ORGANIZING IN
HOSPITALITY MANAGEMENT

Courtesy of Digital Vision.

Chapter 17

THE PURPOSE OF THIS CHAPTER

This chapter discusses the way people come together to work, an enjoyable and interesting subject. In a "society of institutions," to use Peter Drucker's words, knowing how institutions get put together can also help guide both work and life. Working relationships are rarely arbitrary. Moreover, an understanding of the limits of authority—and the limits on accepting authority—is essential to someone building a career in managing and supervising others. We are all on the receiving end of organizational decisions and the exercise of authority from time to time. The basic argument is that understanding how management organizes will help you polish your hospitality management skills.

THIS CHAPTER SHOULD HELP YOU

1. Name two sources of authority within the workplace, explain them, and state their limits.
2. List five common bases for dividing work into organizational units or departments, and name a specific segment of the hospitality industry likely to use each basis.
3. Describe line management and staff assistance functions, and explain the differences in authority that each exercises.
4. Explain the advantages and disadvantages of the following elements of organization theory and practice: the roles of committees, bureaucracy, and the one-boss theory.

AUTHORITY: THE CEMENT OF ORGANIZATIONS

What is a real emergency? Except in organizations set up specifically to deal with them (e.g., fire companies and ambulance crews), emergencies are nonroutine, serious situations in which nobody knows for certain what to do. Some people shout orders, others run toward the door, and still others do whatever seems best to deal with the problem. To try to achieve results without organization is to invite a permanent emergency.

Organization is necessary to any operation. A small restaurant or motel needs only the simplest of organizations (and, in fact, it may seem that small operations have established no real organization at all). You will recall from Chapter 5, however, that small restaurants have been declining in significance in the market, and the same is true of small motels. Your future, therefore, will probably involve work in an organization of some complexity, such as a hotel, convention center, restaurant chain, or hospital. Although we discuss organizing principally from the perspective of the larger organizations in our industry, our discussion applies in a general way to the smallest organizations as well. When we feel special solutions to organizing problems are useful, we identify and discuss those solutions.

Before we begin, here is a definition of the organizing function in management:

> Organizing is the work managers do to bring order to the relations between people and work as well as among the various people at work.

Organization charts sometimes give the impression that the company just fits together in that way. In fact, for any group to function, it must have authority at several levels to make it come together and stay together.

THE BASIS OF AUTHORITY

Formal **authority** has its basis in law, but the way that people in the work group perceive the organization and their relation to it places limits on that authority.

THE LEGAL BASIS OF AUTHORITY. Laws and the **legal system** imply a community's potential use of force to maintain order. In our society, private property is a central social institution; in the business firm, the basic rationalization for management has been ownership. In the small firm, in effect, authority is often based on this notion: "I own this company and have the right to control my property. If you want to work here, you'll have to do as I say."

In the large corporation, the line of reasoning is more complex. (Stockholders elect a board, the board hires a top manager, the top manager delegates authority to subordinates.) However, the essence of it is simply "I represent ownership" instead of "I own."

Franchise organizations present a more complicated case. The franchisor undoubtedly has a legal right to enforce agreed-on procedures and quality standards with its franchisees. Franchise organizations, however, rely more on persuasion, advice, and peer pressure (from other franchisees) to maintain standards. In fact, only a very small proportion of franchisees have their franchises terminated for unsatisfactory operations. Moreover, introducing change in a franchise organization, except in matters clearly spelled out in the franchise agreement, is possible only through negotiation and persuasion. Often the persuasion is based on the fact that the franchisee would be better off with whatever change is desired. As you can see, the mutual interest of all franchisees is a strong force that parallels the legal rights inherent in the franchisor's authority.

A McDonald's franchise in 1963 presents a good example of this. The franchised restaurant was suffering very poor sales on Fridays due to many of restaurant's frequent customers following the Catholic practice (at that time) of not eating meat on that day and decided to sell a fish sandwich to help boost sales. Ray Kroc, the chain's founder (discussed in Chapter 15), was against the idea. Since franchisees cannot legally introduce new menu items, this created a problem. Ultimately, the franchisor and franchises worked together and test marketed the sandwich. The resulting sales provided proof that it was a suitable product, so it was added to the menu permanently throughout the chain.

In governmental activities such as school lunch programs and congregate feeding, the basis of authority is legislative activity exercised by the duly elected representatives of the people. The enabling legislation authorizes the activity, together with periodic appropriation legislation that specifies the amount of money available and how it can be spent.

In either the company or a public agency, there lies behind the manager's order the ultimate force of authority of the law. When the boss says, "You're fired," he or she can call on public authority to back up this position. The same is ultimately true for a franchisor's regulation: Failure to comply will result in termination of the franchise. Although the law is the ultimate basis of formal authority (and some such fundamental basis is undoubtedly necessary to give stability to social institutions), constant resort to the law is not an effective tool for getting people to do things on an everyday basis. A sure sign of a weak, inadequate manager is the repeated use of social force ("You do it, or I'll fire you").

ACCEPTANCE AS A BASIS FOR AUTHORITY. Subordinates can undermine a manager's authority in all kinds of subtle ways. In a developed society, the simplest way is to quit and get another job. Of course, an employee can stay and simply ignore orders whenever the manager's back is turned. These two approaches are by no means rare in the hospitality industry. Thus, to gain employees' support, a supervisor or manager must win their acceptance of his or her authority and their recognition that he or she is a person qualified for responsibility. In the hospitality industry, this acceptance generally means, first of all, credibility as a person qualified in the work the employees themselves do. An illustration from the personal experience of one of the authors may help:

> Unfortunately, I can't cook. This hasn't usually been a problem, as I've generally had a qualified food production supervisor to work with. I was once hired, however, as general manager to replace a man who had been promoted. On arriving at work, I learned that
>
> 1. The restaurant manager had just been fired.
> 2. The general manager was staying on "for a while."
> 3. I was the new restaurant manager.
> 4. I could take over as general manager as soon as the restaurant, which had been losing $16,000 on average each month since it opened, became profitable.
>
> All of this came as a surprise, but I wasn't too concerned, as much of my experience had been in food service management. The problem I did have, however, was that there was no kitchen organization—just some cooks, with no one in particular in charge! I knew there was no way I could supervise those cooks because I didn't know enough about their work to be credible to them. I'd have been laughed out of the kitchen.
>
> Fortunately, I was able to find a retired chef willing to help me out for a few weeks. I could explain to him what results I wanted—hours of service, menus, price ranges, and so forth—and he could interpret this need into specific directions for the cooks. Without the necessary credibility, in short, I needed an intermediary.

