MANAGEMENT:
A NEW WAY OF THINKING

Chapter 15

THE PURPOSE OF THIS CHAPTER

North Americans, especially management students, are so management conscious that we often forget how new a field of thought and kind of work management actually is. Like any growing idea, management is still moving toward maturity. As a student, therefore, you would be wise to be skeptical about any "eternal truths" or unchanging principles you may hear associated with the field of management. One useful way to develop a sense of management as a growing and changing field is to review its brief history. This chapter conducts such a tour.

Management practices and innovations have had a profound impact on the hospitality industry. In this chapter, we examine closely organizations that pioneered the development and application of modern management in the hospitality industry.

THIS CHAPTER SHOULD HELP YOU

1. Understand how our view of "management" as a business function has evolved into its current definition.
2. Describe the contributions of early-twentieth-century management thinkers Frederick Taylor and Henri Fayol, and explain how their ideas influenced later management developments.
3. Describe the significance of the contributions E. M. Statler, Vernon and Gordon Stouffer, Howard Johnson, Harland Sanders, Ray Kroc, Kemmons Wilson, and Sam Barshop made to the development of hospitality industry management.
4. Describe how the customer, not the operator, ultimately defines a business.

MANAGEMENT AND SUPERVISION

Students considering a career in hospitality **management** naturally want to understand the hospitality profession in general and the various kinds of opportunities it offers. It is equally important for them to understand the work that supervisors and managers do. We have devoted a major portion of this text to discussions of this work. Let's turn our attention first to **supervision**.

The word *supervision* is derived from two Latin words that, taken together, mean "to oversee." As such, supervision involves principally the direction and leadership functions of management. (These two functions receive special attention in Chapter 20.) Supervisors are also involved in the other functions of management that we will soon be discussing. They must plan, and they must understand the plans made by senior management that they will follow in their operations. They must understand and come to function effectively within a complex organization. One particularly important responsibility, staffing (discussed in Chapter 18), is at the heart of a hospitality supervisor's work. Additionally, the control function cannot be carried out without supervisors becoming sources of information and of the corrective action indicated by control systems.

There are some slight differences between supervision and management. The supervisor's work occurs at the operating level; that is, he or she works directly with the employees as they do their work. Management, however, is concerned with the totality of the organization's problems. Managers engaged in long-range planning may well discover a need—for example, to redesign the organization structure or the control system. Very often, especially in large organizations, managers direct the work of supervisors, who, in turn, direct the actual tasks of employees.

From a student's perspective, it is important to remember that in the hospitality industry, nearly all managers begin as supervisors, and able supervisors usually advance through the ranks to senior positions. Even there, however, a manager's work may have a supervisory component—the actual direction of employees in productive tasks. As a practical matter, then, management and supervision are so closely intertwined as to make distinguishing between them a theoretical exercise with little practical value for us. To be sure, we often refer to supervision and management, but by itself, the term *management* usually includes supervision and is the preferred term when speaking in generalizations. The next six chapters explore the work of managers and supervisors. In this chapter, we define *management* and address its development as a body of knowledge.

Although managing—both the designing and organizing of work and the overseeing of it—is as old as civilization, management as an organized body of thought is only about 100 years old. Indeed, until recent times, the way that society was organized made it unlikely (useless, really) to consider management as a field of study and thought.

In this and the following chapters, we also use the term *business*. In fact, modern management has been mainly a development of the private sector, or the business community. However, students whose interests lie in nonbusiness areas, such as administrative dietetics or community food service programs, should not feel at all left out, because nonprofit and government-funded food service programs now widely use these same techniques. In fact, minor adjustments make modern business management relevant to almost any managerial task.

THE ECONOMIZING SOCIETY

The economist Robert Heilbroner identified three means of organizing a society and dealing with its economic problems: **tradition**, **command**, and the **market system**.[1] The two means with the longest history are tradition and command; the market system, by contrast, emerged from medieval Europe and continued into the modern age.

Tradition embodies the wisdom of experience, gained through trial and error, in a set of social customs regarded as nearly unchangeable. Primitive societies are traditional societies. Primitives regard the idea of change with fear, and so their whole society is based on the absence of change. For this reason, tradition offers only meager guidance in the modern world.

Command—imposed authority—is a solution to society's problems often associated with traditional societies. Command was the mode of social control of such ancient empires as the ones the Egyptians and Romans built, and it is the means by which modern dictatorships rule.

The market system (as defined by economists) emphasizes the free choice of individuals. In theory, consumer decisions govern the allocation of resources, and competition sets the prices in the marketplace. In practice, critics point out, there are many imperfections in the market system, but we must recognize it as a system that offers consumers—and workers—more choice than does any other system the world has ever seen.

One central idea of the market economy completely foreign to most other cultures (including that of medieval Europe, out of which our society developed) is the idea of individual gain or profit seeking not just as a legitimate activity but also as a cornerstone of civilization. Traditional societies are based principally on community interests, but the market system encourages, indeed exalts, individual interest.

Management focuses on the problems of large organizations, though it is used in all sizes of organizations. In premodern times, such management thought served the church and the military as they were the only large organizations. As royal power and ancient tradition were displaced by an economic-driven society and the market system, the creative energies of businesspeople began to occupy a more central place in Western civilization, particularly in the United States. In the nineteenth century, large business organizations came into being, and with them came a need to develop theories to deal with the complex problems associated with those organizations. Thus the field of management was born.

Management is struggling to deal with a greater consciousness of community values regarding matters such as the environment as well as individual gain as joint determinants of economic action. Because management's values derive from the changing values of the society in which it works, we can expect that a change in society's consensus on the importance of individual choice in the marketplace will have a major impact on management now and in the future. Management, still barely 100 years old, has already passed through a number of changes. Given the changing society out of which management arises, there is bound to be further development in the field.

Management is a very modern institution; indeed, it is a new way of viewing the problems of work in an expanding and increasingly wealthy society. This new way of viewing problems has become one of the strongest forces in the last 100 years of our civilization's development. Because this development has been so rapid, our view of management problems has changed dramatically during that period. Management continues to change along with the dynamic society in which it operates, and so those entering a career in management must prepare themselves for constant change. It is useful, therefore, for us to examine briefly the contributions of the early management theorists to see the power of their ideas and how this young field of ours grew.

THE MANAGERIAL REVOLUTION

The problems that management deals with weren't really problems at all in traditional and command economies. People worked at what their parents had worked at; they did what they were told to do. The problem of motivation was largely solved by the fact that the worker's alternative to following orders was starvation. Even in early modern times, when democracy was still growing in the political realm and had little to do with our economic way of life, people worked for low wages. More applicants were always standing at the door if any employee wanted to leave.

