

Preface

Strategic management has become a very important management tool in today's dynamic competitive business environment. *The Handbook of Hospitality Strategic Management* consists of 20 chapters contributed by 31 internationally recognized, leading researchers, university professors, consultants, and industry leaders. The authors provide thorough reviews of current literature and discussions of mainstream strategic-management-research subject areas. They also apply the theories and concepts by means of hospitality industry cases.

This handbook uses the co-alignment principle of strategic management, which suggests that a hospitality firm wins competitive advantage by co-aligning its opportunities with its competitive strategies, its core competencies, and its implementation process. It identifies its opportunities through environmental-scanning activities. This handbook consists of the following sections: environmental scanning, strategy as investment in competitiveness, core competencies, functional competencies, decision making, implementation, and strategy and multi-unit issues.

Environmental scanning Marvin J. Cetron, Frederick J. DeMicco, and Owen Davies analyse the impact on the hospitality business environment of economics, population change, the labour shortage, market change, technological advantage, the energy issue, and world terrorism. Using this analysis, they predict the environmental impact on the travel and tourism business of vacation patterns, the MICE market, the club market, the medical travel market, theme parks, green travel, the cruise line and airline industries, and health foods.

Jorge Costa, from the theoretical perspective, analyses the concept of business environmental scanning, its process, content, and outcome, and how these relate to the development

of strategies. He also discusses major models in the field of environmental scanning and their applications. Costa also proposes a model for continuous environmental scanning and presents the impacts it may bring to hospitality organizations.

Strategy as investment in competitiveness Focused on the economic environment and its impact on hotel demand, supply, and development, Paul Slattery, Ian Gamse, and Angela Roper argue that academics have paid only minor attention to the topic in small, underfunded hotel projects. They introduce a more comprehensive approach, which is based on the continuous tracking of the structure of economies, the hotel demand and supply profiles of all hotel chains. Armed with such longitudinal data, they provide more effective interpretations of the development of international hotel chains in Europe and why they evolve as they do.

Nicolas Graf argues that the Critical Successful Factors (CSFs) approach to strategy implies that companies must do well at the core activities of their business before they can successfully attempt to gain a competitive advantage. In their pursuit of infinite growth, firms may be tempted to trade off some of these principles, but as history shows, a lack of focus on CSFs inevitably ends with long-term performance failure.

Elie Younes and Russell Kett analyse the risk factors at various life stages (development, operating, and obsolescence/exit) related to various hotel asset classes, such as limited, extended stay, shared ownership, full service, and luxury hotels. They argue that, in general, limited service hotels seem to run less risk, while luxury and full-service hotels run higher risks.

Melih Madanoglu suggests two interim solutions for this cost-of-equity conundrum in the emerging markets: The investors and academics should either (1) solely focus on future cash flows of the project, or (2) use simulations, such as Monte Carlo, in order to create multiple scenarios that approximate the investment realities of the emerging markets.

Jinlin Zhao and Wei He review literature relevant to several important concepts and explain how they are interrelated, especially in the context of the international hotel industry. They conduct a comprehensive, in-depth content analysis and summarize major competitive methods employed by multinational hotel firms between 2000 and 2007.

Francis A. Kwansa, Cynthia Mayo, and Tefvik Demirciftci believe that companies that recognize, harness, and leverage intangible assets are rewarded by investors on the stock market. They discuss many intangible assets, such as leadership, strategy execution, brand equity, reputation, network, human

capital, and more that help companies maintain competitive advantage as well as sustain their revenues and earnings stream for the future. They analyse the percentage of intangible assets in relation to their total market cap of 10 lodging companies. The analysis shows that there is a rising trend in intangible value among the companies.

From a corporate strategy viewpoint, John O'Neill believes that a hotel's brand contributes significantly to the property's market value. Well-managed hotel brands tend to gain increasing market share. He further discusses brand power, brand as a value creator, brand and satisfaction, brand extension, and brand and franchising.

Prakash K. Chathoth argues that strategic alliances are used as vehicles of growth that provide partners with access to each other's resources and capabilities. He believes that in today's global economy, it is essential that hospitality firms use alliances to access markets globally. Acquiring resources or developing them internally may be a more costly option, which could be done away with if alliances are pursued.

Core competencies Robert J. Harrington and Michael Ottenbacher provide an overview of the current thinking in resource-allocation decisions and organizational structure in the general and hospitality literatures. They compare these issues for the emerging trend of "channel blurring" between retail and foodservice in order to demonstrate the impact of level of control considerations, resource availability, and demand uncertainty on structural decisions. This comparative analysis highlights key resource-allocation decision issues for the strategic option. They also provide a glimpse at factors influencing structural decisions, such as vertical integration, ownership forms, and co-branding opportunities between retail and foodservice.

