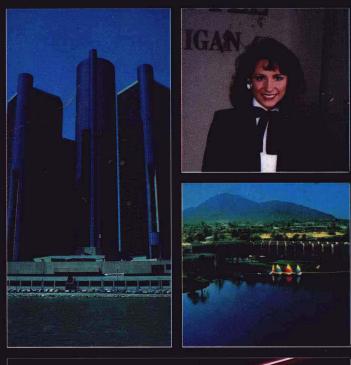
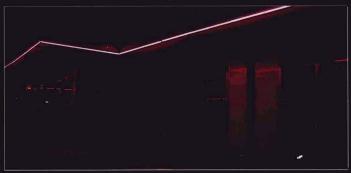
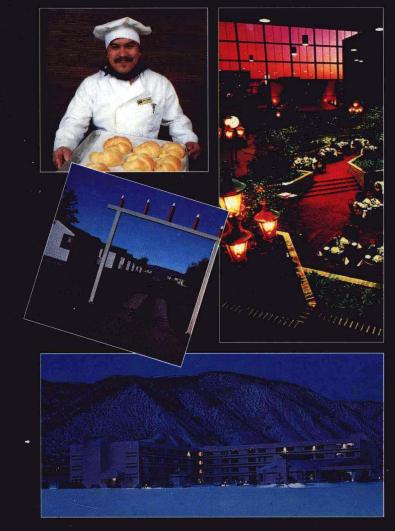
HOSPITALITY TODAY

An Introduction

Rocco M. Angelo Andrew N. Vladimir







HOSPITALITY TODAY

An Introduction

Rocco M. Angelo, C. Andrew N. Vladimir



Disclaimer

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

-From the Declaration of Principles jointly adopted by the American Bar Association and a Committee of Publishers and Associations.

The authors, Rocco M. Angelo and Andrew N. Vladimir, are solely responsible for the contents of this publication. All views expressed herein are solely those of the authors and do not necessarily reflect the views of the Educational Institute of the American Hotel & Motel Association (the Institute) or the American Hotel & Motel Association (AH&MA).

Nothing contained in this publication shall constitute a standard, an endorsement, or a recommendation of the Institute or AH&MA. The Institute and AH&MA disclaim any liability with respect to the use of any information, procedure, or product, or reliance thereon by any member of the hospitality industry.

© Copyright 1991
By the EDUCATIONAL INSTITUTE of the
AMERICAN HOTEL & MOTEL ASSOCIATION
1407 South Harrison Road
P.O. Box 1240
East Lansing, Michigan 48826

The Educational Institute of the American Hotel & Motel Association is a nonprofit educational foundation.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without prior permission of the publisher.

Printed in the United States of America 1 2 3 4 5 6 7 8 9 10 95 94 93 92 91

Library of Congress Cataloging-in-Publication Data

Angelo, Rocco M.
Hospitality today: an introduction/Rocco M. Angelo and Andrew N. Vladimir.
p. cm.
Includes bibliographical references and index.
ISBN 0-86612-060-2
1. Hospitality industry—Management. I. Vladimir, Andrew.
II. Title.
TX911.3.M27A54 1991
647'.94'068—dc20

91–15548 CIP

Editor: Jim Purvis

Educational Institute Books

HOSPITALITY FOR SALE

C. DeWitt Coffman

UNIFORM SYSTEM OF ACCOUNTS AND EXPENSE DICTIONARY FOR SMALL HOTELS, MOTELS, AND MOTOR HOTELS

Fourth Edition

RESORT DEVELOPMENT AND MANAGEMENT

Second Edition Chuck Y. Gee

PLANNING AND CONTROL FOR FOOD AND BEVERAGE OPERATIONS

Third Edition Jack D. Ninemeier

STRATEGIC MARKETING PLANNING IN THE HOSPITALITY INDUSTRY: A BOOK OF READINGS

Edited by Robert L. Blomstrom

TRAINING FOR THE HOSPITALITY INDUSTRY

Second Edition Lewis C. Forrest, Jr.

