

Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department

FINAL QUALIFYING PAPER

on the topic:

«STRATEGIC MANAGEMENT OF «HOLIDAY INN KIEV», KYIV»

Student of the 2th year, group 3am,

Field of study 073

«Management»

Specialization

«Hotel and Restaurant management»

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Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department
Field of study 073 «Management»
Specialization 073 «Hotel and Restaurant management»

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TASK
For a final qualifying paper

NATALIYA O. DONETS

1. Topic of the final qualifying paper:

«Strategic management at «Holiday Inn Kiev», c. Kyiv»

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2. Term of submitting by a student her terminated paper: 01.11.2019.

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Purpose of the paper-to research strategies and strategic management at «Holiday Inn Kyiv».

Object of the research is the strategic management of «Holiday Inn Kiev»

Subject of the research is theoretical, methodological and practical aspect of strategic management in the hotel industry.

4. Illustrative material:

Figures: «Levels of strategy and organizational structure (after Robert M. Grant) », «the PESTE analysis framework (after Moutinho L.) », «IHG brand portfolio», «Organizational Structure of Holiday Inn Kiev», «Purpose of visiting Holiday Inn Kiev», «PESTE analysis of Holiday Inn Kiev», «SWOT analysis of Holiday Inn Kiev».

5. Contents of a final qualifying paper:

INTRODUCTION

Part 1. THEORETICAL FOUNDATIONS OF STRATEGIC MANAGEMENT IN HOSPITALITY ENTERPRISES

- 1.1. Theoretical concepts of strategic management
- 1.2. Peculiarities of strategic management in hospitality industry

Part 2. PRACTICAL ASPECTS OF STRATEGIC MANAGEMENT SYSTEM OF HOTEL HOLIDAY INN KIEV

- 2.1 Organizational and economic assessment of hotel
- 2.2 Assessment of strategic management system of the hotel and its effectiveness

PART 3. DIRECTIONS FOR IMPROVEMENT OF STRATEGIC MANAGEMENT SYSTEM OF HOTEL HOLIDAY INN KIEV

- 3.1. Sustainable Development Strategy
- 3.2. Digitalization Strategy

CONCLUSIONS AND PROPOSALS

REFERENCES

APPENDICES

6. Time schedule of the paper:

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1	Selection and approval of the final qualifying paper's topic	01.09.2018-31.10.2018	01.09.2018-31.10.2018
2	Ranging and approval of the paper's tasks	01.11.2018-31.12.2018	01.11.2018 -31.12.2018
3	Writing of the 1 st part of final qualifying paper	02.01.2019-11.05.2019	02.01.2019-11.05.2019
4	Defense of the 1st part of the final qualifying paper in scientific adviser	14.05.2019-18.05.2019	14.05.2019-18.05.2019
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11	Presentation of the final qualifying paper to the department	05.11.2019-09.11.2019	05.11.2019-09.11.2019
12	Preparation of final qualifying paper to defense in the Examination Board	12.11.2019-30.11.2019	12.11.2019-30.11.2019
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	According to the schedule

7. Date of receiving the task: 28.12.2018

8. Scientific adviser of the research

_____ Margarita H. Boyko

9. Head of educational and professional program

_____ Nadiya I. Vedmid

10. The task received by the student

_____ Nataliya O. Donets

11. Resume of a scientific adviser of a final qualifying paper

Student Nataliya O. Donets performed the final qualifying paper in a due time according to the schedule. According to content, structure and design the performed work meets the requirement. Final qualifying paper performed the actual theme. In the first chapter the theoretical position dedicated to theoretical and methodological based of diversification of the hotel and restaurant business, the economic essence and classification of diversification, approaches to assessment and components of diversification were determined.

In the second chapter of final qualifying paper main economical and organizational aspects of Holiday Inn were analyzed. The efficiency of current strategic management system was explored.

The third chapter is dedicated to the strategies that are recommended to be implemented, in order for organization to stay profitable. The purpose of the final qualifying paper was achieved and scientific tasks which were put met the execution. The work is recommended for the defense in the examination committee.

Scientific adviser of a final qualifying paper _____ Margarita H. Boyko

13. Resume about a final qualifying paper:

A final qualifying paper of student Nataliya O. Donets be admitted to defense to the Examination Commission

Head of educational and

professional program _____ Nadiya I. Vedmid

Head of the Department _____ Margarita H. Boyko

_____, 2019

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INTRODUCTION

Nowadays there are a lot of businesses competing within the same industry, but some of them are more successful than other. So looking at strategic management will help us to answer the main question “Why do some companies outperform other’s?”. Choosing the right strategy and then correctly implement it is a key element in gaining competitive advantage, profit, customer’s loyalty.

Changes in the business environment requires each company quickly respond and adapt, so it still can be demanding and interesting for clients. It is the point where strategy management is used, because it helps organization take stock of their present situation, analyze the effectiveness of current strategy and as a result gain bigger market share and earn more profit.

Strategic management in the meaning that we understand now was used in 1960s, before that it had been used regarding war and politics, not business. Among early researches were P. Drucker, Ph. Selznick, Al. Chandler, I. Ansoff and B. Henderson. Great contribution to the development of strategic management discipline was made by Michael Porter and Henry Mintzberg[5]. Among Ukrainian researchers the most outstanding are MarharytaBoiko, AnatoliyMazraki and GannaMikhailichenko [2].

In my work I will look particularly look on the strategic management in hospitality industry. From 2017 Ukrainian hotel industry started to improve its metrics, international investors returned to Ukraine with few new projects since the beginning of the nation’s economic crisis in 2014. As hotel industry in Ukraine is becoming more competitive it is very important to pay enough attention on the strategy choice.

Having reviewed a number of papers related to issues of strategic management **the purpose** of the work is to research strategies and strategic management at “Holiday Inn Kyiv”.

