs often break this principle, but in a way that is not harmful to the hotel. The immediacy of some problems in hotels sometimes requires hotel executives to issue orders directly to subordinates two or more levels down in the organization. GMs may also want to maintain personal control over some project or aspect of the hotel and choose to bypass immediate subordinates in order to do so. This does little harm as long as everyone knows what is happening and the organizational climate is otherwise healthy and trusting.

Unity of Command. This principle states that each employee is responsible to one and only one superior—that is, each person has only one boss. Unity of command is violated quite regularly in most organizations. A safety officer who reports to the personnel director might correct a food server, whose boss is the restaurant manager, for a safety violation. The server feels as if she has two bosses and, in effect, she does. This common problem occurs as organizations grow in size and task specialization takes place. Specialists in safety (or accounting, personnel, data processing, and so on) often do have authority, in their specialty area, over workers who do not report directly to them through the chain of command. Problems can develop because of conflicting orders from more than one boss. The solution is not necessarily to eliminate specialization and staff positions but rather to ensure, by closely



coordinating activities, that order rather than confusion reigns. The GM plays a key role in coordination throughout the hotel.

Delegation. Young managers often find delegation a difficult task to master. A subordinate's ability to successfully carry out an assignment depends in part on the clarity of his or her superior's delegation instructions. Delegation can range from assigning a minor task to a subordinate to granting complete responsibility for a major undertaking. It's important for both superior and subordinate to understand and agree on the level of responsibility, the freedom of action, and the amount of authority that accompanies a delegated task.

Each level of delegation is useful in different circumstances. Here are examples of orders that result in different degrees of delegation:

- Gather information for my decision.
- Set out two or three alternatives; I'll then choose.
- Make a recommendation for my approval.
- Make a decision, but inform me of it before proceeding.
- Take action, but inform me of it before proceeding.
- Take action on your own; it's not necessary to communicate with me regarding this matter.

The extent to which authority is delegated depends in part on the experience of the subordinate. Young, inexperienced subordinates can expect only limited delegation until they have proven themselves. The amount of authority delegated usually increases as trust between superior and subordinate is built.

It's been said that when a person becomes a manager, he or she gives up earning an hon-

est living. Hotel managers don't usually make beds, cook food, or provide service directly to guests. Rather, their job is to see to it that the organization they manage provides proper guest services.

► THE HOTEL FUNCTIONAL ORGANIZATIONAL DESIGN

Individual hotels are usually organized along functional lines, with departments grouped according to the particular work activity in which they are engaged. Figure 2.2 depicts a typical organization chart for a 500-room hotel. The hotel is divided along functional lines into five administrative departments: rooms, food and beverage, accounting, sales, and personnel. The five department heads report directly to the GM. As Figure 2.2 shows, each department is subdivided into smaller organizational units. These subdivisions represent refinements of the work performed and the knowledge and skills of the people in each subunit.

The Rooms Department. The rooms department performs the lodging function of a hotel. Reservations must be accepted, guests must be hospitably received and assigned clean rooms, the status of available and occupied rooms must be kept current, guests must receive mail and phone messages promptly, security must be maintained, public spaces such as lobbies must be kept clean, and guest questions must be answered. These are some of the important functions of the rooms department. The rooms department is divided into a number of subunits, each of which performs rather specialized tasks. In many instances, these subunits are also referred to as