UNDERSTANDING HOSPITALITY LAW

Second Edition Jack P. Jefferies

SUPERVISION IN THE HOSPITALITY INDUSTRY

Second Edition

Raphael R. Kavanaugh/Jack D. Ninemeier

SANITATION MANAGEMENT: STRATEGIES FOR SUCCESS

Ronald F. Cichy

ENERGY AND WATER RESOURCE MANAGEMENT

Second Edition Robert E. Aulbach

MANAGEMENT OF FOOD AND BEVERAGE

OPERATIONS

Second Edition Jack D. Ninemeier

MANAGING FRONT OFFICE OPERATIONS

Second Edition

Charles E. Steadmon/Michael L. Kasavana

STRATEGIC HOTEL/MOTEL MARKETING

Revised Edition

Christopher W. L. Hart/David A. Troy

MANAGING SERVICE IN FOOD AND BEVERAGE

OPERATIONS

Anthony M. Rey/Ferdinand Wieland

THE LODGING AND FOOD SERVICE INDUSTRY

Second Edition Gerald W. Lattin

SECURITY AND LOSS PREVENTION

MANAGEMENT

Raymond C. Ellis, Jr., & the Security Committee of AH&MA

HOSPITALITY INDUSTRY MANAGERIAL

ACCOUNTING

Second Edition

Raymond S. Schmidgall

PURCHASING FOR HOSPITALITY OPERATIONS

William B. Virts

THE ART AND SCIENCE OF HOSPITALITY

MANAGEMENT

Jerome J. Vallen/James R. Abbey

MANAGING COMPUTERS IN THE HOSPITALITY

INDUSTRY

Michael L. Kasavana/John J. Cahill

MANAGING HOSPITALITY ENGINEERING

SYSTEMS

Michael H. Redlin/David M. Stipanuk

UNDERSTANDING HOSPITALITY ACCOUNTING I

Second Edition

Raymond Cote

UNDERSTANDING HOSPITALITY ACCOUNTING II

Second Edition Raymond Cote

MANAGING QUALITY SERVICES

Stephen J. Shriver

MANAGING CONVENTIONS AND GROUP

BUSINESS

Leonard H. Hoyle/David C. Dorf/Thomas J. A. Jones

HOSPITALITY SALES AND ADVERTISING

James R. Abbey

MANAGING HUMAN RESOURCES IN THE

HOSPITALITY INDUSTRY

David Wheelhouse

MANAGING HOUSEKEEPING OPERATIONS

Margaret M. Kappa/Aleta Nitschke/Patricia B. Schappert

CONVENTION SALES: A BOOK OF READINGS

Margaret Shaw

DIMENSIONS OF TOURISM

Joseph D. Fridgen

HOSPITALITY TODAY: AN INTRODUCTION

Rocco M. Angelo/Andrew N. Vladimir

MANAGING BAR AND BEVERAGE OPERATIONS

Lendal H. Kotschevar/Mary L. Tanke

POWERHOUSE CONFERENCES: ELIMINATING

AUDIENCE BOREDOM

Coleman Lee Finkel



About the Authors

Rocco M. Angelo (left) is the Associate Dean of the School of Hospitality Management at Florida International University. Prior to joining FIU in 1974, Mr. Angelo spent six years as manager of Laventhol & Horwath's Management Advisory Services division in New York City. At that time he was responsible for supervising and conducting economic feasibility studies, operation and control analyses for hotels and restaurants, and tourism studies in the United States, Canada, and the Caribbean. He has also worked in various management positions with ARA Services (a food service management company), Loews Hotels, and Pannell Kerr Forster. He received B.S. degrees from Fordham University and the School of Hotel Administration at Cornell University, and an M.B.A. from the University of Miami. He has taught courses at Cornell University, New York University (Continuing Education), and the Centre International de Glion in Switzerland.

From 1985 to 1989, Mr. Angelo was advisor to the Club Management Institute of the Club Managers Association of America. Since 1988 he has been a Member of the Corporation of the Culinary Institute of America. He is also a member of the advisory board of Dade County's Academy for Tourism and serves on the Market Research and Feasibility Studies Committee of the American Hotel & Motel Association and the Scholarship and Grants Committee of the American Hotel Foundation.

Mr. Angelo is the author of *A Practical Guide to Understanding Feasibility Studies*. He resides in Key Biscayne, Florida.

Andrew N. Vladimir has a diverse background in marketing, travel, and tourism. He is Assistant Professor at the School of Hospitality Management of Florida International University, where he teaches sales, marketing, and advertising courses and graduate seminars in management and marketing.

Before joining FIU's faculty in 1986, Mr. Vladimir served as Director of Tourism for the Government of Bermuda, the only non-Bermudian ever to hold that post. Part of his responsibilities as Bermuda's chief tourism regulator was to oversee the government's marketing, advertising and public relations programs.