Managers must understand all aspects of the operation. (Courtesy of Sodexo, Copyright 2009.)

The two thinkers generally credited with laying the foundation of modern management are Frederick Taylor and Henri Fayol. As we will learn, they were concerned with quite different problems. Taylor formulated industrial engineering principles and a wholly new way of organizing tasks. Fayol voiced the first ideas underlying what has come to be called organizational theory.

TAYLOR: THE WORK PROCESS FOCUS

Frederick Taylor founded the scientific management movement. He believed that "the most prominent single element in modern scientific management is the task idea." Taylor argued that instead of "herding men in large groups" and relying on brute strength of numbers, a careful study of the work to be done and the worker would result in greatly increased productivity, that is, in more units of output per unit of labor input.

Although the Industrial Revolution achieved a revolution in productivity through the use of machines, Taylor offered a further revolution through improved work planning and a **work process focus**. Here is Taylor's own summation:

> Scientific management consists of a certain philosophy which results in a combination of four underlying principles of management: first, the development of a true science; second, the scientific selection of the workman; third, his scientific education and development; and fourth, intimate, friendly cooperation between management and men.[2]

Let us briefly consider each of Taylor's points. His "true science," based on time-and-motion studies, eventually became the new field of industrial engineering. His idea was to make management's study and planning of the work, rather than numbers and strength (or traditional skill), the controlling factor in work. It was a revolutionary proposal. His method of studying and planning the work meant analyzing each task and developing the "one best way" to do it. Moreover, his approach replaced the artisan shop, based on traditional skills, with the controlled shop, a productive process in which management planning rather than worker skill or strength directs the enterprise.

This idea of management planning reappears in Taylor's second notion—the scientific (we might say "studied") selection of the worker. Rather than relying on the low wages of the time to offset low productivity, Taylor wanted employers to choose the right person for the job. Such an obvious idea hardly seems revolutionary to us, but most of the managers of his time resisted this approach.

The "scientific education" of the workers is a third factor in the controlled-shop notion. Having planned the work and hired someone qualified to do it, Taylor advocated training the worker in the one best way to accomplish each task. He also advocated supervising workers closely so that no other method inadvertently entered the process. Management and the methods it prescribed, rather than the worker's skill or brawn, controlled the productive process.

Finally, Taylor wanted to achieve "friendly cooperation between management and men," principally through giving workers "what they most want, namely high wages." He proposed using some of the increased profitability of the now more productive business to improve workers' wages.

Taylor's ideal worker was "Schmidt," a laborer whom he introduced to his foreman in this way: "When this man tells you to walk, you walk—and don't talk back to him." Taylor called Schmidt a "**high-priced man**" because Schmidt would receive much more than the going wage if, by obedience to Taylor's methods, he achieved greater productivity.

It is easy to criticize Taylor for his extreme emphasis on pay as "what they most want" and for expecting unfailing obedience. What critics forget is the dramatic social change that has taken place in the world of work in the short time since the days of Schmidt, the "high-priced man."

In Taylor's time, the workforce was uneducated, largely immigrant, and in a poor bargaining position compared to its powerful employers. Today, legislated social programs such as unemployment insurance have removed the fear of starvation from the employer-employee equation. Most employers eagerly seek employees, and these employees are far better educated and more conscious of their own worth. Primarily as a result of hugely improved productivity, the American employee works shorter hours for enormously improved pay. However, at least two key ideas of Taylor's remain as centerpieces in the American work scene: the **task idea** and the **controlled shop**.

THE TASK IDEA. We learned, through Frederick Taylor, that there is one best way to do work. Thus, the study of layout and design in a hospitality curriculum usually involves finding the most efficient means of laying out the workplace, such as a kitchen. Using outside experts to lay out work and design workplaces in a way that fails to take account of human social needs is coming increasingly under challenge. Nevertheless, no one is ready to give up the idea of work design through the close study of the task idea to achieve maximum productivity, for such a move would be costly to employer and employee alike.

THE CONTROLLED SHOP. Taylor brought a shift away from achieving productivity through the skill of the artisan or unskilled brawn "herded in groups." The shift has been toward achieving productivity through work methods designed by management and work performance tightly controlled by supervision. As we will see shortly, Vernon and Gordon Stouffer, in developing the recipe kitchen, brought the controlled shop to food service. (McDonald's and other quick-service operators, through systems design and planning, have extended it even further.)

Today the notion of the controlled shop, too, is under challenge. Workers in some places now demand (and often receive) greater participation in the control of the workplace. Our discussion of this issue in Chapter 21 reveals that no one challenges the notion that some agreed-on system should be developed and followed. The discussion, rather, seems to focus on how the system should be designed and the amount of worker involvement in that design. Neither hourly workers nor management wants to give up the high wages and profits that come from the high productivity bequeathed to us by Taylor and his successors.

OTHER CONTRIBUTORS. Our brief discussion may encourage you to explore further the development of management thought. Among other things, you would learn of the many contributions made to scientific management by Taylor's colleagues and those who came after. We note in passing three other pioneers. Frank and Lillian Gilbreth advanced the study of the task by developing the therblig (Gilbreth spelled backward), defined as the smallest unit of human movement that can be measured. Developing standardized therbligs for all work motions speeds and simplifies the task of the industrial engineer.

H. L. Gantt, like Frederick Taylor, insisted on close supervision of the work and the worker. He developed a system of charting work operations that relies on the now-familiar Gantt charts. These charts have been adapted for use in hospitality employee scheduling. The discussion of staff planning in Chapter 18 includes a brief description of their use.

Although a changing world has challenged and altered the early work of the scientific management movement, in many ways the movement's contributions continue to have a lasting impact on our lives.

FAYOL: ADMINISTRATIVE MANAGEMENT

Whereas Taylor and his colleagues focused on the task and the shop, Henri Fayol focused on the organizational problems of departmental division, work coordination, and **administrative management**. The discussion in the next five chapters of this book is organized around management functions. This frame of analysis was originally advanced by Fayol in 1916, albeit in a somewhat different form. However, his conceptual scheme for viewing the work of managers has had a profound, shaping effect on the development of management thought. Fayol was French and his work, written in French, had limited circulation in English-speaking countries until 1929. It did not reach print in the United States until 1949. For this reason, it is difficult to trace Fayol's influence precisely. Doubtless, however, some scholars, students, and managers heard his work discussed or witnessed their effects. In any case, his ideas gained wide acceptance, which they still enjoy today.