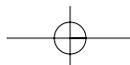
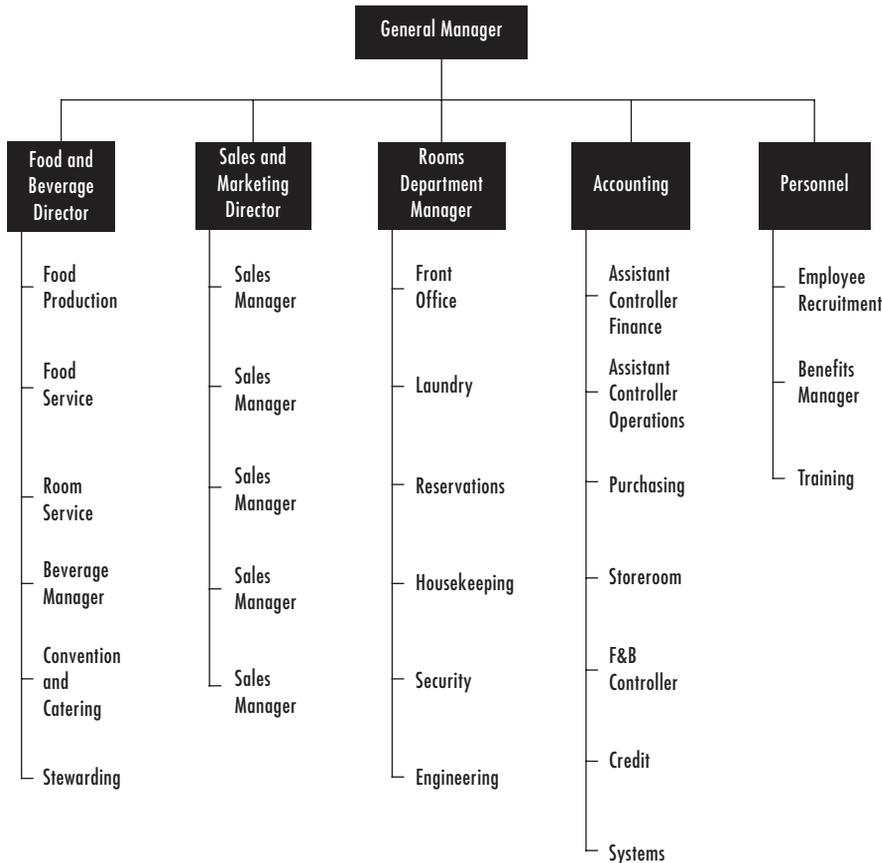
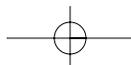


Figure 2.2 Typical Hotel Organization Chart

departments. For example, the laundry department, which in a 500-room hotel is quite large, is responsible for cleaning and pressing all the hotel's linens and employee uniforms as well as guest laundry. Its function is extremely specialized. Little of the knowledge and skills required to manage a laundry operation are transferable to other areas of hotel operations.

The front office is where guests are greeted when they arrive at the hotel, where they're registered, and where they're assigned to a room. Telephone operators and other guest communications functions usually fall under the front office department. The hotel's bell staff is also part of this department. Reservations takes and tracks hotel's future bookings. The housekeeping department is



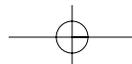
responsible for cleaning guest rooms and public spaces. Security is responsible for guest safety. Finally, the engineering department is responsible for the operation and maintenance of the hotel's entire physical plant, including electrical, mechanical, heating, air conditioning and ventilation, structure, and plumbing. It also performs minor repairs and renovations.

A great deal of interdependence exists between the subunits of the rooms department, thus calling for close coordination of activities. Linkages exist between the front office and the reservations department. Reservations must inform the front office of the number of presold rooms each day to ensure that a current inventory of rentable rooms is always available. The front office must let reservations know whenever walk-in guests (those without reservations) are registered. Linkages also exist between the front office and housekeeping. Information regarding room status must flow both ways: When a guest checks out, the front office must inform housekeeping so the room may be cleaned. Once it is cleaned, housekeeping must inform the front office so the room may be sold. These are both examples of reciprocal interdependence in which individual units provide each other with inputs. Other linkages within the rooms department are illustrative of sequential interdependence, which occurs when the output of one unit becomes the input of another. An example is housekeeping's inability to properly provision a guest room if the laundry does not supply enough clean towels or bedsheets. A less obvious example deals with the output of information from one department to another. For example, engineering cannot replace a defective light switch in a guest room if housekeeping does not report the problem. These examples illus-

trate the reciprocal and sequential interdependence that exists between subunits of the rooms department. Effective management under these conditions calls for standardized plans, procedures, schedules, and deadlines. Coordination between units also requires frequent direct communications between executives.