In order to address the purpose of the research the following **objectives** should be fulfilled while conducting this study:

- to research main differences between strategies;
- to define principles of choosing strategy;
- to research internal and external factors that influence enterprise and strategy;
- to determine ways of effective strategic management;
- to define methodical bases of an estimation of strategic management;
- formation of information support system for strategic management of a hotel enterprise;
- development of a methodological approach to forming a strategy for managing the personnel potential of the hotel enterprise;
- substantiation of features of the hotel enterprise as a subject of the hotel services market and research of modern approaches to strategic enterprise management.

The **object** of the research is the strategies, its structural elements and strategic management itself in Holiday Inn Kiev.

The theoretical and methodological basis of the research is the scientific development of domestic and foreign scientists-economists on the problems of strategic enterprise management and management of the hotel industry as a whole.

The comparison method is used to determine the most effective approaches to reflect information about strategic management. The experience of Holiday Inn Kiev is shown in reflection of data about hotel strategy and strategic management.

The theoretical and methodological basis of the research is the scientific development of domestic and foreign scientists-economists on the problems of strategic enterprise management and management of the hotel industry as a whole, legislative and regulatory acts of Ukraine, classic concepts of economic theory and management theory.

PART1

THEORETICAL FOUNDATIONS OF STRATEGIC MANAGEMENT IN HOSPITALITY INDUSTRY ENTERPRISES

1.1. Theoretical concepts of strategic management

Strategy definition. Strategy is defined as "the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals." [1]. Strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment [4].

Strategic management definition. Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes [8]. Strategic management is often described as involving two major processes: formulation and implementation of strategy. While described sequentially below, in practice the two processes are iterative and each provides input for the other. [3].

An extensive Strategic Management Conference was held in Pittsburgh (USA) in May 1971, with 14 detailed reports summarizing the development of a strategic approach to managing Western and Eastern companies, and identifying the main areas of strategic management development. The year 1973 is the beginning of regular theoretical research and practical implementation of strategic management. Since then, this trend has been steadily developing in management theory and practice, research in the field is being conducted around the world, and most prosperous organizations have achieved their results through the introduction of a strategic management system [22].

There is a huge difference between operational management and strategic management. The main characteristics of operational management, that is activity oriented, and of strategic management are given in the table 1. [13]

Table 1.1.
Characterization of operational management and strategic governance

Characteristics	Operational management	Strategic governance
<i>Targeting</i>	Maximizing the profit	The system of goals defined in the technical and economic indicators according to the selected criteria
<i>The main way to achieve goals</i>	Optimizing the use of internal resources	Setting a dynamic balance with an uncertain and unstable environment
<i>Evaluation of the effectiveness of the organization</i>	Profitability	The accuracy of predicting changes in the environment, the time to adapt to changes in the environment, the competitiveness of goods and services
<i>The importance of the time factor</i>	Not the most critical factor	The most important factor in competition (minimum time spending on the organized workflow)
<i>Type of planning</i>	The main planning is current, strategic - minor	Strategic planning is multivariate, current - a tool for implementing strategic
<i>Personnel treatment</i>	Workers are just one of the resources of the organization	Workers are the most important capital of an organization, a key factor in success

The strategy is a complex concept that involves a lot of processes and activities within the organization. Henry Mintzberg in 1987 offered way in which strategy can be viewed in 5 different ways: as a plan, as a ploy, as a position, as a pattern, and as a perspective is important. Every one of his aspects is important but none of them alone is not sufficient enough to realize the meaning of strategy. The five Ps of strategy developed from the work of Henry Mintzberg help to provide an overview of the most commonly used definitions of strategy (table 1). [6]

Table 1.2.

Methods of identification strategy

<i>Identification of strategy</i>	<i>Defining Strategy</i>
Plan – a carefully crafted set of steps that a firm intends to follow in order to be successful.	Virtually every organization creates a strategic plan to guide its future. A plan is what most use as an explanation for Strategy.
Ploy – a specific move designed to outwit or trick competitors	Is usually a short-term strategy.
Pattern – the degree of consistency in a firm’s strategic actions	A pattern behavior is typically when progress happens after adapting certain patterns of behavior.
Position – a firm’s place in the industry relative to its competitors	The company focuses mostly on how it is positioned to its competitors
Perspective – how executives interpret the landscape around them	About changing the culture and behavior of the company’s members.

According to the book “The Strategy-Focused Organization” by Robert S. Kaplan and David P. Norton, “an exclusive reliance on financial measures in a management system causes businesses to do the wrong things.” [12]

According to Kaplan and Norton, there are four basic strategic themes [12]:

1. Build the franchise: In the case of hoteliers, this applies to the individual franchisee as well as the brand managers. Optimize that brand name!
2. Increase customer value: Today’s savvy customers might pay to stay in a luxury hotel, but they will require value for that dollar.
3. Achieve operational excellence: Satisfactory service is not good enough with today’s fickle consumer; great service is now required. Provide “unanticipated” or “wow” service.

4. Be a good corporate citizen: I have found that this comes back in the way of increased revenues, better employees and hence more repeat business.

There are two stages of strategy in an organization: corporate strategy which defines the strategies in which an organization has competition. This includes investments, integrations and divestments. Business strategy, also referred to as competitive strategy defines how an organization behaves within an industry. It has to have an advantage over competitors to gain profit. (see figure 1) [11]

