

THE VARIABLES TO BE ANALYZED IN STRATEGIC PLANNING FOR HOTEL FACILITIES

Antonio Acri, University of Calabria, Italia

ABSTRACT

The purpose of this study is to describe strategic planning and different variables, from a management point of view, discussions with hotel facilities in the large tourism sector. The tourism industry is in constant change in recent changes, both in terms of the elements that characterize supply and demand, both in terms of strategy and corporate control. Strategic planning is needed to achieve predetermined goals and succeed throughout the organization system.

Keywords: strategic planning, management, hotel, costs, variables.

Introduction

The discussion of the subject, from the theoretical and empirical point of view in relation to the hotel managerial aspect is very important from the planning and control point of view, including tools aimed to facilitating the coordinated and finalized management orientation, which is made increasingly difficult by the complexity of business system and number of options that dynamically place themselves to the organization. The introduction of an adequate planning and management control system allow the use and creation of a series of advantages, thus representing a valid economic and strategic reality for business company that pursues the increase of positive returns, from an economic and reputational point of view; taking into account that the management of results towards all the company's stakeholders plays a strategic role in long-term development (Coda, 1988).

Theme and analysis

The planning and control system, especially that of a strategic type, has the task of monitoring the significant events for industries 'life and allows you to define the most suitable choice for the pursuit of competitive advantage. Planning in the hotel industry is to define, specify and assess among other things the time required for the realization of the different activities, resources and costs, as well as the expected results. As a result, there is the need to undertake a systematic planning and control activities.

From the organization of a company, in fact, it is largely dependent on its effectiveness and efficiency. As it is known, economic governance directs management to the pursuit of economy, which the condition for the continuity of the institution and for its development (Giannessi, 1969; Masini, 1979).

To implement a planning and effective control process is therefore necessary to carry out first the hotel undertaking joint analysis, which is necessary to define the centers of responsibility of the same. During three decades of empirical research, strategic planning has been proven to be an essential prerequisite in successful organizations. Although this has not always been proven in empirical research, positive planning-performance studies outnumber negative ones (Phillips and Moutinho, 2000).

The responsibility centers are organizational units coordinated by a manager and in charge of the achievement of specific objectives, which are used in corporate control as they allow to detect the effects of the decisions of their leaders and the behavior of individuals working in that particular enterprise. The centers of responsibility can be broken down into: revenue centers, profit centers and cost centers, not forgetting the discretionary budget centers (service) and business centers, which are autonomous units that have legal autonomy.

Strategic control generally has the function of judging the overall contribution of the chain, the hotel or the individual department, the profitability of individual variables and costs absorbed by identified centers of responsibility.

The service offered by the hotel management is not unitary but is fragmented into several complementary and ancillary offerings to the main service, which therefore concerns the hotel business however, it remains that of production and hospitality exchange. Hospitality and tourism consist of several nuances ranging from being both capital and labor intensive (Olsen, West, & Tse, 2008). The structure of the hospitality field includes globally dispersed units, franchised, managed operations, and independent operators. The intangible nature of the tourism experience renders further complication (Phillips and Moutinho, 2014).

This simultaneous production of complementary services involves the conjunction of the related costs, causing problems of apportionment of common costs; likewise has the conjunction of revenues in space, then as it is virtually impossible to separate the contribution of each activity. In addition, the service offered by the hotel it cannot be individually identified, since it consists of a series of performance is difficult to predict and equally difficult to quantify. There is therefore a waiver to the analysis of particular narrow layer of management, but we focus on very large objects reference.

Besides the fact that the hotel service is characterized by the range of many products, including features such as the simultaneity between production and consumption, and the impossibility of storing the not sold are additional factors that affect the accommodation enterprise's life. Moreover, the generation of a valuable tourism experience depends of the provision of intangible service, which are mainly derived from intangible assets/resources such as knowledge and innovative capability (Voelpel, Leibold, and Eckhoff, 2006). These elements further influence the strategic planning perspective.

The first aspect allows the entrepreneur to have an immediate return of the degree of customer satisfaction and adapt operational decisions to the judgment; by the second element – instead - the hotel management is, at least in the short term, having to deal with a structural rigidity situation as the accommodation capacity of the hotel is a nonmodifiable factor in tight timeframes. This rigidity is connected to the structure of a typical company's hotel costs that show a preponderance of fixed costs with respect to those variables (usually the percentage exceeds 70%).

The former is supported regardless of the volume of business and the extent of the latter varies in proportion to the volume of services provided. It is evident, moreover, that the analysis of the cost structure cannot be separated from the considerations relating to the ownership of the property in which it exerts the business entity. In fact, if the property figure between the active balance sheet items, the financial structure will be characterized by a decidedly very high fixed capital intensity that, on the contrary, it will be contained in the case in which the figure of the owner and manager remain separate.

Along the costs related to investment property, those of the staff are the most important component in the cost structure of the hotel. The level of rigidity in personnel costs must be considered in relation to the degree of uncertainty of the flow of customers. In the event that the level of demand is unexpected, the fact that the recruitment of staff should be planned in advance with respect to the future and potential arrivals, takes flexibility to the organization of this production factor. Conversely, when demand changes are predictable (high season) the room for maneuver available to the hotel management is greater and that it bring its personnel to its variable cost characteristics.

