

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

Department of Management



**Bachelor Thesis**

**The role of the manager in a small hotel**

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### **Declaration**

I hereby declare that I have worked on my bachelor thesis titled “The roll of the manager in a small hotel” completely on my own and that I have marked all quotations in the text and I have also mentioned all sources I have used in the Literature at the end of the thesis.

In Prague on November 23rd, 2014

Signature.....

David Komárek

## **Acknowledgement**

I would like to thank those who made this bachelor thesis possible. In particular to my supervisor Ing. Richard Selby, Ph. D. for guidance and for valuable advices. Also I would like to thank my family and my friends for supporting and believing in me during my studies.

## **Abstract**

The stated aim of this thesis is to identify the role of a manager in a small hotel and duties that are connected with this position. Theoretical part of the thesis gives overview of basic principles and information to understand how it works in a small hotel. In the practical part a case study is presented. It is focused on a particular hotel located in Prague. At the beginning there is a small introduction of the hotel which will be followed by analyses, identification of the role and duties of the manager based on questionnaires.

## **Souhrn**

Tato bakalářská práce se zabývá identifikací role manažera v malém hotelu a jeho činností a dále také určuje jeho pozici v hierarchii společnosti. Teoretická část bakalářské práce poskytuje podklady pro pochopení pochodů spojených s podnikáním v pohostinské činnosti, hotelu. Praktická část se zabývá případovou studií, čili konkrétním hotelem v Praze. Na počátku bude krátký úvod, který nás seznámí s hotelem, poté bude následovat analýza hotelu, identifikace role a charakteristika povinností manažera hotelu na základě dotazníku se zaměstnanci a následně i s managerem.

**Keywords:** hospitality industry, hotel, manager, role of manager, marketing mix,  
SWOT

**Klíčová slova:** pohostinská činnost, hotel, manažer, role manažera, marketing mix,  
SWOT

## Obsah

1. Introduction.....	9
2. Aims and methodology .....	10
2.1 Aims .....	10
2.2 Methodology .....	10
3. Theoretical part .....	11
3.1 Introduction about tourism.....	11
3.2 Hotel industry.....	12
3.3 Evolution of management .....	13
3.4 Modern views.....	16
3.5 Company and its organization.....	17
3.5.1 Organization.....	17
3.5.2 Person inside the organization.....	18
3.5.3 Structure .....	18
3.6 Motivation.....	19
3.7 Marketing .....	20
3.7.1 Marketing mix .....	20
3.7.1.1 Product.....	21
3.7.1.2Price .....	22
3.7.1.3Pricing.....	22
3.7.1.4 Place – distribution .....	23
3.7.1.4Promotion .....	25
3.8 Analysis.....	29
3.8.1 SWOT Analysis.....	29
3.8.2 Benchmarking.....	30
3.9 Manager .....	31
3.9.1 Manger in organization .....	31
3.9.2 Hotel manager.....	31
3.9.3Function of the manager.....	32
4Practical part .....	33
4.1 OK TOURS a.s.....	33
4.2 Basic information of Hotel Orion .....	33
4.3 SWOT Analysis.....	35

4.4 Marketing mix .....	36
4.5 Manager .....	40
4.5.1 Hierarchy .....	40
4.5.2 Manager of hotel Orion.....	41
4.5.3 Duties .....	41
4.6 Recommendations to the manager.....	44
5 Conclusion .....	45
6 References:.....	46
6.1 Bibliography .....	46
6.2 Online sources.....	47
7 List of pictures .....	48
8 List of charts .....	48



## 1. Introduction

Topic of this thesis is „The role of the manager in a small hotel“. A lot of literature has been written on the topic of how it works in a small hospitality company such as hotel. It provides recommendations on how to deal with managing and leading this type of organization and how to increase efficiency of working activities. These recommendations are very general, but there is a lot of specific factors that influence the different markets and managing a hotel. Every hotel is unique and has different market position. A partial aim of this thesis is to discover weaknesses of a particular hotel and to give recommendations on how to improve. As it was mentioned before every hotel exists in a different environment and general advice doesn't fit every hotel in every situation. There is a big space for individual approach for each manager on how to deal with different situations. Due to the constantly growing competition marketing has become very important. I'm working in hospitality industry already for two years so I want to incorporate my experiences from a hotel into my thesis. My practical part will cover one particular hotel and its existence in the field of market under one manager. In other words this part is based on profile of the company, services, customers, analysis of the market and it's competition. Second section will be about manager and his role. I want to write here about style of his managing, the trend of managing that our manager discovered as the best way for the company. Calculation and meetings of employees. Communication with customers and description of guest relations. Marketing of our hotel with overview.

## **2. Aims and methodology**

### **2.1 Aims**

This bachelor's thesis deals with composition of guide-book for manager in the particular hotel. Main aim is to identify and analyze the role of the manager in a small hotel. Object of analysis is hotel Orion. To achieve the objective this thesis is divided into two goals. First one is to understand theoretical data obtained from literature. It will help us to orient in this issue. Another partial task is the application of knowledge that we gained and then apply them on SWOT analysis, observations of hotel sale (audits), duties and activities of the manager and evaluation of the manager by staff.

### **2.2 Methodology**

The purpose of the methodology is a way how to achieve our goals. Interviews with staff and the manager himself will give us information about the hotel and its functioning. First aim is to get a clue about the hotel and its competitiveness with SWOT analysis. It will be followed with comparison of audits to detect status of sales. Sales and marketing play one of the most important parts in measuring a manager's efficiency. To achieve aim I use observation and interviews to find out what manager's activities and duties are. Daily routines, way of leading which is really important for every organization. Evaluation of the manager we will get by questionnaires with staff. By using these methods I believe we will achieve our main aim which is to identify and analyze the role of the manager.

### 3. Theoretical part

#### 3.1 Introduction about tourism

Tourism can be understood as a social-economic phenomenon with the possibility of making profit, because people constantly want to travel and learn about foreign cultures. It is a set of activities that are focused on customer's/ guest's satisfaction with traveling and hospitality and it also represents a great movement of the human population. Tourism occupies an important position in the world economy.

There are a few interpretations of hospitality industry but we will follow the wider one where a hospitality unit is meant as a restaurant, bar, amusement park, hotel, motel etc. In the present tourism is an area of research for several disciplines such as economics, geography and sociology. All of these disciplines examine tourism from their point of view and all of them bring important information about the tourism market.