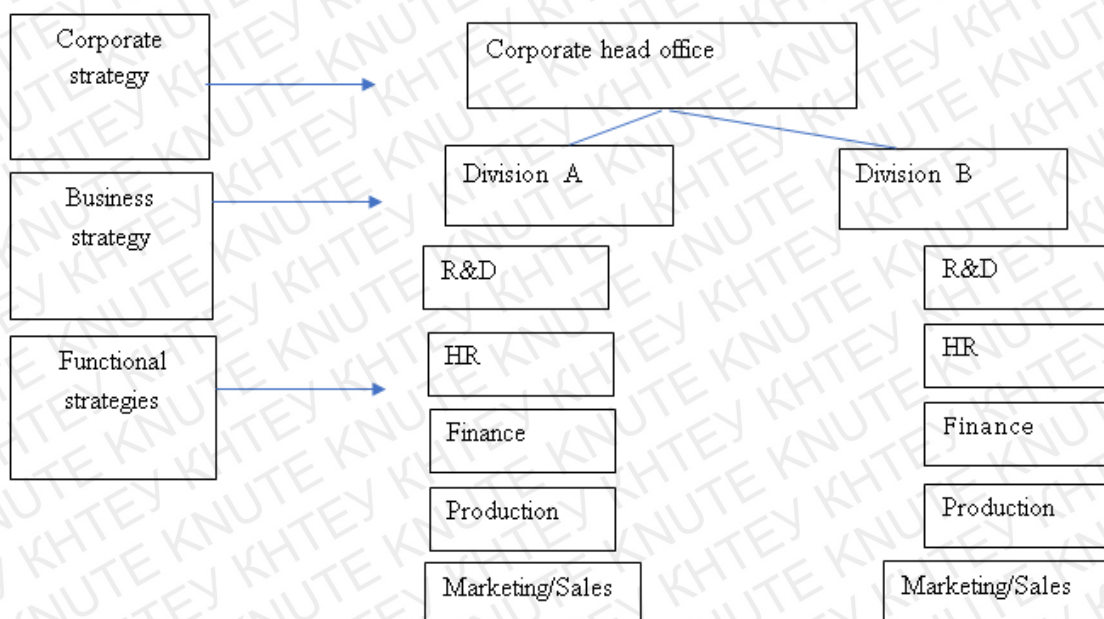


Figure 1.1. Levels of strategy and organizational structure

There are a lot of things to take into consideration when compiling a strategy, for example the environment, the internal culture of the organization, the competitors, and the target goals. Mintzberg divided strategy into three subcategories: intended, realized and emerged. Intended is the strategy that the top management of an organization visualizes. It encloses negotiations and bargaining methods that involve a lot of people within the organization. Realized strategy is a part of the top management's intended strategy and it is the one that is carried out. Emergent

strategy comes from the interpretation of intended strategy and adapted to the constant changes in the environment [23].

When planning a strategy, the whole organization is involved. The top management gives guidelines and orders to their workers and the local businesses pass on to the top corporates their plans if they are part of a franchise businesses. It is very important when planning a strategy to have established certain stability in their environment. This way, the strategy will be more detailed and will give more positive results [24].

Strategy is an important part of organization's management. It has quite a lot of purposes from which three are the most important: a decision support, a target and a coordination support. As a decision support, it helps to put into guidelines decisions made within the organization and so improves the quality of decision making. As a target it gives certain disciplines which to follow and gives certain goal towards which the operation of the organization has to go. Finally, as a coordination support, it helps create a certain coordination of individuals' actions within big organizations. [11]

Another very important part of strategic management of any enterprise is strategic analysis. It is relatively new aspect within the strategic management. It is not able to give directions where to move but gives a deep inside view of what is going on now, if the resources are used effectively, if tasks are distributed correctly among the staff and what threats and opportunities the external environment can offer.

Analysis can be divided into two categories: external and internal analysis. In addition, external and internal analysis can be divided into macro-environmental and micro environmental. [16].

External environment can be analyzed using a couple of methods:

1. PESTE (or STEEP) approach (for macro-environment)
2. Porter's five forces of competition (microenvironment)

In PESTE (or STEEP) approach the influences are divided into five subcategories; political, economic, social, technological and environmental. (see figure 2) [7]

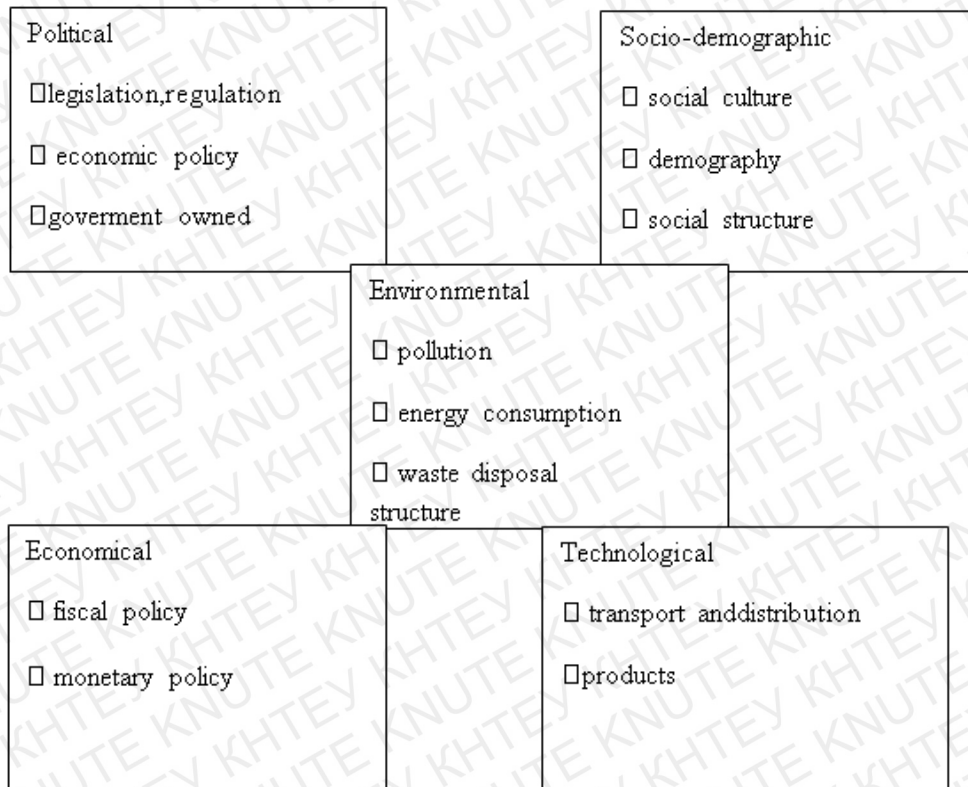


Figure 1.2. the PESTE analysis framework

The next step of analysis is the analysis of internal environment that helps the managers understand better their business, evaluate previous strategies and gain new information to build new strategies. Reasons to carry out an internal analysis are:

- to get an evaluation of the financial performance,
- to make an evaluation of the products,
- to understand the areas in which the firm is weak and implement them successfully into the future strategy,
- to evaluate activities organized in the firm,
- to find out resources, competences that are to be established [25].

