

Evaluate the contribution of front office to managing hotel bedroom capacity

Liu Yunyao, Qi Ying

Sichuan University of Media and Communications, Sichuan Chengdu, 611745, China

Keywords: Hotel Front Office; Bedroom Capacity Management

Abstract: When applied to hotels, the term “capacity management” includes a lot of meanings. All of the facilities, services, time and labor belong as a part of capacity management. Certainly effective operation of front office aspects in the hotel management is essential for managing bedroom capacity. This essay presents a research into the contribution of the front office to managing bedroom capacity. Firstly, a brief description of the front office and the connection between the front office and bedrooms will be provided. Secondly, the definition of bedroom capacity management will be described. Thirdly, this essay demonstrates the capacity management strategies and why the demand management plan, the pricing, revenue management and distribution can be viewed as the manage demand plan of capacity management strategy and the most suitable strategy of achieving capacity management goals. And, finally, a detailed description of pricing, revenue management and distribution and why they help the front office to control bedroom capacity will conclude this essay. This essay will refer specifically to the Grand Hyatt Chengdu which is a commercial hotel for an example to support some academic arguments. Some activities of the front office of the Grand Hyatt Chengdu, like the pricing, revenue management and distribution will be evaluated in this essay.

1. Introduction

When a guest comes to the Grand Hyatt Chengdu, the first department he can see is the front office. Most visible department of a hotel is the front office and the main contact point for every guest service is also the front office. Some guests call the front office the window of the hotel and many of them view the front office as the hotel. The activities of the front office are quite varied, some of these activities, such as managing reservations, distributing rooms and revenue management, are very important for operating the whole hotel. All arrangement details must to be checked, delivered and promised by the front office to ensure a conference goes smoothly. Therefore, the front office can be viewed as not only the window of a hotel but also the control centre of a hotel.

Among the activities in the front office, managing bedrooms is the most important activity of the front office to control the whole hotel which has an essential connection to the front office. When a guest checks out, the front office must inform housekeeping so that the room may be cleaned. Once a room is cleaned, housekeeping must inform the front office so that the room may be sold. In addition, some operational strategies of the front office will affect the bedrooms capacity. For instance, different pricing from the front office will affect the demand for rooms. Therefore, good cooperation is required between the two departments. The front office supports the operation of the bedroom department and controls bedroom capacity.

2. The definition of bedroom capacity management

The capacity is set by a number of factors, including the capital, labour and the flow time and it is a method of maximizing the supply of customers (Slack, et al. 2009). It is that the ability of the hotel to supply the bedroom capitals, such as furnishings, equipments and the fittings, but it also means the ability of a hotel to supply the labours to provide services and control the flow time. Besides, as the defined by Wild (2002, P304). “Capacity management is concerned with the matching the capacity of the operating system and the demand placed in that system.” In a hotel, the

capacity management of bedrooms means the activity of dealing with mismatches between the customers demand and the ability of supplying that demand (Slack,et al.,2009).

3. Capacity management strategies

Fluctuation of demand and supply can lead to mismatches of capacity. The hotel bedroom capacity may refer to the guestrooms available during a specified period of time (Tranter,2009). But sometimes the demand of customers will exceed the bedroom capacity, for example, when Grand Hyatt Chengdu have a big conference, there is a huge demand from the customers. While sometimes the bedrooms demand would below the bedrooms capacity, as in the low demand period, so it can be said that demand and capacity always fluctuates over time and there is always a mismatch between demand and capacity (Slack, et al.2009). The management of capacity is the main responsibility of hotel operations (Wright and Race.2004). Therefore, it is worth noting how to deal with the mismatch between the customer demand and bedroom capacity.

According to the views of Slack, et al. (2009), there are three operations management strategies that can manage demand-capacity mismatches. They are the chase demand plan, the level capacity plan and the demand management. The chase demand plan means adjusting the output to match the demand. The level capacity plan means keeping the same capacity level and ignoring the demand fluctuations. And the demand management means changing the demand attempts to reduce the fluctuations (Slack, et al.2009).

It seems not so appropriate for the front office to adopt the chase demand plan to manage bedrooms capacity because increasing the capitals and labour means the hotel must also increase the human resource cost. The pure chase demand plan is not suitable with regard to non-perishable products (Slack, et al.2009). However, the front office could adopt the tactic of using part-time employees working varied hours is a good way of reducing the cost of service for paying overtime fees to the full-time employees. Arranging for staff to start their work at different times in the day is another effective method of dealing with the high demand of customers in a peak period. However, some guests must be dissatisfied with the service of the hotel if unskilled people, like some part-time employee are employed at busy times to free up the skilled people (Wright and Race. 2004). Therefore, the front office needs to more cautious to use the chase demand plan if it don not have a good capacity forecast and an adequate funding support.

The level capacity plan is also not a good strategy for a hotel to cope with bedroom demand-capacity mismatches. So when the demand of guests exceeds the bedroom capacity, absorbing demand will mean that customers service may deteriorate; when the setting the bedroom capacity outside peak demand period, absorbing demand may reduce the degree of underutilization (Slack, et al.2009).

