



SIXTH EDITION

Introduction to Management in the Hospitality Industry

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Introduction to Management in the Hospitality Industry

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*This book is dedicated to
the late F. Urban Powers (1898–1980),
a pioneer in the application of modern
management techniques
to the hospitality industry.*

From Student to Student

Welcome to the wonderful world of hospitality.

Introduction to Management in the Hospitality Industry is an excellent book to begin your journey into this profession. Although some of you may have already worked within the hospitality industry in one capacity or another, this begins your formal education into how industry standards and procedures have evolved. Whether working as a dishwasher, waiter, bus person, or parking attendant, some of you, myself included, have already enjoyed the excitement and adrenaline rush of busy guest service organizations. This book will validate and explain some experiences you may already have had, and introduce others.

As future hospitality managers, we must know a great deal about procedures and functions in order to make decisions and offer guidance at every stage of an operation. *Introduction to Management in the Hospitality Industry* is a resource to do so and a stepping-stone into the hospitality industry, because it was written with a commonsense approach to learning.

The objective of this book is to introduce hospitality management students to the primary resources associated with the industry: products, labor, and revenue. As a student in the introductory course, it was great to have the background of so many large hotel chains and quick-service restaurants at my fingertips. I knew at that point that it was true what they say about the people who choose this business: "It gets in your blood." This book helped me complete the first in a series of steps that will allow me to reach the top.

The authors have included some helpful features in the book that will complement what you are learning in class.

- ♦ The case histories are designed to give you information and a real-world look at how organizations are constantly evolving to achieve greater success.
- ♦ The Review Questions at the end of each chapter can be used as a study guide to assess your comprehension of the chapter. The questions truly tested my ability to apply and place all the information into perspective. I knew that, if I could answer the Review Questions, I would score well on the test. If you don't believe me, try it for yourself.
- ♦ The Chapter Summary provides an overall view of the most important and useful information in the chapter. Let me tell you, this feature saved me from those unexpected "pop quizzes." There were times when taking just a few minutes to read the chapter summary before class was the best decision I could make. I know my GPA would agree.

Finally, thank you for taking the time to read my comments. I trust this book will give you a strong foundation in the hospitality industry, as it has given me, and allow you to start building a successful professional career.

Pamela Dowden is a Hotel Restaurant Management student at Johnson & Wales University, Charleston, South Carolina, campus. She writes: "After working in a number of jobs that didn't make me happy, I started researching schools in the hospitality industry, because I was the best bartender you could find, and loved it. My long-term goal is to become the owner and operator of a jazz restaurant."



Preface

This sixth edition of *Introduction to Management in the Hospitality Industry* features a host of changes in both format and content. Some were made as a result of feedback obtained from hospitality students and professors, in an effort to make the textbook more user-friendly while maintaining the strengths for which it has become known. Other changes reflect our need to present a current overview of the hospitality industry.

Perhaps the most significant change is the introduction of a new co-author to this edition, Clayton Barrows. Clayton brings 25 years of experience in the hospitality industry and in hospitality education. His contributions to the new edition have been invaluable, and his vision for this textbook and for hospitality education is one that will serve students well.

Some other important new features in this edition include additional career information for students, more international examples, extensive industry notes and case histories, and exercises requiring students to research on the Internet.

*G*OALS AND PURPOSE

Through all of these changes, however, a basic commitment to five principles has remained constant. In this text, we strive to:

- ◆ Present hospitality as a single, interrelated industry
- ◆ Emphasize problem-solving tools rather than pat answers

- ♦ Focus on industry-wide trends rather than bare facts and figures
- ♦ Emphasize the importance of learning through experience by providing a framework for students' field experiences and observations
- ♦ Finally, and most fundamentally, help students see that whether they are working in the largest company in the industry or a small independent company, they are in business for themselves, building their reputation, skills, and know-how, which are the principle assets of their business and the cornerstones for a successful professional career.

*C*ONTENT CHANGES

To develop an industry-wide perspective, the text is divided into six major parts: career concerns and the factors that underlie growth and change in the hospitality industry; the food service sector of hospitality; the lodging business; travel and tourism; the fundamentals of management; and the concept of service.

Part 1, "Perspectives on Careers in Hospitality" begins developing an industry-wide perspective for students with a general discussion of careers in hospitality. A chapter on demographic trends, the demand for hospitality services from various consumer segments, and the supply of labor has been moved forward to become Chapter 2 and has been expanded to encompass the entire hospitality industry.