The Food and Beverage Department. The primary function of the food and beverage department is, of course, to provide food and drink to a hotel's guests. In earlier times, when an inn had only one dining room, this was a much simpler task. Today, however, providing food and drink is much more complicated. The 500-room hotel in this discussion might well have a coffee shop, a gourmet restaurant, a poolside snack bar, room service, two banquet halls, and ten separate function rooms where food and beverage may be served. It might also have a piano bar and lounge, a nightclub, and a lobby bar. This adds up to 19 food and beverage outlets, excluding room service! On a busy day (or night), it's likely that each of these outlets will be used. Often, more than one event takes place in an outlet during a 24-hour period.

There is great diversity in the activities performed by a food and beverage department and considerable variety in the skills required, so the department comprised a number of functional subunits where tasks are specialized. To begin with, there is the food production, or kitchen, department. In a 500-room hotel, this unit is headed by the executive chef, a person of great stature and authority in a first-class hotel. Under the executive chef are a variety of culinary specialists responsible for different aspects of food preparation. The service of food in a hotel's restaurants and food outlets is usually the responsibility of a separate department,



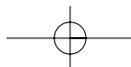
which, in a large hotel, is headed by an assistant food and beverage director. The food service department contains the individual restaurant and outlet managers, maître d's, waiters, waitresses, and bus help. Because of the special problems associated with room service, many large hotels have a separate subunit responsible only for room service. The high value and profit margins associated with alcoholic beverages cause hotels to form a separate department with responsibility for the bars, lounges, service bars, and other alcoholic beverage outlets. Most full-service hotels do considerable convention and catering business. A convention uses small function rooms for separate meetings, larger rooms for general sessions, and even larger facilities for banquets. Catered events include local parties, wedding receptions, business meetings, and other affairs held by local groups. To provide for the unique needs of these customers, hotels often organize separate catering and convention departments that specialize in this kind of business. Finally, the job of cleaning the spaces of the food and beverage department, dish- and warewashing, and general food and beverage expediting is often assigned to a separate subunit known as the stewarding department.

Sales and Marketing. This department is quite small, making intradepartmental coordination fairly easy. Also, the department is removed from most day-to-day operational problems faced by other departments. Still, there is a division of work among sales managers, usually based on the type of customers a hotel is attempting to attract. Individual sales managers often specialize in corporate accounts, conventions, or tour and travel markets. Sales managers are sometimes further subdivided along geographical lines such as regional or national accounts. Still, the sales

staff, even for a 1,000-room hotel, usually does not exceed a dozen or so members. Sales managers work more or less independently in their particular market segments. Thus, problems of intradepartmental interdependence are usually not severe (Pelletier 1988).

Personnel. A hotel's personnel department is a staff organization set up to handle a specialized function. It serves no customers, books no business, and prepares no meals, yet it plays a vital role in a hotel's efficient operation. In Figure 2.2, the personnel department is subdivided into three subfunctions: employee recruitment, benefits administration, and training. The personnel director must be an expert on labor law and able to advise managers in other departments. While these three subfunctions are related, they do not present many problems of interdependence. Instead, the personnel department's major challenge occurs as it attempts to interact with other hotel departments. Personnel may recruit, interview, and screen prospective employees, but final hiring authority resides in the line departments. The same is true of promotion and disciplinary decisions, where the personnel department's input is advisory only. As a staff department, personnel's effectiveness is largely dependent on its manager's ability to form effective working relationships with other departments.

Accounting. The accounting department often combines both staff and line functions. Its traditional role is recording financial transactions, preparing and interpreting financial statements, and providing management with timely reports of operating results. Responsibilities also include payroll preparation, accounts receivable, and accounts payable. These functions are the responsibility of the assistant controller for finance. There is, however, another dimension to the



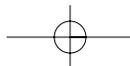
accounting department that connects to operations, cost accounting, and cost control throughout the hotel. This often results in the department being called the controllers' department rather than the accounting department. The two central concerns of accounting control are rooms and food and beverage. The accounting department's front office cashier tracks all charges to guest accounts. The night auditor reconciles all guest bills with the charges from the various hotel departments. Although these employees work at the front desk and sometimes have direct guest contact, they are members of the accounting department and report to the assistant controller for operations.