So, with the diversity in today's markets, organizations have to maintain a strategic management approach to remain competitive. Strategic management involves processes such as formulation and implementation of strategies. There are different strategies that an organization can apply in strategic management. These include business, organizational, corporate, growth, and restructuring strategies.

Theoretically, there are several concepts to strategic management. The most significant theoretical concepts to strategic management include competitive advantage approach, classical management approach, and the contingency approach.

1.2. Peculiarities of strategic management in hospitality industry

Hotels and tourism business is the fast growing network among the world competitive businesses. The hospitality industry is mainly consisting of businesses that offer their services in providing accommodation, food and beverage, and some kind of blend of these activities. The business of hospitality industries provides such services, which is different from material foodstuffs because they are made for the purpose of immediate consumption [9]

Hotel industry is highly dependent on tourism and level of tourism also depends on the quality of the services available in the area, in this way both these sectors are inter dependent and need strategies which can lead them on a path of growth while earning good rate of profit. A good strategic formulation and implementation can save these sectors even in the time of recession or financial crisis like the one the world has recently experienced.[15].

Hotel enterprises depending on the class operate on different markets, offering main product (accommodation, food and beverages) and additional services and products (spa, fitness center, banqueting and conference service).

The nature of the activity of enterprises must meet the market conditions, which is ensured by the quality and timely fulfillment of all production and management functions: forecasting, planning, organization, motivation, coordination and control. In case of non-compliance, the expected result will not be achieved, so the hotel industry will suffer losses [26].

An important feature of the activity of any hospitality enterprise under market conditions is that it is not based on the implementation of the plan at any cost, as it

was with the administrative-command system of management, but a more rigorous principle of survival due to the highly efficient activity of all economic units. External economic planned course of actions is replaced by the automatism of market self-government: if the enterprise's income is less than the cost, then bankruptcy will inevitably ensue [30].

Due to the intensification of competition in the hotel services market of Ukraine, as well as the expansion of technological, organizational and other innovations, only those hotel enterprises whose management is more likely to critically evaluate the state of affairs and adapt to the survival in complex market will be able to gain benefits.

The strategy of management of the enterprises of the hotel industry is a concept of survival of the enterprises in the conditions of market relations, it depends on the features that are inherent in any enterprise:

- having an idea of what businesses want to achieve in the future;
- the main source of problems is outside the enterprises;
- enterprises should be able to identify problems and the mechanism of their solution in a timely manner;
- management response to threats should prevent from their happening, using the principle of extinguishing;
- the center of gravity of the control must be shifted towards avoiding and minimizing losses if they cannot be avoided;
- the potential of enterprises must be tailored to real opportunities and strategic goals, in order to ensure the necessary positions in the services market on the basis of the development of goals and their timely adjustment;
- current management is a continuation of the specification of strategic management and should be carried out within the framework of the current strategy [27].

A number of factors influence the development of a hotel business management strategy: the resource potential of the hotel business, their mission and

goals, the state of the tourism market, competitive advantages, organizational culture, experience and competence of management and their level of professionalism. Changes in the external environment (suppliers, legislation and regulations, competitors, etc.), in the structure of basic and ancillary services and more should also be taken into account. [17]

It is impossible for each enterprise to exist without three things that define the main direction where the company is going to be and why it is existing. These things are:

- The vision statement
- The mission statement
- The value statement

A vision statement is a statement of an organization's overarching aspirations of what it hopes to achieve or to become.

The vision statement and mission statement are often confused, and many companies use the terms interchangeably. However, they each have a different purpose. The vision statement describes where the organization wants to be in the future; the mission statement describes what the organization needs to do now to achieve the vision. The vision and mission statements must support each other, but the mission statement is more specific. It defines how the organization will be different from other organizations in its industry. In the table, the difference between mission and vision statement is shown, using famous hotel brands [28].

The values statement defines what the organization believes in and how people in the organization are expected to behave—with each other, with customers and suppliers, and with other stakeholders. It provides a moral direction for the organization that guides decision making and establishes a standard for assessing actions. It also provides a standard for employees to judge violations [29].

Table 1.3.

Difference between mission and vision statement

Hotel	Vision Statement	Mission Statement
<i>Holiday Inn</i>	To be the best 4-Star hotel in the world	Turning moments into memories for our guests
<i>Hilton Worldwide</i>	Our Vision is to fill the earth with the light and warmth of hospitality	be the most hospitable company in the world – by creating heartfelt experiences for Guests, meaningful opportunities for Team Members, high value for Owners and a positive impact in our communities
<i>Radisson Hotel Group</i>	We aspire to be the preferred brand in each of the segments we serve, including: our employees, our guests, our owners	is to create loyal, satisfied customers who will return to the Radisson properties repeatedly because of the quality and the value offered.
<i>Marriot Hotels</i>	Our vision is to be the first choice of those seeking first-class guest services and accommodations	to enhance the lives of our customers by creating and enabling unsurpassed vacation and leisure activities.