Part 2 takes an in-depth look at food service. Chapter 3 looks at the restaurant business and contains a discussion of restaurant types. The subjects of restaurant operations (Chapter 4), restaurant organization—*independent, chain, and franchise* (Chapter 5), health and environmental concerns (Chapter 7), and competition in food service each merit their own chapter. In Chapter 6, we have used the concept of **marketing mix** to frame our discussion of competition so as to offer an introduction to some key marketing concepts as well as an insight into competitive practice in food service. Institutional food service (Chapter 8) has unique characteristics and opportunities that set it apart from the rest of the industry. Clayton Barrows has drawn upon his experiences in the institutional sector to craft a revised and updated chapter.

Lodging, too, has evolved into specialized forms of operation serving different market segments. Part 3 looks at the lodging industry. The products developed for various lodging segments are examined in Chapter 9, using the typology developed by Smith Travel Research. Hotel and motel operations are the subject of Chapter 10, which concludes with a section on specialized career fields in the lodging industry. In the past few years, new modes of financing hotel expansion have resulted in a growth in supply that is equal to or greater than the growth in demand for many lodging segments. Understanding the basis of the financial trends driving this expansion and the economic context within which hotel competition operates has an important bearing on the career decisions that hotel management professionals will be making in the coming years, and is the subject of Chapter 11. Similar to food service, Chapter 12 on hotel competition uses a marketing mix framework to analyze competitive practices in lodging.

Tourism, the world's largest industry, and one of the fastest growing, is vital to

hospitality businesses of all kinds and is the subject of Part 4. Chapter 13 looks at the growth of tourism, its economic and social impacts, its importance to the U.S. balance of trade, along with updated travel information, ecotourism, and contemporary trends in the airline and travel agency businesses. Chapter 14 identifies major categories of destinations and discusses the types of businesses and activities that drive each destination sector.

Part 5 on management in the hospitality industry provides an introduction to the tools that managers use to help them achieve their goals. Using theory, examples, and new case histories, the chapters portray the management function as an active force for solving the problems that hospitality organizations face. These chapters also introduce students to some basic managerial terms and concepts that they will encounter in future courses, as well as in their own careers.

Service has been recognized on all sides as the most important factor for success in today's business world. How much more true this must be for the hospitality service industry. The final chapter of the book is devoted to this vital topic.

*F*EATURES OF THE BOOK

Several pedagogical features have been developed for this textbook to help students understand the material more easily and to help bring the world of hospitality alive.

- ♦ *The Purpose of This Chapter* introduces the chapter to students and discusses the significance to the hospitality industry of the topics covered.
- ♦ *This Chapter Should Help You* lists specific learning objectives at the beginning of each chapter to help students focus their efforts and alert them to the important concepts discussed.
- ♦ *Industry Practice Notes* appear in almost every chapter. These boxes take a closer look at specific trends or practices in the hospitality industry, from booking reservations over the Internet (Chapter 13) to the changing roles for women in food service (Chapter 2).
- ♦ *Case Histories* support the chapter discussions by highlighting examples from today's hospitality organizations and associations.
- ♦ *Global Hospitality Notes* have been added to give students an international perspective to their studies. The boxes cover topics as diverse as career opportunities overseas (Chapter 1) and ecotourism in other countries (Chapter 14).
- ♦ The *Careers in Hospitality* icon appears throughout the book in the margin of the text to alert students to specific discussions of career opportunities in the hospitality industry.
- ♦ The *Summary* provides a concise synopsis of the topics presented in the chapter.
- ♦ Throughout the chapter, *key words* are highlighted in boldface, generally when they are first introduced and defined. A list of key words and concepts appears at the end of each chapter.



- ♦ The *Review Questions* test students' recall and understanding of the key points in each chapter. Answers are provided in the *Instructor's Manual*.
- ♦ New to this edition are a series of *Internet Exercises*, which are research exercises and projects, developed to familiarize students with the different ways in which the hospitality industry is using the World Wide Web. Answers are included in the *Instructor's Manual*.

*S*UPPLEMENTARY MATERIALS

An *Instructor's Manual* (ISBN 0471-33028-0) with test questions accompanies this textbook. The *Manual* includes sample syllabi, chapter overviews and outlines, teaching suggestions, answers to the review questions and Internet exercises, transparency masters of selected tables and illustrations, as well as the test questions and their answers. The test questions are also available in electronic form on a *Microtest*, which is available to course instructors upon request.

*A*CKNOWLEDGMENTS

First of all, it is my pleasure to welcome Clayton Barrows as co-author. Researching and writing this text is an immense task, and, as much as I enjoy it, I am relieved to have someone with whom to share this responsibility. Moreover, his presence gives assurance that this text will, indeed, be around for a long time.

We would also like to acknowledge many people who have helped in shaping this book, even at the risk of inadvertently overlooking some of the friends and colleagues who have helped us. My wife, Jo Marie Powers, who is also a colleague in HRI, is the source of many ideas found in this text—not all, I'm afraid, properly acknowledged. Her advice and critical reactions have been vital to developing the text over the course of earlier editions, and it continues to be true with this one. She also has made major contributions to the test bank developed for this edition and has served as editor and co-author of the *Instructor's Manual*.

