

Hospitality organizations

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Hospitality organizations are looking for new techniques to survive in this growing and competitive world. They have different service networks to compete in market and fulfilling different customer needs. (Kandampully, 2005). That's why, hospitality organizations are rapidly using different ideas such as: leasing, management contracts, outsourcing. To assist them in serving customers with different needs. Outsourcing has become a popular choice for hotels. (Ying, 2001). The article is going to define different aspects of restaurant outsourcing and its benefits and disadvantage to hotels and restaurants.

Purpose: - To describe the drivers and strategic intent behind restaurant outsourcing in hotels, and to critically compare the benefits and challenges to hotels and outsourced restaurants. Methodology:- Research from academic literature and comparisons from hotel industry. Findings: - Cost reduction and brand extension appear to be most important element for restaurant outsourcing. Study has shown that hotels gain huge profits by preferring outsourcing. Keywords: Restaurant, outsourcing , Hotels, strategy , core-service, competitive advantage, Branding.

Paper type: Academic article. Introduction:- The hotel industry is facing frequent challenges, affecting the profit of hotels. Hotels are investigating options to make their food and beverage department profitable. These days, hotels have been looking for different kinds of opportunities and strategies to solve problems related to costs, quality and speed of services. Downsizing, elimination of some functions or processes, developing strategic relationships through franchising or contracting out or leasing arrangements can be seen as examples for these decisions.

Outsourcing is also one of these strategies. (Bloat, T. 2009). As defined by Forbes, M. (2004) that ever since Gordon Ramsey took over the fine-dining restaurant of Savoy group, hotels are eager to bring in outside celebrities to head up their top restaurants. Restaurant out sourcing:- " outsourcing can be mean a reduction in overheads, greater budgeting control, the off-loading of staffing problems and the opportunity to buy in expertise in areas where it might ether wise be difficult to maintain standards. " (Forbes, M. 2004).

On the other hand, Reily, R.(1996) defines, " Where an organization passes the provision of a service or execution of a task previously undertaken in house, to a third party to perform on its behalf. " (P. 5) moreover, jackson, (2005) defined outsourcing as, " A desire to reduce costs, increase effectiveness, obtain external expertise, and release internal expertise to focus on strategic issues. " (p. 3). Similarly Fan, Y (2000) defined, " Outsourcing is a contractual agreement between the customer and one or more suppliers to provide services or processors that the customer is currently providing internally". (P. 213.)

Furthermore, Strate and Rappole (1997) defined that, because hotel restaurants were managed as a secondary function, owners and operators are thinking how hotel food and beverage can be best conceived and managed. This new focus on hotel foodservice results in innovative ideas and strategic alliances with well-known restaurant brands. Outsourcing a growing trend:- Nigel,(2004) defined that, Although outsourcing gives an important effect on the performance of one operation, but there are more factors that companies take into account when deciding for outsourcing an activity.

For example, if an activity has a long-term strategic importance to hotels, and usually hotels have specialized skills in one operation they will not outsource it. If its operations performance is already of better-quality to other suppliers, it would be unlikely to outsource it. But also even if its performance was currently below that of the suppliers, they might not outsource the activity if they feel that they could improve the performance of their restaurants. In addition to it, Rutherford. (2006) defined that, The appearance of celebrity chefs have put important effect to the food and beverage director's mix of challenges.

Because, If a hotel commit much of its food and beverage strategy to the talents of one famous person, it can enjoy a significant competitive advantage. Drivers:-Globalization, Cost savings, market demand for quality, increased flexibility, specialization and competition are become valid and important business drivers for organizations to consider outsourcing but rather than managed and mitigated perfectly, they are often overlooked or underestimated. Glen (2005). Globalization: because of new world economy, hospitality business is facing extraordinary pressures to be attentive on all expenditures, (Sacco, 1993, p.

47). Even the small hoteliers who were not consider that global economic forces affect them, are in fact, influenced as well. Large domestic companies now forcefully chase smaller markets which they previously ignored. (Cited by Emblition, P, R. 1998). In order to compete, hotels must be along with the best in world, they need to compete with labour cost, material cost

and cultural differences. These increase the opportunities for hotels to gain more advantage related to market shares on universe level. (White, 2004).

Market demand for Quality: Noe, (1999) has stated, " no greater challenge exists in the market place than for a business to be responsible for providing satisfactory tourist and hospitality services. " (Cited by Thyne. P. 5). To deliver high quality products to guests, Country inn and suites have developed a strategy to outsource restaurant brands that are co-owned by Carlson and T. G. I. Friday's. (Rutherford, 2007) has defined that this practice has insured that guests have access to high-quality product and a brand-name restaurant in hotel.

In contrast Nigel, S. (2004) has defined that, Supplier may have specialized knowledge and improvement can be more experience, also may be motivated through immediate starts, but can be some risk of satisfaction and market pressures, and communication can be more difficult.

Professionalization :- Standards of service become significant issue while doing outsourcing of restaurants in hotel sector. The principal advantage of restaurant outsourcing is access to specialist skills, the use of specialist suppliers help more validation of speciality to hotels.

(Hotels, 2005). Restaurateur may have expected knowledge of market and can improve the in house service, because of knowledge of modern technology and an excited brand name. (Reily, P. 1996). furthermore, Lamminmaki (2005) defined that, there are some aspects of specialization hotels look at to outsource the restaurants as some work required specialized knowledge and expertise that is important for hotels i. e. : chefs,

silver service waiters, he further defined different types of specialization required by hotels, as defined in figure.