Managing demand plan is an ideal strategy for a hotel to manage the bedroom capacity. According to the views held by Slack, et al.(2009), the manage demand plan is an attempt to change the demand to close the bedroom capacity. And it can use Several methods can be used, such as the price differentials, the scheduling promotion, service, the service differentials and constraining customer access, to transfer the demands of customers from peak time to quiet times. By using some pricing management and revenue management to adjust demand for bedrooms, the front office can gain a better control of room capacity. And compared to the chase demand plan, this strategy will not waste resources and will give a better the guest satisfaction. Compared with the level capacity plan, this strategy is more flexible and proactive. Therefore, the demand plan is the most suitable strategy for the front office to manage bedroom capacity.

The objective of capacity is to find a balance between cost and service through matching the hotel operations and customers demand. Take price differentials for instance, this is the most common method of manage demand plan, namely, using the method of increasing prices in the peak demand periods and decreasing prices in the low demand periods to change the bedroom demand of customers. Therefore, the front office management of bedroom demand reflects on bedroom capacity.

Bedroom pricing is a process for a hotel to determine what the hotel will receive in exchange for

its bedrooms. The objectives of hotel management can be achieved by pricing and managing the rate. Price is a very important factor for a customer when choosing a hotel and the hotel must have a good sell strategy to sell the most bedrooms at the best price. The front office should know how important it is to have different prices to meet the demands of customers, to sell maximum number of bedrooms and manage room capacity.

Revenue management is another way of the front office can control bedroom capacity. According to Tranter(2009), revenue management is a skillful, careful and tactful act which can manage, control and direct the capacity, supply and demand. Revenue management can ensure a firm sells the right products to the right customers with the right price at the right time. Hotels can use revenue management to forecast the demand for bedrooms.

Forecasting the demand for bedrooms is the important factor to consider when the front office uses revenue management. It is a good tactic for the front office because if front office forecast a low occupancy, a lower rate can be open to guests to increase occupancy; while if the projected occupancy is high, front office can close the lower rate and only the higher rate classes can be accepted (Kotler. Bowen and Makens.2010).

Besides, preventing overbooking is another important tactic for hotels to manage bedroom demand. The purpose of the hotel using overbooking is to maximize profit and minimizes loss. Overbooking will cover non-shows and maximize the use of the bedrooms. But overbooking will mean guest cannot get a bedroom key when he arrives at hotel because the repeat reservation was made by the front office. Jones (et al.2003) states that the major purpose of the front office is to offer an interface between the guest and their access to the hotel. In other words, overbooking means no more room capacity for guests and it will greatly reduce customer satisfaction and loyalty. Therefore, the front office should forecast bedrooms to manage the capacity of bedrooms and control the situation of overbooking.

Thirdly, the front office should have a duration restriction of revenue management to manage bedroom capacity. Duration restriction means the front office should consider the number of nights to determine whether to accept the guest reservation. The purpose of this strategy is to protect the hotel so that it has sufficient available rooms for multi-day requests. Take the Grand Hyatt Chengdu for instance, where there is always higher guestroom occupancy during the week days and lower guestroom occupancy during the weekends. Therefore, duration restriction of the revenue management strategy can be adopted by front office to balance the bedroom capacity in a period of time.

The bedroom distribution means front office allocates bedrooms for guests. If there is a large group of guests, the allocation of bedrooms by the front office should be cautious to prevent problems, especially, when the front office faces a large group check- in at midday. The first thing the front office needs to do is to allocate rooms according to the number of guests. The front office should know how many rooms the hotel has and how about the condition of available rooms and then distribute the rooms to the guests. So the distribution of rooms has a great influence for bedroom capacity.

Besides, the front office needs to make sure all the rooms the guests need are ready when it distributes the rooms for the guests. Sometimes, midday arrivals may lead to guests waiting to gain access to their rooms as the rooms are not clear. Therefore, when the front office allocates rooms, it needs to know the condition of bedroom capacity, and the number of available and cleared rooms. Thus, bedroom capacity can be better managed by the front office.

4. Conclusion

In conclusion, given the understanding of bedroom capacity, and the range of capacity management strategies and related activities of pricing, revenue management and distribution of front office, it would seem that the operation of front office make a lot of contributions to manage bedroom capacity. The essay can be summarized in following main three points. At first, there is an important connection between the front office and bedroom capacity. Secondly, demand management is the most suitable strategy among the three for managing capacity strategies and it

can be viewed as pricing, revenue management and distribution by the front office in a hotel. At least, pricing, revenue management and distribution is the sort of activity required by the front office in contributing to bedroom capacity and some detailed arguments have been given in this essay

Capacity management is so important for hotel management. Pricing and revenue management plays a key role in managing bedroom capacity. Therefore, hotels need to enhance the management of the front office to control bedroom capacity in the future.

References

- [1] Jones, P. & Ball, S. & Kirk, D. & Lockwood, A.(2003).Hospitality Operation-A system Approach. Continuum.London.UK.
- [2] Kotler, P. & Bowen, J & Makens, J.(2010). Marketing for Hospitality and Tourism. 5 Edition. Pearson. New Jersey. USA.
- [3] Slack, N. & Chambers, S. & Johnston, R. & Betts, A. (2009) Operation and Process Management-Principle and practice for strategic impact.2nd Edition. Prentice Hall. Ediburgh Gate. England.
- [4] Tranter, K.A. (2009) An introduction to revenue management for the hospitality industry: Principles and practices for the real world. Pearson Prentice Hall. USA.
- [5] Wild, R (2002). Operations Management. 6th Edition. Continuum. London.UK.P304.
- [6] Wright, J & Race, P. (2004). The Management of Service Operations . 7th Edition. Thomson. London. UK.