

Operations Management

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Introduction

In the modern era, management of hospitality business is not an easy task for the managers and there are wide ranges of factors which need to be taken into considering during the process of management. The present report is based on InterContinental Hotels Group plc (IHG) which is UK based international chain of hotels. The selected organization is one of the leading hotel companies in the world and at present, it is operating with a workforce of more than 350000 employees (IHG, 2018). The business operations and activities of InterContinental Hotels Group plc are carried out in almost a hundred different countries of the world. The purpose of the selected organization is to deliver the best possible and true hospitality to its customers.

After carrying out the analysis of InterContinental Hotels Group (IHG) plc, it has been identified that at present there are more than 5500 hotels and more than 800000 rooms of the hotel at a global level. Regent hotels and resorts, intercontinental hotels and resorts, Kimpton, Hotel Indigo, Crown Plaza, Even Hotels, Voco, and Holiday Inn etc. are some international brands of hotel of which are owned and managed by InterContinental Hotels Group Plc.

Attain growth and expansion at faster pace is the key objective of the business strategy which has been employed by InterContinental Hotels Group Plc. (IHG, About us, 2018) The strategic model of the selected business organization is directed towards creating value for the customers in the best and every possible manner. To enhance the volume of profitability in the long-run, InterContinental Hotels Group plc has employed the strategy of operating with low cost and direct channels. On the other side of this, it can be critically argued that the selected brand of hotel is also committed towards carrying pout responsible businesses and delivering a superior return to its shareholders.

The selected organization is well aware of the fact that the hospitality industry has become very competitive and to deal with an issue such as increasing competition in the industry, the brand has developed a strategic model which consists of different elements. Build and leverage scale, enhancing and strengthening loyalty program, increasing the revenue delivery, evolving owner proposition and carrying out optimization of its brand portfolio are the key elements which are included in the strategic model of InterContinental Hotels Group Plc (IHG, Our Strategy, 2018).

To deal with the issue of increasing competition, the selected organization also emphasize on expanding its operations to attractive markets of the world. According to the provided case scenario, IHG will be opening a 300 room upscale property in Cambridge UK, and the target customer here are going to be the business travellers.

Task 1 (L01)

1.1 Discuss accommodation and front office services for different organisations

It can be expressed that reception and accommodations are two different and the most important segments within the hospitality industry (Yasmin et al. 2016). Furthermore, accommodation includes two key elements which are housekeeping and engineering. On the other side of this, reception includes areas such as bell service, mail and information, front office, cashier, night auditors and concierge.

