



Chapter 1:

An innovation proposal in hospitality management: “**Collective Management**” (C-M) Theory and practice: Introduction

Collective Management (C-M) is a vision, philosophy, theory and practice method of working in hospitality management. Its main purpose is to develop a hospitality organization that constantly learns and advances through all working processes.

C-M breaks with the Taylorist view in hospitality management. It focuses its priorities on service workers—and back office workers—on improving capabilities; not only with the purpose of providing good service and better execution of Hotel Standard Operating Procedures, but also to contribute to constantly improving standards by analyzing the job together with his or her managers.

As a result, C-M sees workers as knowledge workers, and the hospitality organization, as a knowledge community with a shared vision and values.

C-M's core vision is to provide constant value to guests. Innovation and in-work learning will be two important core purposes in guiding the organization to different challenges, such as business uncertainties or any kind of problems that are sure, to appear in the future.

The human factor is vital in order to sustain a Collective Management purpose. So, **the**

right employee and management style are two basic key points, to make this new paradigm happen: a shift from a mature practice in hospitality management to an innovative one. **The Team concept** must be extended to all the business community, as a holistic organization in which the total is more than the sum of its parts. Contrary to the current view, which implies different department teams in a hotel defending their priorities. Every hotel is a unique team pursuing global goals and objectives. If it happens that the hotel belongs to a group or chain, then all the hotel units are part of a wider team, with a common goal of enhancing the company brand.

Collective Management shares Mintzberg's thesis and **Merge Strategy concept**. That is, strategies are not only planned in Corporate Offices but also merged in the bottom of organizations. Business opportunities can arise from unexpected events. It is a top management challenge, to recognize these opportunities by unleashing human potential and decentralizing organizations. Maybe an idea well developed by a food & beverage department in any hotel could produce results. This idea then turned out to be a new profitable source of revenues. Such opportunity could be profitable, not only to that specific hotel, but also to the whole hotel group if sharing,



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though becoming a globalized strategy. Merging strategy's could be seen as a Chaos Theory, a theory that proposes that any action anywhere in the world can influence a phenomena elsewhere. Or a *Butterfly effect*, which sets the concept expression that, "the flap of a butterfly's wings in Brazil set off a tornado in Texas". To our purpose, Merge strategies should lead to many business opportunities.



C-M has not only the intention of making the company more competitive through its operations (know-how) but also, to share all best practice and knowledge among the organization. How could company knowledge be better shared? How could we, as a whole, create more knowledge synergies? And what is the best way to share organizational information such as, know-how, merge strategies, best practices, errors, problems, questions, financial performance or guest feedback?

The Intranet and I-Community Manager, both are very important in order to remove company boundaries, to share knowledge, to enhance organizational learning, and discover potential opportunities or possible merged strategies.

The working method starts with **guest's feedback**. All service employees, -or most of

them, should ask in the moment of services –and be able to solve problems if so- "how is the service going?" We may have certainly other sources of information to obtain guest opinions, such as questionnaires or mystery guest's evaluations, yet the most important source of information and working action is the one that is done in the moment of service, by service workers. This working process –to ask guest about service in the moment service is happening- should be established as a core competence in job descriptions. Further information should be in-group analyzed **in-group dialogues**. Only by sharing business issues, such as problems, relevant information, or strategic opportunities, among workers and manager's, individual and group learning is happening, inasmuch as commitment to business objectives. If we then make also workers and managers responsible to put **in action his o her ideas in-group**, organizational knowledge can be boosted.

C-M imports **Open-Book Management** ideas –concept first coined by John Case in 1993. The basis in Open-Book Management is that the information received by employees should not only help them do their jobs effectively, but help them understand how the company is doing as a whole. Financial performance should be also shared. Collective Management shares detailed financial performance among company employees, applying its transparency value. Open-Book Management also leads to a better performance to company financial objectives, such operational costs reduction or better-cost optimization.

This theory and practice of management is divided in 3 parts, into which we are going to go through.