

The Lodging and Food Service Industry



Gerald W. Lattin

Fourth Edition

The LODGING and FOOD SERVICE INDUSTRY

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Gerald W. Lattin, Ph.D., CHA

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Preface

THE OBJECTIVES AND PURPOSE of this book are to provide an introduction to the lodging and food service industry, to explain the complex interrelationships involved in the business, and to stress the variety of career opportunities available. In this fourth edition, we continue to provide coverage that is international, thus reflecting the globalization the industry has undergone during the past few years and is continuing at a rapid pace. To my knowledge, this is the only hospitality industry textbook encompassing a global approach. People who are certain to benefit from this text include those working in the industry, those entering or thinking of entering the industry, hospitality program educators, career guidance counselors, hospitality industry suppliers, and, of course, hospitality students.

Books are not written singlehandedly. I am grateful for the very able assistance of my co-authors: Mr. Tom Lattin, President and COO, Patriot American Hospitality; and Mr. Jim Lattin, General Manager, Park Ridge Hotel and Conference Center, Valley Forge, Pennsylvania. I wish to thank my panel of international experts for their learned input and advice on the industry worldwide. The panel members are: Mr. Rodolfo Casparius, CHE, Nation's President Emeritus of the Mexican Hotel and Motel Association; Mr. Olivier Friedli, former Vice President, Swissôtel, Ltd.; Mr. Fred Mosser, President, Wingate Inn; and Mr. Leo Claus, owner/operator of several restaurants in the Netherlands. Special thanks are due the industry executives who contributed the Insider Insights, a key feature of the fourth edition.

A round of kudos to Dr. Bjorn Hanson, Industry Chairman—Hospitality, Coopers & Lybrand, and Mr. John Norlander, recently retired President and CEO, Carlson Hospitality Worldwide, fearless prognosticators of what our industry will be like in the twenty-first century.

Special thanks are due Dr. Jack Ninemeier, School of Hotel, Restaurant and Institutional Management, Michigan State University, for his input in the chapters dealing with food and beverage management, and to the staff of the Educational Institute for all their efforts.

This book is dedicated to Jean Lattin, my bride of 54 years, and to the students, lodging and food service staff members, teachers, trainers, and other professionals of the hospitality industry, one of the greatest and finest industries in the world. Our industry deals with people—those employed and those served by the many hospitality operations throughout the world—and it is this fact that makes hospitality careers so fascinating and rewarding.

—Gerald W. Lattin
Founding Dean
and Dean Emeritus
School of Hospitality Management

About the Authors . . .



Dr. Gerald W. Lattin



Thomas W. Lattin



James E. Lattin

Dr. Gerald W. Lattin, now retired from his administrative duties, continues to impart his knowledge, wisdom, and 50+ years of industry experience to students while serving as distinguished professor at universities here in the United States and overseas. He also continues to offer his expertise to the industry through his consulting firm, Dr. G. W. Lattin and Associates.

During his long and varied hospitality career, he served as administrator and faculty member at three of the nation's most prestigious hotel and restaurant schools. He was a faculty member and Associate Dean at Cornell University's School of Hotel Administration for 25 years; founding dean of Florida International University's School of Hospitality Management for 12 years; and Dean of the Conrad Hilton College of Hotel and Restaurant Management, University of Houston, for 4 years. Noted throughout the industry for combining practical experience with classroom theory, Dr. Lattin has taught many of today's industry leaders.

Dr. Lattin has served as President and Chairman of the Council on Hotel, Restaurant and Institutional Education (CHRIE) and has written three textbooks as well as numerous articles for the trade press. He has organized and taught hospitality seminars on every continent of the world except Antarctica. He has served on the boards of leading corporations and hotels and has participated actively in hotel, restaurant, travel, and club associations.