Beyond describing management as a common set of activities—now called management functions—Fayol was among the first to rationalize the staff role. He contrasted it with the role of line management and offered a clear statement of staff limitations. Line workers are defined as those whose work directly affects customers. Staff workers are functional specialists who act in a support role. Our discussion of these topics in Chapter 17 owes a great debt to his early formulations of these issues. Fayol first suggested two bases for dividing work into departments: functional and geographic. (An Englishman, L. H. Gulick, expanded his notion into four bases for departmentalization: function, process, clientele, and location.)

Fayol was concerned, too, with the number of people a manager could supervise efficiently, and his ideas on this subject were expanded by V. A. Graicunas into the notion of **span of control**. Departmentalization and span of control are discussed in Chapter 17.

HUMAN RELATIONS: WORK AS A SOCIAL PROCESS

In the late 1920s, the Western Electric Company conducted a series of tests to study the effect of light levels on worker productivity. Each time the researchers raised the level of light in the factory, productivity rose. Then, to test their results, they lowered the level of light, but productivity increased again. They lowered it still further, and again, productivity rose! Here was a puzzle. What was going on?

The researchers gradually formed a hypothesis that the way the workers felt about their work was significant. The experimental process, the attention that the researchers paid to the workers seemed to stimulate their productivity. The research was thus expanded to include a close study of the human interaction in the work groups being observed. The researchers discovered that social pressures in the work group were at least as important as pay in determining level of effort and output of workers.

This work was begun under the direction of Elton Mayo and carried out largely by Fritz Roethlisberger and W. J. Dickson, all famous names in management thought. It set in motion a process of research and controversy that continues to be a lively area of debate among management theorists as well as managers and supervisors. Although there is wide disagreement over exactly how to interpret and put into practice these findings about human relations (or, as it has more recently been termed, organizational behavior), few would argue today that pay is all that counts. Most managers are much more sensitive to the human and social needs of workers than they were just a few years ago.

IMPLICATIONS FOR THE MODERN HOSPITALITY MANAGER

We have noted the influence of the early theorists Taylor, Fayol, and Mayo, and the practical uses to which their theories are put to this day. By way of a summary, we should note that the basic issues in hospitality management for the foreseeable future are embodied in the work of these three men and those who followed them. From Taylor, we get a concern with efficient production methods. Fayol set us to thinking about the design of the working organization. And Mayo and his followers alerted us to a concern for the worker as an individual and as a social being—an idea that today even extends beyond the individual worker to the organization and even the environment in which it operates. Students of the hospitality industry should be able to observe the effect of each of these researchers' work on how today's hospitality organizations are managed.

MANAGEMENT: A DYNAMIC FORCE IN A CHANGING INDUSTRY

The hospitality industry, too, has had its managerial pioneers. Although we cannot, in the space allotted here, discuss them all, we will offer a brief description of the work of **E. M. Statler** and **Vernon and Gordon Stouffer**, and describe the development of modern hospitality franchise systems as exemplified in the work of **Howard Johnson**, **Harland Sanders**, **Ray Kroc**, and **Kemmons Wilson**. The contribution of another conceptual pioneer, **Sam Barshop**, founder of La Quinta and inventor of the limited-service hotel, is detailed in Case History 15.1. The next sketches will help demonstrate the impact of management ideas on the evolution of the hospitality industry.[3]

STATLER: THE FIRST "NATIONAL" HOSPITALITY SYSTEM

Ideas, especially as textbooks present them, often appear neat and tidy. However, they are usually the result of complicated development. The central perception of Ellsworth M. Statler—that a national market existed for quality accommodations for the growing American middle class—probably evolved from his experience in serving that market as his hotel holdings grew from the original Buffalo Statler to a chain serving many of the nation's major cities. After developing and operating two "temporary" hotels for the Pan American Exposition in Buffalo in 1901 and the World's Fair in St. Louis in 1904, Statler opened his first permanent hotel in Buffalo in 1908, where he had already made a name for himself with a successful, popular-priced restaurant. His hotel featured all the amenities of a luxury hotel, but both its plant and organization were designed for maximum efficiency. His slogan—"A room with a bath for a dollar and a half"—shook an industry that associated the luxury of a bath with high prices. Statler's became the first popular-priced, full-service hotel. In the hotel business of that day, a substantial portion of the hotel rooms were plain rooms, that is, rooms without a bath. All of the popular-priced rooms were of this variety. Thus, "A room with a bath for a dollar and a half" represented a major social innovation.

As the size of the Statler organization grew, the company developed central staff services in control, architectural design, and personnel. Statler produced the first centralized corporate staff (as opposed to line management, a concept we discuss in Chapter 17) in the hospitality industry. The enforcement of uniform standards in all Statler hotels provided a guest with the assurance of a familiar quality level wherever he or she went. Moreover, Statler was the first hotelier to perceive the power of the American middle-class market, and his was probably the first true lodging chain, with common operating standards for all properties.

It would take a much longer discussion of Statler's many contributions—including his important role as the first influential backer of hospitality education—to give full credit to this pioneer. Fortunately, such a discussion is available in a full-length book published by the Statler Foundation.[4]

STOUFFER'S MODERN MANAGEMENT TECHNIQUES

Vernon and Gordon Stouffer were sons of the owners of a successful family restaurant. In the early 1920s, they attended the Wharton School of Finance, where they studied the ideas of Frederick Taylor and the other management pioneers. As a result of that experience, the Stouffers introduced ideas that transformed the artisan- and craft-based field of restaurateuring into the modern American restaurant industry. In short, the Stouffers adapted the thinking of Taylor and Fayol to the restaurant.

THE RECIPE KITCHEN: A CONTROLLED SHOP. Their mother oversaw the original kitchen, but the Stouffer brothers could not build a chain on the skills of one person approaching retirement age. Yet they did not want a chef, because (they argued) when you lose the chef and replace him or her, your food could change and your organization might fall apart. With this insight into the weaknesses of the craft-based kitchen, the Stouffers sought to achieve management control over the kitchen by developing a set of recipes that would produce a standard product. For many years, the Stouffers hired only women for work in the kitchen or pantry because (they argued) women were accustomed to following recipes, whereas men were inclined "to become chefs," making things their own way and destroying the uniformity of product for which Stouffer's ultimately became famous.

The food production supervisor and her assistants were called managers: They planned the work; organized that work around stations; staffed the kitchens with the right people, properly trained for the right job; and controlled food costs through yield checks and portion control devices. Finally, the food production manager, while leading and directing her crew, placed great emphasis on following the recipes and methods specified by management.

The introduction of the management-controlled **recipe kitchen** greatly improved productivity over the traditional kitchens of the day. Closer management control also ensured remarkably low food costs. The result was a highly competitive price. As Statler had done with hotels, the Stouffers brought the amenities of fine dining within reach of the American middle-class mass market.