The values statement defines what the organization believes in and how people in the organization are expected to behave—with each other, with customers and suppliers, and with other stakeholders. It provides a moral direction for the

organization that guides decision making and establishes a standard for assessing actions. It also provides a standard for employees to judge violations.[18]

However, managers cannot just create values statement and expect it to be followed. For a values statement to be effective, it must be reinforced at all levels of the organization and must be used to guide attitudes and actions

According to all information sources the best and simple strategy that a hotel may choose is differentiation via intangible assets. It can be some special technique for a personnel training or some unique options in hotel's restaurant or something like pillow menu. But brand differences should always be meaningful to a guest. There are seven areas that will help to choose correct differentiation strategy:

1. Attribute positioning (Size, number of years in business, etc.)
2. Benefit positioning (Fantasy experience at various hotels)
3. Use positioning (An airport markets a 15-minute massage for a traveler on the go)
4. User positioning (Six Flags as a theme park for "thrill-seekers")
5. Competitor positioning ("We're better than a regular hotel because we have all-suites and a free breakfast.")
6. Product category positioning (Use of the words "resort hotel" can create an image of a full-service environment.)
7. Quality or price positioning (Best-value claim). [10]

Formulating hospitality strategy represents a complex set of challenges for managers operating in these sectors because of the nature of the products being sold and because of the distinctiveness of the environment in which these sectors exist. In particular, strategy is informed by the fact that hospitality products are 'services' rather than goods (physical products) which has certain implications for managers in these sectors. Furthermore, hospitality products have certain specific features, which, if not unique, are certainly highly distinctive characteristics in comparison with other service sectors.

PART2

PRACTICAL ASPECTS OF STRATEGIC MANAGEMENT SYSTEM OF HOTEL HOLIDAY INN KIEV

2.1. Organizational and economic assessment of the hotel

Holiday Inn hotels are midscale properties designed to provide owners flexibility to fit any market without compromising quality or guest comfort. With three guests checking in to a Holiday Inn hotel every second, the brand is one of the most recognized in the world, known globally for comfort, value and dependability.

Holiday Inn is a British-owned American brand of hotels, and a subsidiary of InterContinental Hotels Group. Founded as a U.S. motel chain, it has grown to be one of the world's largest hotel chains, with 1,173 active hotels and over 214,000 bedrooms as of September 30, 2018.

InterContinental Hotels Group is one of the world's leading companies and the main purpose is to provide True Hospitality for each guest. Through the global reach IHG ensures True Hospitality also extends to their people, the environment and local communities all around the world. There are main hotel brands and short information about them in the table below.

<i>Our brand portfolio</i>							
Hotels	178	391	55	1,168	2,258		
Rooms	60,103	108,891	6,199	212,058	214,597		
Rooms (hotels) in the pipeline	16,860 (51)	28,369 (94)	6,807 (51)	46,958 (249)	54,744 (473)		
							Total
	38	10	196	312	-	-	4,697*
	8,818	3,701	21,518	29,778	-	-	686,873*
	3,163 (14)	120 (1)	8,728 (80)	6,914 (80)	880 (5)	6,804 (21)	180,461 (1,120)

* Includes 21,210 rooms (91 hotels) which are unbranded.

Figure 2.1. IHG brand portfolio

Table 2.1.

Financial highlights of Intercontinental Hotel Group

Financial metrics	2018	2019	Result
<i>Total revenue</i>	\$4,075m	\$4,337m	+6.4%
<i>Revenue from reportable segments</i>	\$1,730ma	\$1,933m	+11.7%
<i>Operating profit</i>	\$728ma	\$566m	-22.3%
<i>Operating profit from reportable segments</i>	\$758ma	\$816m	+7.7%
<i>Total gross revenue in IHG's System</i>	\$25.7bn	\$27.4bn	+6.6%
<i>Underlying fee revenue growth</i>	+4.7%	+6.5%	+1,8%
<i>Total underlying operating profit growth</i>	\$56ma	\$47m	+6.2%
<i>Revenue per available room (RevPAR) growth</i>	+2.7%	+2.5%	-0.02%

The Holiday Innbrand is one of the world's most recognized hotel brands with a global reputation for service, comfort, and value. The Holiday Inn brand's ongoing commitment to investing in innovation and driving consumer demand ensures the brand will continue to surprise and delight guests for years to come.

Table 2.2.

Holiday Inn Kiev overview

<i>Concept</i>	To deliver an affordable, enjoyable hotel experience where guests are always welcomed warmly
<i>Segments</i>	4* hotel
<i>Main competitors</i>	Ibis hotels, Park Inn, Aloft, Radisson Blu Hotels
<i>Building</i>	Part of business center "Toronto Kyiv"
<i>Location</i>	City center, across from St. Nicholas Cathedral
<i>Room area</i>	20 m2
<i>Restaurants</i>	1 restaurant, 1 bar
<i>Conference/meeting rooms</i>	3 conference room different in size
<i>Parking</i>	11 parking places in front of the hotel, outdoor
<i>Hotel website</i>	Part of global IHG site
<i>Participation in the IHG Rewards guest loyalty program</i>	Yes

Stylish rooms with city views feature pillow menus and LCD TVs, while suites offer extra space. The venue comprises 208 modern rooms spread across 11 floors. You can enjoy panoramic city views as you work out in the 11th floor, 24-hour fitness center, and dine on local and international cuisine in The Towers Restaurant. Kids stay and eat free.

Mission of the hotel Holiday Inn is to make a difference in the lives of the individuals with whom they cooperate every day, by working together to deliver commitment, personalized service and a superior hospitality product by upholding a strong moral system and actively participating in the community.

Strategic goals:

- improve customer satisfaction;
- increase number of returning customers;
- improve the service approach for new and existing customers;
- become market leader;
- explore new customer segments;
- increase revenues;
- improve employee satisfaction (Employee Engagement);
- improve resource allocation;
- lower production costs;
- maintain appropriate financial leverage.

According to guest reviews, the hotel has been rated as Best Luxury Hotels in Ukraine.

