Unit 12: Hospitality Operations Management

Unit code: H/601/1795

QCF level: 5

Credit value: 15

Aim

This unit enables learners to gain understanding of the operational and economic characteristics, product development, pricing and profitability concepts and gain skills to analyse and improve operational performance in hospitality.

Unit abstract

This unit is designed to introduce learners to the management principles of hospitality operations. It is intended for learners who aspire towards a career in general hospitality management.

Learners will focus on a wide range of operational and economic characteristics, including customer profiles and patterns of demand. This will lead to the consideration of product development and the opportunities and constraints that affect such development. Learners will also consider a range of pricing and profitability strategies, using ICT software to model different approaches.

Finally, the unit develops learners' understanding of the appraisal process in relation to hospitality operations management and how different aspects inter-relate with each other.

Learning outcomes

On successful completion of this unit a learner will:

1   Understand the operational and economic characteristics of hospitality operations

2   Understand product development within hospitality environments

3   Understand pricing and profitability concepts within hospitality operations

4   Be able to use appraisal techniques to analyse and improve operational performance.

Unit content

1 **Understand the operational and economic characteristics of hospitality operations**

Nature of hospitality products and services: product and service areas eg food and beverages, rooms division, conference and banqueting; tangible and intangible elements; perishability; marketing and sales; plant; equipment; supplies and commodities

Patterns of demand: patterns eg opening hours, seasonality, time of day/week, sociological influences, healthy eating and drinking patterns, food and fashion trends, accommodation trends, cultural, regional and ethnic influences, pricing and economic factors, elasticity of demand

Customer profile: characteristics eg spending power, types of hospitality business, menu/accommodation range, pricing considerations, expectations and requirements, the meal experience

Management issues: issues eg integrated planning and resourcing, business and operational plans, staffing, finance, decision-making (gathering information and data, analysing and evaluating data, reaching decisions, forecasting), operating procedures and systems, control systems, technical and procedural standards, service standards, quality systems, team working and team leading, scheduling, training

2 **Understand product development within hospitality environments**

Stages in product development: stages to include market research, market segmentation, idea evaluation, concept development, product development, advertising objectives eg persuade, create desire, create awareness, sell, increase market share, develop brand loyalty, customer awareness

Opportunities and constraints: types eg brand image, nutrition and dietary requirements, disabled access and provision – accommodation facilities, restaurant access; availability of resources (human, financial, physical), standardisation, style of service, space utilisation

Hospitality advertising: businesses eg pubs, restaurants, hotels, conference centres; products, types of media

Merchandising objectives: objectives eg promote consumer/brand awareness, encourage consumer/brand loyalty, develop product image; support materials eg brochures, websites, posters, floor stands, tent cards, wall displays, table displays, menus, flyers, vouchers, promotions, clothing (tee-shirts, sweatshirts, baseball caps), free samples

3 **Understand pricing and profitability concepts within hospitality operations**

Methods of pricing: methods eg cost-oriented, market-oriented; additional pricing considerations eg service charge, cover charge, minimum charge

Factors affecting revenue generation: factors eg sales mix, customer turnover, average spending power (ASP)

Factors affecting profitability: factors eg labour intensity, shelf-life, elasticity of demand, standardisation, portion-control

4 **Be able to use appraisal techniques to analyse and improve operational performance**

Approaches to appraisal: techniques eg fundamentals of appraisal, basis for effective operational appraisal, use of budgets, industry norms, information analysis, developing qualitative and quantitative data, analysing and evaluating data

Appraising revenue, costs and profits: measures eg financial measurement techniques, price and volume data, interpreting calculations, price changes and inflation, comparing like-with-like and over time, identifying and measuring costs, apportioning costs, sales mix analysis, menu engineering, profitability measures, gross profit and gross profit percentages, net profit and operating profit, stakeholder interests

Appraising the operation: measures eg appraising the product, appraising operational performance measurement techniques, levels of consideration, when and how, quantitative, qualitative evaluation, external comparisons, quality management

Proposal for action: proposals eg forecasting future business requirements, levels of strategy, assessing organisational capability, strategic analysis and planning, implementation and managing change

Learning outcomes and assessment criteria

Learning outcomes **On successful completion of this unit a learner will:**	Assessment criteria for pass **The learner can:**
LO1 Understand the operational and economic characteristics of hospitality operations	1.1 analyse the nature of different hospitality product and service areas 1.2 evaluate the different influences affecting patterns of demand within hospitality operations 1.3 compare customer profiles and their differing expectations and requirements in respect of hospitality provision 1.4 analyse factors affecting average spending power in hospitality businesses
LO2 Understand product development within hospitality environments	2.1 evaluate the key stages in product and service development applied within a hospitality operation 2.2 analyse the features which contribute towards the customers' perception of products and services 2.3 assess the opportunities and constraints affecting product and service development within a hospitality environment 2.4 evaluate different merchandising opportunities for hospitality products and services
LO3 Understand pricing and profitability concepts within hospitality operations	3.1 evaluate different methods of pricing taking into account additional pricing considerations 3.2 assess the factors which affect revenue generation and profitability in hospitality operations
LO4 Be able to use appraisal techniques to analyse and improve operational performance	4.1 apply different performance measures and appraisal techniques to individual aspects of hospitality operations, the product and the whole operation 4.2 determine the effectiveness of different quantitative and qualitative appraisal techniques and their application to hospitality operations 4.3 apply approaches to business analysis, evaluation and planning appropriate to hospitality operations, making proposals for action

Guidance

Links

This unit can be linked successfully with:

- *Unit 1: The Contemporary Hospitality Industry*
- *Unit 2: Finance in the Hospitality Industry*
- *Unit 5: Food and Beverage Operations Management*
- *Unit 6: Rooms Division Operations Management*
- *Unit 8: Marketing in Hospitality*
- *Unit 10: Work-based Experience*.

This unit links to the following Management NVQ units:

- B1: Develop and implement operational plans for your area of responsibility
- B2: Map the environment in which your organisation operates
- B8: Ensure compliance with legal, regulatory, ethical and social requirements
- B9: Develop the culture of your organisation
- B10: Manage risk
- B11: Promote diversity in your area of responsibility
- C1: Encourage innovation in your team
- C2: Encourage innovation in your area of responsibility
- C3: Encourage innovation in your organisation
- E1: Manage a budget
- E4: Promote the use of technology within your organisation
- F4: Develop and review a framework for marketing
- F8: Work with others to improve customer service
- F9: Build your organisation's understanding of its market and customers
- F10: Develop a customer focused organisation
- F11: Manage the achievement of customer satisfaction
- F12: Improve organisational performance.

Essential requirements

Tutors must ensure that learners understand the separation between operational and management issues. The relevance of this unit will be greatly improved if it is delivered following a period of industrial work experience where learners have worked in a food and beverage environment. Tutors must maximise the contribution made by learners based on their own experiences in food and beverage operations. This will add relevance and vocational realism to group discussions and may contribute to a wide range of issues, enabling learners to focus on matters which regularly face managers in industry.

Employer engagement and vocational contexts

Tutors must ensure that learners have adequate access to industry, either through visits or through presentations by visiting speakers, to support the development of knowledge and understanding through 'theory in practice'.

It will be useful for learners to link with an individual commercial operation, and use that business as a context in which to assess current practice, apply theory and observe in a reflective way. These individual experiences can then be fed back into a group-learning context.