

# Organization Architectures for the 21th Century: The Redesign of Hospitality Firms

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*Changing customer needs, increased competition, technological advances, globalization, and a more diverse work force are current patterns which will lead toward a system-level redesign of tomorrow's organizations. This article discusses the importance of rethinking how we do business and the necessity of working with the inherent contradictions of organizing in a dynamic environment. The article considers the plausibility of network organizational designs, contracted workers, and flexible part-time workers.*

What “should” the hospitality organization of the future look like? To answer this question is to stretch beyond what is, or is likely, to what ought to be. However, the needs of the future are clearly rooted in the evolving patterns and actions of today. Changing customer needs, increased competition, technological advances, globalization, and a more diverse work force are all current patterns which will lead toward a system-level redesigning of tomorrow’s organizations, at least for those organizations that survive and thrive in the next century.

If the future is rooted in the dynamic trends of today, then we possess the ability to get more than a fanciful glimpse of tomorrow. The future is now. What that means is that systemic organizational redesigning can and should happen now. Redesign is not sudden, abrupt, or radical. It is likely to begin as incremental actions and activities on the periphery of the organization, or what are called “small-c changes” (Kuhn, 1962). For example, a property in Columbus, Ohio, tries something new to solve a guest problem; it works with tremendous success and becomes standard operating procedure in that hotel. Other general managers hear about it and, over time, it becomes the way the entire chain does business. What is suddenly perceived as a “new paradigm” or qualitative shift in how business is done—a “capital-C change”—may be the cumulative effect of the small-c changes. Change is not frozen in time, but continuous. Change is happening in the present. We are inventing tomorrow today in hundreds of small ways.

Nevertheless, do not be fooled by thinking that the small-c changes add up in some orderly fashion to capital-C, paradigm-breaking change. In fact, change is discontinuous, not patterned, and can result in both confusion and major resistance (Handy, 1989). As Paul Valery

noted, "The trouble with our times is that the future is not what it used to be" (Davis, 1987, p. 10). To get from one-shot, temporary fads (or fragmented small-c changes) to a capital-C change is not easy.

What does it take to make the changes needed to respond to increased competition; oversupply; globalization; customer demands for better, faster, cheaper services; and workforce diversity? In my opinion, it takes rethinking and redesigning hospitality organizations now! It takes new ways of seeing the guest and the employee that result in small-c changes in how business is done and service designed.

In this article, I discuss the importance of rethinking how we do business and the necessity of working with the inherent contradictions of organizing in a dynamic environment. The article introduces the concept of organizational architectures, considering, specifically, the plausibility of network organizational designs, contracted workers, and flexible part-time workers.

### **Thinking First**

Changes in how we think about organizational systems, structures, and culture are at the heart of survival in the 21<sup>st</sup> century. The context in which we manage is not suited to the content of today's business (Davis, 1987). When an organization's members change how they view problems, their patterned behavior will also change, and, over time, capital-C changes will emerge. We continue to design hotels according to functional departments that operate on vertical work structures, while guests move through the hotel horizontally from one department's activities to another. While we puzzle over the continual coordination problems that emerge from our work designs, we neglect to acknowledge that the way we design our work systems is likely to have the biggest effect on the future (Handy, 1989). If we first change the way we think about how we do work, then new ideas can evolve into new systems. Ultimately, the implementation of small systemic innovations will make the difference.

Service organizations in the United States are inefficient due to bloated payrolls of white-collar workers, investments in expensive and ineffective information technology, and declines in productivity (Roach, 1991). Services must restructure to survive, and how we organize the way our work is done will be the key.

According to Kanter, Stein, and Jick (1992), "Organizations always make some things easier and some things harder, thus making the former more likely and the latter less likely" (p. 11). Given that observation, let us return to the small-c changes of the previous example back in the Ohio hotel. If the changes in Columbus are not recognized, rewarded, and allocated future resources to sustain them, they will fade or die. Organizations must be ready and willing to make changes in structure, systems, and culture if they wish to produce the capital-C, paradigm-shifting changes needed to survive and prosper in the future. It is those three components that are at the heart of what the organization "acts on," and what it ignores.