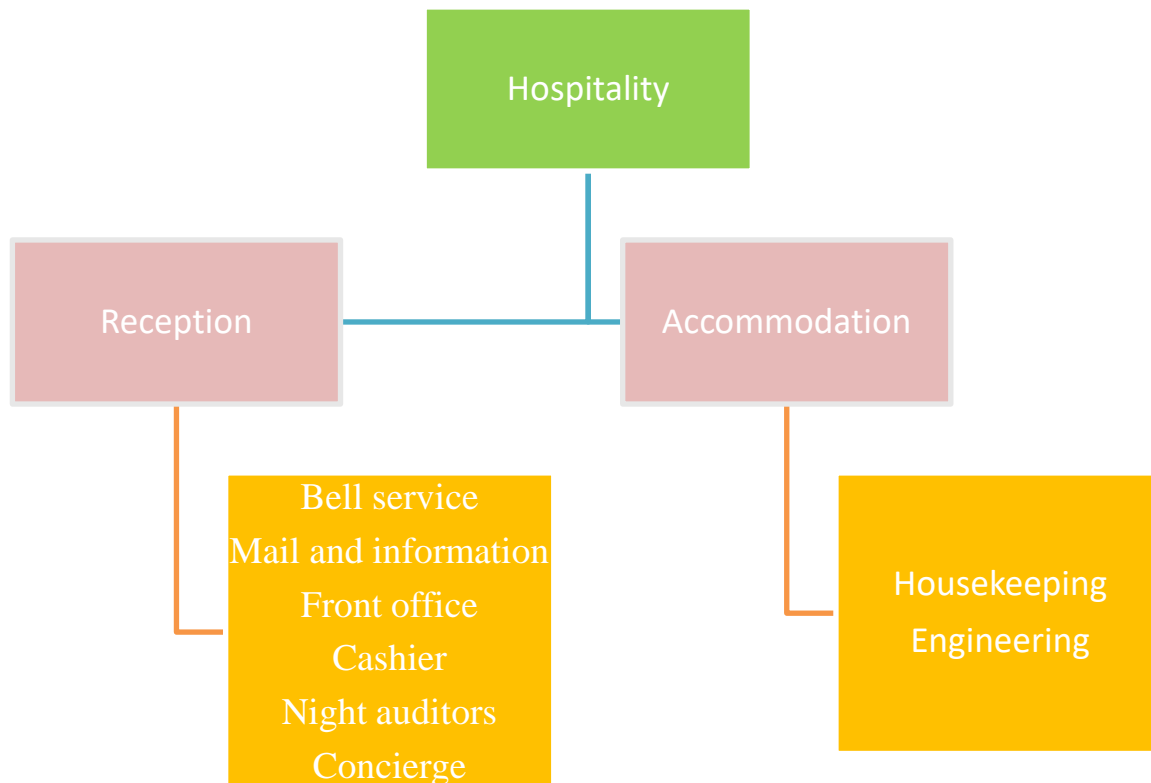


Figure 1: Types of accommodation and front office services

It can be expressed that the primary purpose of accommodation within industry is to provide the customers or guests with an environment where they can easily sit, stay and relax. On the other side of this, the role of reception is to provide different types of customer services which are directed toward enhancing the degree of customer experience and satisfaction in the best possible manner.

1.2 Analyze the roles and responsibilities of a range of accommodation and reception services staff

The accommodation within hospitality has been further classified into two main categories which are housekeeping and engineering and the roles and responsibilities of these two are mentioned below as:

Role and responsibilities of engineering

- Dealing with the repair and maintenance of every tool and equipment which is available in a hotel
- Maintaining the supply of water, electricity, AC and other related equipments

Role and responsibilities of Accommodations

- Making the arrangements of stay for the guest
- Inventory check of kitchen and related areas
- Taking care of the health and safety environment
- Maintaining proper communication and coordination with other departments
- Ensuing the hygiene within rooms and hotel premises

The roles and responsibilities of different reception services are provided below as;

Front office

- Maintaining and enhancing the degree of customer satisfaction
- Meeting the assigned targets
- Analysis of market and customer trends
- Meeting the needs and demand of customers in the best possible manner

The mailing information staffs is responsible for handling the mailing information of the clients

The bell service staffs is responsible for unloading the luggage of the guests and delivering the same to the room of guests (Robinson et al. 2016).

The hotel cashier is responsible for processing of card and cash of the guest and carrying out bank deposit. Sales tax reporting and dealing with customer concern are some other responsibilities of hotel cashier

The roles and responsibilities of night auditor include managing the process of reservation, taking care of guest checking and welcoming the hotel guests.

The responsibilities of Concierge are critical within a hotel as they are required to manage tasks such as booking hotels, making reservations and carrying out transport booking of the guests.

1.3 Discuss legal and statutory requirements that apply to rooms division operations

It can be expressed that there are different types of legal and statutory requirements which are applicable to room division operations and these requirements need to be well taken care of by businesses such as IHG. For instance, the selected hotel is responsible for taking care of the health and safety of its clients and employees in the best possible manner. IHG is also liable to provide safe and secure accommodations, food and drinks to its guests (Kim et al. 2015). According to the legal and statutory requirements, IHG is also responsible for making sure that safety kit including CCTV camera, secured lock, fire alarm, exhaust, an emergency exists and security guard are present within the hotel. Other than this, legislation such as Equality Act 2010, Health and Safety Act 1974, Race Relation Act 1976, Working Time Directive 199 etc needs to be followed within the new hotel which IHG is developing in Cambridge (Kimes, 2016). The selected hotel is also required to make sure that risk assessment is carried out at regular intervals and corrective measures are taken to mitigate the risks in the best possible manner.