The management structure of Holiday Inn Kyiv is linear. The linear control structure is the most logical and formally defined structure, but at the same time is the least flexible. Each of the leaders has the full power, but relatively a few opportunities to solve problems that require narrow, specialized knowledge. It is one of the simplest organizational structures of management. It is characterized by the fact that at the head of each structural unit is a supervisor with all the powers that carry out all management functions. In linear management, each unit and each

subordinate has one manager. In this case, the management units are responsible for the results of all activities of the objects managed by them. It is about the individual selection of executives, each of whom performs all kinds of work and makes decisions related to the management of this object. Because in the linear structure of management decisions are transmitted by the chain "from top to bottom", and the head of the lower level of management subordinates to the higher level manager, a kind of hierarchy of leaders is formed. In this case, the principle of unity is applied, the essence of which is that the subordinates do the will only of their direct supervisor[19]. The supreme governing body has no right to order any executors, bypassing their direct manager. The organizational structure of Holiday Inn is shown in the figure below.

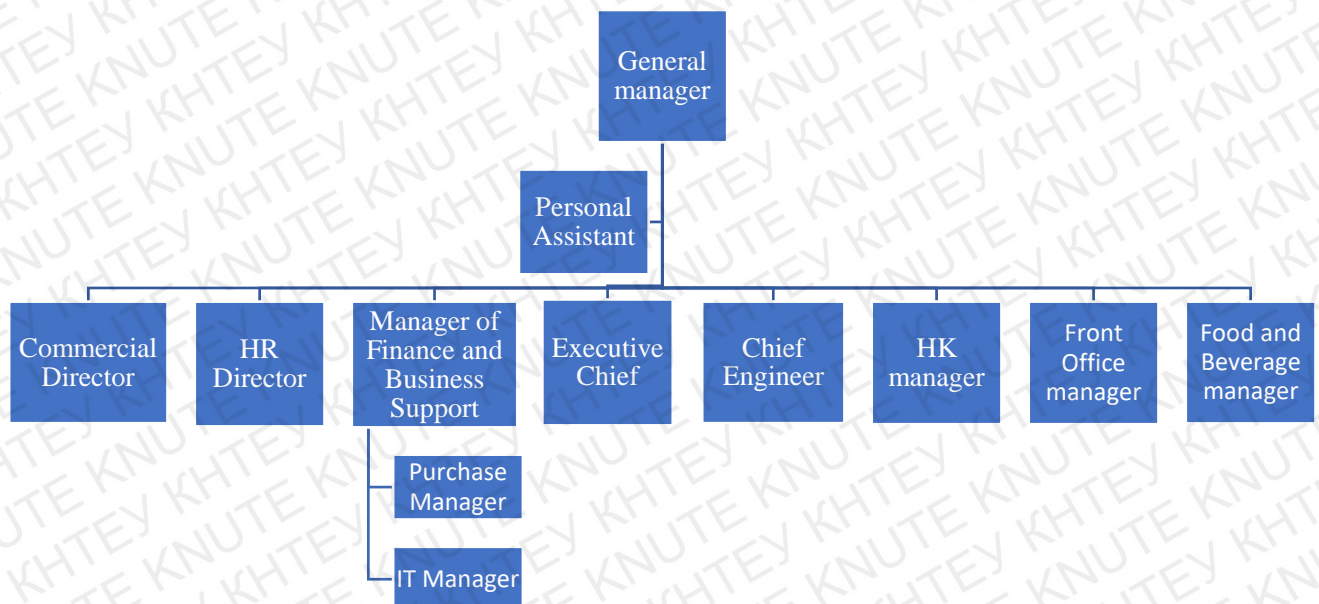


Figure 2.2. Organizational Structure of Holiday Inn Kiev

Effective segmentation is important for Holiday Inn Kyiv as well. There is clear understanding that some segments may be more profitable for business hotel. That is why Holiday Inn cooperates with wide range of international companies such as Ciclum, Bayer, Ericsson. The hotel offers corporate rates that helps to retain customers. Therefore, according to the collected data we sum it up in the fig. 2.3.

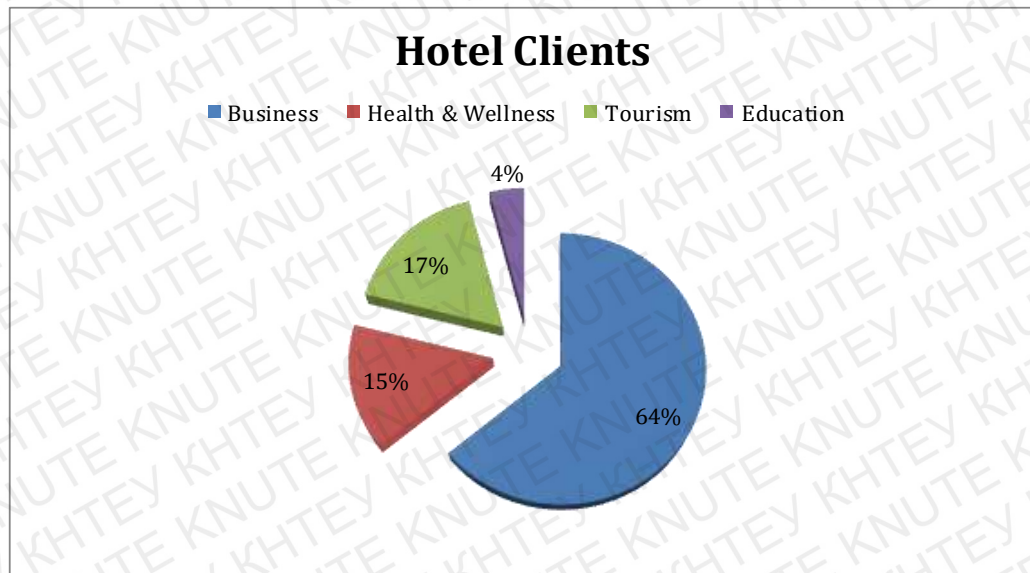


Figure 2.3. Purpose of visiting Holiday Inn Kiev

To analyze how effectively the hotel is operating we need to see its key performance metrics. In the table it is shown the operational result for one day (24 of October 2019).