## **The Paradox of Changing Structures, System, and Culture**

We stand in a turmoil of contradictions without having the faintest idea how to handle them ... Paradox lives and moves in this realm; it is the art of balancing opposites in such a way that they do not conceal each other but shoot sparks of light across their points of polarity. It looks at our desperate either/ors and tells us they are really both/ands—that life is larger than any of our concepts and can, if we let it, embrace our contradictions.— Mary C. Morrison, “In Praise of Paradox” (cited in Smith & Berg, 1987, p. 3)

The redesigned hospitality organization of the future must work with the inherent contradictions of organizing in a dynamic and ambiguous environment. To do so requires an appreciation for the paradoxes. (A paradox is something that is self-contradictory or absurd and yet explicable as expressing a truth [Smith & Berg, 1987].) Much of organizational life is experienced as paradoxical or contradictory. For example, to ensure consistency and coordination of action, organizations have created extensive rules, policies, and procedures. Yet, the employee must be responsive to the special needs and expectations of the guest. To fail to adapt to guest needs is to fail at service delivery and lose competitiveness. The paradox, then, is how to keep control and order, while being flexible and responsive. Organizations must continuously deliver customized services and, simultaneously, cut costs. Another challenge is to direct attention simultaneously to the special needs of diverse guests, employees, and owners or investors.

The companies that survive in the 21st century will be those that are able to balance the contradictions with a both/and framework, rather than an either/or one. To consider both lowering costs and increasing service is one challenge. Creating a system that permits control to ensure consistency and predictability, while, at the same time, allowing flexibility to account for diverse guest needs, is at the heart of balancing contradictions.

One key to success in the 21st century is the capacity to see things in new ways, whether you call it upside-down thinking, discontinuous thinking, ambidextrous thinking, or reframing. Attention to the limits of existing viewpoints and the ability to try on new ideas are critical. New ways of thinking about how to organize work, develop team spirit, and provide guest service can make all the difference in sustaining a competitive edge.

As an entirely new language emerges to discuss organizing, it will be a reflection of our efforts to see, think, and picture the work place in new ways. One new term receiving popularity is “organizational architecture.” Organizational architecture includes the formal structure, work practices, culture, and processes for selection, socialization, and development of people (Nadler, 1992). This concept emphasizes a broader, more integrated approach to designing organizations. Organizational architecture allows us to imagine the reconstruction or building of an organization as a process of taking various elements and trying to create or recreate an entire integrated system.

## **Organizational Architectures for the Year 2001**

What will the organization of tomorrow look like? To answer this question, we must first understand that many will not look different at all. They will lose momentum and eventually customers. A second group of organizations will engage in decentralization, downsizing, and flattening. Many firms are already active in that effort. According to Drucker (1992), many large American companies have cut management levels by one third or more. Those organizations are working in the short-term to sustain profits and will not be exploring the paradoxes of organizational life. They are likely to improve on the past, with an old and established model for organizing, but may miss the capital-C changes needed for success. Finally, a group of organizations will meet the needs of the 21st century by changing the fundamental way they think about business. Basic processes, systems, structures, and cultures will be thrown away, and a new organizational architecture will emerge. As Paul Allaire, CEO for Xerox, noted in a recent interview: "Reorganization doesn't really capture what we are trying to do at Xerox. We are redesigning the 'organizational architecture' of the entire company" (Howard, 1992, p. 108).

Although the organizational architectures of tomorrow will differ in their configurations, they will be similar in their focus on guest service. Successful organizational redesign will be driven by thinking about how each system, policy, and job will facilitate giving the guests what they want. Davis (1987) illustrated a customer-driven view by using the case of time. Why must a guest be forced to wait until 3:00 p.m. to check in? Why do we give guests until 1:00 p.m. to check out, regardless of when they check in? If a guest wants a service at any time of day or night, then the hotel of the future must develop systems to provide services on the guest's—not the organization's—time cycle. This would mean, for example, that hotels would operate with continuous check in and check out, and bill guests on the basis of a minimum 24-hour stay.

While many profess the importance of human capital in hospitality firms, many organizational policies, procedures, and rewards speak to the contrary. Hence, the second key to structural success will be the ability to eliminate administrative and managerial control mechanisms that impede the efforts of employees to serve the guest. Although many organizations know what they want to do to deliver excellent service, they do not know how to execute service delivery because they are using old organizational designs that control employees instead of new architectures that empower them.

To empower the employee in the service of the guest, a variety of different structural suggestions have emerged, including (1) self-directed work teams, which focus on having employees totally responsible for a segment of service delivery; (2) high-performance work systems, in which rewards are tied to team performance; (3) continuous improvement programs that benchmark criteria for guest service and give the team control over daily decision making; and (4) network organizations that share in common with the other approaches a desire to have work designed around the guest. Although each of the four structural suggestions deserve discussion, this article focuses principally on networks.

A network organization is one in which a group of employees from various parts of the organization assemble to make decisions that affect how to best serve the guest. The purpose of a network organization is to use peers from different functional units, who are in direct contact with each other, to make decisions and achieve innovation (Bush & Frohman, 1991; Charan, 1991).