It is therefore clear that hospitality industry is still developing. In recent years the importance of tourism is directly associated with development of some regions. One of the elements that is able to jump-start development is destination marketing and management. Today's interpretation of tourism comes from Hesková, who defines tourism as: „ *a set of activities that are focused on customers satisfaction with traveling and hospitality in a free time to explore, rest, relaxation, entertainment, cultural and sports activities and business trips*“. Definition of tourism under condition that it is traveling and also temporary stay of persons out of their homes where tourists satisfies their needs during free time and gaining experience. (Hesková, 2006)

### 3.2 Hotel industry

A hospitality unit is an establishment that provides lodging and usually meals and other services for travelers and other paying guests. It is one of the primary columns of the hospitality industry. It takes place in the particular spot which is called a hotel. A hotel is an establishment that provides lodging paid on a short term basis. In the past there were much fewer hotels - they needed but offer basic services and would always find demand for them. Today is a different time and hotels need to fight for their customers. Targeted marketing and being better than the competition helps achieve success. (Beránek, 2007)

A part of this process is Customer Segmentation. This allows a company to better target specific groups of customers and to allocate marketing resources effectively. It is focused on attributes such as attitude and psychological profiles in order to identify specific customer groups. A purpose of a hotel is not just to make profit but also to satisfy the needs and requirements of its customers' needs and requirements, and those of its employees as well. High quality of services is one of the basic priorities of every single hotel. Hotel tries to meet guest needs ranging from small tasks to big requests, it tries to predict and adapt. (Hesková, 2006)

Hotel industry is related with other services that hotels offer, such as gastronomy and additional services (information, exchange, sport activities, laundry, ticket booking etc...). Range of services that a hotel offers depends on the category of the hotel. In hospitality industry there is great variety of requests for different levels of quality and different number of services due to the fact that customers belong to different social groups and have different financial options.

### 3.3 Evolution of management

In order to fully understand the evolution of modern management we mustn't forget some very important facts from history. Experiences and traditions are basic roots for modern behavior and disciplines, such as management. It is a reasonable knowledge of the guidelines of the current management, the necessity arises from the fundamental requirements for expertise manager. It means working with the knowledge they are for his current activities and best fit its needs. (Vodáček, 2006)

#### **Roots of management**

Organizations are rising with the dawn of history. Division of labor, superiority, subordination, rules, norms - all of which can be already found in primitive societies. The process of building Egyptian pyramids or Nile channels, methods of managing some churches, movements, major political and military operations - all of these are examples of management. These hierarchies can still be found among some of the tribes of south America and in the Pacific zone.

„ The historically most significant development of organization are taking place in antiquity. Ideal for building organization relationships in our culture has become the Roman Empire. At the time of fame were clerks managing extensive empire." (Bělohávek, 2001, p. 16)

## **Systematic development of management**

Systematic development of western management in the first decades of the last century is associated with the four classical directions. These are usually depicted as four solid roots of the massive tree that is modern management.

Scientific Management

Human Relations

Administrative Management

Bureaucratic Management

### **Scientific Management**

This theory of management analyzes and synthesizes workflows. Frederick W. Taylor (1856-1915), had been promoted to chief engineer when he was just 28 years old. He focused on improving economic efficiency, especially labor productivity. By monitoring and measuring, he was trying to find optimal way of working and directing the activity of labor. Scientific management is an approach based on the following activities: scientific selection of labor, staff training, observation of staff work, determining piecework wage and shifting all responsibility to managers. (Bělohávek, 2001)

### **Human Relations**

This approach emphasized the importance of psychological and social factors and their influence on people's work. According to this school, interpersonal relationships are the most important motivational factors which are stronger than individual interests of workers or even the interests of the organization itself. This school teaches how leaders have to behave subordinating workers, notice them and be interested in their problems. (Bělohávek, 2001)

The following is a number of recommendations for the creation of methods for managing people, their stimulation and motivation: the influence of different conditions of work and social environments, forms of participation in the management of work teams, ways to resolve conflicts. „ They are still valued opinions when and under what conditions motivational leadership significantly more economical and more efficient than resource-demanding improvements in working conditions". (Vodáček, 2006)

### **Administrative Management**

Main representatives of this school are Henri Fayol, F. W. Mooney and Lyndall Urwick. By interpretation of their general objectives they've come up with a set regulations and rules that has become a standard for successful organizations. They have laid the foundation for nowadays systems of planning, projecting and accounting. Ideas of representatives of administrative management can be mostly seen in organizational charts.

This school introduced the concept of holistic "system" management of activities within firms. Emphasized the coordinating role of managers and the organization of the management process. Workers receive instructions from a supervisor and communication takes place in a line from superiors to regular staff. Politeness and stability of staff, respecting rules and one supervisor who gives tasks. A lot of theories from administrative management are still actual nowadays, mostly when we talk about position and status of man in organization system. (Vodáček, 2006)

### **Bureaucratic Management**

„German sociologist Max Weber is the author of classical theory of bureaucracy. He believed that the organization can run effectively if it will rely on the professional skills of its members and it strictly follows a few basic rules". (Bělohávek, 2001, p. 84)

School of bureaucratic control emphasized the importance of a sound administrative organization, with clearly stated and unambiguous hierarchy of power and order.

*„Bureaucracy is hierarchy organization rationally designed to lead a big number of members and implement a wide range of administrative tasks and organization goals" .*  
(Bělohávek, 2001]

**Basic rules that organization should follow:**

- hierarchy
- regular activities
- impersonal attitude
- democratic control

Previous four directions are considered as the basis of a wide range of methods of management. They agree on some points and disagree on others.

### **3.4 Modern views**

Modern time has a requirement and that is KISS - Keep it short and simple. It looks for a simple essence which easily explains running an organization, its problems and shows a way of how to solve them. Modern ideas about organization do not generate single flow based on common principles. Only one thing that connects these modern views is effort to find a universal principle that will clarify all the activities inside the complex. In this case we can find different pieces and approaches that are built on different bases.



Thanks to the knowledge of the development of management we can find ways to manage a company. A modern manager should understand the ideas and opinions of schools and approaches and take something from each of them and apply it to effectively lead an organization. Application of each theory in today's reality, however, is problematic - unexpected changes and inability to reliably capture the chaotic events in the present world.

### **3.5 Company and its organization**

#### **3.5.1 Organization**

It is important to define what an organization is and its meaning. There are many different definitions of an organization depending on the point of view. One of the basic definition is:., *The word is derived from the Greek word organon which means "organ". It is an entity such as an institution or an association that has a collective goal and is linked to an external environment.*"(Handy, 2006)

The unit in which transforms resources (inputs) into goods (outputs). Legally, it is interpreted as a set of tangible, and intangible components of business.

Despite the different interpretation every organization is characterized by these symbols: distinguishing the surrounding environment, definition of organizational structure, the division of labor within the organizational structure, respect for authority and responsibility arising from organizational structure and cooperation and coordination on a common goal.