Aside from being another good argument for wide professional experience, this story illustrates the need, in a complex organization, for supervisors whose authority is acceptable to the work group. It would be equally difficult to supervise a front-office staff's work without any understanding of the technical aspects of what clerks do. Supervisors don't have to be experts, but they do require a sufficient familiarity with the work to "speak the language" and understand what is happening.

This principle does not apply just to the skilled workstations. Anyone who has ever seen an executive housekeeper whom the room attendants thought of as "too good to get his or her hands dirty" or a restaurant manager who couldn't, in an emergency, help out in the dish room or bus a few dishes knows how difficult this detachment makes their work with their subordinates.

INFORMAL ORGANIZATIONS. Sociologists who study work groups note that right alongside the formal organization established by management is an informal social organization that grows within the work groups. This **informal organization** usually has a leader who is consciously or unconsciously recognized by the group. The group develops its own expectations (norms) on what constitutes a fair day's work. And it develops an informal way of ranking its members (a status system). An insecure manager can feel threatened by an informal work group like this. The experienced manager or supervisor comes to accept the work group as a part of the natural order of things, like sunrise and sunset. He or she should establish working relations with this informal structure to ensure that the work at hand gets done. Most of all, the experienced manager realizes that the informal group constitutes a real limitation to his or her formal authority.

Authority that is based on competence and the acceptance of others is the strongest kind of authority. (Courtesy of Sodexo, Copyright 2009.)

AUTHORITY AND RESPONSIBILITY

It is an axiom of organizational theory that the manager can be rightly held responsible for results only as far as his or her effective authority extends. For instance, you may recall from Chapter 10 that the uniform system of accounts for hotels records income and costs, so each manager is held responsible for results in the area that he or she controls. The innkeeper, for instance, is not responsible for capital costs, because these costs reflect decisions made by the owners at the time of the construction or purchase of the property.

AUTHORITY: A SUMMARY

The effective manager seeks to establish authority on the basis of competence acknowledged by the people he or she works with. The experienced manager accepts the social nature of a work group and learns to work effectively with its informal leaders. The ultimate basis of authority, however, lies in the legal reality of ownership or legislative authorization. The effective manager, though, has little need to rely on these fundamental sources of authority.

DEPARTMENTALIZATION

For work to be done in complex organizations, these organizations must divide authority according to some logical basis. One manager cannot, after all, do everything. This division of authority is called **delegation**. Sometimes, as can be seen in Case History 17.1, it becomes necessary to rearrange hierarchical relationships to meet new circumstances. We turn now to a discussion of delegation, which is necessary before we can properly understand **departmentalization**.

THE DELEGATION OF AUTHORITY

In formal organizations, authority must be shared. Management scholars assert that authority must extend in an uninterrupted scale, or series of steps, from the top to the bottom of an organization—a concept known as the *scalar principle*. Responsibility is accepted at each level, and in turn, some authority is delegated to the next lower level. Although authority certainly can be delegated, most management scholars agree that responsibility cannot. That is, if something goes wrong because of a subordinate's error, the boss still must take responsibility along with the subordinate.

The scalar principle has been defined in one authoritative text as follows:

> The more clear the line of authority from the ultimate authority for management in an enterprise to every subordinate position, the more effective will be responsible decision making and organized communication.[1]

The delegation of authority may not be particularly important in small organizations in which management works closely with workers and can exercise control through actual participation. However, in larger, more complex organizations, such as a hotel or hospital, a large restaurant, or a school district made up of many lunch programs, delegation becomes necessary just to get the work done. For instance, a

CASE HISTORY 17.1

Reorganization in a Multibrand Company

When Jon Luther was appointed the new chief executive of Allied Domecq Quick Service Restaurants (now named Dunkin' Brands, Inc.), one of the first things that he did was to change the way that the company was organized to better suit corporate objectives. Allied Domecq QSR was a division of Allied Domecq PLC, a global food and beverage company based in the United Kingdom. ADQSR had three concepts for which Luther oversaw: Dunkin' Donuts, Baskin-Robbins, and Togo's. (Togo's was sold in 2007.) One of the strengths of the company was the synergies that the different concepts had with one another, since each commands a separate "day part." Luther was attracted to the new position, after years with Popeyes, largely because of the portfolio of concepts and the potential to make them work together as larger units. This has resulted in "combos" or even "trombos," where the different brands are situated together.

The organizational changes Luther made were at both the corporate level and among the concepts. At the corporate level, Luther created a "leadership team" of 15 executives whose responsibilities it was to oversee ADQSR's business strategy, operational excellence, and concept and menu development.[1] Among other things, the team was charged with reenergizing the concepts and growing the company, focusing on new markets. Changes were also made with the way that the different concepts were managed—from a market-based organization to a brand-based organization. The company is now divided into domestic and international divisions, and within each of those there are "concept officers" for each of the two brands.

This latest reorganization reminds us that a company's form of organization is, in many ways, a management tool. As such, it is open to change in order to achieve a particular result. In this case, each brand needs its own development, so a centralized organization is less appropriate than one that gives the people responsible for each brand more opportunity to innovate.

1. "Allied Domecq Quick Service Restaurants Names Executive Team to Lead Newly Restructured Organization," Press Release, September 17, 2003, and www.dunkinbrands.com, December 4, 2009.

hotel manager cannot simultaneously direct housekeeping, the front office, and the kitchen. Thus, senior managers must delegate authority to subordinate managers—that is, managers below them in the scale.