Table 2.3.

KEY PERFORMANCE DRIVERS

	THIS YEAR				
	Today/ date	MTD	Rest of Month	Full Month Forecast	Budget
Rooms	24.окт.19	29	2	31	31
Occupancy	88,9%	66,1%	60%	65,7%	64,0%
Rooms occupied	186	3986	249	4 235	4 126
ADR	1 174,62	1 017,17	1 114,33	1 022,88	1 397,84
RevPAR	194 320,08	672,15	666,99	671,82	894,46
Rooms Revenue	218478,79	4054427,96	277 469	4 331 897	5 767 473
Food Revenue	41 733	948 977			
Beverage Revenue	2 204	48 627			
Other F&B Revenue	9 467	224 406			
Total F&B Revenues	53404,03	1222009,61	70 990	1 293 000	1 163 672
Total OOD	5 248	87 677	9 323	97 000	133 000
Total Revenue - L/C	277130,39	5364114,7	357 782	5 721 897	7 064 145
SpendPAR	1 325,19	889,28	860,05	887,39	1 095,56

It is important for strategic management not only understand where we are now but also analyze where we are heading in case some changes should be apply. As I mentioned before strategic management should be flexible and reactive to the

changes that are going on in micro and macro environment. Table 3 shows forecasts for next 4 months.

Table 2.4.

OUTLOOK NEXT 4 MONTHS

Next Month					
November					
OTB	Forecast	Budget	Last Year OTB	Last Year Actual	
Occupancy	16,1%	32,9%	41,0%	15,4%	31,8%
Rooms occupied	1 005	2 056	2 561	958	1 986
ADR	1 320,19	1 778,40	2 178,17	861,87	1 347,76
RevPAR	212,63	585,96	893,96	132,32	428,95
Rooms Revenue	1326786,94	3 656 389	5 578 295	825669,61	2 676 650

Next Month +1					
December					
OTB	Forecast	Budget	Last Year OTB	Last Year Actual	
Occupancy	0,5%	24,2%	30,5%	0,6%	19,5%
Rooms occupied	34	1 562	1 965	41	1 257
ADR	205,05	1 374,69	1 092,75	299,39	1 317,51
RevPAR	1,08	333,01	333,01	1,90	256,84
Rooms Revenue	6971,56	2 147 259	2 147 259	12275,06	1656114,6

Next Month +2					
January					
OTB	Forecast	Budget	Last Year OTB	Last Year Actual	
Occupancy	2,0%	26,3%	27,3%	1,3%	28,0%
Rooms occupied	128	1 695	1 759	86	1 806
ADR	1 229,54	1 321,93	1 648,54	626,83	795,79
RevPAR	24,41	347,50	449,72	8,36	222,89
Rooms Revenue	157380,83	2 240 679	2 899 776	53907,58	1 437 192

Next Month +3					
February					
OTB	Forecast	Budget	Last Year OTB	Last Year Actual	
Occupancy	0,9%	15,4%	32,0%	0,4%	51,9%
Rooms occupied	55	896	1 863	23	3 025
ADR	594,51	2 396,49	1 152,58	173,58	760,68
RevPAR	5,61	368,69	368,69	0,69	395,10
Rooms Revenue	32 697,88	2 147 259	2 147 259	3 992	2 301 045

Strategic management is a continuous process that evaluates and controls the business and the industries in which an organization is involved and then reevaluates strategies on a regular basis to determine how it has been implemented and whether it was successful or does it needs replacement. That is why to understand if the guests, corporate clients or IHG reward program members are satisfied with strategic and

operational updates, Holiday Inn Kyiv have the graphic, where the difference between reservations that were made yesterday and has been made today is shown.

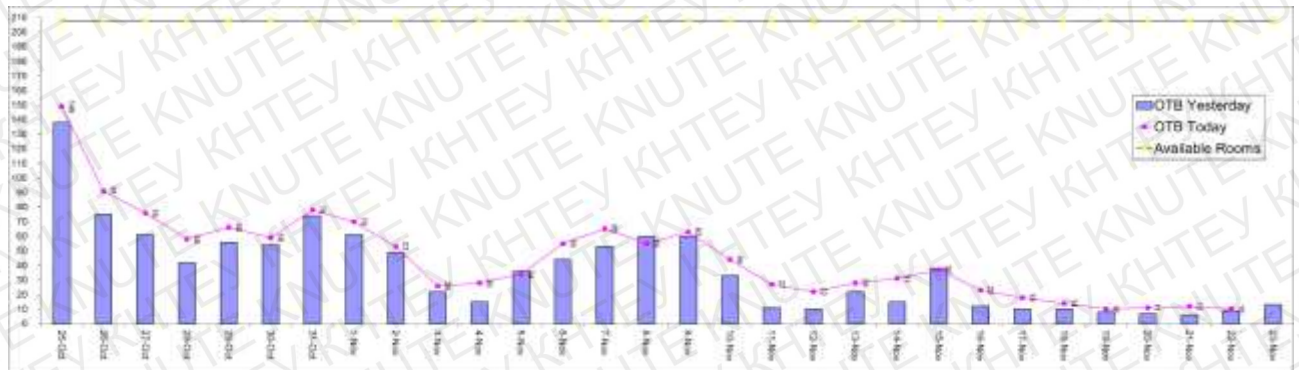


Figure 2.4. Difference between OTB Yesterday and Today (for 1 months from 25.10.19-29.11.19)

Strategic management is about how to manage the whole enterprise. Holiday Inn Kyiv except of 208 rooms has a restaurant, lobby bar and room service. The situation with them should be monitored as well on a regular basis. The change of demand between today's date and the same date on month ago is shown in the table below.

Table 2.5.