Finally, it should be stressed that the level of staff costs increases rigidity increases the size and prestige of the company's hotel industry. The staff, in fact, not only numerically greater in relation to the services offered but also presents a more professional as to make the replacement in the short term difficult. The hotel supply criticality is made even more evident if related to an application that is somewhat volatile and difficult to predict. The combination of these elements determines a high level of uncertainty that has no little importance in financial management level, the latter stretched at a convenient harmonization between rigidity of the outflows and variability of those incoming. The working definition of crisis management refers to an ongoing systemic and comprehensive effort that organization put into place in an attempt

to identify and prevent potential risks and problems and to manage those that occur to minimize damages and maximize opportunities, considering learning, planning and training activities as well as the interests of organizations' stakeholders (J. Wang, BW Ritchie, 2010).

The management control, as we have seen, is strongly influenced by the internal organizational system. But the business organization's effectiveness should also be evaluated in terms of flexibility, that is, in relation to its ability to modify itself, adapting to changes in the environment in which it operates. This reflection has found numerous applications in the tourist sector, especially in the hotel industry. This sector is highly sensitive to business, political and economic conditions and its growth can have a strong influence on performance of hotel companies (Chen, 2010) which in turn influences the dynamics of organizational politics (Elbanna, Thamos and Papadakis, 2014).

The importance of the location is known in the accommodation sector. Localization in fact, defines in sufficiently precise terms, the possibility of selling the product placed on the hotel's market: the seasonality of sales and the ability to provide additional services to the product's hospitality. The location also influences heavily, transport costs to be borne.

Conclusions

Traditional tourism destinations have spent last 50 years developing industrial methods to cope with a growing demand. However, those responsible for strategy have been surprised by the speed and impact of the globalization process, including the internationalization of tourism demand and the emergence of new competing regions (Phillips and Moutinho, 2014).

The analysis of environmental dynamism is based on cognitive elements that improve knowledge regarding external factors of the company. Information that stand in analysis of national and international economic situation and analysis of the specific market situation of the undertaking belongs.

Fix it ambitious targets having previously made a thorough study of the situation in the sector can be detrimental as the ignorance of the general economic trend of the market, may encourage the establishment of unreachable goals. Condition that may result in very serious consequences if, in companies as well as in the hotel industry there is an extremely rigid cost structure. It is also evident that the underestimation of sales can provoke, within the company, serious economic and / or financial consequences. Prepare an undersized structure than the actual demand stands in the way of welcoming of unanticipated customer flows or causes deleterious consequences at a quality level of service offered.

In both cases, the underestimation of sales has an extremely negative effect on the balance of income and financial firm. It is therefore clear that the characterizing stiffness hotel businesses constitutes an incentive element to carry out a serious programming based on the maximum quantity of information can be derived from internal research and outside the company.

The key issue is then the 'analysis of the major competitors of the undertaking: in fact it is unthinkable that in the context of the hotel company can be implemented without a serious programming that, simultaneously, is carried out particularly thorough analysis on the overall situation and on the management actions carried out by the main competitors. Therefore, both businesses and individuals should perceive strategic way of thinking as a life style. Having a vision, planning by taking the possibilities into account and pondering the long-term projects are just a few needs which the new age has brought us (Şentürk, 2012).

It follows that the analysis in the key dynamic of the relationship between environmental dynamics and structural organization noted that the higher the degree of management complexity, plus the control activities must serve to influence the behavior of orienting corporate managers to control the strategy. Therefore, development of a strategic plan strategic plan helps clarify the firm's future. The success of strategic planning depends on how effectively firms' resources can be deployed along key priorities (Yong Kim and Oh, 2004).

References

- Yong Kim, B., & Oh, H. (2004). How do hotel firms obtain a competitive advantage?. *International Journal of Contemporary Hospitality Management*, 16(1), 65-71.
- Chen, M. H. (2010). The economy, tourism growth and corporate performance in the Taiwanese hotel industry. *Tourism Management*, 31(5), 665-675.
- Coda, V. (1988). *The underlying strategic orientation*. Turin: Utet. (translated from Italian: *L'orientamento strategico di fondo*. Torino: Utet).
- Elbanna, S., C. Thanos, I., & M. Papadakis, V. (2014). Understanding how the contextual variables influences political behavior in strategic decision - making: a constructive replication. *Journal of Strategy and Management*, 7(3), 226- 250.
- Giannessi, E. (1969). *Critical considerations around the company concept*. In Writings in honor of Giordano Dell'Amore, Essays of corporate and social disciplines, Vol. I, Giuffrè, Milan, 1969; Masini, Labor and savings, Utet, Turin, 1979. (translated from Italian: *Considerazioni critiche intorno al concetto d'azienda*. In Scritti in onore di Giordano Dell'Amore, Saggi discipline aziendali e sociali, vol. I, Giuffrè, Milano, 1969; Masini, Lavoro e risparmio, Utet, Torino, 1979).
- Olsen, M. D., West, J. J., & Tse, E. C. Y. (2008). *Strategic management in the hospitality industry*. 3rd ed. New York: Prentice Hall.
- Phillips, P. A., & Moutinho L. (2000). The strategic planning index: A tool for measuring strategic planning effectiveness. *Journal of Travel Research*, 38(4), 369-379.
- Phillips, P. A., & Moutinho, L. (2014). Critical review of strategic planning research in hospitality and tourism. *Annals of Tourism Research*, 48, 96-120.
- Şentürk, F. K. (2012). A study to determine the usage of strategic management tools in the hotel industry. *Procedia-social and Behavioral sciences*, 58, 11-18.
- Voelpel, S. C., Leibold, M., & Eckhoff, R. A. (2006). The tyranny of the balanced scorecard in the innovation economy. *Journal of Intellectual Capital*, 7(1), 43-60.
- Wang, J., & Ritchie, B. W. (2010). A theoretical model for strategic crisis planning: factors influencing crisis planning in the hotel industry. *International Journal of Tourism Policy*, 3(4), 297-317.