Delegation is necessary to get the work done. A second, less obvious reason for delegating authority is to develop management talent in the organization. As people leave for other jobs or enter retirement, the organization must keep up with the turnover. New positions are created, too, because organizations seek to expand. Most companies like to draw on their own employees to fill these openings. A third, related benefit that comes from having junior management and supervisory jobs in an organization is to keep bright, eager employees engaged and excited about their work by assigning them increased responsibility.

Unfortunately, many people have trouble delegating authority. This is especially true of people such as chefs or dining room supervisors who may have begun their working life as skilled workers, in this case as a cook or server. They are used to doing the job themselves, and they find it difficult to turn the work over to somebody else.

The fact is, when a manager delegates a task, it is sometimes done incorrectly. The newly promoted supervisor who is skilled in the work at hand becomes very frustrated. He or she may feel "It's easier to do it myself." In the very short run—dealing with just one task—the supervisor is correct in that feeling. The reason for delegation, though, is the multiplicity of tasks that confront the work group for which the supervisor is responsible. Although any one task may be easier to do oneself, it's literally impossible for one person to do all of them. To get all the work done (with high average standards but probably some tolerance for error), the supervisor must delegate and concentrate his or her efforts on developing the competence of the work group.

In summary, authority is the right to influence another person. And as we have explained, this authority can, at least in part, be delegated. However, such delegation brings up the related notions of power and influence. **Power** is the ability to influence another person. **Influence** is the process of affecting the thought, behavior, or feelings of another person. Interpersonal power can be exercised in many ways. For example, one's boss has legitimate power over her subordinate. However, a food server who has been at a restaurant for many years and is expert at his job will also have a certain kind of power in that others will look to him for guidance—even though he is not the manager. Thus, he—like the manager but for different reasons—has the ability to influence others. While it is beyond the scope of this book to explore this further, it is nonetheless vital that new managers appreciate that authority, power, and influence are very different aspects of good management and ones that must be understood if a manager wants to succeed.

SPAN OF CONTROL

An early management scholar, V. A. Graicunas, attempted to develop a mathematical approach to determine how many people a manager can supervise directly. This span of control, Graicunas thought, was stretched taut by the increasing number of relationships between manager and subordinate, between subordinate and subordinate, and between manager and various combinations of subordinates. The number of relationships rises rapidly, as Table 17.1 shows.

Although the number of subordinates reporting to a manager cannot really be stated precisely, some management scholars assert that the ideal lies between three and eight subordinates. The exact number that a manager may supervise depends on the complexity of the work itself, the ability and training level of the subordinates, and the ability and experience of the manager.

Table 17.1

Increase in Relationships

NUMBER OF SUBORDINATES	NUMBER OF RELATIONSHIPS
1	1
2	6
3	18
4	44
5	100
6	222
7	490
8	1,080
9	2,376

This concept of **span of managerial responsibility** is related to Graicunas's **span of control**, which refers to the number of people the manager supervises directly. The span of managerial responsibility, however, refers to the number of persons with whom the manager routinely interacts—that is, the number who have direct and unhindered access to the manager. For instance, a hotel manager may have a food and beverage manager, a rooms department manager, a sales manager, a chief engineer, and a comptroller, all of whom report directly to him or her. In addition to these five, the manager may routinely consult with supervisors one or two levels below. He or she might discuss problems with a hostess, or the banquet chef, or one of the housekeeping inspectors. These people may feel quite free to consult with the general manager personally if a problem arises. Even at the top of a very large organization, consultation and interaction extend beyond the span of control. Examples abound in our industry regarding executives who visit their units from corporate headquarters, to connect with employees, managers, franchisees, and customers. For most hospitality organizations, span of managerial responsibility is as important a concept as span of control. The term *span of control* refers to formal reporting relationships, but hospitality organizations tend to develop important informal supervisor-subordinate relationships that don't fit the narrow span-of-control concept. Moreover, in the hospitality industry, it is invaluable for top management to retain ties with people throughout organizational levels.

The principle of unity of command dictates that everyone has just one boss. This notion is generally sound, but as the discussion in the preceding paragraph indicates, reality is a good deal more complicated. In the hospitality industry, unity of command generally means that a manager does not routinely interfere in the workings of a subordinate's department. Rather, he or she discusses problems with the department head and lets that person take any remedial action necessary. When a serious problem of guest satisfaction or some other emergency arises, however, rules often are put aside, and the manager may intervene directly. This is also the case when allegations regarding sexual harassment between subordinate and superior are made.

It should be noted at this point that the "span of control" as it applies to the hospitality industry is being reevaluated. Many companies are increasing the number of subordinates that a manager oversees—the increased number of units supervised by area managers of certain restaurant chains and elimination of layers of management, such as one layer of regional management, are perhaps the best examples of this. As we discuss later, this "flattening" of organizations typically is instituted to reduce costs and increase middle management productivity.

BASES FOR DEPARTMENTALIZATION

There are five common bases for dividing the work (and the authority over the work) into departments: function, product or service, geography, customers, and process. The hospitality industry uses each of these departmental divisions. Function and product are the most common bases of departmentalization at the operating level, whereas territory and customer are the most common at the corporate level. A short discussion of each basis follows.

- *Function*. The clearest example of functional departmentalization is found in food service, in which each functional department performs a different kind of work. Thus, the restaurant may be divided into service, food preparation, and sanitation. The kitchen may be further divided into such stations as meats, salads, and desserts. The organization of a restaurant, which we discussed earlier, is a good example of functional organization at the unit level.
- *Product or service*. Hotels are divided into quite different product-service units, each with its own expertise. The most obvious divisions are among rooms, food and beverage, and other departments (e.g., garage). Below that level, however, functional division is the rule.
- *Geography*. In restaurant and hotel chains, it is common to assign supervisory responsibility for the operations in a particular region to a single manager. For example, Shoney's area supervisors have a geographic area of responsibility. In school lunch, in which each lunch program is located in a separate school, geographic divisions make one manager responsible for each unit.