Before the Stouffers, restaurant organization centered on the roles associated with traditional workstations; the relations among workers and between work groups reflected the old chef–maître d'–steward pecking order. The Stouffers, however, adopted a modern system of departmentalization. Reporting to the general manager were the executive assistant manager and his or her assistants, a director of service, and the dietitian (or food production manager). Although these formally prescribed relationships changed somewhat from time to time, Figure 15.1 is a reasonably accurate description of the way the typical Stouffer's unit was arranged.

An organizational hierarchy, with the rigidity and symbolic trappings of an almost military organization, was developed—complete with titles of address (Mr., Miss, or Mrs. for supervisors and managers, first names for workers) and uniforms that clearly differentiated management from worker.

The Stouffers were in the area of personnel management as well. They offered fringe benefits, such as paid vacations, paid holidays, and group insurance, long before these practices became widespread. The Stouffers were among those who supported the pioneering work of William Foote Whyte, which finally took the form of his 1948 study *Human Relations in the Restaurant Industry*. Whyte looked specifically at individual behavior and how employees related to one another in the restaurant environment.

Thus, the three kinds of ideas that constituted then—and today still do—the agenda of management thought had a profound effect in shaping the Stouffer organization: the controlled shop focused on the task, a rational organization design, and concern for the worker as an individual human being.

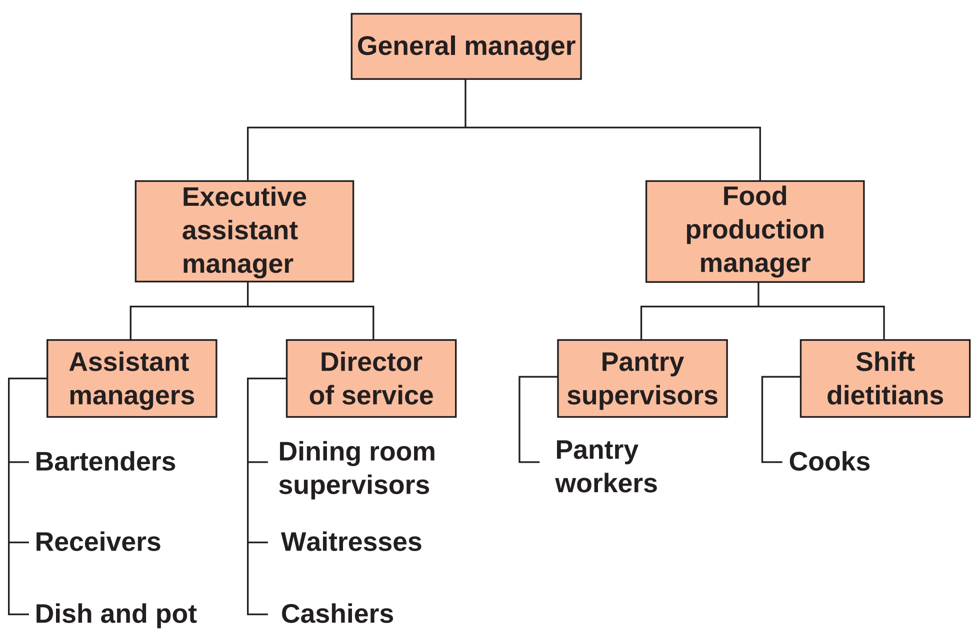

Figure 15.1
The Stouffer restaurant organization (circa 1960).

THE BUILDING OF COMPLEX HOSPITALITY SYSTEMS

Any discussion of management must also include the concept of how systems are organized. No one person can take credit for the development of hospitality systems, as these multiunit organizations evolved over a number of years. One of the key foundations on which these organizations are based, however, is franchising, and the pioneer in hospitality franchising was Howard Johnson. He began to build a franchise organization around a standard restaurant format in the 1920s. A generation or so later, Harland Sanders and Ray Kroc were the entrepreneurs most clearly associated with the development of franchised fast food. Kemmons Wilson made unique contributions to the development of modern lodging **franchise systems**.

Each of these people had an idea that solved a consumer problem. To make those ideas widely available, they needed to develop an operating system and an organization that could finance its own expansion; this meant giving up the owner-hired management pattern on which hospitality organizations had been previously based. It meant developing a whole new basis for organization based on shared interests and acceptance of authority on a voluntary basis. That acceptance, in turn, was motivated by a desire to share in a unique idea—that is, to share in the knowledge of the central organization. Moreover, the franchisee shared in the power of a large organization in marketing, purchasing, and operating system design. Much of that power related to the collective knowledge of the franchising organization. Finally, each of these men created a powerful consumer acceptance for his product and service that outlived its initial corporate organization and its founder.[5]

HOWARD JOHNSON. In the 1920s, as automobile ownership became more common and people began to travel more, travelers confronted the problem of finding a safe, reliable place to eat. Howard Johnson, whose initial success was in manufacturing ice cream, hit upon the idea of a restaurant with a standard appearance and menu and quality standards that would be immediately recognizable to travelers. Anyone who has ever driven into a strange town and wondered where to eat without concern about food safety will know how critical Johnson's idea was to travelers of that day. Although his idea was excellent, Johnson did not have the funds to expand his operation. He decided to franchise his operating system to others, following the method of expansion first pioneered by Singer Sewing Machines and used very successfully in Johnson's time by soft-drink companies and automobile manufacturers to achieve rapid expansion in a growing national marketplace.

At one point, Howard Johnson's was the largest restaurant "chain" in the United States. We put "chain" in quotes here because until that time, as in Statler's day, the word implied common ownership. Johnson's restaurants were owned by many local operators (and investors), all of whom followed the same pattern in menu, decor, and operating procedure, not because of the legal force of common ownership but because of their compelling common interest.

HARLAND SANDERS: KENTUCKY FRIED CHICKEN. Harland Sanders operated a very successful restaurant that was bypassed by a new highway. He needed a new idea to regain his customers' patronage, so he developed a method of frying chicken quickly under pressure. This method permitted frequent small-batch cooking to ensure freshness and flavor. He also developed a batter that was flavored by a "secret recipe of herbs and spices." (This recipe, although it has changed a number of times since, is still secret.) Finally, he coined the phrase "finger lickin' good" to describe his Kentucky Fried Chicken. His slogan caught people's fancy. Customers flocked back to his store, but he could make only limited use of his combination of operating idea, equipment innovation, and sloganeering in one town in Kentucky. Rather than try to build an organization based on ownership, he took to the road, presenting his business system to other restaurateurs and offering them a chance to share in it in return for a royalty. Those who were interested were licensed to use his system—and many of them became millionaires several times over. Once again, a "chain" emerged based on shared interests and mutual agreement rather than on the force of property rights.