With more than 30 years of operational and development experience in the hospitality industry, Thomas W. Lattin is President and Chief Operating Officer of Patriot American Hospitality, Inc., the nation's second largest hotel real estate investment trust (REIT). Since its inception and subsequent initial public offering in 1995, Mr. Lattin has directed all aspects of the company's strategic acquisition efforts, from identification of desirable properties, through the due diligence and negotiation processes, which resulted in the company's tripling the size of its rooms

portfolio in less than two years. Mr. Lattin's expertise enabled the company to realize significant financial increases over the five consecutive quarters since it became a public company. The innovative independent multi-lessee structure created and implemented by Mr. Lattin is credited for accelerating the company's acquisition efforts, which have resulted in a substantial increase in value for Patriot American's shareholders.

Mr. Lattin has served as senior vice president of Paine Webber Inc., as a partner in Cooper & Lybrand's National Hospitality Consulting Group, and as a national partner of Laventhol & Horwath. As president of Texas-based Mariner Corporation, he was instrumental in developing the company from 2 to 25 hotels in seven years.

He holds bachelor's and master's degrees from Cornell's School of Hotel Administration, and is a certified public accountant. He has lectured at his alma mater as well as at the University of Houston, Michigan State University, Florida International University, and the Centre de Internationale de Glion in Switzerland. Mr. Lattin is a frequent contributor to *Hotel & Motel Management* magazine and has published papers in the *Cornell Hotel and Restaurant Administration Quarterly*. He serves as a director of the Foundation for Research and Education in Hospitality Technology, Inc.

James E. Lattin is currently General Manager of the Park Ridge Hotel & Conference Center in suburban Philadelphia. He also serves as Area Director of Operations for HEI Hotels, a subsidiary of Starwood Lodging Corporation.

Mr. Lattin's career in hospitality management spans over 25 years and includes executive positions with Marriott, Doubletree Hotels, the Pacific Islands Club in Guam, as well as HEI Hotels. His experience includes positions in North America, Asia, and Australia.

He has served as guest lecturer at major schools of hospitality management both nationally and internationally. Mr. Lattin holds a Bachelor of Arts degree from Hamilton College, Clinton, New York, and a Master of Arts degree from Florida Atlantic University in Boca Raton, Florida.

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Part I

The World of Hospitality

Chapter 1 Outline

Why People Travel

Where People Travel

Economic and Other Impacts of Tourism

Ecotourism/ Adventure Travel

The Travel and Tourism Industry in Perspective

IN OUR STUDY of the hospitality industry, we will focus on two of its important segments: lodging and food service operations. But first we need to learn something about the larger enterprise of which hospitality is a part: the travel and tourism industry. What is the travel and tourism industry? What different businesses does it comprise?

The travel and tourism industry includes a vast range of businesses that have one thing in common: providing products and services to travelers. Businesses offering transportation, accommodations, food, drink, shopping, entertainment, recreation, and other hospitality services are all part of the travel and tourism industry.

Many of these businesses also provide products and services to people from the community as well as travelers. Few food service enterprises could be successful without significant business from community members, while lodging properties usually rely on the traveling public to a greater extent. In this respect, hospitality operations are like retail stores, sporting events, or local festivals—all cater to both the traveling and non-traveling public. They are all “partners” in the travel and tourism industry.

Exhibit 1 is an overview of the travel and tourism industry. Note that the industry is divided into five general categories, according to the services offered. Lodging operations offer sleeping accommodations. Food and beverage operations offer food and beverage service. Transportation services enable tourists to travel to a destination. Retail shops of all sorts, ranging from roadside markets to vast shopping malls with hundreds of stores, offer travelers almost every product imaginable. Finally, a variety of business and entertainment activities are available to the traveling public. There can be considerable overlap in these categories—for example, many lodging operations have food and beverage services, gift shops, and recreational activities on site, and some offer limited transportation services. Likewise, cruise ships and resorts could reasonably be listed under all five categories.