- *Customers*. Some companies that operate in several different hospitality business areas divide their operations by customer type. For instance, ARAMARK groups much of its food service by customer. The Business Services division serves business and industry (B&I) dining, vending, and coffee services accounts. The Campus Services division services college and university food service, while the School Support Services provides services to K–12 schools. Other divisions are devoted to health care, stadiums, arenas, convention centers, conference centers, parks and resorts, and correctional facilities.
- *Process*. Many large hotels divide their food and beverage activities into a restaurant department, a bar department, and a banquet department because the preparation and service in these three areas can involve such different processes.

No one set of these departments represents the "best" means of division. What is important is that authority and responsibility be divided in a way that suits the particular needs of the market being served and the organization doing the work. We should note, too, that smaller organizations may not identify formal departments at all. In a small motor hotel, for example, the manager may serve as sales manager and personnel manager and take operational responsibility in the rooms or food and beverage department as well. Nevertheless, as different functions are performed, the manager—and other "double-duty" management people—realizes the need to shift gears and call different skills and styles into play. Both managers and hourly workers who serve in multiple roles sometimes lament their unpredictable existences. However, they also tend to enjoy the recognition that attends their ability to get several different jobs done.

LINE AND STAFF

LINE MANAGEMENT

Line authority is closely related to the ideas inherent in the scalar principle. Line authority passes from one operations person to another in a direct line from the top of the organization to the bottom. The rooms manager reports to the general manager. The hostess, food production manager, and banquet manager report to the food and beverage manager and, in turn, oversee subordinate supervisors and workers, as shown in Figure 17.1. A direct, unbroken line of authority runs from, say, a banquet server to the general manager. The work of line people directly affects guest service at all

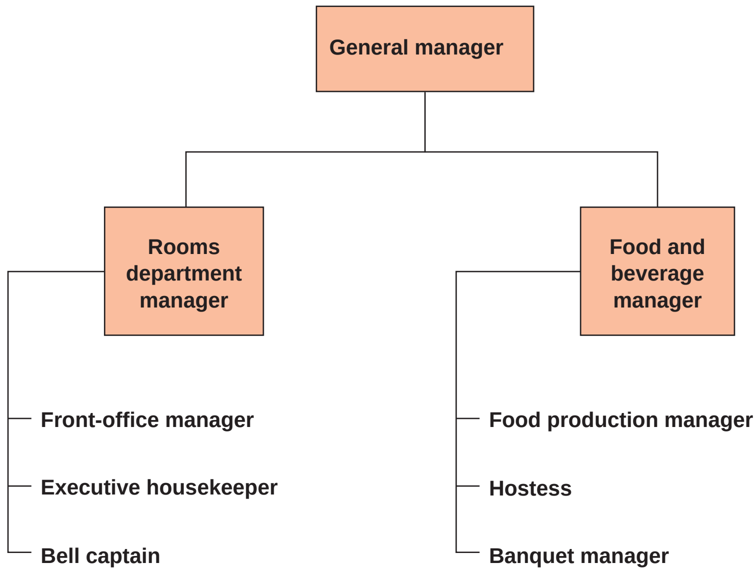

Figure 17.1
Line organization in a hotel.

levels. Moreover, **line management** is the preponderant managerial role in the hospitality industry.

STAFF SUPPORT

Staff roles were originally limited to providing specialized assistance to line managers. Staff people, in effect, service the people who serve the guest. The staff person's special expertise is important, but a number of related kinds of staff activities have also become common.

THE ADVISOR. The human resources manager and comptroller are two good examples of advisory staff positions in the hospitality industry. They have specialized knowledge about their area of work—wage-and-hour laws or accounting procedures, for instance—that the line manager they report to can and should call upon. Each of these persons also acts for the manager in his or her area of specialty; that is, these staff people not only give a manager their expert advice, but they also act for him or her and for other line people by interviewing and screening applicants or maintaining accounting records. In these acts, however, they function as representatives of the manager, and they amplify the manager's ability in a specialized field.

STAFF SERVICE. The purchasing manager, like other staff people, renders a service to the line departments rather than directly to the guests. Similarly, the engineering department assists the line departments in maintaining the physical systems necessary to the guests' comfort.

THE "ASSISTANTS TO." In large properties or at the corporate level, senior executives commonly designate a person as, for instance, the assistant to the manager. This person has no specific authority, but he or she assists the manager with any project requiring special attention. Persons in such jobs are not mere errand runners. The "assistant to" slot is often used to train rising young managers, and they are commonly given fairly wide-ranging (if temporary) authority for completing any project to which they are assigned. Because people in this position are usually junior to those with whom they are working, while at the same time they represent high authority, the "assistant to" position requires great tact. Its advantage is that it expands the capacity of the senior executive because it equips him or her with a trusted, able assistant who can pursue details closely and report back. Moreover, as we just suggested, it can be a valuable training slot. A good example of this is a recent transition at the Fairmont Olympic Hotel in Seattle, Washington, one of the premier properties in the chain. When the company identified a very talented hospitality program graduate, it created the position of "assistant to" the general manager (who also serves as regional director). In this role, the new graduate attended all the senior-level meetings and coordinated various events for the general manager. After 18 months, she was promoted to the position of conference services manager, a position that would have taken more time to reach had she begun in the entry-level supervisory position more typically assumed by new graduates.

THE STAFF AS BOSS. A staff person exercises authority in two kinds of situations. When the comptroller or chief engineer directs his or her subordinates in tasks, the authority exercised is clearly identical with line authority. Beyond that, as we shall see shortly, staff people are sometimes given "functional authority" over line people. Thus, the comptroller may direct the dining room cashiers (who regularly report to the hostess) in how to complete a new form. Similarly, the human resources manager may issue a directive to all departments laying out the procedures for handling grievances. This functional authority amplifies the competence of the line, but it sometimes creates confusion.