1.4 Evaluate services provided by the rooms division in a range of hospitality businesses

In the modern era, room division operations are playing a critical role in the growth and success of a hotel. The statement can be justified by the fact that more than half of the revenue generated by hotels is contributed by room division operations. Front office and accommodation is one of the services which have been provided by room division operations. It has been evaluated that the front office and accommodation plays a vital role in serving the customers from the check in to check out of the customers. This service of room division is directed towards attaining highest possible degree of customer satisfaction by offering fast, effective and accurate services to the customers (Lee, 2016). Front office and accommodation services are also critical because customers or guests of IHG come in direct contact of the employees working in these two areas or departments.

Reservation is also a service which is included in the room division operations of IHG, and these services are directed towards attaining client satisfaction by booking the rooms in well advanced before the customer or guests arise in the hotel. The services of reservations are also linked with providing the guests with information about the availability, occupancy and charges of room in the hotel. Housekeeping and uninformed services of room division operations of new IGHG hotel will be directed towards maintaining hygiene and cleanliness of the rooms.

Task 2 (L02)

2.1 Assess the importance of the front of house area to effective management

Front house areas within the new hotel of IHG will be playing a crucial role in making the target customers, i.e. business travellers aware of the core capabilities of the hotel. The front house area will also provide the target customers with an overview of the effectiveness of different facilities and arrangements offered by the new hotel. Accommodation is a key service in front house area, and the role of this service is important because it helps in ensuring the fact that the hotel guests are provided with the safe, secure and comfortable stay (Chan and Hsu, 2016). The dining area, bar and restaurant of a new hotel of IGH will be included in its front house area, and here, the management of hotel will be required to make sure that skilled and effective employees are working in these areas.

It has been evaluated that these are the places where a large number of hotel guests are present, and therefore, the management of new hotel of IHG needs to make sure that guests are provided with satisfactory and accurate services. The front of house area is also important because it directly contributes to enhancing the degree of client loyalty and satisfaction. If the services delivered by front house areas are ineffective, then the new hotel may start facing issues and challenges regarding attracting customers and enhancing profits in the long-run.

2.2 Discuss the key aspects of planning and management of the front of house area for a given hospitality operation

The new hospitality operations of IHG are directed towards the opening of a new 300 rooms hotel in Cambridge with an objective to attract business travellers and provide different types of services to the same (Gajjar and Okumus, 2018). It can be expressed that effective planning and management of

the front house area is important because the areas leave a direct and great impact on the minds of customers or guests. During the process of planning and management of the front of house area for the new hotel, IHG is required to make sure that the planning and management are carried out in such a way that highest possible value is delivered to customers.

The brand is required to take care of the fact that the front of house area of the new hotel is developed in such a way that maximum space for accommodation can be arranged. In addition to this, the planning should be carried out in such a way that there should be adequate space available for different types of recreational facilities (Köseoglu et al. 2015). At the time of developing front of house area for the new hotel, IHG is also required to make sure that adequate dining space is available for guest even during the peak hours or seasons in the industry (Brown et al. 2014).

Here, different types of menu linked with food and drinks need to be developed for the restaurant and dining area. For carrying out effective planning and management of the front of house area, it is required by the hotel to provide adequate training to staff members who will be responsible for the front of house area in the new hotel. It is also suggested that separate recruitment of different staffs should be carried out.