### 3.5.2 Person inside the organization

We know from experience that working with people and affecting them is very difficult. Motivation, which was effective for one person may not be effective for another, sometimes even opposite effect. People differ from one another and we must respect these differences to achieve successful results in leading people or negotiating with them.

In the organization and beyond, we meet with a wide range of people and personalities, different types of people with different interests and attitudes. Everyone solves problems in his own way, has different goals and goes in different directions. This determines the direction of the development of the organization, creates an atmosphere and gives the dynamics to the organization.

This atmosphere creates habits that become necessary in everyday human behavior. Some behaviors are praised, some punished - creation of pattern which helps in everyday routine. It is formation of company culture.

### 3.5.3 Structure

Job and position is defined by organizational structure which determines the status of workers in the system of hierarchy. Job description defines the duties linked to its function. If we are talking about a small organization than bureaucratic internal structure is the right one because it has a clearly defined division of activities and responsibilities of staff.

Organizational structure is used to coordinate and manage the activities of members of the organization. It helps the organization to function effectively, to monitor its activities, allocate responsibilities and socially satisfy the workers. It is important to determine the structure. ( Handy, 1990)

### 3.6 Motivation

Motivation is reflected in our behavior. Motivation is the driving engine for people to achieve something. The key word is motive which is a matter of human behavior. Motives of human action operate until the need is satisfied. Need is the state of insufficiency. Activity of an individual is started by dissatisfaction of needs. For many people work is a necessary evil but which is a mediator to achieve individual goals.

Theory of motivation focuses on goals we want to achieve. The most famous one is Maslow's Hierarchy of Needs. We call this theory hierarchical because person has a priority to satisfy lower level needs. Maslow divided needs into groups and put them into a hierarchical system.



Picture 1 Maslow's hierarchy of needs

## 3.7 Marketing

The term marketing is understood by most people as advertising. It is true that advertising is a part of the marketing, but marketing is more than just advertising. There are many definitions of marketing. One of the most frequently mentioned by the American Marketing Association is:

*" Marketing is the activity, a group of institutions and processes for creating, communicating, provision and exchange of offers that have value for customers, clients, partners and society in the broad sense"* from year 2007. (Kotler, 2007)

The goal of marketing is to identify needs and wishes of the customers, current demand and situation on the market. Firms which do not follow the market and do not predict the future will be forced to leave and quit the market. For this reason it is very important to plan, implement and monitor schedules and plans for all the future plans. Marketing management deals with these processes .

The hospitality industry has rapidly changed. Marketing for the company in the hospitality industry plays an important role in the process of adapting to these changes.

### 3.7.1 Marketing mix

There are many ways to satisfy the needs of customers. Product may have different amounts of different characteristics of quality, packages having different shapes, colors and materials. It might be necessary to have different prices for different prices for different groups of people, in order for a product to be successful. Success depends on understanding market forces and on the skills of the marketing worker designing a marketing strategy. All this is aimed at achieve a satisfactory profit.

In marketing there are many variables. In order to achieve the desired results these variables have been divided into a mix of 4P's:

- product
- price
- place
- promotion

### 3.7.1.1 Product

Product or service is closely associated with developing the right product for the target market. The aim of the company is to achieve that products / services differ from other that are available on the market. The ideal situation is that the customer prefers our product on the market and is even willing to pay a higher price for it. It is not just a product / service but for example in the hotel industry all of these matter: accommodation, catering as well as environment and employee behavior.

„The product is everything, both advantageous and disadvantageous, as we get some in return. It is a complex combination of tangible and intangible elements, including functional, social and psychological utility values. Product can be thought of, service, merchandise or any combination of these three categories " (Horner, Swarbrooke, 2003).

Product life cycle - just as businesses go through stages, so does every product or service go through their own specific life cycle, which consists of 4 stages: introduction, growth, maturity and decline stage. It is very important to know about each stage and at what stage our product / service currently is. Attendance of customers can be increased with packages and special offers during the year, this product extension will extend its maturity stage.

### 3.7.1.2 Price

Price differs from the other three components of the marketing mix in that it produces income, the other three components provide costs. For hotels the price is the main factor which determines profitability. It is a powerful tool that will affect the long term success of the company. Pricing policy has a very significant impact for earnings, but it also affects the price and psychological reactions and behavior which influences the placing of the product on the market.

On the contrary, the decision of customers whether to buy the product or not, price is not always the main factor. Nowadays, attitude of the hotel staff, their willingness and pleasant mood, as well as relevant qualifications and problem solving are also very important factors for the customer.

### 3.7.1.3 Pricing

Determining the correct price is very difficult. It is very important to determine the price to cover all costs such as production, distribution and sale and to make a reasonable profit as reward for risk and effort. Customer must be willing to pay this price for the product. The price calculation does not use only the hotel company's internal data, but also information about market.

During setting the price must be clearly stated objective that price will support.

- survival
- maximum market share
- maximum increase in sales
- maximizing profit

- leadership in quality
- covering costs

To make it simple we will reduce number of approaches how to determine price just on two:

#### 1 Cost-oriented approach

This approach is based on adding a surcharge to costs allocated on the unit of production. This surcharge depends on the type of product/service. Generally it is higher for seasonal services in order to cover the risk which is associated with fluctuating marketability.

#### 1 Demand-oriented approach

In this approach price is based on the value which it gives the customer and on the size of the demand. By this approach price is set by estimate of sales volume, it is also based on prices of other competitors. Service position on the market can be influenced by right marketing strategy.

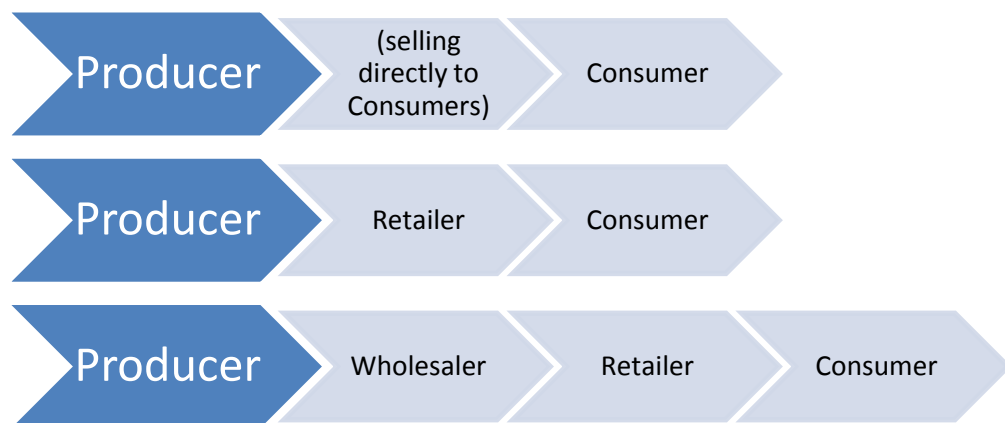
Three basic criteria when determining the price are competition, costs and demand. All of them should be used by the hotel, but demand is the most important.