Functional competencies Kevin S. Murphy and Michael D. Olsen outline the development of a high performance people system (HPPS) within the US hospitality industry and demonstrate those practices which should be included in a firm's HRM core competencies. Firms able to implement such systems possessing complementary internal fit have been shown to increase the intangible value of their human capital (employees) and create greater economic value. Such organizations can compete more effectively in their industry sector. They used Outback Steakhouse Inc. as a case to illustrate their view points.

Daniel J. Connolly argues that information technology (IT) is a resource vital to a firm's success. No longer can it be viewed

simply for its support and utility roles dominant in tactical applications, which focus on the use of IT to gain efficiencies, reduce costs, decrease labour, and improve productivity. Instead, IT is increasingly playing a strategic role in organizations, where it either creates competitive advantage or enables new business opportunities. Attention is now being given to IT's ability to differentiate products and services, to create new product and service offerings, and to build and sustain core competencies.

Peter Jones and Alan Parker believe that it might seem slightly surprising that strategic operations management in the hospitality industry is relatively little discussed and not much researched. This is partly because of the "blur" between operations, marketing, and human resources; and partly because it is difficult to separate managing operations from managing operations *strategically*. Nonetheless, when this is attempted, it becomes apparent that firms have developed and adopted a strategic approach to managing their operations, which has contributed greatly to their success. The authors use the Whitbread case to illustrate how a company can compete at a number of levels: at the corporate level, for instance through merger, acquisition and disposal of other firms; at the business unit level, by having an integrated strategy based around operations, human resources and marketing; and specifically through operations, by adopting the right location strategy, ubiquity, or other operations strategies.

Decision making Joseph J. West and Sabina Tonarelli-Frey introduce the concept of leadership and their point of view of effective leadership. They believe effective leaders are highly visible, take responsibility for their actions, and have followers who do the right thing. Leaders are goal-oriented. They are judged by the actions of their followers, glorying in the strength of their followers, and intolerant of poor performance. Effective leaders understand that leadership is situational; they must either modify their behaviour or the situation to successfully attain their goals. They realize that in addition to intelligence and technical skills, they must possess emotional intelligence if they are to be effective in today's complex environment. They understand that emotional intelligence is essential if they are to lead the knowledge workers of today and tomorrow. Effective leaders understand that they are responsible for the ethical behaviour of their organizations.

Chris Roberts believes that organizational culture is recognized as one of the most powerful forces in determining an organization's success. Resistance to goals and strategic plans

from those within the organization can doom such efforts before they have any opportunity to succeed. Therefore, understanding what constitutes an organizational culture and how to influence it are key aspects of effectively formulating and implementing strategic plans.

Marcia H. Taylor and Michael D. Olsen investigated the co-alignment between elements of the co-alignment model: strategy choice, firm structure, and firm performance. Based on “resource-based view” literature, they conducted in-depth interviews with general managers and other managers of five hotels, direct observations, guests’ surveys and secondary data in Jamaica. They revealed the importance of co-alignment in hotels: Performance was best when co-alignment was present. In addition, the findings indicated that the competitive methods cited by managers as providing the greatest value to the hotels were not always in line with what was most important to the guests.

Implementation Sander Allegro and Rob de Graaf look into three innovative concepts that help make the right decisions around innovation: scenario thinking, the innovator’s dilemma, and the development of new services. These concepts have been used in industry for many years and have increased product and service sales and profits. These concepts are applicable to the hospitality industry as well. They present a case study of Qbic hotels, a truly innovative concept that was introduced in the European hotel market

Amit Sharma argues that a large number of small businesses play a very important role in the hospitality and tourism industry; however, most hospitality strategy literature is based on strategy models with a lesser emphasis on small businesses. By default the emphasis has been on studying large businesses. He believes that it is necessary to strengthen hospitality strategy literature by studying small businesses. Researchers will need to expand the existing models and theories, develop a parallel stream of literature focused solely on small businesses, and evaluate strategic process of such businesses.

Strategy and multiunit issues Levent Altinay and Fevzi Okumus discuss and evaluate factors influencing entrepreneurial orientation of ethnic minority SMEs in the tourism and hospitality industry. They believe that owners of ethnic minority SMEs play a crucial role in setting a direction and influencing the culture and management of these firms. They argue that the owners who have a higher level of language proficiency of the host country and business education are better

equipped to communicate and understand the stakeholders and develop appropriate strategies. In return, such skills then lead to better performance and a higher growth in their businesses. Therefore, researchers need to understand and evaluate the cultural background, religion, language skills, education, and work experience of these entrepreneurs.

We believe that the depth and coverage of each topic is unprecedented. It is a must-read for any hospitality researchers and educators, students, and industry practitioners interested in the hospitality strategic management.

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