Second only in size to transportation services, the hospitality industry comprises the lodging and food and beverage operations from the categories in Exhibit 1. In addition, there is another segment of food and beverage service typically classified as part of the hospitality industry that does not cater to the traveling public. Institutional (nonprofit) food services are offered in health care and educational facilities, in business offices and industrial plants, in the military, in correctional facilities, in seminaries, and by charitable organizations. These institutional food

Exhibit 1 Overview of the Travel and Tourism Industry

Travel and Tourism Industry				
Lodging Operations	Food and Beverage Operations	Transportation Services	Retail Stores	Activities
Hotels	Restaurants	Ships	Gift Shops	Recreation
Motels	Lodging Properties	Airplanes	Souvenir Shops	Business
Motor Hotels	Retail Stores	Autos	Arts/Crafts Shops	Entertainment
Resorts	Vending	Buses	Shopping Malls	Meetings
Camps	Catering	Trains	Markets	Study Trips
Parks	Snack Bars	Bikes	Miscellaneous Stores	Sporting Events
Pensions	Cruise Ships	Limousines		Ethnic Festivals
Motor Homes	Bars/Taverns			Art Festivals
				Cultural Events
				Seasonal Festivals

service operations use the same management principles as those used by their commercial counterparts.

Why People Travel

The travel and tourism industry is growing quickly. Contributing to this growth is the fact that many people have more leisure time available, and they often see traveling as an attractive leisure time activity. People travel more as their average work week decreases, as their amounts of vacation leave and holiday time increase, and as their real income and disposable income levels increase. For example, people working in professional occupations and those over 55 years of age are more likely to travel.

Comfortable, convenient, and fast travel as we know it today has come into being only since the 1940s. However, people have always traveled. Prehistoric nomadic tribes traveled, seeking food or safety. Throughout history, people have traveled in order to fight wars, to spread ideological, religious, or political views, and simply to explore unknown areas. The "modern" era of travel began almost 3,000 years ago when money became a popular medium of exchange. Traders and other businesspeople began to travel in efforts to discover and bring back products to sell in their own lands.

Today, travel is commonplace in the lives of many people, especially Americans. Many businesspeople think nothing of flying from Chicago to New York City for a business meeting and returning the same day. Vacation packages offered by airlines and hotels provide great incentives for businesspeople to mix business travel with pleasure or for families to take annual vacations which would have been "dream" vacations only a few years ago.

Insider Insights

J.T. Kuhlman
President
Inter-Continental Hotels
Miami, Florida

Talent, languages, long hours, and a willingness to pack bags often are just some of the ingredients necessary to succeed as a manager in the international hospitality industry. In today's increasingly competitive market, with more people traveling internationally for business and pleasure every year, enthusiasm and old-fashioned hotelier skills are no longer enough. As companies become more global in terms of the people they recruit, the markets in which they operate, and the customers they serve, ambitious employees will need to equip themselves with the business skills and professional skills necessary to run highly complex, global operations.

Certainly, there can be no compromise on the basics—the successful general manager of a hotel should, first and foremost, be a great hotelier. General managers tend to develop their careers by experience, typically following an operational education in, for example, food and beverage, with an apprenticeship building on the educational area. As they rise in the ranks and gain responsibility, a broader business education is usually ad hoc and often dependent on opportunity and personal interest.

The focus in the past has been on delivering a quality product, and service staff and managers were selected primarily on their ability to achieve this objective. The challenge of the future is to maintain all the skills of being a fine hotelier while combining them with the business skills necessary to run a major asset like a hotel.

Today a hotel can be worth \$100 to \$200 million—large enough to be listed as a separate company on most stock exchanges around the world. To manage such a large asset, a general manager must possess a high level of business skills: the financial skills necessary to manage the assets, the marketing skills needed to position and promote the product, and the leadership skills needed to motivate, communicate, and set goals for a large, labor-intensive organization.

Climbing the career ladder often entails making big sacrifices. You must be prepared to uproot yourself and your family every two or three years to move to a different country, not always of your choice. This may require learning a new language or acquiring new skills. You will be expected to work long, often irregular, hours, including holidays and weekends. Time spent with your family may be scarce and often subject to last-minute changes. To succeed in this business, you will need perseverance, tolerance, and an ability to think clearly and bounce back in sometimes difficult circumstances.

If you have read this far and are still interested in pursuing a career in the international hotel industry, then you are probably the type of go-ahead person this industry needs. The work is certainly challenging, but the rewards can be equally tremendous. With the opportunity to travel extensively and work in many countries around the world, the hotel business offers the chance to experience a wide range of different jobs and acquire an impressive catalog of skills.

(continued)