#### 3.7.1.4 Place – distribution

This basically means: „delivery of the right product at the right time at the right place“. Product gets to the customer through distribution channels. Sometimes are distribution channels very short and lead directly from the manufacturer to the customer, often is this process more complex and it includes different types of wholesale and

retails.(Bělohávek, 2006)

Distribution channels help people overcome temporal and spatial barriers. Direct distribution is one of the easiest forms of distribution, indirect distribution can have more than just 2 levels. These levels are predominantly the retail organizations.



Picture 2 Distribution channels

- In hotel industry products are usually sold directly to customers, that is if the hotel does not use any agents. The product is often sold directly from the reception. Hotel staff has direct contact with the customer.

- Using indirect distribution routes means that in direct sales between the hotel and the customer enters one or more intermediaries that increases the number of customers. Hotel must pay commissions to these intermediaries. Great examples are internet reservation systems (booking.com, hrs.com, hotel.cz, agoda.com...).



•Combination of direct and indirect sales is the sale of the product through catalogs, direct mail and by TV.

For hotel industry a great way of how to present the hotel is the internet. It means access for the customer every day all year long and can also show current prices and a tour of the hotel in 3D. Number and types of distribution channels depends on every single hotel.

#### 3.7.1.4Promotion

Promotion is the last aspect of the marketing mix, it is the promotion of products and services and communication with business partners and customers. It is focused on oral communication and other successive forms of communication. Promotion covers all the communication tools that can target the audience and pass any information to them.

These tools we can divide into 5 categories

1advertisement

2sales promotion

3public relations

4sales staff

5direct marketing

**1. Advertisement** Advertising is the most effective tool, it is unsurpassed. The aim is to inform a wide range of consumers. In hotel industry it is really important to address new customers, the best way is specifically targeted advertisement. Each campaign should specify a goal which it should achieve.

*„Advertisement is process of communication- transmission of the convincing information to the targeted segment via spoken word, written word or a visual material“*

*(G. A. Cole, 1995)*

## **2. Sales promotion**

It is an indirect way of communication in marketing. It uses a wide range of tools to stimulate the speed of demand for the product. Most advertisements do not affect the customer immediately, but customer behavior can be affected by sales promotion. There are many ways how to do it, for example: 2 in 1, temporary discount, demonstration of the product, special prices...

Customer hears about the 2 in 1 offer or about temporary discount thus forcing the customer to act. Customer feedback is very important here. In the case of hotel services we speak about reducing prices for accommodation.

**3. Public relations** are a variety of programs designed to promote or protect the image of the hotel. Main goals are to build a good name of the hotel. Using public relations hotel builds, affects and changes the opinions, attitudes and ideas to the general public to think about product in a positive way. It increases the image, brand awareness and most importantly builds trust with the customers.

Public relations are based on trust, mutual understanding and attitudes. Effect of public relations is long-term. Before building good external relations it is important to have good internal relationships, individual components of the hotel must operate as a whole.

Tools of public relations are events, news, publications, sponsoring, fairs, exhibitions and lobbying. ( Bělohávek, 2006)

**4. Sales staff** is a direct way of communication of the seller with the relevant intermediaries in the distribution channel (travel agent) or with the final customer. This is a face to face sale. It is a highly effective method which cannot be replaced by anything, but it is also the most difficult and the most expensive way. Hard way of selling is trying to pressure a customer to buy. (Karppinen, 2011, Kotler, 2007)

The greatest advantage is the use and application of psychological methods of influencing customers and the art of regulating their needs and requirements.

**5. Direct marketing** is an interactive marketing tool which achieves the desired response by customers, using appropriately chosen tools, when the sender of a communication addressed precisely the target segment. In general, direct marketing uses post, telephone, fax, e-mail or the Internet for direct communication or to elicit a response. The information with that recipient has the option to respond. Direct marketing has four basic characteristics, namely that this form of communication and sales is always: i) non-public, ii) tailored to the needs of the target segment, iii) current and iv) interactive. It allows targeting supply and better option evaluation of the results achieved. Probably the most widespread means of communication of today is e-mail, which can be used to address a client directly or to address a segment of clients based on the client database. (Kotler, 2007)

The advantage of direct marketing is the lack of intermediaries in communication. Disadvantages of direct marketing include for example high cost of obtaining decent quality databases and unsuitability to use for communication with the mass market.

## **Extended marketing mix for services in tourism**

**People**, meant here as the employees, are extremely important in the field of hotel services. Employees of the company have the power to influence the customers; on them depends whether the company will obtain sufficient number of customers and will thus generate profit.

These people are involved in the quality of the product and for that, they are very valuable. Thanks to them, the hotel can get a big advantage over the competition. Employees must be satisfied in the company in order to be loyal to it.

**Material environment**, these are the first sensations and impressions that the customer receives upon entering the premises where the service is offered which then induces a favorable or unfavorable expectation. The customer, although he might not even realize it himself, is greatly influenced by that.

Appearance of the building, furnishings, creating a sophisticated atmosphere evokes an idea about the service and its professionalism and quality. It is very important to consult those issues with architects and designers to induce the right atmosphere. It is mostly a matter of fashion or designer's idea of what should meet the expectations of customers.

**Processes** associated with customer service are processes involved in making marketing effective in an organization e.g. processes for handling customer complaints, for identifying customer needs and requirements, processes for handling orders etc.

If in the process of providing a service to a customer the service fails, it can cast a bad light on the company. The cause of the failure doesn't matter much, the customer will evaluate the service negatively. To avoid this the company depicts various steps in flowcharts of services.

**Cooperation**, in the tourism sector consists of a large number of small and medium-sized businesses. There is very strong competition among entrepreneurs. For them it is better to cooperate with other operating entities tourism so as to maintain its market.

## 3.8 Analysis

### 3.8.1 SWOT Analysis

This analysis is an important tool for recap. Its aim is to identify the range with which the current strategy of the organization is able to deal with the threats and opportunities in the external environment. The SWOT analysis is an excellent tool in organizing information and presenting solutions, identifying roadblocks and emphasizing opportunities. This analysis may be very efficient when we compare all the fields with our competitors. It provides a mechanism for systematic thought processes. An understanding of the external environment is necessary.

SWOT stands for Strengths (advantages), Weaknesses (weaknesses of the organization), Opportunities (opportunities in the external environment) and Threats (threats from the external environment).

