

CHALLENGES OF HOSPITALITY MANAGEMENT UNDER EMERGING TRENDS IN HOSPITALITY SECTOR

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The travel and hospitality business is booming in Asia, but there's a huge shortfall in qualified managers to drive that growth. Success in this business is about delivering guest experiences that are out-of-the-world, while keeping a keen eye on the bottom-line. It takes special talent backed with education to achieve that success.

By John yip

The global travel and hospitality industry is BIG business. It is expected to account for 10.6% of global GDP by the end of 2005. By the end of the year, the industry will have provided employment for 74.2 million people, or 2.8% of total world employment.

And Asia is by far and away the most exciting place for the industry to be at the moment. We're talking about unprecedented growth, never seen before anywhere else in the world. The North American and European hospitality business are relatively mature industries, and are already very saturated. Asia, on the other hand, can look forward to anywhere between 45% to 100% growth, in both in-bound and out bound travel.

The biggest growth engine will be China. The newly affluent middle class in China is beginning to travel out of the country for the first time. This phenomenon is going to change the face of all travel. Cities all over the world are gearing up to welcome this huge wave of visitors. People who can speak Mandarin are being put into place; signage in languages other than English is being put up.

Not Enough Managers

The players in the hospitality business are massive multinational companies that employ thousands of people world-wide. The hospitality business is not just hotel operations! It includes restaurant chains, casinos, cruise liners, clubs, airlines and online distribution companies. As

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these organisations scramble to set up operations in Asia, one pervasive problem is appearing everywhere in the region—there is just not enough qualified staff to drive growth in these new markets. Everyone is drawing from the same small pool.

“This is a big issue,” says Dr. Judy Siguaw, Dean of the Cornell Nanyang Institute (CNI) of Hospitality Management. “How are we going to increase service levels if we don’t have enough qualified people working in these organisations?” Judy continues, “I’ve been told by a key person in a luxury hotel chain that they are hiring people that they would never have hired before. And they are having to promote them faster than they would like to. That’s a big issue for the brand. What kind of reputation will the brand earn, if the service level is not up to standard?”

The numbers tell an even more alarming story. One major hotel company, for example, has reported a need for 200 senior managers over the next few years; yet another has stated a requirement for 300 senior managers. That’s a huge shortage, when you realise that a management school like CNI is taking only 25 students a year at the moment, and has long-term plans to increase that number to 80 students at most.

Delivering on Promises

It’s important to understand why there is so much emphasis on brand reputation. Hospitality is a service. It’s a service that is wrapped around the guest’s experience. From the standpoint of the guest, travel should be fun, glamorous, exciting and enriching. These are all intangible qualities. The prospective customer cannot ‘see’ nor ‘touch’ these qualities before buying the service. This intangibility makes the purchase of hospitality services a higher risk than the purchase of tangible products.

Organisations therefore work extremely hard to create a promise of that experience. They work even harder to make sure they deliver on that promise.

It takes many different managers, working across many different functions, to create the tangibles that let customers know what the level of service is. And it would take only one poorly qualified manager to jeopardise the entire operation.

On top of that, the hospitality business has to deal with another unique challenge. “As we offer experiences to the guests, they seem to expect more and more. So what are you going to do next time, to top that? That’s one of the issues that we have in this industry – to keep ‘upping’ the experience so that it becomes something new and different for them every time.”

When it comes to tangible measures of service quality, we’d immediately think of the universal ‘star’ ratings for hotels and restaurants. The very best of such establishments are given the top rating of 5-stars.

“There is nothing that officially grants a 6-star rating yet. There are places that are beginning to push themselves out as a ‘6-star’ establishment. I even heard, not long ago, something that was calling itself a ‘7-star’ rating. What that is, I’ve no idea,” Judy says with a laugh. “Maybe the

service level is raised so high at that level, they're just waiting on you hand-and-foot. But you can see that it really takes a special ability to get into this industry and to be able to manage guest expectations."

Talent Backed with Education

The hospitality business is a numbers game, much more than you'd realise. As the business matures, it will become increasingly sophisticated. All hospitality companies will eventually have to be run as true corporations, with an eye on the bottom-line.

That really requires some special talent, and education behind that talent, to understand what it's going to take to produce the kind of revenues that companies need to see.

Take restaurant revenue management for example. Managers need to study the data, to understand how best to configure the restaurant to maximise revenue per day. How many 2-top tables, how many 4-top tables do they need? How many tables should they put in the middle? Because people in the middle stay less time. They have to keep a constant watch on maximising table-turn. For example, they'd want their staff to bring in as many customers as possible during peak hours, even if that requires them to rush their seated customers through their orders. It's a fine balance between providing excellent service while maximising your turnover, every day.

"I understand that the people who have come up through the 'school of hard knocks', they can't always read and understand the financial statements. They just don't know. They haven't been taught."

"There are many talented people here in Asia. But how many of them are told – get an engineering degree? How many have been encouraged to go into hospitality? Very few."

More INDIANS for the Business!

"I've had some young women out of Uttar Pradesh, who have told me that they really had to fight their parents to come into the hotel school. It was not seen as a good career. There is general lack of understanding of what the career ladder looks like, how rapidly can you rise in it, the responsibility that you would have in your hands, and the ability to oversee this very large entity".

She continues, "I used to tell my students – look at a field. If you're female, and you want to make good money, look at where the men are working. If you're in a field dominated by women, you're not going to be paid as much. Well, I can tell you that there are a lot of men in hospitality management, especially at the upper levels. Women need to move into those positions."

"And I think another telling sign is there's a lot of expats holding those jobs. You know they're making good money. I'd like to see more Asians getting some of that money. We already have a huge shortage of people in Asia, why not put more of them in management? I mean, Asians are known for being smart people!"

“People with a passion for assisting other people, who strive to ensure that their guests get the best possible travel experience, from the moment they leave their doorstep till the moment they return home.”

Service with Passion

In the end, it takes a special kind of person to succeed in the travel and hospitality industry.

People with a passion for assisting other people, who strive to ensure that their guests get the best possible travel experience, from the moment they leave their doorstep till the moment they return home. Combine that passion with the right education, and you'd have the top talents that the hospitality industry urgently needs right now.