RAY KROC: MCDONALD'S. Ray Kroc was a manufacturer's representative who sold milk shake machines very successfully. One restaurant that he sold to, which was owned by the McDonald brothers, bought an unusually large number of machines, and Kroc went to see what made that restaurant so successful. What he saw so impressed him that he acquired the rights to license the operating system to others and eventually bought out the McDonald brothers.

What the McDonald's system offered was the solution to two problems. The first was a customer need, and the second was an operating problem. The customer problem involved the needs of the parents of the baby boomers. When the boomers were still little children and families were larger than they are today, these young parents needed a place to feed the whole family without spending a lot of money they didn't have. The McDonald's restaurant offered the most popular foods in America—hamburgers, french fries, and milk shakes—and promised change from a dollar for a whole meal. Moreover, there was no problem with serving little children. Even after McDonald's evolved out of its early drive-in and take-out format, McDonald's restaurants were places where everybody could come dressed for play or work and where kids could run around and not have to "be good." Not just the children loved it—McDonald's was a place for the whole family.

The operating problem that fast foods solved—and this is nearly as true for Sanders as for Kroc—was that of delivering food service at a price that made it an attractive buy. The first key to achieving this goal was the limited menu. Menu limitation meant economies of scale in both purchasing and preparation. The second key was to take the idea of the controlled shop to its extreme. Every procedure was spelled out in detail, and work methods were designed that removed virtually all need for skill. Because quality was based on procedure rather than skill, it could be ensured with minimum-wage workers—and uniformity could be ensured in many outlets, eventually worldwide.

Kroc brought all the talents of the modern corporation to bear on developing and redeveloping his products and services. His redevelopment of the company's french fried potato product, for instance, has been compared to the systems engineering that the National Aeronautics and Space Administration first made famous in the space program. More than anyone before him, Kroc was able to tap the talents that were drawn into his growing organization of franchisees. Most of the newer products, such as the Egg McMuffin and the Big Mac, were ideas initially developed by franchisees. Moreover, Kroc built an organization that was at once uniform and yet flexible enough to change with its markets and respond to competitive pressure.

McDonald's did not build its early success on advertising, but as fast food became more competitive in the 1970s, Kroc oversaw the development of the awesome advertising muscle that has made McDonald's a household word around the world. The campuslike headquarters in Oak Park, Illinois, resembles nothing so much as the Versailles Palace of Louis XIV. There, not only does the job of governance of this vast, largely voluntary (i.e., franchise) organization get accomplished, but visitors are awed by the massiveness of the resources and the restrained splendor of the setting. One of the authors, during a visit to McDonald's headquarters, watched two new franchisees, one from Southeast Asia and the other from Germany, arriving at these headquarters. They were so visibly impressed that any idea they might have had that this "hamburger stand" company was anything other than all-competent was quickly banished. Hamburger University, a training school, is one of the major tools that the organization Kroc built uses to secure uniformity in product, commitment in operation, and enthusiasm in management. Detailed training rather than strict discipline is the cement of the McDonald's organization. It is, ultimately, knowledge rather than discipline that holds the organization together.

KEMMONS WILSON: HOLIDAY INNS. Kemmons Wilson, with his close associate Wallace Johnson, applied the idea of franchising to the lodging industry in the early 1950s in a way that swiftly built a national organization, setting the pace for change in the lodging industry for 20 years. Seeing a need based on his own travels on business and with his family, Wilson developed a motor hotel, Holiday Inn, that met the needs of both businesspeople and vacationing families. The organizational needs for a reservation system, a well-known brand name, and standardized services were successfully surmounted, and his Holiday Inns became a popular favorite. It was this consumer preference that made Holiday Inns first a major and then the dominant force in the lodging industry of the 1950s, 1960s, and 1970s. The rapid expansion of his idea was possible because of Wilson's success in enlisting ownership financing through many local investors in local projects—and these local people were usually able to find local mortgage money to complete the capital needs of the new Holiday Inns. Once again, a successful idea that solved consumer problems was expanded through the power of mutual self-interest, through a network of franchisees who conformed to the system because of their own self-interest. (The development of another lodging innovation, the limited-service midscale hotel, is discussed in Case History 15.1.)

The common elements that these pioneers share form the basis not only of the organizations that still bear their names but also of the many other organizations that have learned the lessons their success taught. One significant cornerstone is the largely voluntary nature of these organizations. While not all hospitality chains today are franchised, the power of multiunit systems was first demonstrated by franchise organizations, and the dominant forces in mass-market hospitality today generally involve a significant proportion of franchised units.

Franchise organizations multiply the center of authority rather than concentrate it. Because the owner is generally closely involved with the unit, a number of advantages are realized. First, the owner's capital and credit are used to secure financing. Each franchised operation is a manageable small-business investment; however, in the aggregate, they create a huge capital plant that spreads into every attractive location across the continent and eventually around the world. The national organization they build is one with local roots, tying local needs to a national program, and vice versa. The management within a franchised unit is not much different from that in any other hospitality unit. Above the unit level, however, the functioning of the organization is quite different. The owner's self-interest and the franchising corporation's knowledge are the cement of the organization rather than the legal force of central ownership. Franchise systems are really a means for the dissemination of ideas. The voluntary joining together of these organizations also secures for each of the participants economies of scale in research, development, purchasing, and, most significantly, marketing.

As we said at the outset, no one person can take credit for these developments in hospitality management science, but we can certainly recognize the seminal contributions of Howard Johnson, Harland Sanders, Ray Kroc, Philip Barshop, and Kemmons Wilson and try to learn from them.

CASE HISTORY 15.1

Where Does a Concept Come From?

One of the most significant innovations in the lodging business in the last 50 years has been the development of the midscale limited-service hotel, a concept that includes first-class guest rooms but very few of the other services of the full-service hotel. The man who first developed this concept is Sam Barshop, the founder of La Quinta Inns (www.laquinta.com).

The interesting thing about the development of this concept is that it is a good example of learning from experience. The successful development of La Quinta was certainly no accident—but it was also not a blinding flash of inspiration.

Sam Barshop and his brother Philip began building and leasing Ramada Inns in the early 1960s and then switched to a new franchisor, Rodeway Inns.[1] As Barshop Enterprises, they obtained the exclusive franchise from Rodeway for the states of Texas, Oklahoma, Kansas, and Arkansas. Between 1961 and 1968, they built 20 Rodeway Inns.