- Strengths** are positive internal conditions enabling the organization to gain an advantage over competitors. It is clear authority, resource or ability which allows the company to gain a competitive advantage. It may be better services, good company relations, advanced technology, distribution channels or team of top managers.

- Weaknesses** are negative internal conditions which may lead to lower organizational performance. Deficiency may be the lack of the necessary resources and skills. Manager has no strategic capabilities, old technology...

- Opportunities** are current or future factors in the external environment that represent reasons why your business is likely to prosper. Opportunities should not be treated as current conditions, but as to the future evolving environment and its impact on the organization. Favorable conditions may be, for example, changes in laws, new technologies, increasing population...etc

•**Threats** are current or future conditions that negatively affect current and future outputs of the organization. Negative conditions may be, for example, input a strong competitor on the market, legislative changes, decrease in the number of customers.

This procedure should contribute to the formulation of future strategy of the company and also identify the current one. After you have identified and prioritized your SWOT results, you can use them to develop short-term and long-term strategies for your business.

### 3.8.2 Benchmarking

It is a new tool for increasing competitiveness for companies, the tool of strategic management. We can describe it as a process which uses the comparative method for detecting own strengths and weaknesses. Objects are units which have been approved as suitable for comparison with our company. The results highlight the areas and activities where the company lags. This method has purpose to identify weaknesses.

## 3.9 Manager

### 3.9.1 Manger in organization

This person is hired by the owner to run the owner's business. Manager plays an important role in a small company, the executive worker responsible for the fulfillment of certain tasks, leading and managing of other members of the organization. The most important tasks for the manager are decision-making and leading. Management is not only understood as assigning tasks, it tries to do a combination - effort to draw in even ordinary employees in decision-making. Management actions should not be a privilege of just one person, but should be designed for a wide range of workers in the organization as recent studies show. A part of managerial work is forecasting crises which is very difficult. The reason is simple, new aspects and factors come every day and an adequate response is needed to successfully achieve the ideal state. This person must not only be able to handle the situation, but must be accountable for its results. Flexibility and dynamics of the company are results of this work. Manager must be able to take risks and bear consequences. Power allows managers to make decisions, manage, give orders and check the work, generally it is a control of human, material and information resources to achieve a certain objective.

### 3.9.2 Hotel manager

Manager activities and duties depend on type of the hotel. Small hotels may have a manager or a small management team of one or two managers. In big types of hotels we predominantly have a big manager team. There are a wide range of divisions and departments. Both types of hotels have professional management that uses recommended techniques of hospitality industry to run a successful business. Manager at the hotel often meets with interaction from guests, staff, investors, other managers and stockholders. (Beránek, 2007)

### 3.9.3 Function of the manager

Manager in a small hotel has to cover all the duties that are divided between more departments in a big hotel. There are four basic functions that must be fulfilled.

#### •Planning

It is obvious that planning plays a significant role in managing. It is a process of decision-making about main elements - goals, actions, sources, implementation and control. On the proper planning depends future prosperity. Planning has an impact on risk reduction.

#### •Organizing

Organizing distributes tasks among individual departments. Organizational structure is used to coordinate and control activities of the staff. This structure helps with adaptation to external changes, activity, coordination, monitoring of activities, effective actions, allocation of responsibility and social satisfaction of members of the organization.

#### •Leading

Leading is defined as motivating and influencing staff. Manager, who wants to to achieve the goal, must motivate employees to some action which has to be guided.

#### •Monitoring and control

It is a key in preventing disasters and some sort of prevention should be carried out from time to time. It is also evidence that some implementation of administrative procedures are well managed.

Among these main functions there is also communicating with important clients and VIP guests, representing the organization, defining a strategy, evaluating performance, motivating and evaluating employees.



## 4 Practical part

### 4.1 OK TOURS a.s.

OK TOURS a.s. was founded in year 1990. It was one of the very first private Destination Management Company in Czech Republic after the revolution. On the internet under the name checkcharlie.com it runs its own B2B engine for services, packages, tours and upcoming events in the Czech Republic. After 2 years on the market it started to provide airline ticketing and business travel for corporate clients and government authorities. Latest travel project created by this company is a product for Czech senior citizens. This product already exists for 4 years and it gives a new opportunity to learn more about quality of live and travel options to seniors in the Czech Republic. OK TOURS also operates with its own chain of hotels in our country and in Hungary. This chain of hotels is called OK HOTELS.

As my case study I chose one of this hotel from OK HOTELS, hotel Orion. As a part of the OK HOTEL chain this hotel is considered the most important.

### 4.2 Basic information of Hotel Orion

#### **Location**

Location of this three star hotel is near the center of Prague, in Vinohrady, on address Americka 9. Being located in Vinohrady near náměstí Míru (Peace Square) is a big advantage for a hotel, since there are many interesting places to be found nearby, such as: Vinohrady Theater, gothic church of St. Ludmila and a station of the A metro line. Metro station Náměstí Míru is just a 4 minute walk away from the hotel. The A metro line passes there which takes you to station Dejvická, a direct link, from where you can take a bus to the Vaclav Havel Airport. Getting to Florenc, where the bus station is located or to Main Station where is the main railroad transport hub is no problem as well.

About 10 minutes from the hotel on foot is the I.P. Pavlova station which is located on a C line that will get you there. It has to be mentioned that there is one of the largest parks in Prague - Havlíčkovy sady, where you can find the renaissance Villa Grobe with vineyards (1.7 hectares). This part of Prague is near the center but without all the chaos and noise which tourists do not prefer.

### **Facility**

Hotel Orion can provide 26 rooms and suites in four categories. 13x double / twin rooms consist of bedroom, kitchen and bathroom suitable for max. 2 persons. 9x junior suite consist of bedroom, living room, kitchen and bathroom, suitable for max. 4 persons. 3x family suite consist of two bedrooms, living room, kitchen and bathroom, suitable for max 6 persons. Last room is large suite on the top floor with a big terrace and beautiful view over the Prague panorama. All of them are equipped with shower/bath/WC, hairdryer, completely equipped kitchen incl. refrigerator and coffee maker, satellite TV, direct-dial telephone and a safety deposit box. There are also allergy friendly rooms available on request. Whole hotel is a non-smoking building.

### **Services**

The hotel's front desk works 24/7 and it is non-stop ready to take care of guest's comfort and security. Receptionists speak at least two languages. Concierge and other services such as sightseeing tours, cultural tickets, car rental, travel arrangements, airport shuttle, currency exchange, fax/photocopying, souvenirs and snacks to buy are also available on the reception. The hotel also provides internet and free WIFI all over the hotel. Downstairs we can find breakfast club where breakfast is served every morning. Hotel can also offer a fully equipped conference room with 25 seats. Really important is Finnish sauna which is also available downstairs next to the breakfast club. Hotel can arrange parking for additional fee of 13 Euros. Children's playground is located in a small garden in the inner part of the hotel

### 4.3 SWOT Analysis

Due to fact that hotel Orion occupies the position in Prague where is a high number and a wide spectrum of other hotels is SWOT analysis necessary for future planning.