The food and beverage controller, and the food and beverage cashiers, who work in the accounting department, keep track of the revenues and expenses of the food and beverage department. Food and beverage cashiers report to the assistant controller for operations, and the food and beverage controller reports directly to the hotel controller. The food and beverage department may be responsible for food preparation and service, but the accounting department is responsible for collecting revenues! The food and beverage controller verifies the accuracy and reasonableness of all food and beverage revenues. The accounting department is responsible for tracking and preparing daily reports on the costs of the food and beverage used in the hotel. In many cases, the accounting department is also responsible for purchasing and store-room operations. Finally, the director of systems is responsible for designing the accounting and management information systems used throughout the hotel. This discussion demonstrates the accounting department's direct involvement in day-to-day operational aspects of the hotel.

We make two final points about the accounting department. First, accounting is responsible for collecting and reporting most of a hotel's operational and financial statistics. It therefore plays an important hotelwide staff role as data provider for decision-making and budget preparation. Second, the accounting department head is responsible not only to the hotel's GM but also to the hotel chain's financial vice president or to the hotel's owner. The reason for this dual reporting relationship is to provide the hotel corporation an independent verification of the accuracy of the financial and operating results of the hotel—that is, independent from the GM. Thus, unity of command is routinely violated in the case of hotel controllers.

► STRENGTHS AND WEAKNESSES OF A FUNCTIONAL ORGANIZATION

The reason for organizing a business along functional lines is to group employees who perform similar tasks or have similar skills. The strength of a hotel's functional organizational design is the resulting efficiency within individual departments or subunits. Performance of common tasks allows for work specialization, which increases overall productivity. Because functional departments perform similar tasks, workers rapidly develop specialized skills and knowledge. Training is easier because of task similarity and the many opportunities for inexperienced workers to learn from experienced workers. This helps new employees quickly learn the skills and behavioral patterns that lead to success.



A functional organization is a logical way to organize work because it fosters efficiency, teamwork, and coordination within departments. However, the functional design's most important strength is also the source of its greatest shortcoming. The success of a hotel is measured by its overall performance, not the performance of one department. A functional department's strength lies in its ability to focus on its own tasks and activities. Although this is surely important for departmental efficiency, it does not necessarily ensure the overall effectiveness of a hotel. Because they are specialized, it is sometimes difficult for functional departments to fully appreciate the relationship between their performance and the overall performance and goals of the hotel. All departments must keep hotelwide goals of customer service and profitability in mind rather than focus narrowly on their own concerns. A method must be found to coordinate the activities of individual departments and to set hotelwide strategies and goals. Left to themselves, it is unlikely that individual departments would be capable of doing this. Specialization at the department and subdepartment levels results in the need for leadership at the top of an organization. Someone above the departments must set the overall strategic course of the hotel, set hotelwide goals, coordinate activities between departments, and arbitrate interdepartmental disputes. A hotel's functional organization demands strong leadership at the top.

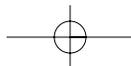
While functional departments produce specialists within a narrow skill category, they do not develop executives with broad hotel exposure. Consider the heads of a hotel's marketing and food and beverage departments. These two executives might only have superficial knowledge of each other's specialty. Their education and work experience

are likely so different that either would be at a loss if placed in the other's department. The director of sales might have a marketing or general business degree and spend a career in sales-related work. The food and beverage director, on the other hand, could have a culinary diploma and a hospitality degree, extensive food production and service experience, and little or no sales experience. One often finds accountants running the controller's office, engineers in charge of engineering and maintenance, individuals with degrees in personnel administration heading the personnel department, and a variety of educational backgrounds among rooms managers.

Managers educated in hotel administration are capable of filling most department head slots. The longer managers stay in one department, the more narrowly specialized they become. While a manager may perform well within one department, he or she may be unprepared to address problems that require a hotelwide knowledge and perspective. Narrow specialization can result in bias, mistrust, and friction between departments unless upper management takes steps to counter this. Individual departments may pursue their own narrow interests rather than broader overall goals and objectives (Dann and Hornsey 1986). This is a particular problem for hotels because of the need for close interdepartmental cooperation in providing guest services.