Student Involvement

To shape the current edition, we solicited feedback from hospitality students throughout the United States who had used this textbook in their introductory courses. Their comments and suggestions have added a new dimension to this revision, and we are grateful for their participation. They are:

Pamela Dowden, Johnson & Wales University
 Cheryl Inskeep, Indiana University-Purdue
 Lawrence Slade, Colorado State University
 Roberta Taylor, Northwestern Business College
 Christine Toth, Westchester Community College
 Saskia Villamil, Northern Virginia Community College

Faculty Input

We are especially indebted to two individuals for their contributions to this edition. Dr. Richard Patterson of Western Kentucky University drew upon his extensive knowledge of the World Wide Web to develop the Internet exercises at the end of each chapter. He also provided Internet addresses for the organizations and associations discussed in the case histories. His commitment and enthusiasm have been invaluable. My thanks also to Choon-Chiang Leong, Professor and Director of the MBA program at the Nanyang Business School, Nanyang Technological University in Singapore, for suggesting expanded attention to the international dimensions of hospitality and tourism, and for making numerous helpful suggestions regarding this revision.

The authors also wish to acknowledge Dr. Gary Vallen for his assistance in the revision of Chapter 10 on Lodging Operations.

Colleagues from the School of Hotel and Food Administration at the University of Guelph have provided us with numerous insights that have shaped this text in important ways. We must acknowledge especially Jim Pickworth, who has an eagle eye for information that is important to updating the text and is generous in providing it.

We are also grateful to the professors who reviewed the previous editions and early drafts of this edition. Their comments and suggestions have helped us immensely in the preparation of this revision:

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Industry Support

The research published by the National Restaurant Association forms, as always, an important part of the food service chapters of this book and, indeed, has influenced other portions of the text in important ways as well. We are especially indebted to Krista Lindhard and her colleagues in the information specialists group at the NRA who have helped us time and again, when information or a vagrant citation went astray. The Institutional Foodservice Manufacturing Association (IFMA) has also been most helpful in permitting us to quote from the Chain Operator's Exchange (COEX) Proceedings. As always, at ARAMARK, Joel Katz has run interference for us and has helped us locate information in the rich bank of ARAMARK practice. Joan Rice and John Wannenberg of ARAMARK Public Relations have provided invaluable help in lining up information sources for the industry practice notes, drawing on that company's experience. A final note of thanks at ARAMARK goes to Mary Jo McLaughlin, who gave generously of her time and knowledge to help us develop a concrete example of the work of a manager and a leader.

There are more than a few footnotes to identify specific points of information that have been taken from the work of John Rohs and Warren Gump of Schroder and Co., but these alone do not give adequate credit to their influence on our discussion of lodging. John Rohs is owed a special debt for his generosity over many years and several editions of this text for providing insight into the economics of the hotel business and sometimes—with considerable patience—for explaining what should already have been clear.

People at Smith Travel Research (STR) and especially Randy Smith, the founder and CEO of STR, have gone out of their way to make available facts, figures, and analysis that draw on the depth and breadth of their research. Steven Rushmore and Carolyn Malone at Hospitality Valuation Services (HVS) have also generously made portions of their research available to us. At Chervenak, Keane and Company, Larry Chervenak and Joan Christmas, Editor of the *CKC Report*, have helped us keep up with lodging's ongoing technological revolution.

The Hospitality Industry Investment Conference, held Annually in New York City, has provided yet another key to understanding changing hospitality institutions. The conceptual underpinnings of this text owe a great deal to the speakers at that conference over many years. We would particularly like to thank our colleagues at New York University, Sandra Dove-Lowther and Ruthe Davis, Director of Professional Development Programs at NYU, for their help. They have extended many courtesies to us.

At Cornell University's Nestlé Library, HOSTLINE provides scholars with helpful assistance in locating and accessing documents not in their own library. Erik Nesbit of HOSTLINE deserves special thanks for help that went beyond the call of duty.

As always, Wiley's editors have been most helpful. Claire Zuckerman was the Senior Editor with whom we began working on this revision. Following her much lamented early retirement, JoAnna Turtletaub ably took over. Their advice and encouragement have been a great support in our efforts.

A special word of thanks must go to Matt Van Hattem, a developmental editor at Wiley, whose editorial and substantive insights have had a major impact on this edition. Matt became both a colleague and a friend as the revision proceeded. Finally, Donna Conte was the production editor who was responsible for shepherding an unwieldy typescript, rough illustrations, and a lot of pictures into the book you hold in your hand—and she has done so with grace, patience, and charm.

Tom Powers
Moon River, Ontario

Clayton Barrows
New Orleans, Louisiana

September 1998

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