#### • Strengths

Among these advantages is good to mentioned the fact that all of the rooms are equipped as a flat, in this case it means the kitchen. Some guests prefers to cook for themselves than visit expensive restaurants. Qualified young staff speaking more than two languages. Hotel as part of travel agency- a lot of guests are sent there by this agency ( OK TOURS a.s.). Position in the city. Personal approach from staff of the hotel. Finnish sauna inside the building.

#### • Weaknesses

Space for the lobby in front of the reception, very small. Hotel does not have a parking lot, has to offer parking in other facilities. Parking is impossible in the streets because of the blue zone which surrounds the whole of this part of Prague. There is no possibility to expand the size of the hotel. The breakfast club offers breakfast only. The lack of qualified staff.

#### • Opportunities

Possible cooperation with other hotels located near by during overbooking. A large number of possibilities of online sales (booking.com, hrs.com, agoda.com, expedia.com, hotel.cz)

- **Threats**

A strong competition in a given location really threatens the sale of the hotel. Improving the offer from the competition. One of the biggest threats is increasing number of the competitors.

#### 4.4 Marketing mix

All the information below is written in connection of personal experience and information given by the manager.

##### **Product**

Product of the hotel Orion is without a doubt the accommodation. It can be supported with sauna and breakfast selling to people who came up with the demand for these services. Unfortunately these products makes almost no revenues, we can describe them just as bonuses for staying- supporting products. There we also have to put concierge and other services that are offered on the reception (ticket booking, transfer arrangement...)

##### **Price**

Pricing for the accommodation is one of the hardest part for every manager. Prices was determined in hotel Orion by the manager. Room rates were determined on the basis of market situation, business plan and hypothesis of room occupation. Price level is affected especially with factors such as guest demand and prices of electricity and other costs. Different room categories have different prices. Price starts from the cheapest rooms for two persons and it ends with large suite #64 with terrace where is usually additional surcharge about 20 Euros.

Important role in pricing plays hotel information system PATO from company Abaton Praha s.r.o. This software records all the operations inside the hotel such as cost, reservation, availability, room rates and future forecasts. Manager and the owner gets from it all the data and outputs.

BAR rates are basics prices for the hotel. BAR means Best Available Rate. They can be found on hotel Orion's websites ([www.okhotels.cz/hotel-orion](http://www.okhotels.cz/hotel-orion)). This rates are than modified during the year as a reaction on the market. This can be named as internal price list of OK HOTELS. Next to it stands price list for permanent partners, guests who visits hotel very often. Manager gives them special rates for the rooms. Last price list is for online reservation portals where are the highest rates- hotel has to pay commission for mediation.

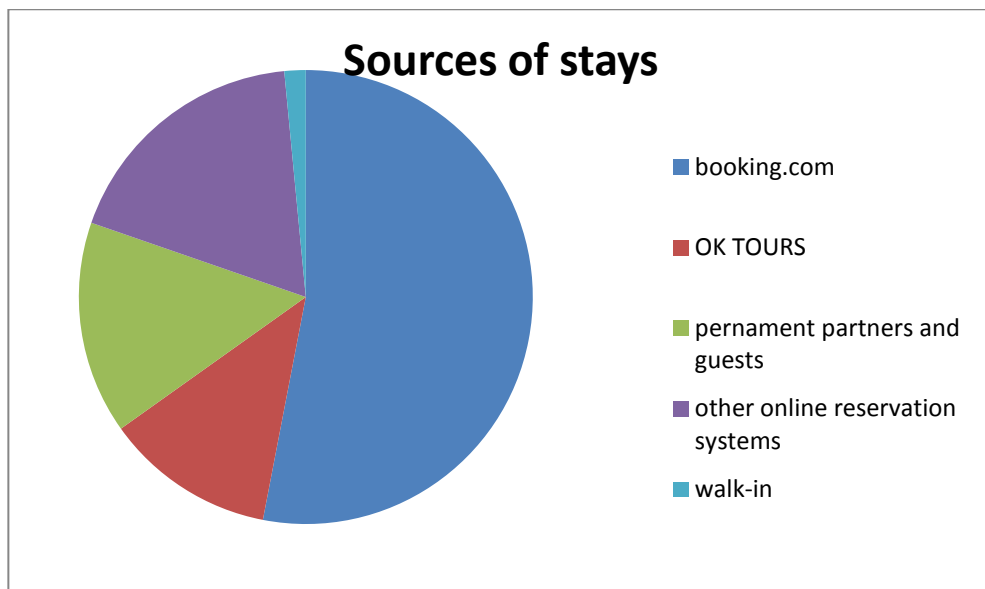
### **Place-distribution**

Almost every hotel use same ways of distribution. Hotel Orion uses following methods: travel agencies OK TOURS, permanent partners and guests and reservation by e-mail or walk-in.

Direct way of distribution means distribution from the reception. For hotel Orion it makes about 13% of sales. Here has to mentioned that direct way is not merit just of the receptionists but manager as well, we are talking about permanent guests and walk-in. Advices were given to the employees at the reception how to offer accommodation but more effective is to call manager who has a higher probability of success. A potential guest will be more influenced by manager with skills more than by ordinary person behind the reception. Direct contact with a manager makes better impression of the hotel.

Indirect way of distribution is selling rooms by OK TOURS or online reservation systems. It is the easiest way for manager to sell. Only disadvantage of this method is commission that hotel has to pay for this distribution. Example booking.com charges 14% of the price from every room which is sold. Hotel Orion uses over 20 online reservation systems, among them are: booking.com, hrs.com, agoda, lastminute, orbitz, transhotel, lowcost beds, expedia, tourico holidays, exclusivelyhotels...

