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REENGINEERING IN BUSINESS FUNCTIONS AND HOTEL CONTROLLING

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Business reengineering as a new stream in philosophy in managerial theory and practice, deserves appropriate attention.

Such request sounds extremely natural when an hotel industry is concerned. Employing positive aims in business reengineering and controlling, as a way of modern management in a hotel business process, hotel management achieves valuable possibilities to gain better business results.

Key words: business reengineering, process transformation, controlling, traditional organization, modern organization.

1. INTRODUCTION

Today barely anyone would dispute the necessity of radical organization alternations in many hotels and hotel companies, regardless of the form of their organization. It's an open question how to carry them out as fast as possible.

Changes made in other competitive tourist countries are a great challenge for hoteliers in Croatia. One of the most essential obstacles on the way to market economy is insufficient knowledge of the instruments of a dynamic, demanding and successful line of a modern managerial theory and practice - business reengineering.

It presents such alternations in the organizational structure of business processes which bring essential and qualitative changes aimed on securing improvement of key business parameters (expences, quality of offered services, their timing and functioning in an encircled catering process).

The management in hotel industry, which is just at the start of creating themselves and learning how to think and function in a marketing way, must accept new principles and new managerial trends in order to fit, more efficaciously, in international tourist streams.

From the aspect of the employed and direct executors of business, business reengineering intercedes for changes which turn conducted, controlled and supervised individuals into self-reliant and entitled bearers of business with an independence of greater significance.

2. BASIC STARTING POINTS AND PRINCIPLES OF HOTEL REENGINEERING

The traditional organizational structure of business functions (purchasing, sales, financial, personnel etc.) loses its importance in terms of business reengineering effects. First of all, applying the basic starting points and principles of hotel reengineering we must answer a question: which are the business functions in a hotel and how should they be organized in order to transact business successfully in variable terms.

The education of hotel management, on one, and knowledge of organizing business functions and processes on the other side, are essential suppositions of choosing an adequate access for solving organizational problems in a hotel.

Usually stated, as basic starting points of reengineering which can be applied in hotel industry, are: [5;47]

a) concentration on the catering process in a hotel

This starting point determines attention orientation to the essence of the catering process which is needed to be done during business operations. Designing an organization, which will be based on a complete, systemic approach for accomplishing such an operation, follows as the next step.

b) ambition

Initially acceding the project of reengineering business functions it is necessary to draw a line and set up high standards to the ends which are to be attained by this activity.

c) changes in the organization's behaviour rules

The application of reengineering doesn't base itself on a better and more consistent application of behaviour rules, but on their changes, searching for new, inventive solutions which characterize another type of approaching the problem.

d) creative application of informatic technology

The computer systems carry a great importance for a more efficient application of business reengineering. They supply the participants of reengineering effectively with information and models in solving problems of managing business processes (professional systems, decision support systems, business decision execution systems etc).

In order to deal successfully with reengineering in a hotel it is needed to accept specific principles of such an intervention in organization and design of business processes which bring out essential, qualitative changes [5;146] :

- the primary purpose of the entire hotel business and the meaning of business reengineering activities are to **satisfy guest's individual needs**. The result of which is that the object of any process has to be seen from the guest's aspect [4;85] and so to understand his needs, in other words what he expects from them.
- the essence of business reengineering is in an **inventive approach to alternations of the catering process** in a hotel, not the specific professional

knowledge. In other words it is not necessary to be a professional strained with knowledge about the present processes in a hotel.

- desirable in executing the total project of reengineering is the presence of **external authority**, unaccustomed to the existing organizational procedures, rules and behaviours.
- in order to achieve better solutions it is essential to approach the process transformation in an adaptable way, by **throwing off predetermined steady attitudes**
- **team work** is desirable for the implementation of reengineering

In order to optimize process circulations by means of business reengineering, except of standing by the already mentioned principles and starting points the hotelier has to fulfill the following activities:

- rephrasing most of the descriptions of working places (discontinuing the usage of stereotype and unnecessary circumstantial sistematization of work and business duties)
- implementation of informatic technology to all phases of the catering process
- transformation of the business reporting system inside the hotel sections, on the basis of controlling
- reconsideration of our relationships towards caterers, applicative technology and mainly towards the more demanding guests.

3. THE TOURIST MARKET AS A DETERMINANT OF REENGINEERING

Former organizational interventions in our hotel industry did not obtain satisfactory and desired results.