2.3 Critically discuss the key operational issues affecting the effective management and business performance of the front office area for a given operation

The issues linked with operations can have a direct impact on the management and performance of the front office area of the new hotel developed by IHG (García-Lillo et al. 2018). Ineffective staff, for example, is one operational issue which can affect the overall performance of the entire area in a negative sense. It can be expressed that the staff should be skilled and knowledgeable enough to understand the changing needs and demands of the clients and deliver services according to the same. Labour shortage is also an operational issue which can have a considerable impact on the performance and effectiveness of the front house in the new hotel. The statement can be justified by the fact that the hospitality industry is seasonal and many businesses including IHG faces issues linked with a shortage of staff during the peak seasons.

Lack of human resources can create obstacles for the new hotel in managing guests in the front office and delivering satisfactory services to them (Day et al. 2017). Overbooking has been identified as another important operational issue which can have an adverse impact on the performance of the front office of the new hotel. It has been evaluated that the hotel will be required to make sure that booking rooms and reservations more than the existing capacity can result in generating a high degree of dissatisfaction among the guests. In addition to this, it can also result in creating negative word-of-mouth publicity of the new hotel.

Task 3 (L03)

3.1 Assess the importance of property interiors and design to effective management

The growth and success of businesses in the hospitality industry are not only dependent on the quality of services delivered, and it can be expressed that there are other factors which can affect

the success and growth businesses. For instance, factor such as the interior of property plays a crucial role in influencing the degree of customer satisfaction and growth of a hotel. At the time of developing the interior of the new hotel, IHG is required to make sure that the interior is complementing the overall architecture of the hotel in the best and every possible manner.

The exterior and interior of the hotel needs to match and complement each other. The interior of new property needs to be well maintained in terms of cleanliness and hygiene (Denizci Guillet and Mohammed, 2015). The infrastructure should be developed in such a way that the highest degree of satisfaction can be developed among the guests as soon as they see the interior and infrastructure of the hotel. The lobby, waiting areas, rooms, washrooms and other areas need to be kept clean and neat.

3.2 Discuss the critical aspects of planning and management of the accommodation service function for a given hospitality operation

For the new hotel of IHG, the critical aspects of accommodation service function are provided below as:

Customer regulations – The management of the new hotel is also required to carry out effective planning of the ways in which customer issues and complaints will be managed and handled (García-Lillo et al. 2016). The process of handling grievances needs to be fast and effective so that repeat purchase and loyalty can be encouraged among the guests of the new hotel.

Data management – The hotel will also be required to make plans linked with the way in which data or different types of qualitative and quantitative information linked with customers will be recorded and maintained. To attain a high degree of customer satisfaction, IHG will be required to make sure that customer records are maintained in every possible manner.

Room services – The management of the hotel is also required to carry out advanced planning of the way in which room services will be managed. Here, the brand needs to take care of the fact that the available space for rooms is utilized to its greatest possible extent and all amenities required by guests are present in the rooms (Xu and Gursoy, 2015).

Building regulations – The latest trends, customer needs and legislation needs to be taken care of by IHG while developing its new hotel as it can directly result in enhancing the degree of guests and client satisfaction.

3.3 Analyse the key operational issues affecting the effective management and business performance of the accommodation service function for a given operation

The performance and management of accommodation services can be affected by different types of operational issues, and the issues are discussed below as:

Experience and effectiveness of the staff – To deliver quality services linked with accommodation within the new hotel, IHG is required to take care of the fact that adequate quality and quantity of staff is available within the hotel. Lack of skilled and experienced staff can directly result in affecting the success and effectiveness of the new hotel in a negative sense.

Physical conditions – It can be expressed that physical conditions in the context of the value of property, accessibility and nearby areas also play a critical role in influencing the success and failure of a hotel (Raj and Griffin, 2015).

Revenue Management – In the present scenario, managing a profitable property is not an easy task for businesses and revenue management of the property is one of the most complicated tasks during the entire process. The new hotel will face issues in carrying out analysis of the market trends and various data to determine whether it is offering rooms at best and most competent prices to its customers or not.