THE STAFF IN THE SMALL ORGANIZATION. In a small organization, the staff work may consist of part-time jobs assigned to regular employees, or it may be handled by outside specialists who provide services as needed. For instance, a 100-room motor hotel probably cannot afford a comptroller, chief engineer, or personnel manager. That property will, however, probably retain a firm of auditors to inspect its books regularly and develop an internal controls manual. Maintenance may consist of routine work done by a handyman, with the expert service of plumbers, refrigeration specialists, heating contractors, and others called in as needed. Finally, the general manager, his or her secretary, or some other key person probably handles the personnel work.

ISSUES IN ORGANIZING

Lest the student consider organization a cut-and-dried matter, we should examine some of the areas of organization theory that are, more than most, unsettled. Because each of these areas also sheds light on special problems in hospitality organizations, this section will serve the dual purpose of explaining theory and increasing your understanding of practice.

FUNCTIONAL STAFF AUTHORITY

We mentioned that organizations sometimes authorize staff people to give orders across the entire organization within their special field of expertise. To illustrate the value—and some of the difficulties—of this practice, consider the problems of a chain hotel organization.

Figure 17.2 illustrates the organization of this chain at the corporate level and the organization of a typical unit within the chain at the operating level. As the figure shows, one vice president is “in the line.” The vice president (VP) for operations is charged with overseeing all properties, and the general manager of each hotel reports to him or her directly.

There are five other VPs. These officers are specialists in the field of marketing, engineering, food and beverage, finance, and human resources; each is responsible for developing programs in his or her respective area.

The work of the corporate marketing VP, for instance, includes developing the company’s advertising program and directing its national sales office. The engineering VP develops energy conservation measures and commands a small, highly technical staff. The VP for food and beverage is an expert in that area of operations. He or she serves as a combination inspector, troubleshooter, and consultant in matters pertaining to food and beverage. The financial VP oversees the company’s accounting. The human resources officer is concerned with companywide compensation and fringe-benefit policies and monitors changes in legislation affecting employment and work practices.

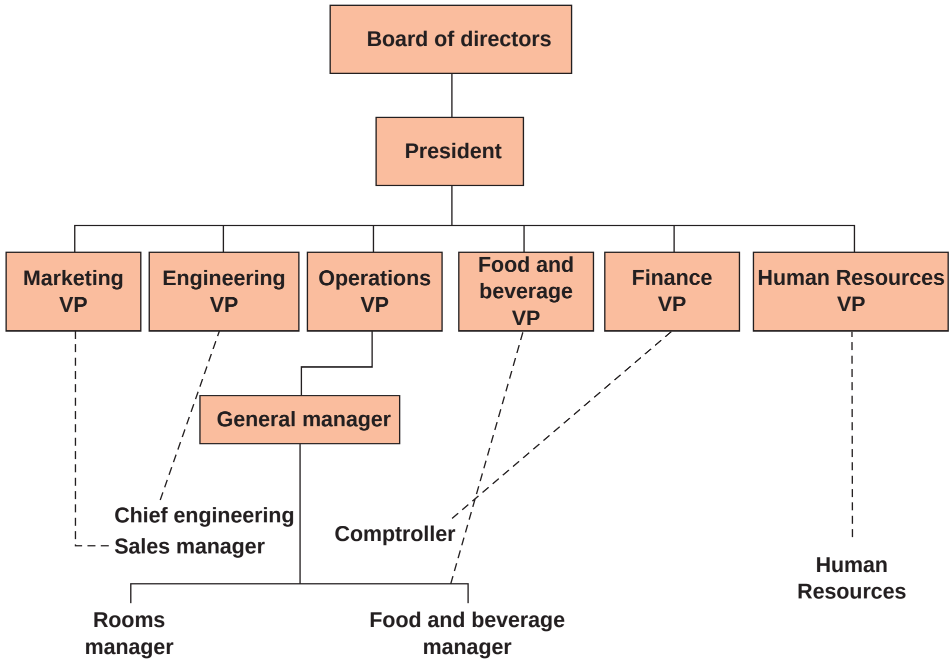

Figure 17.2
A hotel chain organization chart.

Notice that each of these staff VPs is connected by a dotted line to a function of management at the unit level. This line indicates that each VP exercises staff supervision or functional staff authority over his or her special fields of work at the unit level. Now, who does the hotel's accountant work for? Does he or she have two bosses? The answer to this question for each of these dotted-line relationships, as they are sometimes called, depends on a number of factors.

First, the relationship is essentially technical. A new financial reporting procedure may be developed, and directions for implementing it may come from the VP. Notice, however, that it is a fairly narrow, specialized exercise of authority.

Second, the staff supervisory activity varies in intensity with both the function and the circumstance. The engineering VP, for instance, probably interacts with the chief engineer at the property only infrequently—as, for example, when some new piece of equipment is installed or a new energy control procedure is developed. Most of the chief engineer's work in a hotel is routine, although the work of the VP is almost entirely specialized and technical. If a major renovation of the hotel is undertaken, however, the engineering VP would work much more closely with the property.

The human resources VP does not tell the local human resources manager whom to interview or hire. That is the work of the line managers at the property. The VP will, however, take an interest in the hiring process as it relates to complying with law, as in fair-employment practices.

The possibilities of mixed loyalties on the general manager's staff and of clashes between general manager and staff VPs are remote, but clearly these relationships call for tact. The disadvantages that accompany these blurred lines of authority are more than offset by the top-quality expertise made available. The hospitality industry is becoming too complex a business to do without such an expert staff.

One area in which staff supervision has proved uncommonly difficult is food and beverage. This area really involves a line function; therefore, a number of companies have eliminated staff supervision in this area, leaving it entirely in the hands of the general manager.

Independent operators avail themselves of various kinds of expert advice. We noted some of them earlier: an accountant, an attorney, specialized engineering people. The manager of the operation often must gain the necessary expertise to act as a staff specialist in some areas, particularly marketing. Many a general manager has been heard to remark, "I'm wearing my sales manager's hat today." In fact, hotel general managers often join the Hospitality Sales and Marketing Association International specifically for this reason.