Mr. Vladimir has spent most of his career in the advertising business, with a special emphasis on hospitality, travel, and tourism. He has held senior management positions with some of America's best advertising and public relations agencies, including Young & Rubicam, Norman Craig & Kummel, Kenyon & Eckhardt, and Ruder and Finn. In addition, he has headed his own advertising and public relations agencies and has owned two travel agencies.

In the course of his career, Mr. Vladimir has worked for such hospitality clients as Delta Airlines, Air France, TravAlaska Tours, Sonesta Hotels, Resorts International, and McDonald's. He has been a featured speaker at three world congresses of the American Society of Travel Agents.

Mr. Vladimir is the author of *The Complete Travel Marketing Handbook* and *Advertising Age's Professional Development Program in Advertising*. According to *Advertising Age* he is considered "a recognized expert on marketing management and the advertising agency business." He has a biography in the new edition of Marquis's *Who's Who in Advertising*.

Mr. Vladimir holds a B.A. degree from Yale University and an M.S. degree from FIU's School of Hospitality Management. In 1987 he was elected to membership in Delta Delta Phi, the hospitality honor society. He is also a graduate of the Harvard Business School's Advanced Management Program, and a former president of the Harvard Business School Club of Seattle. He is currently the secretary and treasurer of FIU's Hospitality Society and the editor of its newsletter. He resides in Coconut Grove, Florida.

Preface

In our more than 80 combined years of teaching and practicing hospitality management, we have watched the industry grow and diversify at a lightning pace. This bodes well for students seeking to enter the industry. Today there are more kinds of jobs and places to work than ever before. Students with an interest in the field can find opportunities in a variety of hotels, restaurants, institutions, private clubs, cruise ships, airlines, consulting firms, travel agencies, and government tourist bureaus. This book's purpose is to present and describe these opportunities while at the same time preparing students for a hospitality management career.

The book has been divided into four parts. Parts I and II describe the dimensions and scope of the industry and depict many of the career opportunities. These sections tell why and where people travel, and describe various kinds of hotel and food service operations and how they are organized and managed. Readers will find current, practical information on hotel and food service product concepts, descriptions of the industry's major players, and advice on developing or planning new hotels and restaurants.

Part III focuses on management theory and practical management techniques. It describes such key areas of management responsibility and concern as human resources, marketing, sales, and advertising. Franchising and management contracts are expected to continue to play an important role in the growth of the industry and a chapter is devoted to each.

Part IV concentrates first on social responsibility and then takes a look at the future of hospitality. In today's climate, in which corporations are judged as much for what they stand for as what they offer to consumers, we feel it is important to give students a framework for making ethical business decisions. Moreover, with the advent of the European Economic Community and the globalization of society, the hospitality industry faces some dramatic changes in the next decade that future managers must understand in order to develop appropriate responses.

This book could not possibly be the work of only two authors. A great many people have contributed their ideas and time to conceiving and shaping it. We would first like to acknowledge the active support and encouragement of Anthony G. Marshall, Dean of the School of Hospitality Management at Florida International University. His understanding gave us the time and resources needed to accomplish this project. Ute Vladimir's assistance in researching and consolidating our material has been invaluable. Many of our colleagues at FIU have helped as well by reviewing material and suggesting directions for us to pursue. We are especially grateful to professors Joseph Gregg and Theodore White.

Our friends in the industry have provided many ideas and examples, which we have used extensively. We would like to particularly thank (in no particular order) Tom Hewitt, President of The Continental Companies; Bob James, Chairman of Regal-AIRCOA; industry consultants M. L. Dayton and Lee Dayton; Bob Hamel, General Manager of the Sheraton Bal Harbour Hotel; Paul Breslin, FIU alumnus and Director of Human Resources of the Fontainebleau Hilton; and Jim Potter, Vice President of Inter-Continental Hotels. Finally, our editor, Jim Purvis of the Educational Institute, has shown great insight and patience in working with us. Many of his suggestions have been incorporated into this text.

