Hotel Front Office

MANAGEMENT

SECOND EDITION

JAMES A. BARDI

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To Linda
for her understanding and support
and
Maria, Ryan, and David
for their constant affection

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Preface

The second edition of *Hotel Front Office Management* takes on a new look to meet the demands of the hotel industry in the next century. Educators who are preparing professionals for roles as front office managers and general managers in hotels are required to meet the challenges of operations, technology, training, empowerment, and international applications. This edition encourages students to take an active role in applying these concepts to the exciting world of hotel operations.

The emphasis on management continues to play a central role in this second edition. The structure presented in this text will assist students as they prepare for positions as entry-level managers. The logical presentation of chapters in order of operations—overview of Lodging Hospitality, tour of the Front Office, review of the Guest Cycle, and analysis of Guest Services—will allow students to gain insight into a front office manager's role in the hotel.

An additional chapter has been added for the second edition. The first edition of *Hotel Front Office Management* was being printed when yield management was initially applied to hotel operations. This concept is making great strides in the industry and is certainly a necessary management tool for future professionals.

Several reviewers requested that the chapter on human resource management be revised to emphasize training. They felt that many HRI programs had a separate course on this topic and its inclusion here was a duplication. The revised chapter, "Training for Hospitality," will meet the employee-training challenges of future front office managers.

Empowerment theory and application along with Total Quality Management have been interwoven into several chapters. In many instances, traditional management concepts have been rewritten to

allow more entry-level input into decision making and operations activities. Hotel leaders of tomorrow will be required to meet this new challenge.

The chapter on guest security has been expanded to includes segments of hotel law which affect front office operations. Additional Information on electronic locks has also been included.

Some of the more noticeable features of the second edition are the new and expanded applications of pedagogy. Each chapter begins with an **Opening Dilemma** which presents students with a mini case study problem to solve with the help of subsequent chapter presentation; a **Solution to the Opening Dilemma** is included at the end of each chapter. **Hospitality Profiles**—commentaries from hotel front office managers, general managers, and other department managers in hotels—adds an additional human relations element to the text. **International Highlights**—articles of interest that accentuate the international work force and international career opportunities for graduates—provide a forum for professors and students to discuss this aspect of hotel management. A feature called **Front Line Realities** includes unexpected yet very predictable situations. Students are asked to discuss developing a method of handling situation. Additional **Case Studies** have been added to each chapter, allowing students to apply theory. A glossary of terms has been added, summarizing terms introduced in each chapter (and appearing in **bold face** in the text).

For instructors, a completely revised instructor's manual is available.

Will you like the new look and structure of *Hotel Front Office Management*, Second Edition? I think you will and I would appreciate hearing your comments. My very best to the future professionals of the hotel industry.

Acknowledgments

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CONTENTS

Introduction to Hotel Management

OPENING DILEMMA

What to do? The recruiters from a limited-service hotel and a full-service hotel each have offered you a job as assistant manager. Both seem to offer equal pay and fringe benefits and are located in attractive geographical areas. They want your answer tomorrow. The clock is ticking; what should you do?

The mere mention of the word *hotel* conjures up exciting images: a busy lobby filled with international dignitaries, celebrities, community leaders, attendees of conventions and large receptions, business persons, and family vacationers. The excitement that you feel in a hotel lobby is something you will have forever in your career. Savor it and enjoy it. It is the beginning of understanding the concept of providing hospitality to guests. As you begin to grasp the principles of a well-operated hotel, you will discover the important role the front office plays in keeping this excitement intact.

The **front office** is the nerve center of a hotel property. Communication and accounting are two of the most important functions of a front desk operation. Effective communications—with guests, employees, and other departments of the hotel—are paramount in projecting a hospitable image. Answering guest inquiries about hotel services and other guests, marketing and sales department requests for information on guest room availability, and housekeeping department

CHAPTER FOCUS POINTS

- historical overview of the hotel industry
- hotel classification system
- trends that foster growth and employment in the hotel industry
- career development

inquiries concerning guest reservations are but a few of the routine tasks performed almost constantly by a hotel front desk in its role as communications hub. Accounting procedures, involving charges to registered and nonregistered hotel guest accounts, are also very important in the hospitality field. Itemized charges are necessary to show a breakdown of charges if a guest questions a bill.