INCREASING THE SPAN OF CONTROL: EMPOWERING MANAGERS

Only a generation ago, a leading French management writer, Jean Jacques Servan-Schreiber, pointed out that one of the major factors in the success of American companies was their more fully developed organization structure.[2] Companies in the United States had more supervisors and more levels of supervision than their European counterparts, and as a result, they had better control over quality. Now this pattern is reversing itself, and the "flat organization" noted earlier (i.e., one without a hierarchical, many-tiered management structure) is becoming the norm. Many multiunit companies are reducing dramatically the number of levels of field supervision, with the result that the remaining supervisors oversee more units.

Taco Bell and Pizza Hut have been prominently associated with restructuring their organizations to eliminate intermediate layers of management. This increases the responsibilities of the remaining managers. The span of control for field supervisors, such as area managers at Taco Bell, went from one area manager for every "five-plus stores to one for every 20-plus stores."[3] Pizza Hut did away with one whole level of management, the district managers. District managers used to supervise five to seven stores. Now area managers supervise 11 or more stores.[4] The difference between the span of control at these two Yum! Brands subsidiaries is probably accounted for, in large part, by the greater complexity of the Pizza Hut operation.

Sodexo is another company that has flattened the organizational structure and increased the span of control for its managers. In many regions in the various divisions, district managers may have primary for a single operation as well as those operating in the same geography. For other food service operations, the general manager may report directly to the regional VP, eliminating the need for a district manager.

The reduction in middle managers and the increase in span of control has more than one effect. It cuts out an expensive layer of managers, complete with salaries, fringe benefits, expenses, clerical support, and office space. More important, perhaps, it changes the role of the multiunit manager.

The remaining area managers now have about twice as many stores to oversee. They obviously can't spend as much time with each store as they could when they had fewer to manage. That means the individual store manager has more responsibility for her or his own operation. The kind of supervision, moreover, that an area manager can give 20 or 12 stores is different from that which one district manager used to give five or six stores. There is much less time for detail and personal involvement in the operation. We might expect the role to be more that of a consultant than of a boss, and the nature of the interaction to be more that of one who gives expert advice than of one who gives detailed orders. This makes the store manager much more responsible for the success or failure of his or her own unit. No doubt, the situation sometimes feels like sink or swim.

The evidence to date suggests that increasing the span of control works. We see it being done by more and more companies. Domino's eliminated a number of middle-management positions by consolidating eight regional offices into five. The lodging company Promus (since broken up) put it this way:

> As we reduce layers of management, we improve communications and allow each employee to expand his or her responsibilities. This is our commitment to empowerment—allowing our employees to grow and assume more responsibility to provide excellent service to every customer every time. . . .
>
> Empowerment requires an environment of teamwork and cooperation with minimal layers of supervision and maximum individual responsibility.[5]

COMMITTEES

Complex organizations that make decisions involving several departments, or disciplines, need methods for communicating and involving different kinds of specialized expertise. Although "management by committee" is really a contradiction in terms, committees often serve as management devices in health care, education, and all kinds of governmental activities, such as congregate feeding and school lunch programs. Although the role of **committees** is not so prominent at the unit operating level in the private sector, many properties find committees useful in a number of areas, particularly in energy conservation and environmental management and recycling programs. Most companies make extensive use of committees at the headquarters level.

Committees allow a number of different interests to gain representation. In health care, the dietary department often prepares food that is delivered to the nursing-care staff, which, in turn, delivers the food to the patients. The food may be purchased for the dietary department by a separate purchasing office, which may also receive the deliveries and handle bulk product storage. The staff cafeteria is sometimes intended as a fringe benefit to employees, providing subsidized meals to them below cost. This makes the dietary department important to the personnel officer, just as the need for cafeteria and other accounting procedures makes the dietary department important to the accounting office. The nature of the dietary department's work might well require an advisory committee, to help it react to proposed operating or policy changes.

Such a committee provides a key function: It helps coordinate plans and transfer information. Committee membership by junior management provides an opportunity for management development as the junior members come to learn how the organization functions. Occasionally, the committee also builds morale: When everyone is consulted, no one is offended, or so the argument goes.

The disadvantages of committees can offset their advantages to some degree. Committees tend to consume a great deal of time. A one-hour meeting of six people consumes six labor hours. Moreover, committees often avoid action rather than take it, and they can be used to avoid or shift responsibility for unpopular or risky decisions. In addition, because committees are supposed to give a hearing to many views, they often encourage compromise.

The case for consultation in the hospital dietary department does not necessarily call for a committee. A committee will regularize consultation, but the same consultation could take place informally among the interested parties. This approach might take a little more time for the person seeking the consultation, but it would almost certainly take less time for all the participants.

Committees are unquestionably useful where the purpose served warrants their use. For example, in energy and recycling management, many hospitality organizations find the committee approach unusually effective in communicating technical information across the organization and in funneling practical suggestions to management. In these cases, committees also serve as a motivational tool by allowing all participants to be involved.

BUREAUCRACY

Bureaucracy is a bad word to most Americans. It is curious, therefore, to realize that Max Weber, the German sociologist who invented the term, developed his theory of bureaucracy as an ideal type of large organization and an ideal way of how it should be run. Weber identified the following characteristics as part of a large hierarchical organization:

1. The organization's work is embodied in statements of fixed official duties.
2. Decisions are governed by abstract, rational rules that are the only proper basis for decision.
3. The bureaucratic official avoids emotionalism and is impersonal.
4. Technical qualification in the appropriate field is the basis for entry and advancement in a bureaucracy.

Weber's model of bureaucracy seeks the most efficient solution to problems on strictly impersonal, rational grounds. Bureaucracy is a means of avoiding the arbitrary exercise of power as in an absolute monarchy, in which people exercise power because of their relationship to the monarch or some other person in power. It also seeks to avoid the problem of political organizations in which the "in" clique holds sway over everyone. In sum, then, bureaucracy seeks to replace personal relationships—with their possibility for favor and lack of fairness—with an impersonal, rational, efficient organization.