► HOW MEETINGS HELP COORDINATE THE ACTIVITIES OF A HOTEL

There is plenty of potential for service breakdowns in hotels. A well-thought-out set of standard operating procedures and systems



can decrease the chances of many routine mistakes. Still, because of the amount of reciprocal interdependence that exists between departments, close cooperation is a must. Nowhere is this more important than at the department-head level, where differences in functional specialties are most extreme (Dann and Hornsey, 1986). The vehicle often used to foster cooperation between functionally specialized departments is the executive operating committee (EOC).

The Executive Operating Committee.

The EOC is made up of the GM and other hotel senior executives. There's no magic formula for EOC membership, but usually it's those executives who report directly to the GM. Thus, the EOC consists of the most senior members of a hotel's management staff: the heads of the functional departments who report directly to the GM and are responsible for the hotel's major budgetary units. A subgroup of these executives—the GM, rooms manager, sales and marketing director, food and beverage director, and controller—usually produce the hotel's occupancy, revenue, and profit forecasts for each year. These forecasts form the basis for the hotel's overall annual budget, and meeting annual budget goals determines executive bonuses.

The exact duties of an EOC vary from hotel to hotel. The duties and responsibilities of groups can be spelled out in detail or left ambiguous. A hotel's EOC can be loosely structured or highly structured. An important question GMs must answer is the amount of authority they wish to delegate to the EOC. Depending on the circumstances, one EOC might be structured to make certain group decisions, a second to play a strong though consultative role to the GM, and a third to have a weak or nonexistent decision-making role.

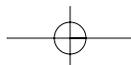
Quite apart from decision making, EOCs play an important communications role within hotels. This occurs by virtue of the fact that EOC members meet regularly to discuss hotel business. Any time meetings are held, communication takes place. Scott and Mitchell (1976) identify four functions of communication:

1. To provide information that helps executives in their decision making
2. To motivate by fostering a commitment to organizational objectives
3. To control by resolving ambiguities in the role, responsibilities, and duties of executives
4. To afford individuals the opportunity to express their feelings and emotions

It is important to note that all four of these functions of communication may take place during meetings. Meeting frequency, agenda, and the amount of decision making delegated to an EOC depend on a variety of factors. The more participative the GM's management style, the more likely the EOC is engaged in joint decision making. Authoritarian GMs find little need to foster a strong EOC. The greater the need for change within a hotel, the more likely it is that EOC meetings are frequent. The less experienced the hotel's department heads, the more helpful frequent EOC meetings are because they can serve as a learning and training vehicle for inexperienced managers.

Under the influence of a skilled GM, the EOC can play an important role. Some of the ways it may be useful are:

- To foster group problem solving and decision making
- To build a feeling of joint responsibility for overall hotel performance



- To help instill common attitudes and beliefs among top executives
- To foster top-down, bottom-up, and horizontal communication
- To assign duties, assess progress, and control activities
- To build interdepartmental cooperation
- To teach, coach, and build a responsive senior executive team
- To ensure acceptance of priorities and decisions by senior management

Other Hotel Committees and Meetings.

Well-managed hotels address the need for coordination of activities through an elaborate structure of committees and meetings. Just like a hotel's organization chart, these committees and meetings constitute a formal part of a hotel's organizational structure. The GM usually prescribes a hotel's committee and meeting structure. Each group's responsibilities are spelled out (sometimes in great detail), regular meeting schedules are promulgated, and minutes are often taken and distributed to participants and to higher-level executives, including the GM. The committee and meeting structure of a hotel should be a well-thought-out part of its formal organizational structure.

The purposes of the committees and meetings in a hotel vary with the complexity of the hotel. They address a range of concerns including daily operations; intradepartmental and interdepartmental issues; hotelwide concerns; and financial, personnel, and marketing issues. Table 2.1 lists the regularly scheduled meetings of a typical large hotel. While not the meeting schedule for an actual hotel, it could be. It will pay dividends to review this list carefully. The meetings a hotel holds provide clues about what it takes to manage it.

One of the first things to note is the sheer number and diversity of meetings. Surely, one might say that if a hotel were to hold all of these meetings, there would be little time left over to do any work! In fact, the effective management of hotels requires frequent meetings. They are part of the work of the hotel. Table 2.1 shows an average of 249 scheduled meetings each year dealing with interdepartmental issues. Also, the GM attends 295 regularly scheduled meetings each year. In many hotels, this is the actual case.

