

IMPORTANCE OF OPERATING PROCEDURES FOR A BUDGET PROPERTY AND ITS IMPACT ON REPEAT BUSINESS AND REVENUE GENERATION

Prof. Anita Moodliar*

Dr. (Mrs) Dulari R. Qureshi**

Abstract

The term 'Hospitality' refers to a friendly and munificent greeting and leisure of guests or visitors, either socially or commercially. Hotel industry is one of the fastest growing industries largely contributing to the economic growth of a particular country. This is the only industry which operates twenty four by seven and engages the maximum and varied manpower. In the recent years, there is a lot of growth within this sector. Along with the brands, there has been a lot of rise in family budget hotels and branded budget hotels.

However this sector has seen a rapid growth, at the same time it also comes across a lot of competition. Being a part of the service industry it faces a lot of challenges. Since every customer experience stands very important to rate the organisation, hotel industry has always trived towards recognition and is always been in continuous process of accepting changes, implementing new trends and satisfying their guests, with their effective operations management. Industry largely focuses on training their employees at all levels, this gives a potential of various operating procedures which are set and followed. Operating procedures play a vital role in the success of an organisation.

This paper would highlight on the importance and the impact of operating procedures towards positive goals.

Key Words: Hospitality, Operating Procedure, Customer, Impact.

* Principal, Maharashtra State Institute of Hotel Management & Catering Technology- Pune

** Professor & HOD (Retired) Dept. of Tourism Administration, Dr.B.A.M. University, Aurangabad.

Introduction:

Hospitality industry is a service-oriented industry. When the guest or customers are happy and satisfied with the quality of products and services in a hospitality property, there is a possibility they will come back and also tell their friends and family members of their experience. The first impression is a lasting impression in several facets of life and this is a reality for this sector.

Times are tough for the Indian hospitality industry players. Competition has fiercely increased, more so with consumers moving to digital channels and social media. Hence, the concept of personalised and innovative services is extremely crucial nowadays, in the realms of Indian hospitality sector. The hotels are reaching out to understand guest preferences, which can be used to build meaningful, engaging relationships and encourage repeat direct bookings.

These days, corporate have to be globally competitive, and thus cannot be content with what they produce. Hotel organisations have to develop distinctive competence and should strive better by improving the products and services offered.

Operation management involves Strategic decisions, which are complex and varied. Some prominent strategic decisions are:

- Mission: that determines the overall direction of the organisation.
- Corporate strategy: that spells out in detail how the mission could be achieved.
- Business strategy: that shows how each business unit or vertical would contribute to the overall corporate strategy.
- Competitive strategy which is a part of business strategy and shows how business can compete effectively.
- Functional strategy: which decides strategic decisions of each function or department e.g. operations strategy, marketing strategy, financial strategy etc.

Operations strategy is concerned with all the strategic operations decisions, overall policies of the operations; this provides the frame work for detailed operations decisions. It's a link between plans and final products. It involves the design of the products and processes so as to achieve the overall corporate strategy.

They are basically formulated in a variety of ways; they are designed on the basis of analysis, experience and logic. Some common considerations would involve:

- Examine business strategy from the view point of operations
- Analyse the market conditions.
- Rank all factors that can make successful products/facilities.
- Examine the production processes which can deliver these products/facilities best.
- Monitor the performance against planned performance.
- Examine performance against benchmarks of competitive performances.
- Compare with competitors.

Literature Review:

- **The Change: Jean-Michel Casse (Vice President Operations, Accor-Hotels)** reveals and strongly believes that the customers have changed and they are forcing the industry to change. It is also mentioned how till some years ago, hotels were planning life of their customers staying with them. “Today it is not the same. Today customers know what they want, how they want it and where they want it. Should one not be able to comply, they will go elsewhere, because there are so many options, and this he believes has been the biggest change of customer’s expectations. Casse also feels that the challenge in India is not the lack of people, but to get quality in these numbers

Source: Hotelier India Volume 8 Issue 3 April 2016

- **Checks and Balances:** Hotels are willingly adopting changes that enable them to become more productive, thus directly impacting profits. As commented by Mr. Kumar Shobhan (Director, Operations, Park Hyatt, Chennai) Chefs earlier had to spend long hours to find out the most profitable dishes they are selling, but no longer so. “Matters have become more system-driven these days

Source: Hotelier India Volume 8 Issue 3 April 2016

Objectives:

1. To examine to what extent operating procedures help in making a positive customer experience.
2. To explore the impact of operating procedures on revenue generation for a budget property.