As large organizations have come to play a more and more important role in our society, we have discovered that bureaucratic politics (a notion that Weber would have abhorred) has become a problem and that bureaucrats can, in fact, be arbitrary and unfair, bending rules to their own purposes. Bureaucracies, moreover, can seek "efficient" solutions in ways that are wildly wasteful.[6]

Weber's contribution, however, remains. He asserted (and subsequent management scholars have confirmed) that large organizations have special problems. The special organizational rules along the lines that Weber suggested, although far from perfect, clearly constitute a useful starting point for solutions to organizational design problems in an increasingly complicated society.

AD HOCRACY

In his book *Future Shock*, Alvin Toffler, an American writer and futurist, pointed to a significant development in organizations that began in the aerospace industry and other science- and engineering-related activities. Toffler dubbed this new approach to management "**ad hocracy**." The term is derived from the Latin phrase *ad hoc*, meaning "to this." The idea is that of an organization responding forcefully to particular situations in an environment that constantly changes. In these situations, the work to be done, rather than a traditional organizational structure, dictates who is in charge.

The structure can best be described as a team with changeable captains. If the problem to be solved involves engineering, the team leader will be an engineer with the skills appropriate to the current need. If the problem lies in another area, the person with the necessary abilities will take the reins. Although most hospitality organizations follow the traditional line or line-and-staff organization, operations whose problems resemble those of the aerospace industry are emerging, especially among the new, large resort and casino operations.

CASINO RESORT HOTELS. A large casino resort hotel is actually involved in five different businesses in a big way (and a few other businesses less closely connected to its operating format and organizational structure):

1. Casino resort hotels are among the world's largest hotels.
2. They are among the world's largest gambling centers.
3. Many are a major factor in the convention business in North America, with numerous meeting and banquet rooms ranging in capacity from under 100 to thousands.
4. They are large centers for entertaining and dining, boasting numerous restaurants, each with a distinctive menu and atmosphere.
5. They usually feature large and extravagant stage shows.

Operating these businesses for one common clientele would be challenge enough. The hotel's situation is complicated, however, by the fact that it caters to three different markets: the casual visitor, who comes alone or with family for a Las Vegas vacation; the convention guest; and the junketeer.

These hotels serve the first market, the traditional class of guest, with the traditional departments that operate according to an organization structure similar to that of any other hotel. The other two kinds of guests, however, present special cases, because each has been attracted by a specific marketing activity in a highly competitive area.

The national convention market receives the attention of literally hundreds of top hotel sales organizations. As a result, when a convention is sold, the hotel's marketing department must follow up on the service. If, for instance, the sales department has promised a special registration procedure on arrival or has agreed to some special service for a banquet, sales must have the means of seeing to it that the special agreement is met. Moreover, if a problem develops for the convention group, the group's contact person will probably want to turn for help to the sales representative with whom he or she first dealt. That sales representative needs the organizational means to solve problems.

Junket guests are gamblers (with good credit ratings) who visit Las Vegas as guests of the hotel with all expenses paid, often including transportation both ways. Although some of these visitors win at the gambling tables, the perfectly legitimate casino percentages favor the house more than enough to cover the cost of visits over the long run. Many of Las Vegas's major hotels solicit junket business. This solicitation is directed principally by the marketing department. Once again, when junket guests get to the hotel, these high rollers must receive excellent treatment so that the marketing department's efforts to secure return visits remain fruitful.

To solve the problem of these special markets, many Las Vegas hotels have evolved an unusual organization structure. In the typical hotel, a simple (oversimplified) organization structure might look like the one in Figure 17.3. The marketing department sells, and the operating departments service the sale. The convention guest might have some contact with the sales representative, but this contact is probably just either a quick, friendly visit or some limited liaison with the operating department.

Many casino hotels, however, have built a somewhat different structure, as illustrated in Figure 17.4. When an individual guest arrives, the organization functions much as it does in traditional hotels. When a convention arrives, however, the marketing department stations a representative at the front desk during registration. This representative has the authority to intervene and settle any problems related to servicing the sale. Similarly, a representative of the marketing department is present at convention banquets, working right along with the food and beverage department's supervisors again to guarantee the service sold by the marketing department. A similar, though less formalized, system operates for junket guests.

For this reason, we have to draw solid lines in Figure 17.4, indicating authority between the marketing department and the operating department activities.

Although confusion undoubtedly arises from time to time, this organization functions smoothly. People who work in complex organizations learn to live with

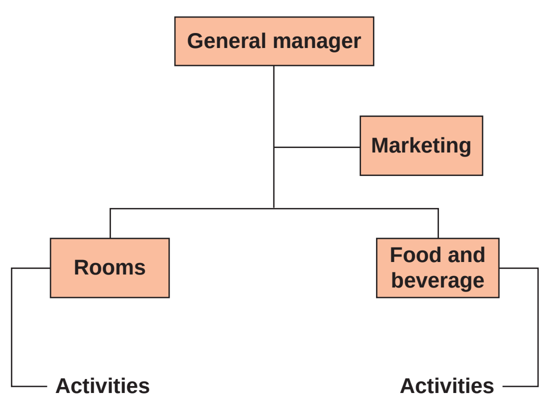

Figure 17.3
Traditional hotel organization.

Large casino hotel resorts have developed flexible organizational structures to respond to a complex mix of customers. (Courtesy of New York, New York Hotel, Las Vegas.)

