

Operation
management
practices and tactics
of hotel novotel
tourism essay



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Operation management plays an immense role in success of both manufacturing as well as service industry. The given project deals with operation management practices and tactics used by Hotel Novotel, a well known four star hotel in UAE. After providing required information about the hotel, its operation management process has been discussed in-depth. Later on, the competitive priorities of the hotel as well as analytical techniques used by the company have been analyzed. Using the required information, major challenges existing in the operation management process in the hotel has pointed out. Finally, some feasible solutions to mitigate the problems have been suggested. Information has also been given regarding the possible hurdles to be faced by the hotel while implementing the required changes in the operation management practices.

The executive summary has to be rewritten in a professional way

About the Company

The project how come the project has chosen the Hotel Novotel in order to provide an in-depth analysis of the operations management in the company. It has around 400 hotels and resorts which are located at 58 locations all across the world. The company chooses the city centers of the important business destinations, tourist spots and business districts in the world. The hotel structures are based on modern and simple designs. The hotel provides the leisure travelers and businesses spacious and modifiable rooms for working and relaxing in standardized offers. Moreover, the company's restaurant meals and food services are offered throughout the day. Apart from these, it provides meeting rooms, an attentive group of staff and

relaxation and fitness centers for the children. The company reflects immense sense of responsibility through its involvement in Accor's Earth Guest program to achieve sustainable development. It has also committed to all its hotels to acquire the "Green Globe certification for environmentally responsible travelling and tourism by 2010" (Novotel-a, "Nearly 400 hotels throughout the world"). The most outstanding hotel of the group is the Novotel World trade Centre based in Dubai. The company provides the best location to conduct business from or to explore Dubai. The company is located very near the leisure and business hub of Dubai. This makes it the most preferred and attractive option for the professional travellers and holiday makers. Staying at the hotel one finds oneself very near the most attractive and popular tourist attractions, famous shopping malls and the best night spots in Dubai. (Novotel-b, "Practical Information")

A critical assessment of the operations management processes in the company, with an evaluation of the successful and not-so-successful aspects of the processes

Operation management process in the company

Dubai's hospitality is one of the fastest growing sectors that have witnessed several changes in last few decades. Like any other company, the role of operation management is equally crucial in a hotel. It will not be wrong if one says that success of an organization operating in hospitality industry highly depends on efficiency with which operations are managed. The same is true of Hotel Novotel World Trade Centre Dubai.

In general the role of operation management is to control and coordinate four vital functions in the hotel. Among these functions, the most vital one is

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“ food production”. This function deals with purchase of products and planning the menu card. Therefore, this section is mainly related with the supply chain management and maintaining the hygiene. The second most function is “ food and beverage service”. This deals with purchase of wines and beverages, meeting the guest and taking the orders and rendering services to the customers. “ Housekeeping” is also equally vital function for a hotel. Apart from the above mentioned functions, there is one more function that needs to be managed efficiently; this is front “ office operation”. This function deals with reception as well as accommodation of the guests and rendering them with further services.

Hotel Novotel World Trade Centre Dubai is quite conscious about the quality maintained in its products and services offered to the visitors. The management has taken utmost care to understand the changing requirement of the guests that visit the hotel. Apart from the local guests, number of international visitors is also growing at a faster rate. Thus, the hotel prefer to retain international standards in terms of the foods and beverages served to the customers and the quality of the services offered to the customers. However, the essence of its local culture is distinctly visible at each and every part of the hotel.

In Novotel, the responsibility of the customer relation management department is to determine the level of satisfaction among its customer base. This department work hand in hand to find out changing needs of the guests that visits the hotel. As per the data collected from the market, the management introduces required changes in the foods and beverages served to the customer, the internal environment and the efficiency level of <https://assignbuster.com/operation-management-practices-and-tactics-of-hotel-novotel-tourism-essay/>

the existing staff. For this, the hotel gives special emphasis on technology to maintain high level of coordination and fast flow of reliable information from one department to another.

