

Sustainable Business Revenue Generation Plan

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1.0. Introduction

Marriott International, the global hospitality giant, is one of the leading hotel companies, managing over 7989 hotels in 2021, resorts, and timeshare properties across the world (Lock, 2022). In order to keep its guest experience exceptional and competitive, the company needs to make sure that it is able to generate sustainable revenue in all its operations.

Since that housekeeping operations are one of the most valuable assets of any hotel or resort, consideration must be given to the optimal manner to manage them. Bearing this in mind, Marriott International's decision to insource or outsource its cleaning operations must be made with caution (Makwana, 2018).

2.0. Sustainable Revenue Generation Plan

The plan is to evaluate and analyse the three options available to Marriott International - In-sourcing and Outsourcing - for its housekeeping operations and determine the most efficient and cost-effective option for generating sustainable revenue. This report will present a holistic overview of the pros and cons of both in-sourcing and outsourcing and will include a cost analysis of both. Finally, a conclusion and a recommendation on the best option for housekeeping operations for Marriott International will be presented.

3.0. Exploring Pros and Cons of In-Sourcing Housekeeping

3.1. Expected Benefits of In-Sourcing

In-sourcing housekeeping operations can provide several benefits to a hotel when done well. These benefits include:

- Cost Control:

In-sourcing housekeeping operations allows Marriott International to exercise better control over the costs associated with it. This can help the company in controlling and optimising its expenses associated with housekeeping.

- Quality Control & Efficiency:

Having direct control over the housekeeping process can help to ensure high quality standards and provide better efficiency. This would help Marriott International to guarantee the quality of service provided by its housekeeping team.

- Access to Knowledge & Skills:

With direct control over the housekeeping team, it is easier to access and transfer knowledge and skills to the team. This would help the team members to improve their performance and help the company to grow in the long run.

- Greater Peace of Mind:

In-sourcing would allow Marriott International to have greater control over its housekeeping team, leading to greater peace of mind for the company.

3.2. Potential Risks of In-Sourcing

Despite the numerous benefits that come along with in-sourcing housekeeping operations, there are also certain risks involved with it. These include:

- Higher Initial Costs: can involve investing in initial costs such as training, equipment and staffing. This may add to the overall financial costs associated with in-sourcing.
- Logistical & Human Resource Issues: can also involve managing human resource and logistical issues. This may involve a significant amount of time and resources.
- Limited Flexibility: can also limit the flexibility of the housekeeping operations since the staff is in-house and not provided by an outside specialist.

3.3. Cost Analysis

In-sourcing housekeeping operations may initially require an additional expenditure in the form of capital investments, such as training and equipment, and an additional expenditure in terms of staffing. However, in the long run, and with efficient management, in-sourcing is expected to have a net positive effect on the bottom line as compared to out-sourcing. This is primarily because in-sourcing allows for better control over costs associated with housekeeping operations and also provides access to a pool of knowledge and skills that can be tapped into.

4.0. Exploring Pros and Cons of Out-Sourcing Housekeeping

4.1. Expected Benefits of Out-Sourcing

Out-sourcing housekeeping operations can provide several benefits to a hotel when done well. These benefits include:

- **Cost Benefits:** can lead to cost savings since it is typically cheaper than in-sourcing. This can help to reduce the overall costs associated with housekeeping operations.
- **Increased Efficiency:** Out-sourcing housekeeping operations to a specialist can help to increase the efficiency of the overall process as the company will be able to rely on the expertise of the service provider.
- **Increased Flexibility:** can also provide increased flexibility to the company since it can rely on the service provider to take care of any extra workload.
- **Access to Larger Pools of Resources:** can also provide a bigger pool of resources to the company as it can tap into the resources and expertise of the service provider.

Since the initial definitions, many authors have studied the issue of outsourcing in management literature. It has been defined as "management's practice of contracting out in-house services that companies do not particularly well to outside firms that do." (Kumar and Eickhoff, 2020)

Outsourcing was acknowledged as a business strategy for the first time in 1989 and quickly became a vital aspect of company economics during the 1990s (Twin, 2022).

In many countries, the practice of outsourcing is fraught with controversy. Opponents claim that it has resulted in the loss of domestic jobs, particularly in the industrial sector. Proponents argue that it gives an incentive for enterprises and firms to allocate resources where they are most productive and that outsourcing contributes to the global preservation of free-market economies (Twin, 2022).

4.2. Potential Risks of Out-Sourcing

Despite the numerous benefits that come along with out-sourcing housekeeping operations, there are also certain risks involved with it.

These include:

- **Loss of Control:** involves handing over control of the housekeeping process to an outside service provider. This can lead to a loss of control over the process which can impact the quality of service provided.
- **Concerns Regarding Quality of Service:** can also lead to a concern regarding the quality of service provided by the service provider.
- **Increased Risk of Security Breaches:** can also lead to increased risk of security breaches as the service provider may not ensure the same level of security as compared to in-sourcing.

Because of the high standards of cleanliness and hygiene maintenance, the hospitality industry has placed a strong emphasis on the housekeeping department since the outbreak of the pandemic. To achieve the standards, the industry currently relies on third-party service providers (Tiwari, Singh and Dahiya, 2023).

Elizabeth Linares is the executive housekeeper at the Holiday Hotel Miami Beach, and she utilises the employment firm as a temporary agency. She said, "I believe it's the quickest remedy in an emergency." "Particularly in Florida, our demand is weather-

dependent. Whenever there is a hurricane, we don't need as many guests, but other times the hotel is completely booked for weeks."

Linares adds that it gives the staffing company's employees the choice of working full-time if they so desire, which she could not provide to direct employees (Hotel Management, 2010).