Services for which fees are charged are available 24 hours a day in a hotel property. Moreover, because guests may want to settle their accounts at any time of the day, accounts must be current and accurate at all times. Keeping this data organized is a top priority of good front office management.

FOUNDERS OF THE HOTEL INDUSTRY

A history of the founders of the hotel industry provides an opportunity to reflect upon our heritage. Learning about the founding giants such as Statler, Hilton, Marriott, Wilson, and Schultz, to name a few, allows a student of the hotel industry to discover the interesting lineage of hoteliers. The insights afforded by the efforts of these innovators who carved out the modern hotel industry may help future professionals with their own career planning.

E. M. STATLER

To begin to understand the history of the modern hotel industry, let's look at some of the forerunners in the industry who were entrepreneurs motivated by wealth and fame on a grand scale [1]. Ellsworth M. Statler (1863-1928) developed the chain of hotels that were known as Statlers. He built and operated a hotel in Buffalo, New York, at the Pan-American Exposition of 1901. Among his hotels were ones located in Boston, Cleveland, Detroit, New York City, and St. Louis. In 1954, he sold the Statler chain of hotels to Conrad Hilton [2].

Statler devised a scheme to open an incredible two-story, rectangular wood structure that would contain 2,084 rooms and accommodate 5,000 guests. It was to be a temporary structure, covered with a thin layer of plaster to make it appear substantial, although simple to tear down after the fair closed [3].

CONRAD HILTON

Conrad Hilton (1887-1979) became a successful hotelier after World War I, when he purchased several properties in Texas during its oil boom. In 1919, he bought the Mobley Hotel in Cisco, Texas. In 1925, he built the Hilton Hotel in Dallas, Texas [4]. His acquisitions during and after World War II included the 3,000-room Stevens Hotel

Figure 1-1. *This stately hotel captures the ambiance of the hotel industry. (Photo courtesy of Palmer House, Chicago, Illinois/Hilton Hotels)*

(now the Chicago Hilton) and the Palmer House (see Figure 1-1) in Chicago, and the Plaza and Waldorf-Astoria in New York City. In 1946, he formed the Hilton Hotels Corporation, and in 1948, he formed the Hilton International Company, which came to number more than 125 hotels [5]. With the purchase of the Statler chain in 1954, Hilton created the first major chain of modern American hotels, that is, a group of hotels all of which follow standard operating procedures such as marketing, reservations, quality of service, food and beverage operations, housekeeping, and accounting.

CESAR RITZ

Cesar Ritz was a hotelier at the Grand National Hotel in Lucerne, Switzerland. Because of his management abilities, "the hotel became one of the most popular in Europe and Cesar Ritz became one of the most respected hoteliers in Europe" [6].

WILLIAM WALDORF ASTOR AND JOHN JACOB ASTOR IV

In 1893, William Waldorf Astor launched the 13-story Waldorf Hotel at Fifth Avenue near 34th Street in New York City. The Waldorf was the embodiment of Astor's vision of a New York hostelry that would appeal to his wealthy friends by combining the opulence of a European mansion with the warmth and homey qualities of a private residence.

Four years later, the Waldorf was joined by the 17-story Astoria Hotel, erected on an adjacent site by William Waldorf Astor's cousin, John Jacob Astor IV. The cousins built a corridor that connected the two hotels, which became known by a single hyphenated name, the Waldorf-Astoria.

In 1929, after decades of hosting distinguished visitors from around the world, the Waldorf-Astoria closed its doors to make room for the Empire State Building.

The 2,200-room, 42-floor Waldorf-Astoria Hotel was rebuilt on its current site at Park and Lexington avenues between 49th and 50th Streets. Upon the hotel's opening, President Herbert Hoover delivered a message of congratulations. It is interesting to note that President Hoover became a permanent resident of the Waldorf Towers, the luxurious "hotel within a hotel" that occupies the 28th through the 42nd floors. The hotel was purchased in 1949 by Conrad N. Hilton, who then purchased the land it stood on in 1977. In 1988, the hotel underwent a $150 million restoration. It was designated a New York City landmark in January 1993 [7].