Competitive priorities of the hotel

The term “ competitive priorities” had its origin in manufacturing sector. It takes into account elements like price, quality, deliverability, flexibility and innovativeness. Corbett and Wassenhove (1993) pointed out that these elements are often used to measure external as well as internal competitiveness possessed by the company (Abdullah & Bakar, p. 21).

Therefore, the term competitive priorities can be defined as “ a set of goals for manufacturing, consistent with the corporate or business unit goals” (Abdullah & Bakar, p. 21). However, competitive priorities are applicable to the service sector also. Traditionally it has been noticed that a company or an organization can achieve competitive priorities mainly through four distinct manners; these are low cost, quality, delivery time and flexibility. Later on the fifth element in form of innovation has been added.

With time, the hospitality industry in UAE has emerged out as one of the attractive sector for the new entrants. The government is taking special interest to flourish the UAE’s hospitality industry and thus several international players are getting attracted to enter this sector. Such an environment has increased the degree of competitiveness among the existing hotels and they are using different strategies to gain a competitive edge in the industry.

Hotel Novotel World Trade Centre Dubai has paid special attention on the quality of the service rendered to the visitors. To enhance the quality of the service, the hotel paid special attention towards information technology. The management decided to make utmost use of information technology to improve operations by coordinating the supply chain, making the staff member friendly with IT and a customer relationship management (CRM) system that is based on latest software and technology prevailing in developed nations. In the 2003, the hotel arranged IT training for the staff members so that they can get accustomed with three IT systems. Property Management System (PMS), Fidelio was introduced to the staff members so that they can have easy access to information regarding existing number of guests, availability of rooms and specification about rates. This software makes the process of booking through internet from any part of the world quite simple and fast. The staff members were also make accustomed with Accor Group's Central Reservation Systems (CRS), TARS to make the booking process versatile. Novotel's Yield Management System (YMS) was designed to help the streamline groups and the corporate groups so that they can have proper information about forecasted room occupancy and its availability. The hotel also introduced latest technology to fulfill requirement of the guests in best possible manner. The visitors can use internet to check mails, pay for bills, do high-tech conferencing and many more (United Arab Emirates, " Novotel World Trade Centre Hotel, Dubai – staff trained in latest information technology"). Therefore, the management introduced technology to improve the quality of the service offered by upgrading the skill and knowledge of its staff members.

Apart from developing the human resource, the hotel has taken utmost care to make the services flexible enough. This has been done to fulfill unique requirement of different guests who visit the hotel. For the corporate guests, the hotel has 8 fully equipped conference rooms with soundproof walls. The interior environment is quite refreshing and offers accommodation for 150 people to conduct conferences, seminars and meeting. To match with the requirement of its customers, the hotel provides 24 hour reception and availability of airport shuttle round the clock. Other facilities like ATM, baby sitting and banquet is also available to cater needs of its guests. All these facilities provide required competitive edge to the hotel.

Analytical techniques used to improve the efficiency and effectiveness of operations

Hotel Novotel World Trade Centre Dubai relies highly on quantitative and analytical techniques for making decision. The hotel has a central data warehouse which has access to data from each and every functional department. This data is of great help as the management churns them to understand the performance and the changes taking place. As for example, the marketing department will use the data derived from the data warehouse to study changes taking place in the occupancy rate in past few years. Considering this information, they will forecast the future trends in coming months. Again this information will be used by the finance department to develop forecasted cash flow and cash management policies.

Similarly, the data from central data warehouse is used to identify the change taking place in customer satisfaction level. If the management determines that number of customer's complain regarding the service

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quality is increasing, then they ask the customer relationship management department to provide the reason behind and to take required action to find out the root cause so that the existing loopholes can be rigidified.

Management also introduces changes in the rates, policies and services offered to the customers.

Major challenges faced by the operations management in the company. Outline of the existing problems in operations management in the company and identification of potential causes of these problems

One of the most important ventures of the company has been its attempt to join hands with Suitehotel. The idea was to merge the already good client base of both, which would result in the emergence of an enhanced business. However, it is obvious that Suite Hotel would gain greater advantage over the former and that Novotel would back the needs of the hotel and assist in its growing and taking up the market standards. (Accor, “ The new generation of Suitehotel is Suite Novotel”). It is possible that this move would lead to the loss of market of Novotel. Moreover, Novotel already had a brand image which was operating successfully. This move would lead to the change in its brand image which would require new advertising strategies.