Steady and stable organizational structures have changed slowly and with difficulties, while progress in organization meant constructing new capacities without managerial alterations.

It was ascertained afterwards that only a limited tourist market exists for the new hotel product, that it was quickly consuming itself in order to offer a narrowly profiled hotel product knowing that it is uninteresting for a long term to a great part of the tourist demand.

The tourist market of today is characterized by instability and impossibility to anticipate, and the desired progress demands permanent, in other words very often changes of structure. They come as an answer to:

- *altered tourist needs*
- *provocations of local and foreign competition and*
- *all alternations on the market*

Needs of the tourist-consumer are unmatched and unique. At the very beginnings of tourism and catering development, every service held its place on the tourist market.

Later on, along with the development of competition and forming of a global tourist market, the main business slogan was "the guest and his needs must be satisfied".

But today, even that is not enough. The actual hotelier's strategy today can be contracted into a new objective "the tourist-consumer must be animated with enthusiasm", because now, the service must be shaped by the guest's individual desires.

At this present moment the situation in Croatian hotel industry offers a chance to get started with business reengineering in hotel industry as an approach which creates long-term and strategic advances, not only on local but on the world market also.

This adjustment is essential, first of all because of the following reasons:

1. The ones who have just started preparing for the large market is doing it very late
2. The competition is getting stronger cooperating and joining (capital, purchasing net, advantages in unit expences)
3. The question isn't anymore what the offered hotel product is like, but is it good, low costing, modern, demanded, etc.
4. The quality of offered services in a hotel does not mean only a first-class organization of the catering process. At this point the word quality has an extended meaning: how to satisfy the demand, how permanent is the defined hotel product, is it simple at least keeping it at a satisfactory level and so on.
5. If the quality of offered services is not permanently guaranteed, the guests are easily to be lost. It is essential to introduce a new stream in philosophy and outline and managing of quality - this means Total Quality Management (TQM).
6. Without a marketing research it won't be possible to act on the international market anymore. The market is potentially large and insufficiently known in order to depend on our emotions or former results.

4. PARTICIPANTS OF REENGINEERING IN A HOTEL

The entire project of business reengineering in a hotel must start with an analitically phase in which the counsellors (internal and outside), in a union with the top management of the hotel, act by the following:

- a) *document the present state*
- b) *establish the object of reengineering*
- c) *define the most important processes which are to be submitted to reengineering*

The basic hypothesis for success of the entire project is the authority of the management which implicates, to the employees, the essence of business transformation of specific processes in the hotel.

At first sight, this premise is in contradiction with the contemporary outline of power decentralization and delegation, but the imperfections of the organizational structure of an open decentralization will be avoided because of the fundamental reason

that strategy proposals and proposals for total processes have to come from the top leadership.

The methods of planning, organizing and executing, success and quality of business reengineering in a hotel depend, first of all, of the participants and bearers of activities.

The participants of reengineering in a hotel may possibly be determined as:

- 1) members of the company's top management (**Board of Managers**)
- 2) high executives of particular business functions, the hotel manager and leading department executives (**Reengineering Team**)
- 3) **leaders of processes** submitted to reengineering

Desirable characteristics and activities of reengineering participants are shown in picture 1.

Picture 1. Participants of reengineering and their activities

PARTICIPANTS	DESIRABLE CHARACTERISTICS	ACTIVITIES
BOARD OF MANAGERS - company's top management	- acts as an example to all participants of the reengineering project	- starts to initiate - gives strong support - determines strategy and creates policy - determines priorities and supervises executing
REENGINEERING TEAM - high executives of particular business functions - hotel manager - leading dept. executives (internal and outside members)	- objectivity - independence in functioning - freedom and tolerance in communicating - consensus in deciding	- organizes project realization - carries out new ideas - stimulates inventivity
PROCESS LEADER (possibly leader of the reengineering team)	- leader - charismatic - motivator	- manages the process submitted to reengineering - motivates changes - tries to convince the employees of the usefulness of the project transformation - eavesdrops and eliminates resistance

5. ORGANIZATIONAL REENGINEERING IMPLICATIONS

Every organization of business functions and work processes which take place in a hotel, are a reflection of the reason for which it was established and the circumstances in which it functions. The first prerequisite condition for understanding this organization is comprehending new competitive effects and modern managerial methods which are at growth at the present.