There is no denying that meetings are time-consuming and sometimes unproductive. Still, there doesn't seem to be a better way to effectively manage a hotel (Conlin 1989). One often finds frustrated, dissatisfied executives in hotels where there are too few meetings. These executives complain about not being kept informed of what is going on. As elementary as it may seem, it is easy for a hotel to fail to keep its managers and employees adequately informed. This shortcoming can have disastrous consequences for the attitude and morale of a hotel's staff. A second complaint relates to service breakdowns that occur as a consequence of too few meetings. Hotels are subject to frequent, usually daily, changes. Meetings must be scheduled frequently in such an environment, or their effectiveness is lost. Too few meetings results in confusion over a hotel's goals and objectives. People need to know what is important to the hotel. What does it value most? What does it stand for? What constitutes good performance? Because hotels provide many intangible services, a constant effort must be made at all levels to provide answers to these questions. Meetings are an effective means of accomplishing this vital management function (Hosansky, 1989).

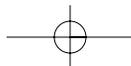
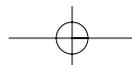


Table 2.1 Typical Meetings Structure for a Major Hotel

Meeting	Attendance	Frequency	Purpose	Meeting Length
Operations	GM, department heads, front office, manager on duty, housekeeping, security, engineering, executive chef	1 to 5 times per week	Review upcoming day's activities and previous day's results	15 to 30 minutes
Staff	GM, department heads, all subdepartment managers reporting to department heads	Weekly	Review last week's performance, this week's activities, next week's plans and special projects; present performance awards	1 to 2 hours
Executive Committee	GM, department heads	1 to 4 times per month	Performance review, policy, strategy formulation	1 to 2 hours
Sales Forecast and Marketing	GM, resident manager, front office, sales, reservations	1 to 4 times per month	Review room demand for upcoming 90 days, devise strategies to increase room-nights average rates, or both	1 to 2 hours
Department	GM as needed, department head, and all subdepartment heads, managers, and supervisors	1 to 2 times per month	Review department issues	1 hour
Subdepartment	Department head as needed, subdepartment head, all members, management, and staff	Monthly	Subdepartment, department issues	1 hour
Credit	GM, controller, sales, front office, reservations, catering and credit manager	Monthly	Review accounts receivable	1 hour
Safety	Personnel, food and beverage, housekeeping, and engineering	Monthly	Review safety program and safety record	1 hour
Energy Conservation	Chief engineer, resident manager, food and beverage, personnel, rooms, and housekeeping	Monthly	Control of energy costs	1 hour
Supervisory Staff Meeting	All management and supervisory personnel	Semi-annually	Review hotel performance, present awards, start new programs	1 hour
Annual Meeting	All hotel management and employees	Annually	Year-end review of performance and awards	1 hour
Employee Meetings	GM and selected employees from throughout the hotel	Monthly	Informal communication and discussion	1 hour
Supervisor/Junior Manager	GM and selected first-line supervisors and union managers	Monthly	Informal communication and discussion	1 hour



Hotels are businesses that require an extraordinary degree of interdepartmental cooperation in order to provide high-quality guest service. The functional organizational design used in most hotels fosters efficiencies within each department of a hotel but is weak with respect to coordination between departments. One of the organizing strategies em-

ployed to overcome this problem is a formal meeting structure designed to foster interdepartmental communication and cooperation. Thus, an important part of management's organizing function is to design an effective meeting structure that compensates for and complements a hotel's functionally departmentalized organization.

2.3 AS I SEE IT: HOTEL ORGANIZATION STRUCTURE

Mark Conklin

One way to represent the environment in our hotel is a chart I use at our new-hire orientation class (see Figure 2.3). I call this a *reverse organizational chart*; it is also referred to as an *organizational pyramid*—and, as you can see, the GM is on the bottom of the hierarchy.

At the top is the customer. Customers are the reason we are here. This focus on our guests creates alignment throughout the hotel. Our mission is to ensure that every guest leaves satisfied and wants to return, thus ensuring customer loyalty. One of Marriott's fundamental beliefs is: "If you take good care of your employees, the employees will take good care of your customers." This belief is at the core of who we are and what we believe in as a company.