One important challenge that the hotel might have to face is the rapid changes in technology. Technology in the form of communication, computers, mechanical instruments and personal devices has a critical effect on the operations of the hotel. Since the hotel is meant for travelers and businessmen, it would require highly advanced technological instruments.

Most travelers would want high speed of information accumulation, transfer,

storage and manipulation. People would expect that when they would rent a hotel room it would keep them as proactive as they would be in home or in office (O'Fallon & Rutherford, p. 2).

The world is also witnessing changes in the travel patterns of people. Changes in the airlines regulations have also changed the number of visitors to the hotels or the frequency of visit of travelers. In fact hotels are increasingly choosing to locate themselves near the airline hubs. This is because it is known that business travelers would not want to move into the interiors of city. Meetings and conferences can be established in the hotels. Novotel must face the challenge to provide such prompt services to its travelers in order to stay ahead of its competitors. The company also has to keep changing its pattern of investments. Currently the hotel operations do not only depend on a single entrepreneur's vision. The management must design strategies and tactics in order to achieve any unanticipated financial goals (O'Fallon & Rutherford, p. 2). The following figure shows the changing pattern of residents of UAE.

Figure 1: Change in spending pattern of UAE residents

(Source: Zawya, “ UAE residents spending pattern increases in 2010”)

Recommendations provided to improve the situation. What would be the potential impact? What are the potential difficulties in implementation?

First of all merging with another company requires complete restructuring of the present policies and strategies. It is recommended that there is no fall in

the level of performance resulting from the merging. Merging is associated with combining two different cultures and strategies. The set of operations of Suitehotel would be different from that of Novotel. The company would have to develop and implement common cultures and operational procedures which would be followed by all.

Today the world has become extremely competitive. It has been changing rapidly with the growing needs of businesses. The hotel is most frequently visited by businessmen and travelers who would require the most advanced instruments and devices. It must keep upgrading its technology according to the requirements. The people coming for business purposes should be given technological assistance which would not hinder their work progress. The rooms meant for meetings and conferences should be made available whenever required. Portable computing, PDAs or personal data assistants, and internet services should be made available which allows guests to have a transition from home, travel or business to the hotel.

Since the company has several hotels across various places, the market for them would also be different. Situations vary between countries and regions. Each hotel has to cater to different types of customers. Thus it would be not be wise to follow the same pattern of operations and services in all of them. Each hotel must work towards meeting the demands of their particular customers. However, the hotels must also cater to the needs of foreign travelers. Recently the travelling pattern of travelers has also undergone a drastic change. The frequency of visits made by foreign travelers has also increased.

It is also recommended that company undertake corporate responsibilities more aggressively as this would enhance its goodwill to a considerable extent. It must undertake social responsibilities apart from its businesses and revenue generation.

The overall learning from the project

While doing the project it was felt that operations management is a critical part of any business. It is more important for a business running across different nations. It requires coordination of activities for successful running of its business. Since the hospitality sector has been booming there would be many competitors for the company. It is crucial for the company to retain its market and continue achieving sustainable development. Businesses remain extremely vulnerable to the fluctuations in the economy. The changes in market conditions and consumer spending also need to be monitored regularly. The company needs to invest in research and development to address any unanticipated situations. The company also remains vulnerable to the changes in externalities, like the government rules and regulations. The government may implement changes in property prices which would adversely affect the company. It also requires alertness on the part of the company. It is important that the company does not violate the rules at any cost, rather devise strategies to use them to its benefits. It must ensure to resort to ethical practices while doing business. Any fraud practices would be harmful for the company and would result in ruining its goodwill. Finally the company must make a feasibility study of its business before venturing. Every step that the company takes must be backed by a feasibility study. It

should keep account of the any unforeseen situation which might confront the company.