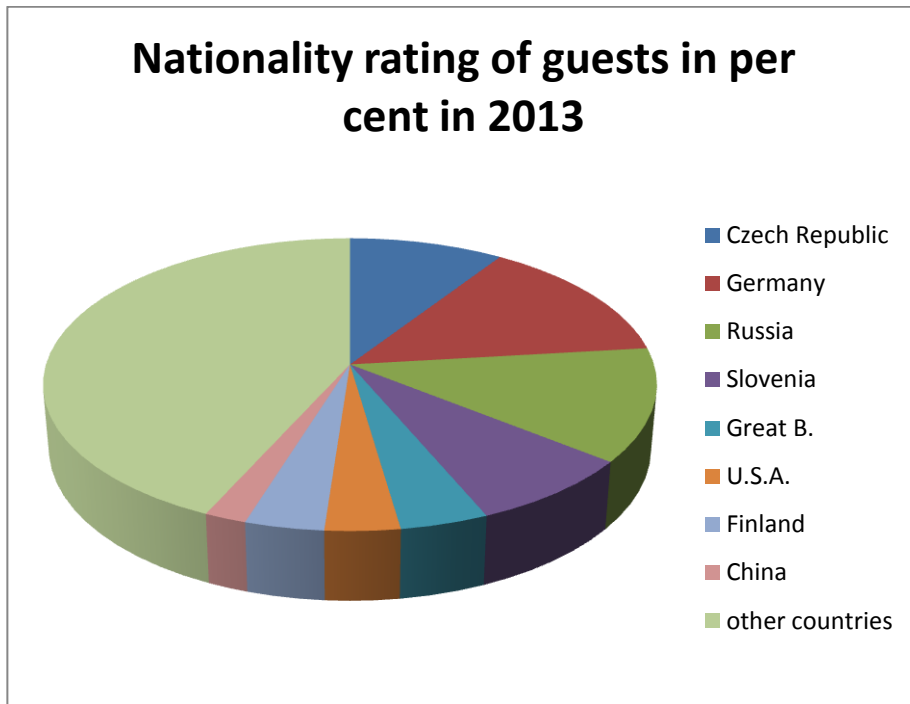
Chart 1 Sources of stays in 2013



Source: Hotel Orion

On the previous graph we can see that online reservation systems are important sources of guests, especially booking.com which occupies over 53%. Section of OK TOURS comprises reservations by e-mail, telephone or through hotels websites ([www.okhotels.cz/hotel-orion](http://www.okhotels.cz/hotel-orion)) and clients from OK TOURS. Green part represents often visiting companies and guests. Hotel Orion highly values this kind of clients. Between the hotel and those clients have developed trust and loyalty- frequent guests.

Chart 2 Nationality rating in 2013



Source: hotel Orion system

On the previous graph we can see from which countries guests are coming to hotel Orion. It shows guests of 1<sup>st</sup> half of year 2013. Other countries represents countries with lower numbers than 2,5%. Total number of guests was 5,157,692.

### Promotion

This part of marketing of hotel Orion has big room for improvement. There is no used any surfaces for advertising, no boards with direction to the hotel. The only advertising is trough catalogs which are available at other hotels of OK Hotels chain. On the internet is possible to visit hotel Orion's websites or information about the hotel is given on the internet reservation portals as well. Printed advertising is not used if we do not count marking in the tourist maps. In section of promotion is duty to mention public relations. Facebook.com is a part of public relations. Page of the hotel has not been

updated over a year and it is unused. It is proven method of promotion on facebook.com where information are spread.

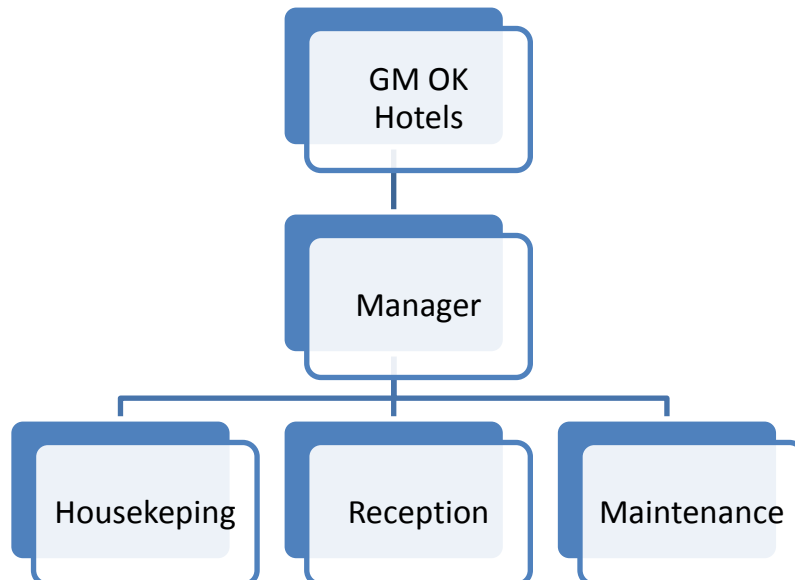
Personnel sales is very effective method how hotel Orion gets new guests and new contracts with companies. It is done by the manager who shows the hotel to new potential guests.

## 4.5 Manager

### 4.5.1 Hierarchy

Hierarchy in hotel Orion has elementary structure. General Manager of OK Hotels in on the top. GM covers every persons inside this hierarchy. As I mentioned before there is a chain of hotels, OK Hotels where hotel Orion belongs. The entire chain is managed and run by GM. Hotel Orion is managed by its own manager who is responsible to GM.

On the picture below we can see exact hierarchy of hotel Orion.



Picture 3: Hotel hierarchy



Hotel structure is based from one manager who leads 5 women from housekeeping, 10 receptionists (5 men and 5 women) and 1 man who cares about repairs and maintenance. The manager leads 16 people in total.

#### 4.5.2 Manager of hotel Orion

The manager who leads hotel Orion is Kateřina Deré and she is 33 years old. She used to work there as a receptionist before her maternity leave. She got back after 4 years because she has two children. She took place after Tomáš Lev who was a previous manager. Mrs. Deré manages and leads this hotel already for a one year.

#### 4.5.3 Duties

##### **Leading**

Leading the others is the most important duty of every manager in every company. The way how manager leads depends often on its personality. The manager of hotel Orion as was mentioned is a woman. Different approaches is based by gender as well, woman mostly are not that strict as man. After previous manager left everyone recognized a difference. Mrs. Deré is more quiet than Mr. Lev. She has confident and positive personality which makes nice environment inside the company. With her friendly acting was no problem to make a good relations with subordinates. She fully understands meaning of human relations and its meaning. On the other hand there is sometimes problem with authority from subordinates. Mrs. Deré is willing to listen to others. She prefers autocratic style of leading with elements from democratic approach.