Hypothesis:

1. Adopting Operating procedures has helped repeat business and revenue generation.
2. Operating procedures do help in making a guest experience.

Methodology:

Study Area and Population

The study was conducted in Pune; the respondents were Head of the departments in hotels and the customers who availed various facilities at the places of their stay.

Research Instrument, Data Collection

Primary Data: Interviews and Questionnaires were conducted to collect data

Secondary Data: is a source of information and has been collected through various types of written literature and websites.

Sampling:

The sample for this paper was collected from multiple sources to get a diverse feedback. Firstly interview was conducted with 4 Head of the departments of Budget properties. Secondly questionnaires were sent to customers to understand their views and experiences towards budget hotels.

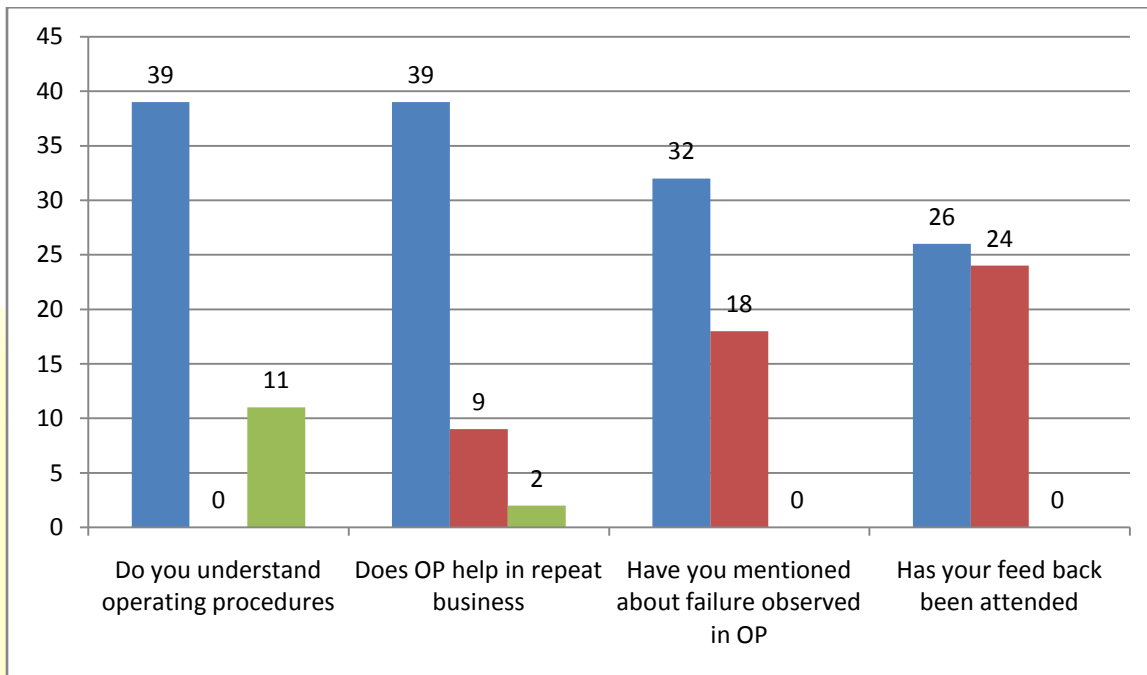
Demographic Characteristics of the Respondents:

(Total number of respondents: 50)

Demographic features	Classifications	Numbers	Percentage

Gender	Male	28	56%
	Female	22	44%
Age		35-45	
Educational Qualification	Graduates	21	42%
	Post Graduates	23	46%
	Doctorates	06	12%
Income	20,000-35000	13	26%
	35000-50000	07	14%
	50000- 65000	11	22%
	65000- 80000	08	16%
	Above 80000	11	22%
Frequency of Stay in Hotels	More than once a week	02	04%
	Once a week	04	08%
	2-3 times in a month	26	52%
	Once a month	09	18%
	Once in six month	09	18%
What factors you consider while selecting a hotel	Budget	14	28%
	Convenience	13	26%
	Standards	15	30%
	Safety and Security	02	04%
	Listed under Tie-ups	06	12%

Critical factors for Customers:



Analysis and Interpretation

1) Where the respondents were asked about whether they understood about the term Operating Procedures: 39 respondents commented YES, where as 11 respondents commented NO

2) Respondents in the second question were asked about, do Operating Procedures help them in giving repeat business to a particular hotel property: 39 respondents said Yes, 9 respondents commented that Operating procedures really didn't matter to them and 2 respondents said NO.