Network patterns of interaction are dynamic and can respond to customer needs faster, more flexibly, and with greater focus, which will mean the need to serve the guest becomes the focus of how the work of people is designed. More specifically, the functional boundaries that tie people to certain actions are replaced with groupings of people that center around servicing various kinds of guests. Some patterns change slowly and are similar to more traditional organizations. Other patterns of interaction could be established rapidly, endure for a short period of time, and then dissolve, returning the resources to their home base.

A convention of 500 guests might be handled from start to finish by a team of employees who adapt the system to fit the unique needs and requirements of this group. The coordination of sales, rooms, front desk, food and beverage, and convention services could be managed by an integrative team of representatives from each department devoted temporarily to this convention. The team works to deliver a service to this unique group of guests, and then the team members return to their home departments. From the beginning, the needs of the group, as conveyed to sales, are incorporated into check in, room preparation, meal and break planning, and finally check out. As the team works together, they can react promptly, if service recovery is needed, and can avoid the often experienced frustration of having one part of the service package fail or some critical piece of information forgotten in the coordination between departments.

In the network organization, decision-making is bottom-driven and moves closer to the point of contact with the guest. Formal lines of authority become blurred, as emphasis is placed on horizontal communication across functional units (e.g., housekeeping, reservations, kitchen, catering, engineering, or marketing), rather than on vertical communication through superiors. The network organization is one example of a new system for the design of work that considers the paradoxes of organizational life. This organizational design, within a more traditional organization, allows for temporary flexibility and innovation without totally eliminating the system that provides stability. Other trends may result in organizations, the likes of which we have never seen.

### **The Contractual Fringe and the Flexible Labor Force**

One current trend is the downsizing of organizations. While many view this as a temporary effort to improve inefficiencies, it is possible that this trend could lead to a more profound change in how labor is used. The use of labor is the final aspect of redesign to be considered here.

American businesses have discovered that they can get along without the staff personnel they once employed; hence, the core of many organizations may get smaller (Drucker, 1992; Handy, 1989). If that is the case, who will do the work in the organizations of the future? One answer is contracted and part-time workers. While each of these options will be discussed, it is useful to note that these patterns of organizing are emerging already.

Contracted work is likely to increase in popularity. In the hotel business, a company may begin by subcontracting security or laundry services. Over time, all housekeeping, and other back-of-house functions could be contracted. This trend may be more prevalent in the future for two reasons. First, as organizations downsize and empower employees, career opportunities in the middle-management ranks will diminish. Hence, talented employees may be “spun off” from the company to begin their own businesses in which they supply the parent company with needed services. A second reason for the trend is the need for greater efficiency by paying for results (in fees), rather than for time (in wages). Spinouts can motivate employees who cannot be promoted because of flat structures and can maximize the delivery of needed labor. It is possible that spinouts will evolve into joint ventures or independent businesses. Regardless of the contractual relationship, a new definition of network could emerge in which the networks become separate businesses working collaboratively to service guests. The boundaries that once separated one organization from another may blur as employees become independent suppliers.

More than other businesses, the hospitality industry has historically relied on part-time workers, so the use of part-timers is not a new concept. The mind-set surrounding this class of employee, however, needs to change. Part-time workers have been viewed as temporary, inexpensive, unmotivated, unloyal, and unskilled. While often used to handle the seasonality of many jobs, they are considered undesirable in many ways and are typically viewed as inferior to fulltime workers. In addition, they are paid minimum wage, receive no benefits, and work unpredictable schedules. It is little wonder that the stereotype of the part-timer is confirmed in their actions.

The hospitality innovator of the future will come to realize that not everyone wants full-time work, and that a growing number of loyal, educated, and capable workers may exist among the ranks of the part-time work force. If they are given predictable schedules to work, good wages, and a few benefits, the organization of the 21<sup>st</sup> century may be able to tap a hidden and abused work force to maximize service delivery. One group of workers, in particular, that the hospitality firms of tomorrow may wish to target is women with small children. Many who do not wish to exit the workplace totally also desire reduced hours and part-time status so that they can care for their small children. The capital-C change in this example rests on our assumptions about employment status and the stereotypes about part-time workers.

## Conclusion

This article has suggested that hospitality firms, which are willing to shift their thinking to see guest needs in new ways and to align with employees in pursuit of more effective service delivery, will survive in the 21st century. The flatter, more decentralized organizational designs of the 1990s will shift to the integrated networks of the year 2001. The future will see the full extent of current downsizing and empowerment in the form of greater use of contractual services and more integrated employment of the part-time worker. To succeed in the 21st century, hospitality organizations must not wait to redesign. Experimentation and accompanying failure are inevitable, but the time to begin small-c change is now.

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