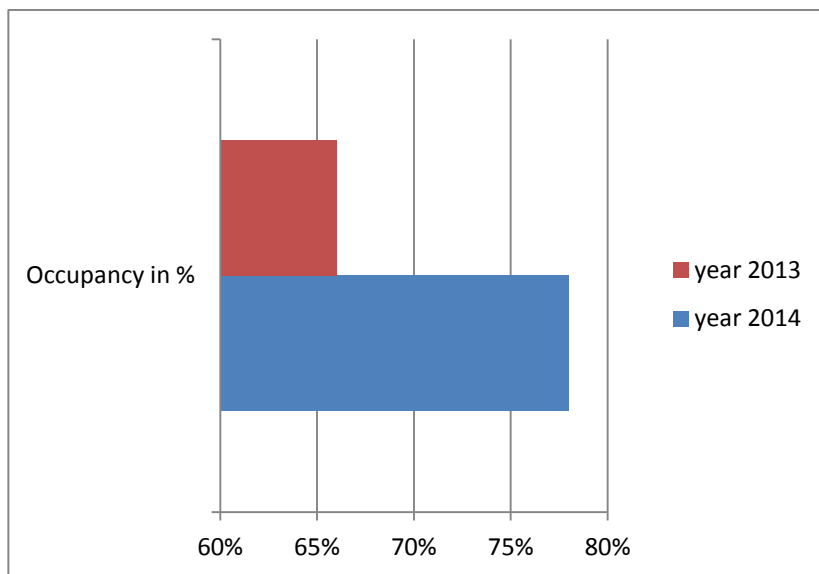
In this situation it means that there exists some kind of communication with

subordinates but final decision will give the manager. With autocratic style she wants to achieve high performance from people who she leads. She gives direct orders and tasks which by expectation should be done.

### Sale

How is possible to measure the efficiency of the manager than by sale. Due to make profit there must be sale. For a lot of managers is the sale the hardest part of their work. Here we can differ it on two goals. First one is to occupy the entire hotel with small rates for each room or to sell single rooms for high price. Hard decisions come with it. Changing rates of the rooms because of season, hotel availability, cultural actions in the city... Prices for rooms plays the most important role here.

Chart 3 Comparisons of occupancy



Source: hotel Orion system

On the previous graph we can see occupancy in % first half of year 2013 and 2014. The efficiency of nowadays manager is much better than the previous one. But as it was mentioned it is not just about occupancy, mainly it is about profit of the hotel. From audits has been found out that profit has increased about 26,69%. The manager has focused more on the prices for each rooms and here is a result. Changing rates on the online reservations systems is really important. Average room rate in year 2014 is 1583CZK per night. Previous year, in 2013 was that price 1149CZK. It is just a few crowns but in total calculation it makes great differences.

### **Communication with subordinates**

The manager tries to achieve communication about important things through the hotel. Communication where everyone is involved. This is not easy part. Housekeeping and receptionists works in shifts, that means communication is not always successful. It takes form of calls, e-mails and face to face. As it is obvious the biggest problem is in sharing the information. E-mails would be the best form but it takes the most time.

### **Communication with guests**

In hotel Orion manager is focused on personal communication with guests. For potential guests it created nice family environment. Guests feels more special when they talks to the manager of the hotel. Orion's manager has good impression with a professional approach.

### **Daily schedule**

Every morning during work week manager comes to the work after 7am. First of all she takes revenues and daily reports from previous day. After conversation with receptions she obtains new information about the current state of the hotel, what should be solved and done. By reports and information from the reception she starts to created the operation plan about solving problems. It continues with e-mail correspondence with VIP guests and group reservations.

Checking the reservations and availability of the hotel. With calculations helps manager as we mentioned before program PATO with which operates reception too. Ordering raw materials for breakfast and other supplies is based on reports from housekeeping, maintenance and reception. Working with the rates depends on many factors which required her attention. Sometimes she is invited for a meeting outside the hotel. During her work day she is able presents rooms and services to clients who are interested in long-term cooperation with hotel Orion. This process is connected with communication with OK TOURS referents as well.

The manager of hotel Orion has to send reports and her comments to the GM of OK Hotels.

#### **4.6 Recommendations to the manager**

After evaluation of questionnaires for guests and employees these results have been obtained. Management of the hotel Orion is rightly directed but still there is a big space for improvement. The biggest problem is in communication inside the organization. Information circulates trough the hotel not very effectively. Missing right communication causes many problems inside the organization. The manager responsibly creates future plans but she should bring in more other employees into planning. It will motivate them more. Motivation is the second biggest problem there. Almost everyone inside the organization are not motivated enough. Effort must be rewarded to achieve bigger performance from staff. To lead the people you need to motivate them.

## 5 Conclusion

In this thesis have been used experiences and own knowledge that have been supported by questionnaire with the manager and hotel's staff and data from hotel's audits in the practical. Information given in the theoretical part gave us basics required to do the research in this case study.

This thesis shows environment of particular hotel. SWOT analysis helps to determine competitiveness of hotel Orion on the market. SWOT analysis shows that hotel Orion is able to be a good competitor for other hotels and also helps to identify its position on the market. Audits from the hotel shows efficiency of the manager.

It also gives the description of manager's role and duties there. The manager has to deal with daily problems that are connected with daily activities of the hotel. Negotiating with suppliers, presenting the hotel, setting the rates, calculations and planning.

Identification the position of the manager in the hotel's hierarchy. His duty is to motivates of people who are below in the hierarchy. The roll of the manager is especially representative.

Marketing mix helps to understand way how the hotel concentrates sale. Segmentation of guests, promotion of the hotel and distribution. It has been found out that distribution by online reservation system is the most effective form of all. It is important to sustain hotel's permanent clients who visit this facility very often. Communication with them is required.

In the last section of the practical part is work of the manager evaluated. Based on evaluation a few recommendations are given. Such as communication inside the hotel and motivation that should be improved.

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## 7 List of pictures

Picture 1 Maslow's hierarchy of needs .....	19
Picture 2 Distribution channels.....	24
Picture 3: hotel hierarchy.....	40

## 8 List of charts

Chart 1 Sources of stays in 2013 .....	38
Chart 2 Nationality rating in 2013.....	39
Chart 3 Comparisons of occupancy .....	42



## 7 Appendix

### 7.1 Appendix- interviews with hotel's staff

- 1) What is the main goal for a manager in a hotel?
- 2) What kind of activities and duties manager has to take care?
- 3) How your manager manages the hotel?
- 4) How your manager leads staff of the hotel?
- 5) How is the communication with the manager?
- 6) Does your manager motivates you enough?  
Are there any benefits for hotel's staff?
- 7) How the manager promotes the hotel?
- 8) Are you satisfied with working in the hotel?
- 9) What kind of recommendation would you give to the manager?

## 7.2 Interview with the manager

Name:

Age:

Education:

1) What is the main goal for hotel manager?

2) What is your idea about the hotel?

3) Do you use any kind of analysis?

Which one? Why?

4) What is an organization structure inside the hotel?

5) What kind of approach do you prefer (leading)?

6) What kind of promotion for the hotel do you use?

7) How is the communication inside the company?

8) What kind of way do you use for planning?

Which tools? Which approaches?

9) What are your daily duties?

10) How do you communicate with permanent customers?