KEMMONS WILSON

Kemmons Wilson built the Holiday Inn chain in the early 1950s, starting his first Holiday Inn in Memphis, Tennessee. He wanted to build a chain of hotels for the traveling family, and later expanded his marketing plan to include business travelers. His accomplishments in real estate development coupled with his hotel management skills proved to be a very successful combination for Wilson.

> Wilson blazed a formidable path, innovating all along the way with amenities and high-rise architecture, including a highly successful round building concept featuring highly functional pie-shaped rooms. Wilson also introduced the unique in-house Holidex central-reservation system that set the standard for the industry for both the volume of business it produced and the important byproduct data it generated (allowing it, for example, to determine feasibility for new locations with cunning accuracy) [8].

J. W. Marriott and J. W. Marriott, Jr.

J. W. Marriott (1900-1985) founded his hotel empire in 1957 with the Twin Bridges Marriott Motor Hotel in Virginia (Washington, D.C., area). Marriott Hotels and Resorts (see Figure 1-2) had grown to include Courtyard by Marriott and American Resorts Group at the time of J. W. Marriott's death in 1985, at which time J. W. Marriott, Jr. acquired Howard Johnson Company; he sold the hotels to Prime Motor Inns and kept 350 restaurants and 68 turnpike units. In 1987, Marriott completed expansion of its Worldwide Reservation Center in Omaha, Nebraska, making it the largest single-site reservations operation in U.S. hotel history. Also in 1987, Marriott acquired the Residence Inn Company, an all-suite hotel chain targeted toward extended-stay travelers. With the introduction of limited-service hotels—hotels built with guest room accommodations and limited food service and meeting
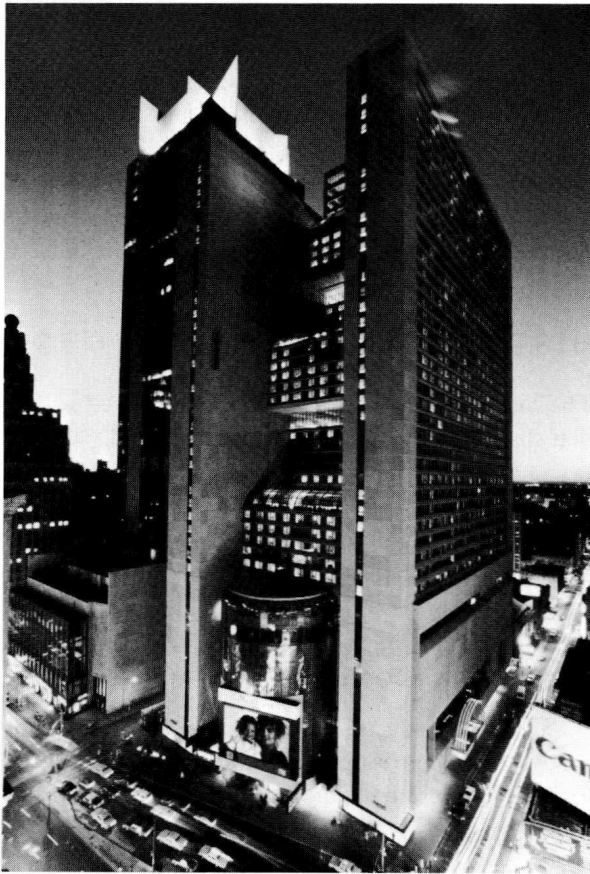
Figure 1-2. *The Marriott Marquis in New York City opened in the 1980s. (Photo courtesy of Marriott Hotels and Resorts)*

space—Marriott entered the economy lodging segment, opening the first Fairfield Inn in Atlanta, Georgia, in 1987 [9].

ERNEST HENDERSON AND ROBERT MOORE

Ernest Henderson and Robert Moore started the Sheraton chain in 1937 when they acquired their first hotel—the Stonehaven—in Springfield, Massachusetts. Within two years, they purchased three hotels in Boston and before long, expanded their holdings to include properties from Maine to Florida. At the end of its first decade, Sheraton was the first hotel chain to be listed on the New York Stock Exchange. In 1968, Sheraton was acquired by ITT Corporation as a wholly owned subsidiary and ambitious development plans were put into place to create a truly global network of prophecies. In the 1980s, under the leadership of John Kapioltas, Sheraton's chairman, president, and chief executive officer, the company received international recognition as an industry innovator [10].