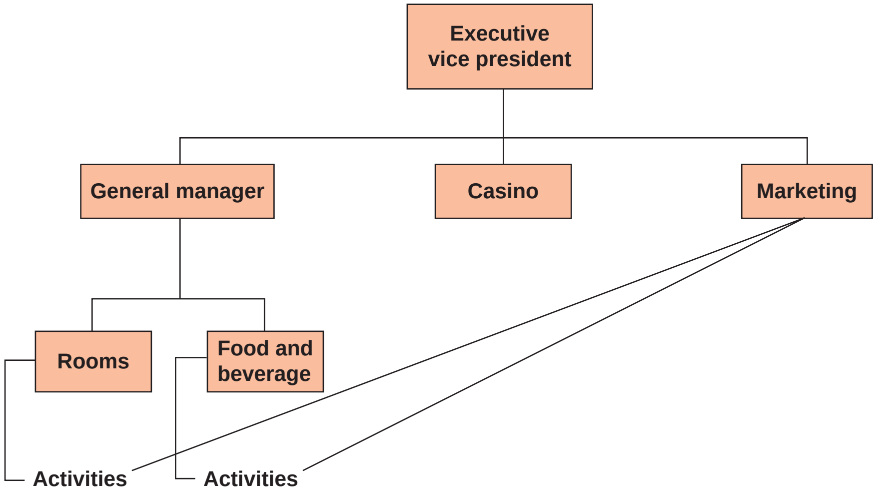

Figure 17.4
Ad hocracy in a casino resort.

relationships that are more complex. Casino hotels must determine authority by the task at hand.[7]

WALT DISNEY WORLD. Walt Disney World (WDW) in Orlando, Florida, is another highly complex resort organization comprising several distinct businesses, including a theme park, food service, hotel operations, entertainment districts, outdoor camping, and sports. The problems at WDW are twofold. First, the park is constantly changing and growing, and will be for many years to come. This problem of growth and change is complicated by dramatic swings in volume that see the workforce at WDW more than double during the summer's peak season.

During a visit to WDW, we were impressed by one small but interesting fact: The food service organization chart was drawn on a large metallic blackboard. Departments and organizational units were connected by chalk lines, and all the names on the board were on small magnetized plaques that could easily be moved around on the board. Conversation confirmed the impression suggested by the board: The organization structure changed so fast at WDW that the only way management could keep up with it was to use a medium on which changes could be made often and easily.

We do not intend to imply that blackboards are better than paper for organization charts; rather, the point is that dynamic organization forms are increasingly required in growing, changing, complex hospitality firms.

SUMMARY

Our description of organization began with a discussion of authority, its legal basis, and its acceptance by those supervised as a basis. The last of these led us to touch on the informal organization and then authority and responsibility.

We then turned to departmentalization and the delegation of authority, which also requires an understanding of power and influence. Span of control is an approach used to determine the number of people that a manager can supervise directly, and span of managerial responsibility refers to the number of people with whom a manager routinely interacts. The five bases for dividing work (and authority over it) are function, product or service, geography, customer, and process. Authority also refers to line management and staff assistance, which we also described. We considered some of the issues in organization theory: functional staff authority, committees, bureaucracy (as defined by Weber), and ad hocracy (as defined by Toffler). We finished with two examples of flexible organizations, those of the large casino resort hotels in Las Vegas and of Walt Disney World.

Key Words and Concepts

Authority
Legal system
Informal organization
Delegation
Departmentalization
Power
Influence
Span of managerial responsibility
Span of control
Line authority
Line management
Staff
Committees
Bureaucracy
Ad hocracy

Review Questions

1. Does an effective manager often use his or her legal basis for authority? Explain.
2. Describe how informal organizations in work groups operate.
3. What is the scalar principle?
4. Differentiate between span of control and span of managerial responsibility.
5. What are the five common bases for dividing work? Briefly describe each in regard to the hospitality industry.
6. What are some of the advantages and disadvantages of committees?
7. Outline Weber's definition of bureaucracy.
8. What is meant by ad hocracy?

Internet Exercises

1. **Site name:** Hotel, restaurant and tourism online professional trade journals and organizations

   URL: www.ala.org/ala/mgrps/divs/rusa/sections/brass/brassprotools/bestofthebestbus/bestbusinesswebsiteshosp.cfm

   Background information: This Web page provides links to hospitality professional journals online and associations and serves as a launch pad to retrieve related information.

   Exercises: Choose several of the sites and search for information on authority, informal organizations, departmentalization, delegation, span of control, reorganization, line-and-staff relationships, or any topic deemed appropriate by the instructor. Lead a class discussion on the topic you have chosen. Be sure to provide the other students with the links where the information was found.

2. **Site name:** Free Management Library: Management Function of Organizing: Overview of Methods

   URL: www.managementhelp.org/orgnzing/orgnzing.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. 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, best organized collections of these types of resources.

   Exercises: Choose one of the "chapters" from the above Web site that is of interest to you. Lead a class discussion on the management function of "organizing" in an organization and describe why this information would be important to a hospitality manager.

3. **Site name:** Twitter

   URL: www.twitter.com

   Background Information: Twitter is a free social networking and micro-blogging service that enables its users to send and read messages known as tweets. Tweets are text-based posts of up to 140 characters displayed on the author's profile page and delivered to the author's subscribers, who are known as followers. Senders can restrict delivery to those in their circle of friends or, by default, allow open access.

   Exercises: Using Twitter, explore how differently people approach the notion of "span of control"

   a. Why is there so much variation?

   b. Is there an ideal span of control?

Notes

1. Harold Koontz and Cyril O'Donnel, *Management: A Systems and Contingency Analysis of Managerial Functions,* 6th ed. (New York: McGraw-Hill, 1976), p. 379.
2. Jean Jacques Servan-Schreiber, *The American Challenge* (New York: Atheneum, 1968).
3. Leonard A. Schlesinger and James L. Heskett, "The Service Driven Company," *Harvard Business Review* (September–October 1991): 77. doi.contentdirections.com/mr/hbsp.jsp?doi=10.1225/91511.
4. F. Conner, "Pizza Hut: Building Up to a Breakthrough," *Cornell Hotel and Restaurant Administration Quarterly* (May 1991): 94. cqx.sagepub.com/content/32/1.toc.
5. Michael G. Muller, *Restaurant Industry Review* (San Francisco: Montgomery Securities, January 1994), p. 48.
6. For a witty but telling analysis of the problems of "dysfunction" of bureaucracies, see C. Northcoat Parkinson's book, *Parkinson's Law* (Boston: Houghton Mifflin, 1957).
7. This example was originally based on a 1976 interview at what was then the MGM Grand. More recent interviews in 1989, 1991, 1994, and 1997, however, indicate that what was true at the Grand back then has now become a widely observed practice in casino resort hotels.