I say that we have two types of customers: external customers—our guests—and internal customers, who are the hotel's associates. I don't use the term *employee* but have replaced it with the word *associate*. The difference is that employees work *for* you and associates work *with* you. *Associate* implies partnership and working together, which is a

subtle but powerful message. *Employee* suggests a class structure wherein someone is always organizationally inferior to someone else.

It is my belief that the front line associate is the most important person in the hotel, because he or she serves the customer. The job of the supervisors, managers, and the leadership team is to:

- Support the front line and remove the barriers to doing good work.
- Lead and help people do their jobs better.

This means managers support the front line by:

- Demonstrating concern for associates (and it must be sincere).
- Solving their problems quickly and fairly.
- Above all, treating associates with dignity, kindness, and respect.

To accomplish this, leaders must develop working relationships with associates that are based on mutual trust. Quite simply, it is my

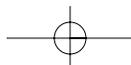
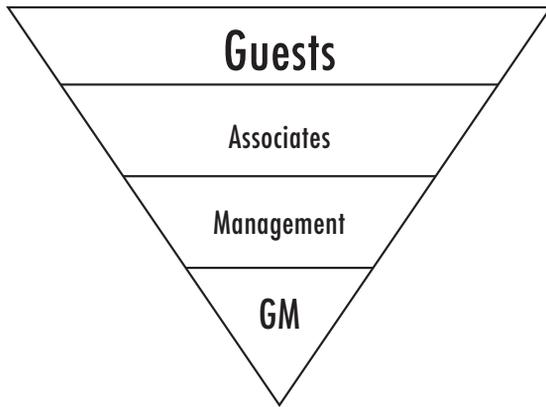


Figure 2.3 Reverse Organizational Chart



fundamental belief that our associates will not treat our customers any better than we treat them. This is the cornerstone of our culture, and the challenge is to keep this idea alive as the company grows.

As leaders, it is our job, then, to establish the direction and to create the environment where people focus on our customers. We set the tone for outstanding service, which requires a lot of coaching and leadership.

Putting the GM at the bottom of the pyramid shows that the leader actually works for the people who work with the leader. I view my role as doing whatever it takes to gain and keep customers. To create this environment, I've tried to capture the following key operating principles:

Select the Right People

- We work hard to select the right people using predictive screening tools. We look for people whose talents predispose them to provide great service and who have the highest potential to fit in with our culture.

- We involve our hourly associates in the selection process—after all, they have to work with the new people; therefore, line associates and managers take collective responsibility for the success of a newly hired associate.

Invest in Training

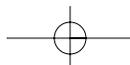
- Our emphasis on training is a reflection of Marriott's corporate culture. We invest in building the skills and knowledge of associates to give them the tools to succeed. We also provide them with an operational framework (standard operating procedures) that represents the foundation for our training.

Create Empowered Associates

- The foregoing combination of training and standards creates empowered associates who have the authority, accountability, and confidence to do their jobs. Years ago, we were challenged to operate our hotels with fewer managers. To accomplish this and to improve customer service, we had to have trained, empowered, and involved associates running the business.
- These systems and standards and this attention to detail help us deliver a consistent product and reliable service, which gives customers confidence and trust in our brand name.

Recognize and Promote

- Recognition in our organization takes place in many forms to create a positive environment. One of the greatest ways to show appreciation is by promotion. More than 50 percent of our managers started as hourly associates.



- Our associates like us, they trust us, and they act in our best interests. Recent companywide associate opinion surveys indicate that 95 percent of our associates rated Marriott as an average or above-average place to work. This is 15 points above the service industry norm.

Finally, it is my strong opinion that our managers should be hands-on. The hands-on manager is one who stays close to the customer and close to the associate—and hands-on managers never forget who is making them successful.

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SUGGESTED READINGS

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SOURCE NOTES

Chapter 2.2, "Organizational Design," by Eddystone C. Nebel III.

Chapter 2.3, "As I See It: Hotel Organization Structure," by Mark Conklin.