While workers are managed and employed by numerous organisations, the employment relationship is fragmented, informal, and fractured due to the new staffing practises (subcontracting, outsourcing, agencies) utilised mostly by large hotels. Subcontractors and agencies frequently breach employment rights by employing aggressive techniques to boost their profitability and control over labour (López-Andreu and Hamedani, 2019).

The tactical and strategic benefits of outsourcing will allow this strategy to be expanded. This will allow us to compare the results of COVID-19 with those of previous research. Furthermore, anticipated is a rise in outsourcing, which will result in investment and fixed cost reductions. (Espino-Rodríguez, 2023)

To assess the efficacy of outsourcing, hospitality experts must examine all aspects of the organisation. Housekeeping, maintenance, accounting, food and beverage, valet parking and garage, front desk operations, and catering are examples of these departments. All aspects of a property's operations are eligible for outsourcing. If the property is not among the best at performing a specific function, that aspect of the operations may be best handled by contracting with a company that specialises in that activity (Hottman. and Adams, 1996).

4.3. Cost Analysis

Out-sourcing housekeeping operations is typically cheaper than in-sourcing, as the costs associated with it are often borne by the service provider. However, it can also involve hidden costs, such as the cost of managing the service provider which can add to the overall costs associated with out-sourcing (Espino-Rodríguez and Padrón-Robaina, 2005).

In addition, there is also the risk of compromising on quality of service, which may not be worth the cost savings associated with out-sourcing.

So far, while outsourcing may appear to be more cost-effective, there are other factors to consider. Outsourcing has some negatives, such as challenges with consistent service quality and changes in client satisfaction. Because the hotel does not have complete control over outsourced workers and services, it might be difficult to ensure they meet Marriott's expectations. Furthermore, because the contractor delivering the services is only paid upon completion of the task, the work of housekeeping workers may be undervalued, making it difficult to guarantee they are fairly rewarded for their efforts. To execute contracts with other firms, a firm's legal team may have to put in extra time and effort. A security risk arises when a third party acquires access to a company's confidential information and later suffers a data breach. There may be a breakdown in communication between the organisation and the outsourced provider, which could cause the project to be delayed (Twin, 2022).

To cut expenses, many businesses are increasingly turning to outsourcing, which involves utilising external rather than internal suppliers and service providers. Analysts believe that global spending on outsourced goods and services will continue to rise, having already surpassed \$1 trillion in 2000. (Linder et al., 2002). Furthermore, Byrne (2002) predicted that by 2004, 78% of North American organisations, 79% of Western European companies, and 58% of Asian companies would be using outsourcing solutions (Leeman and Reynolds, 2012).

Furthermore, there is also the potential that a third-party provider may not be adequately knowledgeable or experienced in the field, leading to substandard performance which could potentially have a negative financial impact. It is important to find a balance between the cost savings and risks associated with outsourcing when considering the financial implications of outsourcing specific departments within a hospitality organisation.

For example, in 2017, the InterContinental Hotels Group (IHG) outsourced its entire IT department except for a few core personnel to Wipro Technologies, a large international IT service provider. This is a good example of how outsourcing can work to the advantage of a hospitality organisation, as it enabled IHG to better consolidate its IT systems, reduce IT costs and gain access to a global pool of skills. The result

was significant cost savings, boosting IHG's bottom line. In conclusion, there are both advantages and potential risks associated with outsourcing specific departments within a hospitality organisation.

5.0. Conclusion

Using coronavirus as an excuse, several Marriott hotels, particularly in the United States, have reduced services, even at the full-service and premium brands (LoyaltyLobby, 2021).

The email from Marriott explained changes to their services, such as stopping housekeeping for guests staying more than seven nights, stopping in-room dining, and closing public areas like fitness centres and pools. The email also said that Marriott is doing more to make sure their guests and staff are safe, such as following stricter cleaning and sanitation rules. It's not clear if these changes are being made everywhere or just in the U.S. Marriott hasn't said anything official about the matter yet. But the changes are probably happening all over the world since other hotel chains have also announced similar changes.

Hotels justify not cleaning by claiming that many visitors do not want housekeepers to enter their "sealed room" out of fear of contracting the COVID-19 virus. Ray Bennett, the chief worldwide officer of Marriott, told CNBC that "an increasing number of [Marriott's] guests have actually requested that cleaning not enter their rooms..." (Goldstein, n.d.)

According to the findings, firms typically believed themselves to be effective at outsourcing. However, while they improved organisational performance significantly, they did not achieve the scale of advantages attributed to outsourcing (Elmuti, 2003).

Martin Duchateau, general manager of the 48-room boutique hotel Made in Louise in Brussels, currently outsources linen cleaning since it is the most cost-effective alternative for his company. Why? "Occupancy fluctuations are a factor," he asserts. "When you outsource, you pay per room, therefore you may significantly reduce expenses. Also, labour is quite costly, and you do not have to worry about sick days,

holidays, or anything else that comes with a department's wage." "But, if you consider other departments—revenue, marketing—you want to collaborate with an expert who can add value to your organisation," he concluded. The Director of Cleaning and Engineering at the Sofitel Chicago Water Tower, Volkan Pakis, seems to concur. When asked about the advantages of outsourcing as a whole, he replies, "Other contractors add industry experience." They specialise in what they do, reducing the likelihood that any products or materials would be damaged. Prices can spiral out of control if an in-house laundry service is not managed with skill, and workers must know what they're doing. (hosco, 2016)

After carrying out a thorough analysis of the pros and cons associated with in-sourcing and out-sourcing housekeeping operations, it can be concluded that in-sourcing is the better option for Marriott International as it provides greater control over costs, and also gives access to a larger pool of knowledge and skills. In-sourcing also provides greater peace of mind as Marriott International can have direct control over the housekeeping process. Therefore, it is recommended that Marriott International should in-source its housekeeping operations.

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