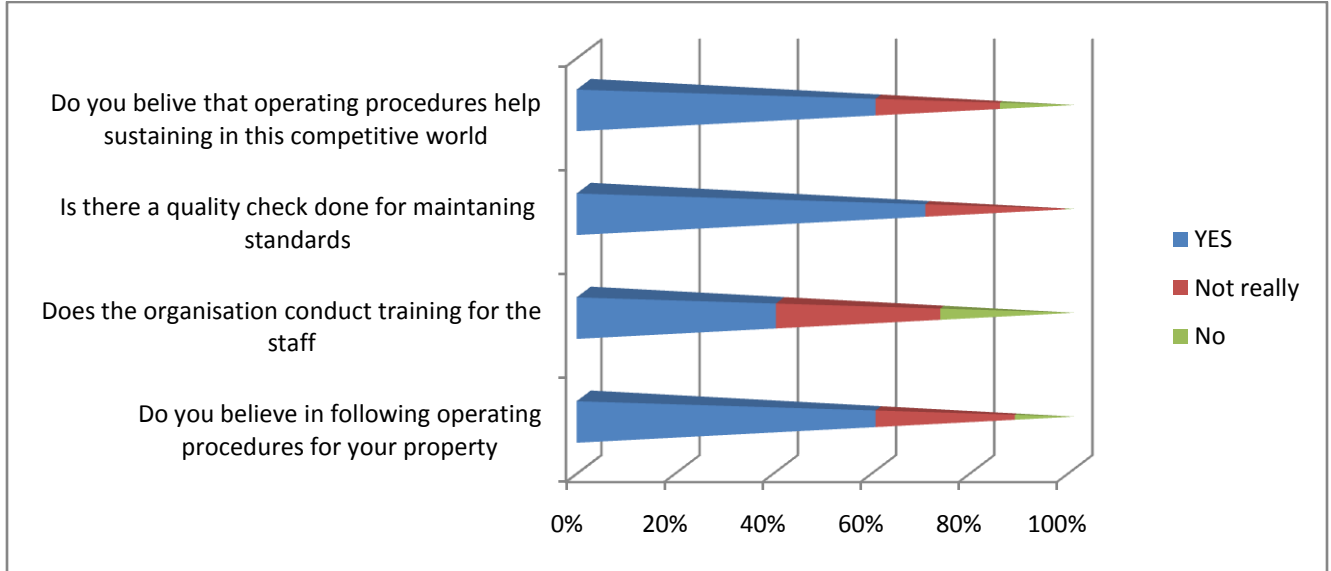
3) The third question to the customers visiting the budget property was, that if during their stay they observed that if the Operating Procedures were not followed, which ultimately led to lowering of standards, in this case have they mentioned about the failures of OP to the Staff or Owners?

In this case 32 respondents said yes they make an effort to convey this to the authorities, whereas 12 respondents mentioned that don't really give an importance.