The 1968 World's Fair, HemisFair '68, was sited in San Antonio, and Sam and Philip decided to build two properties there to accommodate visitors to the fair.[2] With their experience with Ramada and Rodeway under their belts, they tried to buy out their franchisor. That proved not to be possible, and so La Quinta was born. They chose the name La Quinta—which means "country place"—to match the Spanish motif of the buildings. No one had any notion of building a chain of La Quintas. To quote Sam Barshop, "We were going to build two motels in San Antonio and that would be that."[3] Early success, however, was an important learning experience, and the chain began to take form.

One of the basics of the La Quinta concept—and the limited-service concept in general—was to avoid the operational headaches and costs of a restaurant operation. But the first five La Quintas did have restaurants, which Sam and Phil later characterized as "the biggest mistake we ever made." They learned from that mistake, however, and the La Quinta operating concept soon included a free-standing leased restaurant operated by a successful franchise company, such as Denny's, Cracker Barrel, or Shoney's.

Another important element of the concept was value. A critical aspect of that value was price, which was set at 20 to 25 percent below that of the competition. Eliminating the capital and operating costs of a restaurant made that room rate possible. The other aspect of the La Quinta value was quality. La Quinta provided a room that had all the features, quality, and cleanliness of the industry standard of the time, Holiday Inns. La Quinta targeted the business traveler, and one measure of its success was that 65 percent of its customers were businesspeople, a large proportion of them repeat customers. Inns were located so that they had easy access to the interstate highway system, airports, and business destinations, such as office complexes, industrial parks, medical centers, and universities, yet were outside the downtown core, where real estate prices were too costly for their rate structure.

Barshop described the La Quinta concept in this way: "Try not to make things too complicated. You can't be everything to everybody. We've got a simple concept, and we're going to cookie cut, and cookie cut, and cookie cut, until there aren't any more cookies left to cut."[4]

Continues on next page

CASE HISTORY 15.1

Where Does a Concept Come From?

Continues from previous page

As we all know now, the cookie-cutter formula was one others could copy, but for about 15 years, La Quinta had its concept to itself. Then, along came Hampton Inns, Fairfield Inns, and a number of other similar concepts. In time, too, came other investors, proxy fights, and Barshop's eventual retirement.[5] The fact of Barshop's innovation, however, is that it changed the face of lodging.

1. This discussion is based, except as noted, on articles from the June 1988 anniversary issue of *Innput,* a monthly publication for the employees of La Quinta Motor Inns. We would like to acknowledge our indebtedness to Mary Starling, secretary to Sam Barshop, in preparing this case history.
2. Philip Barshop left La Quinta in 1977 to run the family real estate business.
3. Christopher H. Lovelock, "La Quinta Motor Inns," Management Case Study, *Harvard Business Review,* 1980, p. 1.
4. Ibid., p. 6.
5. For a discussion of the takeover of La Quinta, see Case History 11.1.

WHAT IS MANAGEMENT?

In order to better understand the management function, one must understand the nature of work and the organization. Let us look at the basic work of a business (or any other organization, be it a hospital, nursing home, or school cafeteria). Peter Drucker, the economist and management consultant, stated that the basic purpose of business is to "create a customer," that is, to determine unfulfilled consumer needs and find a way to fill them. Drucker argued that the customer determines what a business is and that the central functions of a business are innovation and marketing.

Before discussing Drucker's theory and applying it to our industry, we should pause for a moment to consider whether his line of reasoning applies to all of us in management and supervision. Some, for instance, would argue that marketing is an activity of the sales department. However, marketing is, basically, determining what the customer wants and then providing it in a way that makes it reasonably easy for the customer to obtain, while pricing it to recover the cost and make a profit. The specific work of marketing is usually handled by a separate department. Marketing, however, also includes a way of thinking about problems that is often the hallmark of the successful manager. Drucker put it this way:

> Marketing is so basic that it cannot be considered a separate function (i.e., a separate skill or work) within the business, on a par with others such as

> manufacturing or personnel. Marketing requires separate work and a distinct group of activities. But it is first a central dimension of the entire business. It is the whole business seen from its final result, that is, from the customer's point of view. Concern and responsibility for marketing must, therefore, permeate all areas of the enterprise.[6]

This marketing viewpoint can guide us not only in dealing with guests but in dealing with employees as well. Employees are, after all, "customers" who "buy" jobs from employers with their time and effort.

We might also hear the argument that innovation is really a function of top management only. Surely opportunities for innovation exist, however, on a smaller scale and at all levels of the organization. Indeed, it is almost un-American to attribute all the opportunity for creative work to some "top group." The supervisor or junior manager who does not try to develop his or her own solutions to problems will be less useful to an organization than if he or she sees innovation as part of the work. Our earlier discussion of franchising underlines the importance of bringing ideas up through the organization.

The marketing and innovation work of junior managers must take place on a smaller scale and lower level, and it will be subject to the policy of the organization. Nevertheless, thinking your work through in terms of the needs and wants of those you deal with—employees and guests—and trying to find a new solution when old ways seem ineffective will make your work more fulfilling for you and more valuable to your operation. Finally, an understanding of the significance of marketing and innovation should make you more ready to support the efforts of others in these areas.

Indeed, Drucker pointed to what he called "the fallacy of the unterneymer." *Unterneymer* is German for "top man." He noted that the definition of the term *business purpose* is most often thought of as the concern of the owner or, at most, a few people at the top of the organization. In the German tradition of the unterneymer, Drucker said, the top man (and especially the owner-manager) alone knows what the business is all about and alone makes all the entrepreneurial decisions. Drucker further suggests that everybody else is a virtual technician who carries out prescribed tasks.

> [T]his may have been adequate in the nineteenth century business in which a few men at the top who alone made decisions, with all the rest manual workers or low level clerks. It is a dangerous misconception of today's business enterprise.

> In sharp contrast to the organization of the past, today's business enterprise [also today's hospital or government agency] brings together a great many men of high knowledge and skill, at practically every level of the organization. But high knowledge and skill also means decisions impact on how the work is to be done and on what work is actually tackled. They make, by necessity, risk-taking decisions, that is, business decisions, whatever the official form of the organization.[7]

The continuing definition of what a business is remains important to managers at all levels of an organization.

Managers must be able to handle numerous responsibilities. (Courtesy of Bon Appétit Management Company.)

WHAT IS OUR BUSINESS?

To answer this question, Drucker posed a series of additional questions:

- Who is the customer?
- What is value to the customer?
- What will our business be?
- What should our business be?

We have seen how Statler and the Stouffer brothers, in different areas, thought through the needs of the emerging American middle-class market—a market that really constituted a "new" customer. The developers of franchise systems, such as Johnson, Sanders, Kroc, Barshop, and Wilson, established organizations that harnessed the interests of ownership to serve a common organizational purpose. Each of these pioneers then used the field of management to serve that market efficiently.