RAY SCHULTZ

In the early 1980s, Ray Schultz founded the Hampton Inn hotels, which was a company in the Holiday Inn Corp. This type of hotel was tagged as limited-service, meeting the needs of cost-conscious business travelers and pleasure travelers alike. His pioneering efforts in developing a product and service for these market segments have proved to be a remarkable contribution to the history of the hotel industry.

HISTORICAL DEVELOPMENTS

The history of the hotel industry is also filled with notable concepts that shaped the products and services offered.

The atrium concept design, limited-service hotels, and technology were notable innovations. Management concepts such as marketing and Total Quality Management (TQM) offered managers a new way to do business in hotels. The major U.S.economic reorganization in the late 1980s shaped the way hotels could become profitable.

ATRIUM CONCEPT

The hotel industry has had many notable developments over the past years. The **atrium concept,** a design by which guest rooms overlook the lobby from the first floor to the roof, was first used in the 1960s by Hyatt Hotels.

[T]he dramatic approach to hotel style [was] exemplified by the Hyatt Regency in Atlanta. Designed by architect John Portman,

Figure 1-3. *The Courtyard by Marriott is an example of a limited service property. (Photo courtesy of Marriott Hotels and Resorts)*

with a striking and impressive atrium soaring up its 21 stories, the hotel literally changed the course of upscale hotel design. As a result hotels became more than a place to rest one's head. They became hubs for excitement, fun, relaxation and entertainment [11].

LIMITED-SERVICE HOTELS

The movement of hotel construction from the downtown, center-city area to the suburbs in the 1950s coincided with the development of the U.S. highway system. The **limited-service concept**—hotels built with guest room accommodations and limited food service and meeting space—became prominent in the early 1980s, when many of the major chains adopted this concept for business travelers and travelers on a limited budget (see Figure 1-3).

TECHNOLOGICAL ADVANCES

Technology has played a major role in developing the products and services offered to guests. Recent adaptions of reservations systems, property management systems, and in-room guest check out are only the successors of major advances in technology. Notable "firsts" in the adaptation of technology to the hotel industry can be reviewed in Figure 1-4. It is interesting to note how many of the items we call technology were adapted in recent times.

MARKETING EMPHASIS

An emphasis on marketing to guest niches was the theme in the

Figure 1-4. *Introduction of Technological Advances to the Hotel Industry.*

1846	Central heating
1859	Elevator
1881	Electric lights
1907	In-room telephone
1927	In-room radio
1940	Air conditioning
1950	Electric elevator
1958	Free television
1964	Holiday Inn reservation system with centralized computer
1965	Message lights on telephone
	Initial front office computer systems followed by room status
1970s	Electric cash register
	POS systems and keyless locks
	Color television standard
1973	Free in-room movies (Sheraton)
1980s	Property management systems
	In-room guest checkout
1983	In-room personal computers
	Call accounting systems
1990	On Command Video (on-demand movies)
	LodgeNet Entertainment (interactive video games)
	Interactive guest room shopping; interactive visitor's guide; fax delivery on TV; interactive guide to hotel's facilities and activities; reservations from the guest room for other hotels within the same organization; and interactive weather reports
	World Wide Web reservations

Sources: American Hotel and Motel Association; M. Schneider, "20th Anniversary," *Hotels* magazine, 20(8):40 (August 1986) Copyright *Hotels* magazine, a division of Reed USA. Larry Chervenak, "Top 10 Tech Trends: 1975-1995," *Hotel & Motel Management* 210(14):45.

1970s era. This technique surveyed potential guest markets and built systems around guests' needs.

> [T]he larger hotel-management and franchise companies also were discovering the advantages of forging strong reservations and marketing systems. For a guest, this meant that by calling a single phone number, he or she could be assured of a reservation and feel confident of the quality of accommodations expected [12].

TOTAL QUALITY MANAGEMENT

Total Quality Management (TQM), a management technique that helps managers to look at processes used to create products and ser-