The traditional organization forms are disappearing, first of all, owing to the establishment of **controlling as a method of managing business results [3;25] and business reengineering as fundamental redefining and thorough redesign of business processes [6;22].**

The hotel's business transactions are becoming more diverse owing to the segmentation of the tourist market, so decisions are transferred on lower levels of the organization. As a result of this process a **"level" organization appears, in distinction from the traditional "pyramide"** with a greater number of middle level leading executives, as unaffected leaders of changes of specific services and the entire hotel product.

As an answer to the competition's growth, the hotel management has to develop new groups of hotel services and concentrate its offer on defined segments of the tourist market. As follows, the market segmentation of the tourist market reflects itself in the organization segmentation.

The conversion of the traditional organization to the modern organization, is one of the greatest challenges of the hotel management of today. Through the process of business reengineering and concentrating on functions of business processes, the management's work will be executed more successfully, explicitly if we bear in mind the organizational implications which it brings in. Differences between the traditional organization theory and the shifts in the organization approach by means of business reengineering, can be seen on picture 2.

Picture 2. **Organizational business reengineering implications**

	TRADITIONAL ORGANIZATION THEORY	BUSINESS REENGINEERING
1.	Functional departments	Process teams
2.	Simple work (specialists)	Multidimensional work (generalizers)
3.	Supervised, controlled and conducted executors	Self-reliant and authorized bearers of work with greater independence
4.	Narrow professional education for a particular job	Wide education which enables flexibility and more integer functioning
5.	Remuneration and activity surveying (number of worked hours)	Remuneration by performed result (successful service placing on market)
6.	Proficiency on a result basis (proper expert - improper manager)	Proficiency on an ability basis (peoper expert - proper manager)
7.	Working for reasons of satisfying the boss (effect survey on the inside)	Working for service consumers (effect survey on the outside)
8.	Managers, supervisors and accountants	Managers, trainers and leaders
9.	A hierarchy organization structure (traditional pyramide)	A level organization structure (cancellation of many levels of unnecessary coordination)

6. CONTROLLING - INNOVATOR OF BUSINESS REENGINEERING

On account of new market demands and growing complexity of problems, changes in the organization structure of the catering process arise in hotel business.

Developing and establishing new methods, of which usage can interfere with the increase of the inside and outside proportions, controlling as a service for managing hotel business in contemporary terms [3;31], has a part as an innovator of business reengineering. This thesis arises from the fact that the basic principles of using controlling instruments are orientation on processes [8;133] and the tourist-consumer, in other words, on satisfying his specific needs.

The defined objects of hotel business divide into critical processes which should, by proceeding, contribute to better functioning, and at the end, to achieving greater profit.

An increased decentralization and decreased hierarchy range in the "new" organization necessarily demands a cost and result survey of every specific business area. For this reason a permanent support, "on the spot", by developing controlling methods has to be given to leaders of decentralized business areas [8;132]. When defining strategy and attaining objects of business reengineering in hotel industry,

from the aspect of the participants of reengineering, controlling supports the top management, reengineering team and process leader, coordinating the planning, control and information system of the entire reengineering project of business functions and processes in a hotel.

Controlling is, then, entitled to an importance which has its object in fulfilling the hotel management on all levels, because of securing inside proportions between particular organizational parts. In order to succeed in realization of this object, it is essential to build a process survey system, which would offer informations about expences, time and quality as the most significant business parameters.

7. CONCLUSION

The growing competition on the global and more and more demanding tourist market suggests to the hoteliers a need of applying modern methods of managing processes which proceed inside a hotel.

The importance of controlling and business reengineering, as a mean for more successful functioning and assistance to the management, is irreplaceable.

Simultaneously applying controlling and business reengineering in all projects of process and organizational transformations, hoteliers will have guaranteed formation of better positions in relation to the competition and satisfaction of specific needs of their guests.

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Sažetak

REINŽENJERING POSLOVNIH FUNKCIJA I CONTROLLING HOTELA

Poslovni reinženjering kao nova filozofija menedžerske teorije i prakse, zaslužuje da mu se posveti adekvatna pažnja. Taj zahtjev naročito proizlazi zbog sadašnjeg položaja hrvatskog hotelijerstva.

Koristeći pozitivne domete poslovnog reinženjeringa i controllinga kao servisa modernog upravljanja procesima u hotelijerstvu, hotelskom menedžmentu otvaraju se povoljne mogućnosti za ostvarenje boljih rezultata poslovanja.

Ključne riječi: poslovni reinženjering, procesna transformacija, controlling, tradicionalna organizacija, moderna organizacija.