Rocco M. Angelo Andrew N. Vladimir North Miami, Florida

Contents

	About the Authors	ix
	Preface	xi
Part I	Introduction	1
1	The Travel Industry	3
	A Brief History of Travel The Nature of the Travel and Tourism Industry The Interrelationship of the Travel and Tourism Industry Why People Travel The Social Impact of Travel Chapter Summary	3 8 13 14 19 21
2	The Hospitality Industry	25
	A Brief History of the Hospitality Industry The Nature of the Hospitality Industry Careers in the Hospitality Industry Chapter Summary	25 32 37 52
Part II	Hotels, Restaurants, and Clubs	57
3	Types of Hotels	59
	Hotel Categories	59 84 87

4	Hotel Organization	99
	How Is a Hotel Organized?	99
	Revenue Centers	
	Cost Centers	
	Control Systems	
	Chapter Summary	134
5	Types of Restaurants	139
	Food Service Industry Segments	
	Starting a New Restaurant	
	Chapter Summary	163
6	Restaurant Organization	167
	Organizing for Success	
	Financial and Operational Controls	
	Chapter Summary	191
7	Clubs	197
	Background on Clubs	197
	Types of Clubs	198
	Club Ownership	204
	Club Organization	
	Club Operations	
	Chapter Summary	212
Part III	Hospitality Management	217
_		
8	Management Basics	219
	The Job of a Manager	219
	The Evolution of Management Theories	
	Current Hospitality Management Practices	
	Service Organizations and People Power	
0	Chapter Summary	
9	Human Resources	247
	Labor Trends	
	Human Resources Programs	
	Chapter Summary	27 3
10	Marketing and Sales	277
	The Marketing Concept	277
	Developing a Marketing Plan	283
	Sales Management and Personal Selling	286
	Making the Sales Call	29 4

	Contents	VII
	Selling Through Travel Agencies	298 305
11	Advertising, Public Relations, Publicity, and	
	Sales Promotion	309
	Advertising	309 321 333 336 338 339
12	Franchising	345
	What Is a Franchise? The History of Franchising Owning a Franchise How Franchising Works The Future of Franchising Chapter Summary	345 347 351 359 362 363
13	Management Companies	371
	Why Management Companies Exist	371 372 375 383
Part IV	Business Ethics and Future Trends	387
14	Ethics in Hospitality Management	389
	What Is Ethics? Social Responsibility and Business Ethics Ethical Issues in Hospitality Must There Be a Code of Ethics? Chapter Summary	389 390 397 402 405
15	The Industry's Future	409
	Changing Times The Baby Boomers Hospitality Technology Chapter Summary	409 415 419 422

viii Contents

Index .		•	•	•	•			•				447
The Educa												

Part I Introduction

Chapter Outline

A Brief History of Travel
The Nature of the Travel and Tourism Industry
Size
Travel Expenditures
The Domestic Travel and Tourism Industry
The Interrelationship of the Travel and Tourism Industry
Why People Travel
Travel Motivators
Changing Travel Patterns
The Social Impact of Travel
Chapter Summary

The Travel and Tourism Industry

The hospitality industry is only one of several industries that together make up the travel and tourism industry. In Chapter 1 we will take a close look at the travel and tourism industry. We will present a brief history of travel, then look at the scope and economic impact of travel and tourism. We will also see how businesses within the industry are interrelated. We'll conclude the chapter with a discussion of why people travel and travel and tourism's effect on society.

A Brief History of Travel

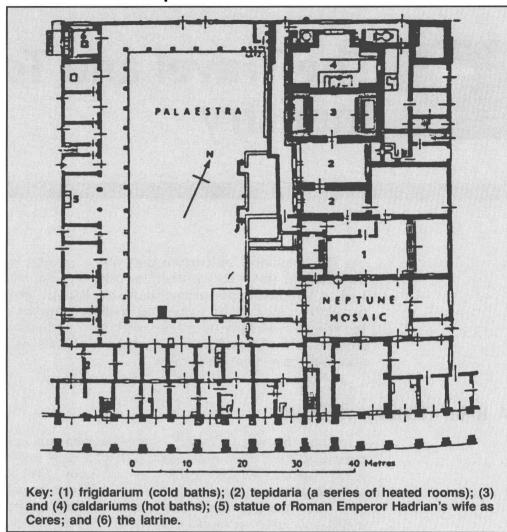
Since the word "travel" suggests pleasure and adventure to most people, it is not often remembered that "travel" is derived from the French word "travail," which means "toil and labor." Prehistoric travelers moved about in search of food and shelter. Their travels were by no means pleasant. Travel has been an arduous task for much of recorded history. In fact, it has only been in modern times that travel has become relatively comfortable.

Commerce was an important motivator of early travel. By 3000 B.C., caravan routes from Eastern Europe to North Africa and on to India and China were well established. Camels were the favored pack animals in those days—a healthy one could carry up to 600 pounds of cargo. By 1200 B.C. Phoenician merchant vessels were plying the Mediterranean, following sea routes stretching from Britain to Africa.