Let's illustrate Drucker's frame of analysis with some examples from the hospitality industry: community nutrition programs, the community hotel, and franchised hospitality chains.

WHO IS THE CUSTOMER? The answer to this question is complicated by the fact that there are usually at least two customers, and generally more. Recall that the school lunch program got its start as a national program not only to fill the needs of hungry students but also to use up surplus farm commodities and help solve the nation's unemployment problem during the Great Depression.

Although we can't trace the process exactly, we know that the great expansion in the school lunch program was a response to the growing participation of women in the workforce. Indeed, the development of preschool feeding and the school breakfast program are more recent innovative responses to the twin problems of working mothers and poor families. Although the customer is the child who eats and the parents who need no longer remain home to prepare a meal, the buying decision is made by Congress and other state and local funding agencies, and the ultimate customer is the American people. Much the same can be said for congregate feeding programs for the aging.

It is hardly possible to identify the single "entrepreneur" responsible for the growth of community nutrition programs. They have resulted from the work of many people, both within and outside the school lunch program and other food service programs. This revolution in the way social obligations are arranged to provide nutrition is still going on—a dramatic example of identifying customer needs and innovating to fill those needs, with people at all levels of many operations involved in the work. Neither community nutrition programs nor any of their elements—school lunch, preschool feeding, congregate meals—is the work of an unterneymer.

On a smaller scale, community hotel promoters discover every generation or so that town leaders in smaller communities can benefit from a small first-class hotel. The guest is also an important customer, but as the discussion in Chapter 9 suggested, many community hotels would never have been built were it not for the positive influence (expected or real) of these hotels on real estate values, employment, and community growth in a small town. Thus, community leaders are important customers for community hotel developers, in many ways as important as the guests the hotel is built to serve.

The franchise systems we discussed earlier illustrate the notion of multiple levels of customers. The guest who buys the product or service is an important customer, but so is the potential franchisee. The franchise organization must not only satisfy the guest but also develop a system that fills the needs of local investors and entrepreneurs who want to run a successful business in their community.

WHAT IS VALUE TO THE CUSTOMER? Each customer has different values to be fulfilled. The guest at a Holiday Inn values a standard level of product and service that is conveniently located and priced within his or her means. (These means are defined by the American middle class, to which the guest almost invariably belongs.) Franchise holders, for their part, buy a familiar hospitality brand name, national advertising, and a referral system.

Value to the guest in a community hotel is clean, comfortable accommodations. Value to the local investors, however, results from factors such as improved property values and a community that can more readily attract other employers with new local job opportunities.

The value of community nutrition programs to students, young children, and senior citizens is adequate nutrition and a palatable meal. Government supports such programs for these reasons. However, we can speculate that perhaps even more significant is the fact that these programs solve other problems. They fill the needs of families in which the parent works and can no longer serve a midday meal (or sometimes even breakfast). Congregate feeding for elderly persons also supplies services that families no longer provide for their aging members. The flip side of this is also true: Congregate feeding often frees elderly people from dependence on their children.

WHAT WILL OUR BUSINESS BE? This question recognizes the simple fact that the only constant is change—that for organizations to survive in a changing environment, they must change with it. Holiday Inn was originally and for many years a company of roadside inns located on the outer edges of cities, along expressways, or near airports. As urban renewal began to revitalize downtowns, and as many downtown hotels continued to deteriorate or even closed their doors, a large new market began to emerge. Accordingly, the company developed prototype properties to serve urban centers and changed from strictly a motel company to a hotel-motel company.

In the mid-1980s, as segmentation became more widespread, Holiday Corporation—its name changed to recognize the company's broadened commitments—evolved into a multibrand company represented in nearly every significant area of lodging: Hampton Inns in the economy market, Holiday Inns in the conventional motor hotel market, and the Crowne Plaza properties and Embassy Suites in upscale markets. Holiday recognized, as well, the significance of its destination activities and high profits in the casino business and expanded its commitment to its Harrah's division. Then, in 1990, Holiday sold off what had once been its flagship brand, Holiday Inns, to another company. This move reflected management's judgment that the casino business and the newer, more segmented lodging concepts—Hampton, Embassy, and Homewood—offered the company's stockholders the best returns. The successor company to Holiday Corporation's non–Holiday Inn assets, Promus, in time split Harrah's gambling business from its hotel operations and, even more recently, Promus Hotel Corporation merged with Doubletree to form one of the most powerful hotel corporations in North America (which was subsequently purchased by Hilton). Today Holiday Inn, it should be noted, is part of the London-based Intercontinental Hotels Group, which is continuing to change the segmentation strategy for the brand.

WHAT SHOULD OUR BUSINESS BE? Drucker began his discussion of the question in this way:

> "What will our business be?" aims at adaptation to anticipated changes. It aims at modifying, extending, developing the existing, ongoing business.
>
> But there is a need also to ask "What should our business be?" What opportunities are opening up or can be created to fulfill the purpose and mission of the business by making it a different business?[8]

The school lunch program began by serving children in public schools. As public food service programs expanded to include preschool children, however, many officials of the school lunch program started to wonder whether their organization could be expanded to embrace other community food service programs, such as congregate meals for elderly people. The school lunch program in every community already has a production plant. Moreover, it maintains central service facilities in lunchrooms unused except during the noon recess (and, perhaps, the early morning). It also has skilled workers and managerial and nutritional savvy, and it is genuinely community-based. Thus, the question "What should our business be?" is properly raised by school lunch leaders. It will be interesting to watch how food service answers these four questions in the next generation.

McDonald's began as a drive-in restaurant on the outskirts of a city, serving hamburgers, french fries, and shakes, principally at lunch and dinner. Because of its great success, McDonald's might have been content. Instead, management constantly asked what its business should be, and today's McDonald's features attractively decorated dining facilities where guests can sit and eat their meals rather than carrying them to the car. McDonald's has also moved aggressively and successfully into the breakfast market and, more recently, became a major factor in downtown food service. Instead of resting on its laurels as the country's most successful drive-in chain, McDonald's management continually looks for new opportunities. "What should our business be?" asks McDonald's. The answers account for McDonald's steady expansion and its place as the world's largest restaurant system, serving all three meals and available in most market areas in North America and throughout the world—even in nontraditional locations such as hospitals.

IN BUSINESS FOR YOURSELF?

CAREERS IN HOSPITALITY

Some students plan to enter business for themselves. Those who succeed will remember the key questions we have just reviewed. Students whose careers involve working as supervisors and managers for others must realize that they are also, in a sense, in business for themselves—selling their services and making a career based on their reputation for effectiveness. If this is your choice, the analysis we have just offered serves you too: You must answer the questions of who your customers are and what value means to them. The patrons of your operation are obviously customers, and their needs and wants must be satisfied. The employer is your customer, and in an important way, especially for junior managers and supervisors, the employees you direct are also your customers. If they were not there, there would be no need for a supervisor. The balancing of the needs of all these "customers," properly done, will require creative marketing and innovation on your part.