Task 4 (L04)

4.1 Perform revenue/yield management activities to maximise occupancy and rooms revenue

Total revenue is defined as the monetary value which has been obtained by a hotel by selling its rooms to guests in a specific time period. In simpler terms, yield management is defined as the process in which different types of strategies and action plan are developed and implemented by an organization to attain the highest and maximum revenue from a fixed source. One the best and most effective yield management activity is distributing room according to the need and preference of customer or hotel guests (Ryan, 2015).

It means that a guest with a need of single room should be provided with single room only and in situations, if a single room is not available, the management should not try to accommodate the guest in twin room because it will result in loss of revenue. It has been identified that at present out of 125 rooms, 100 rooms have been provided to single persons but the hotel has also provided 15 twin rooms to single persons, and this has resulted in a significant loss of revenue.

For the new hotel of IHG, the yield management is provided below as:

Table 1: Room division

Room type	Number of rooms	Number of beds	Rooms occupied	Occupancy
Single room	125	125	100	80%
Twin room	60	120	45	75%
Double room	115	230	105	91%
Total	300	475	250	83%

4.2 Discuss sales techniques that rooms division staff can use to promote and maximise revenue

Bundling of the prices – According to this technique or activity, IHG will be required to develop special packages for its new hotel to attract more guests and increase the level of room occupancy (Popov et al. 2016.). Here, the brand will be required to bundle different types of products and services and need to offer the same at a specific price. IHG can charge low prices for the packages in which two or three products and services are clubbed together. For instance, accommodation, food and spa can be clubbed together.

Promotion– It can be expressed that the aggressive promotion of products and services can be carried out to enhance the level of room occupancy for the new hotel of IHG. Here, the hotel can emphasize the offering rooms and other related packages at low prices or special discounts during low season.

4.3 Discuss the purpose and use of forecasting and statistical data within the rooms division

The purpose of forecasting the room division is to provide the hotel with information about the availability of rooms which can be further assigned to the guests. The use of forecasting and statistical data is also carried out with an objective to identify the expected number of customers or guests who will be checking in during a particular period (Chevers and Spencer, 2017). The purpose of statistical and forecasting data is to provide the hotel with information and knowledge about the way in which effective management of room division can be carried out to generate high revenues.

On the other side of this, it can be critically argued that forecasting and statistical data is also useful for the sales and marketing department of the hotel. This data can be further taken into consideration by the marketing department to develop effective marketing and promotion strategies for increasing the revenues. The use of statistical and forecasting data is to carry out the effective division of room during off and peak seasons.

4.4 Calculate rooms division performance indicators to measure the success of accommodation sales

Room occupancy can be termed as one of the best and most effective performance indicators which can be taken into consideration to measure the success of accommodation sales. Here, high occupancy will outline the fact that the expected volume of sales has been achieved successfully (Chang and Ma, 2015). On the other side of this, falling or declining occupancy will reflect that accommodation sales have not been that successful. At present, the new hotel of IHG has allotted 15 twin rooms to single persons, and this has affected the accommodation sales with the hotel. It can be expressed that the hotel can easily earn higher revenues and accommodation sales by providing twin rooms to two people instead of giving them to a single person.

Conclusion

From the above study, it can be concluded that effective management of room division is vital for the success and growth of an organization. The selected hotel which is IHG is now looking forward to developing a new hotel of 300 rooms and the target customer of the new hotel are going to be business travellers. It can also be inferred that the front of house function is going to play a critical role in managing the accommodation business and enhancing the revenues of the hotel.

Furthermore, overbooking and staff shortage are the two critical operational issues which will be faced by the new hotel of IHG in context of its front office areas. It can also be inferred that the development of effective interior and delivery of fast and accurate customer services are vital in the success and growth of the selected hotel. The sales and yield management techniques can be applied by the brand to enhance the revenues and carry out the effective flow of all operations and activities.

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