The Romans were the first to travel on land on a large scale. Their desire to expand the Roman Empire resulted in expeditions of discovery and conquest followed by massive road building. The first important Roman highway was the Via Appia, started in 312 B.C. By A.D. 200 the Romans could travel all the way from Hadrian's Wall in northern Britain to the Sahara Desert on highways that had wheel-changing stations and rest houses every 15 to 30 miles.

People in ancient times traveled for pleasure as well. Hundreds of years before the birth of Christ, Greeks and barbarians (defined by the Greeks as anyone who was not Greek) traveled to the Olympic Games. Health, too, provided an impetus for early travel. Doctors believed that waters in certain locations possessed healing qualities and would send

Exhibit 1.1 A Roman Spa



Source: Russell Meiggs, Roman Ostia, 2nd ed. (Oxford: Clarendon Press, 1973).

their patients there. By the time of the Romans it was not unusual to travel to spas as far away from Rome as Bath, England (Exhibit 1.1).

With the growth of organized religion, pilgrimages became common in many parts of the world. Muslims traveled to Mecca; Christians traveled to shrines all over Europe and beyond. Christian pilgrimages in the Middle Ages were immortalized in the fourteenth century by Geoffrey Chaucer in his book *The Canterbury Tales*. The book's narrator is a jovial innkeeper who hosts 29 pilgrims staying at the Tabard Inn in Southwark, England, and subsequently offers to accompany them on their journey to help make the trip an interesting one.

The first European traveler to popularize long-distance trips was Marco Polo. It was the desire for wealth that sent this Venetian in 1275 to trade at the "Hall of the Barbarians" in Kublai Khan's empire. Polo returned from the Far East 20 years later to write a book about his adventures, titled *The Description of the World*, which later became known

popularly as Il milione—The Millions—because of all the wealth he had allegedly acquired abroad. His adventures soon captured the imagination of courts all over Europe. Almost certainly, a reader of *Il milione* who eventually set out to find some of the sights Polo catalogued was Christopher Columbus.1

By the thirteenth century trade and commerce had emerged as the prime reason for travel. Improved navigation skills and the development of the magnetic compass took much of the uncertainty out of long, arduous sea trips. Maps of the continents and two- and three-masted sailing ships helped open the oceans to further exploration in the fourteenth and fifteenth centuries.

During the Renaissance period (beginning in the fourteenth century in Italy and lasting in Europe into the seventeenth century), travel for cultural and artistic reasons became common. Soon it was popular for aristocrats, diplomats, scholars, and other young gentlemen and women to take an extended tour of the Continent, which came to be known as "The Grand Tour." Paris, Rome, Florence, Venice, Munich, Vienna, and other cities of central Europe were fashionable tour stops, and resorts and spas were developed to accommodate the tourists.

Travel to the New World for adventure and profit in the seventeenth and eighteenth centuries opened sea lanes and hastened the development of the great trans-Atlantic ocean liners which were to bind Europe and the Americas together in the nineteenth century. The first steamship to cross the Atlantic was the Sirius in 1838. In 1840 Samuel Cunard inaugurated regular passenger service across the Atlantic when he formed the British and North American Royal Mail Steam Packet Company, later to take on its founder's name and become the Cunard Line. Sea voyages became the most romantic and luxurious form of travel, but they were confined to the few who could afford them.

The most famous and tragic sea voyage of all was that of the *Titanic*. The 46,000-ton vessel offered a degree of luxury that was unheard of in the shipping world. One writer called the maiden voyage of the Titanic "the millionaires' special." The ship left port on April 12, 1912, and more than two thousand passengers and crew partied their way into the North Atlantic. Only 483 passengers survived the voyage. April 14, 1912—the night the *Titanic* struck an iceberg and sank—is the saddest day in the history of passenger shipping. A woman who survived the tragedy later wrote about that Sunday night in her diary:

We dined the last night in the Ritz Restaurant. It was the last word in luxury. The tables were gay with pink roses and white daisies, the women in their beautiful shimmering gowns of satin and silk, the men immaculate and well groomed, the stringed orchestra playing music from Puccini and Tchaikovsky. The food was superb caviar, lobster, quail from Egypt, plover's eggs, and hothouse grapes and fresh peaches. The night was cold and clear, the sea like glass. But in a few short hours every man in that room was dead except J. Bruce Ismay, Gordon Duff, and a Mr. Carter.²

Despite this disaster, trans-Atlantic passenger service continued, and the great ocean liners such as the Queen Mary, the S.S. France, and the *United States* became known throughout the world as the flagships of their nations. Ocean liners were the principal form of luxury travel until the