What will your business be? And what should it be? Career change is so common in North America that everyone should consider the possibilities. Is there an area of the industry that might offer greater opportunities? Or shorter hours? Or higher pay? At some point you may want to change the nature of your business—for instance, from supervisor in a large operation to unit manager. As these changes arise, you should ask yourself questions about your ability to "change your business." Perhaps additional work in accounting, a human relations training program, or some other specialized work or study, such as a graduate degree, would help you supply value to your proposed new customers.

Success—defined as income, advancement, or more work satisfaction—will come from taking a creative approach to the work of management. In the next five chapters, we consider just what kind of work supervisors and managers do. We emphasize here, though, that even during that time when you prepare for managerial duties by working as a server or a dishwasher, you can apply an understanding of management functions. Servers, cooks, and bartenders are "in business for themselves," building knowledge through experience, building a reputation for effectiveness, and deriving personal satisfaction and self-confidence from work well done. This "business" is worth managing, and more success will come from having managed it well.

SUMMARY

This chapter began our discussion of management. First, we defined management and supervision. Second, we outlined the history of coping with economic problems: tradition, command, and the market system.

We turned then to three pioneers in management theory: Taylor and his work process focus, the task idea, and the controlled shop; Fayol and administrative management; and Mayo and his concern with the worker.

We moved to a discussion of pioneers in the hospitality industry. Statler introduced the idea of a popular-priced, full-service hotel as well as uniform standards in all his hotels. He was perhaps the first to recognize the power of the middle-class market in regard to the hospitality industry.

The Stouffers adapted Taylor's and Fayol's ideas to their restaurants. They used a recipe kitchen—a controlled shop—which standardized the management and organization of their restaurants. Johnson, Sanders, Kroc, Barshop, and Wilson all played key roles in developing franchise organizations based on voluntary adherence, mutual interest, and shared knowledge. They offer a national organization a local focus in every market they serve.

The last section of this chapter was devoted to a study of Drucker's theories of management and how they apply to the hospitality industry. We considered several questions: What is management? Who is the customer? What is value to the customer? What will our business be? What should our business be?

Key Words and Concepts

Management
Supervision
Tradition
Command
Market system
Work process focus
High-priced man
Task idea
Controlled shop
Administrative management
Span of control
E. M. Statler
Vernon and Gordon Stouffer
Howard Johnson
Harland Sanders
Ray Kroc
Kemmons Wilson
Sam Barshop
Recipe kitchen
Franchise systems

Review Questions

1. How do management and supervision differ?
2. Describe Taylor's principal contributions to management theory.
3. What were Statler's main contributions to hospitality management? What were the Stouffers' main contributions?
4. What are the forces that bind modern franchise organizations together?
5. According to Drucker, what should our business—the hospitality industry—be?

Internet Exercises

1. **Site name:** Search engines

   URL: Google—www.google.com

   Bing—www.bing.com

   Yahoo!—www.yahoo.com

   Background information: Many current management philosophers differentiate management skills from leadership skills. As a manager in the hospitality industry, you will be using both management and leadership skills throughout your career. The key is to determine how they differ and when to use them appropriately. Use your favorite search engine or one listed above and search for articles/information on management versus leadership.

   Exercises:

   a. Determine what characteristics differentiate a manager from a leader.
   b. Lead a class discussion on which is more important: managers or leaders.
   c. When is it most appropriate to use management skills and/or leadership skills?
   d. Choose an article that addresses the issue of management versus leadership, and discuss the author's perspective on the differences and similarities. Do you agree with the author? Why or why not?

2. **Site name:** Search engines

   URL: Google—www.google.com

   Bing—www.bing.com

   Yahoo!—www.yahoo.com

   Background information: There have been many leaders in the hospitality industry, such as Ray Kroc, Howard Johnson, Harland Sanders, Kemmons Wilson, Vernon and Gordon Stouffer, Sam Barshop, John Q. Hammons, Horst Schultze, Howard Shultz, and so on. Choose a current or past leader, and search for information on that individual using your favorite search engine or one of the search engines listed above.

Exercises:

a. Discuss the contributions this individual has made to the hospitality industry and how the industry has changed as a result of his or her actions.

b. Where do you see your chosen individual using management skills and/or leadership skills most effectively?

3. **Site name:** "The Art and Science of Leadership"

URL: www.nwlink.com/~donclark/leader/leader.html

Background information: This leadership guide is for supervisors, managers, lead employees, and anyone wishing to move up through the ranks as a leader.

Site name: The Free Management Library: Introduction to Management URL: www.managementhelp.org/mng_thry/mng_thry.htm.

Background information: The Free Management Library provides easy-to-access, clutter-free, comprehensive resources regarding the leadership and management of yourself, other individuals, groups, and organizations. The content is relevant to the vast majority of people, whether they are in large or small for-profit or nonprofit organizations. Over the past ten years, the library has grown to be one of the world's largest well-organized collections of these types of resources.

Exercises:

a. Choose one of the "chapters" on the Web site that is of interest to you. Lead a class discussion on the management and leadership concept you chose, and describe why this information would be important to a hospitality manager.

b. Read the section on leadership styles. Which style do you think is the most appropriate for a hospitality manager? Why?

Notes

1. Robert L. Heilbroner, *The Making of Economic Society,* 4th ed. (Englewood Cliffs, NJ: Prentice-Hall, 1972).
2. Frederick W. Taylor, *The Principles of Scientific Management* (New York: Norton, 1967).
3. For more information on hospitality pioneers, see Linda Shea and Chris Roberts, *Pioneers of the Hospitality Industry* (International CHRIE, Richmond, VA 2009).
4. Floyd Miller, *Statler: America's Extraordinary Hotelman* (Buffalo, NY: The Statler Foundation, 1968).
5. Nothing said here should be interpreted to imply that franchise organizations are more perfect, necessarily more humane, or freer of error, politics, and the arbitrary exercise of power than are independently owned operations. In fact, no human organization achieves perfection, and neither do franchise organizations. They do, however, have the substantial advantages set forth here.
6. Peter Drucker, *Management: Tasks, Responsibilities, Practices* (New York: Harper & Row, 1974), p. 63. The discussion in this section takes many of its ideas from Chapters 6 and 7 of Drucker's book. This is a classic text with which all hospitality students should be familiar.
7. Ibid., p. 76.
8. Ibid., p. 92.