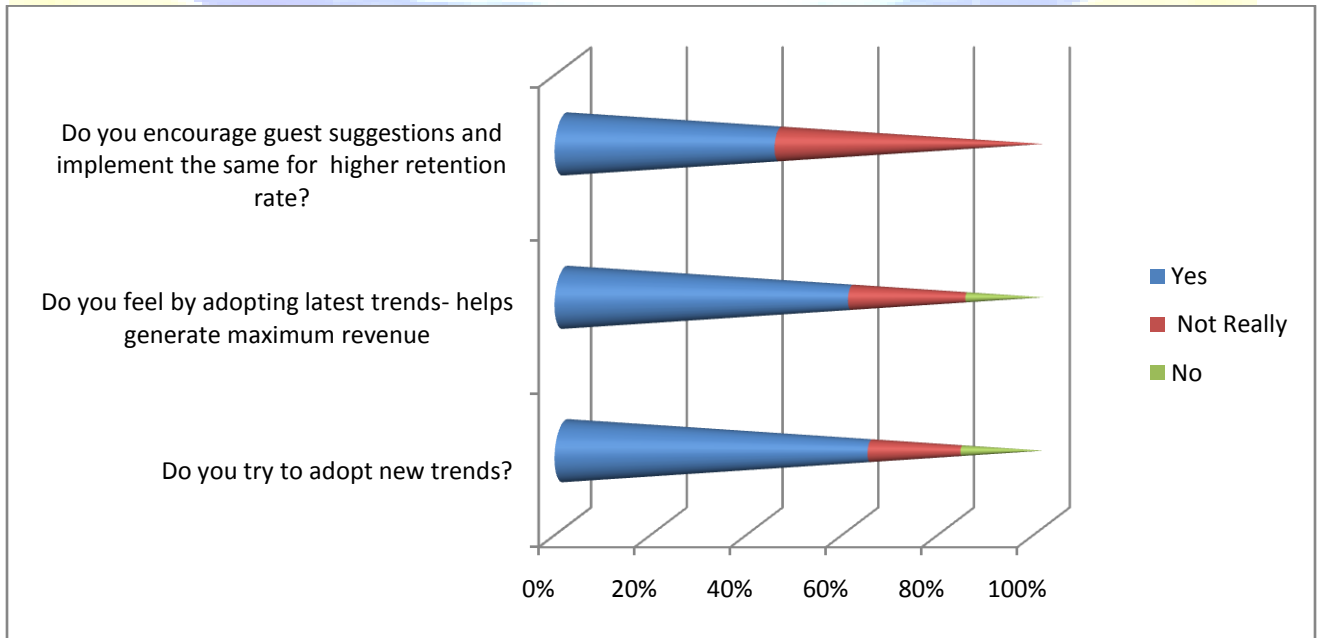
4) In the fourth question which related to the previous question was, whether the feedback given by customers was taken into consideration by the Authorities 26 respondents said yes they

could see a difference, but 24 respondents commented that usually never kept a track and also said that there were chances where they never visited the same property.

Critical factors for Head of the Departments (Executives/ Managers) of Budget property related to Operating Procedures.



Critical Factors for Hotel HODs (Executives/ Managers) pertaining to revenue generation.



Results and Discussion:

Head of The department of Budget Hotels: Maximum personnel's felt the need of following Operating Procedures, but all not were focused towards Staff Training which would invariably help in maintaining the systems. They also believed that a routine check or daily supervision will help in the long run, which would make a positive impact on the guests about the property and also help towards indirect marketing. Also this would create a sense of belongingness in Employees.

It was also observed that since there was a rise in outsourcing of jobs within the budget properties reasons being higher expenses towards overheads and liabilities. Also Budget property operators focused more towards Business travellers where in the turn-over of the guest is quite high, so implementing of trends was more towards the necessary items. They definitely face a high rate of Competition so sustaining becomes an important factor, few properties do accept guest suggestions and imply towards betterment leading towards Repeat Business.

Guests

Due to the changing market condition and increase in travel for varied reasons, guests have the knowledge of Operating procedure, Technology and Internet has helped them gain a better understanding regarding value for Money. Maximum guests like to visit the same property for simple reasons like comfort, security budget etc. also the guest feedback helps the organisation in the planning process.

Conclusion:

Hospitality or Hotel Industry is claimed to be the fastest growing industry which also plays a vital role of maintaining the Economy of a country. People travel for many reasons and don't always prefer staying in Star hotels, an effort taken by Budget properties towards maintaining and following Operating Procedures would help them gain a reputation and lead in expansion, with a bigger guest data on board. A little but an important investment in training would help them sustain and will also help in staff motivation and boost their performance skills.

References:

- Production and Operations Management by S.A. Chunawalla and D.R. Patel- Himalaya Publishing House. 8th Revised Edition.
- Production and Operations Management by K. Aswathappa and K. Shridhara Bhat- Himalaya Publishing House. 2nd Edition.
- Introduction to Management in the Hospitality Industry by Clayton W. Barrows, Tom Powers and Dennis Reynolds- Wiley India Edition. 10th Edition.
- Professional Management of Housekeeping Operations by Thomas J.A. Jones, published by John Wiley and Sons, Inc., Hoboken, New Jersey. 5th Edition.
- Hospitality Talk, March Publication. Volume 3. Issue 3.
- Hotelier India, April Publication. Volume 8. Issue 3.
- www.hotelierindia.com
- www.incredibleindia.org
- www.expresstravelworld.com