Difference between today's (24.10.19) revenue and same day one month ago

F&B Revenues detailed	Today				
	Food	Beverage	Other	Covers	Spend per cover
Towers	38241,51	795,84	4554,17	240	182
Lobby Bar	1479,17	245,84	3720,84	70	78
Roomservice	2012,50	212,50	1129,16	15	224
Minibar		950,00	62,50		
Banqueting					
Room hire					
Equipment hire					
Others					
Total	41733,18	2204,18	9466,67	325	164

F&B Revenues detailed	Month to date				
	Food	Beverage	Other	Covers	Spend per cover
Towers	5101,02	108,33	429,17	41	138
Lobby Bar	418,96	643,75	520,83	14	113
Roomservice	1025,00	433,33	83,34	9	171
Minibar		83,33	79,17		
Banqueting	10939,50			68	161
Room hire			3935,50		
Equipment hire					
Others					
Total	17484,48	1268,74	5048,01	132	180

Profit is the main aim of each business activity and core interest of shareholders. That is why, in order to understand whether the strategic changes should be applied or not, it is necessary to analyze the expenses, income and other economic indexes.

Table 2.6.

Key indicators of financial and economic activity of Holiday Inn Kiev for the 2017-2019, thousand UAH

Indexes	Volume, thousand UAH			Absolute change, thousand UAH		Growth rate, %	
	2017	2018	2019	2017 - 2018	2018 - 2019	2017 - 2018	2018 - 2019
<i>Net sales</i>	60562	94908	75896	34346	-19012	56,7	-20
<i>Cost of goods sold</i>	4778	5398	3766	620	-1632	13	-30
<i>Selling, general and administrative expenses</i>	15238	30914	20224	15676	-10690	103	-34,5
<i>Other operation incomes</i>	10773	16300	9256	5527	-7044	51	-43
<i>Net operational income/loss</i>	51319	74896	61162	23577	-13734	46	-18
<i>Other finance incomes</i>	1	3,5	2,9	2,5	-0,6	250	-17
<i>Other incomes</i>	2367	3833	1010	1466	-2823	66	-73,6
<i>Finance expenses</i>	7756	15288	9112	7532	-6176	97	-40,4
<i>Other expenses</i>	3840	2749	966	-1091	-1783	28	-65
<i>Net income/loss</i>	42091	60695,5	52096,9	18604,5	-8598,6	44	-14

Having analyzed the results of the calculations in table 2.6. we can make the conclusions that company had a huge growth of the net income during 2018 of 44 % that is about 18604,5 thousand UAH. This table shows that within 2017-2018 the hotel improved its activities what we can observe from the indexes of growth of income from main activities. Within 2018-2019 this indexes fell down to negative

point which was caused by the growth of political tension, elections and short period of martial law in the larger part of Ukraine. That were outside factors that the company's managers could not influence.

2.2. Assessment of strategic management system of the hotel and its effectiveness

To understand how the strategy is formed, it is important to understand main trends that influence hotel industry.

- **Demand for branded experiences.** Owners recognize the strength of a branded offer, and in addition to traditional opportunities, are looking for ways to affiliate with a brand through light-touch conversions or low-cost construction techniques, combined with features that reduce operating costs.
- **Diverse consumer needs.** The consumer landscape continues to evolve – from millennials seeking increasingly unique and authentic experiences, to baby boomers with money and time to travel, both of whom increasingly expect technology to aid, inform and enrich their stays.
- **Power of the cloud.** Data generation, storage and use has never been as prevalent and important as it is today. Cloud storage has further changed the game, giving accommodation providers easy access to real-time diverse data, that enables a more personalized and efficient service [20].

Holiday Inn Kyiv as a part of global chain operates under the strategy that is established by Intercontinental Hotel group and shares the same values.

The main strategy is high-quality growth. The focus is on delivering high-quality growth, which means consistent, sustained growth in cash flows and profits over the long-term. The execution of the strategy is underpinned by a strong culture, talented people and a commitment to the environment.

The Strategic Model focuses on valuecreation by building preferred brands,delivering a superior owner proposition, strengthening the loyalty program,

leveraging scale and generating revenue through the lowest-cost direct channels. The targeted portfolio, together with disciplined execution of the strategy and a commitment to doing business responsibly, are designed to achieve industry-leading net rooms growth over the medium term.

Table 2.7.

Main points of the existing strategic model

Point	Description	Result
<i>Strengthen loyalty program</i>	Having an attractive, differentiated loyalty offering tailored to the guests' needs is critical to Holiday Inn's continuing success. IHG Rewards Club is continually innovating to build lifetime relationships with the guests. This creates a sustainable long-term revenue source and transforms previously unaffiliated travelers into powerful advocates for the brand.	80% of guests that stay in the hotel are members of loyalty program
<i>Enhance revenue delivery</i>	By striving to drive business through the direct channels, Holiday Inn maximizes returns for the owners, as these channels are less costly than alternatives such as third-party intermediaries. Digital and technological innovation, alongside strong brand and compelling loyalty, is key in ensuring Holiday Inn continues to manage revenue delivery effectively	50% of reservation are made the website, 30%-directly via phone or mail, 20%-through travel agencies
<i>Build and Leverage, Scale</i>	Scale provides significant advantages in the hospitality industry at national level. Holiday Inn Kyiv uses the depth in attractive markets and focus on the highest opportunity segments, to drive significant efficiencies, leading to increased operating leverage and ultimately higher margins.	75% of guests are corporate guests, because hotel mainly focuses on business.

Targeted portfolio:

- Attractive markets
- Highest opportunity segments
- Managed model

Disciplined execution:

- New organizational design will redeploy resources to leverage scale and accelerate growth
- Initiatives funded by company-wide efficiency program
- Capital discipline & balance sheet philosophy remain unchanged

It is important to bring all the analytical work together in one place so as to provide a summary and to provide a firm foundation for the next stage – formulating strategy. The management of the hotel should be aware of macro environmental factors, in order to be able to quickly react to changes. In this case the PEST analysis is used. This type of analysis is also called remote or far environment because it cannot be influenced or changed.

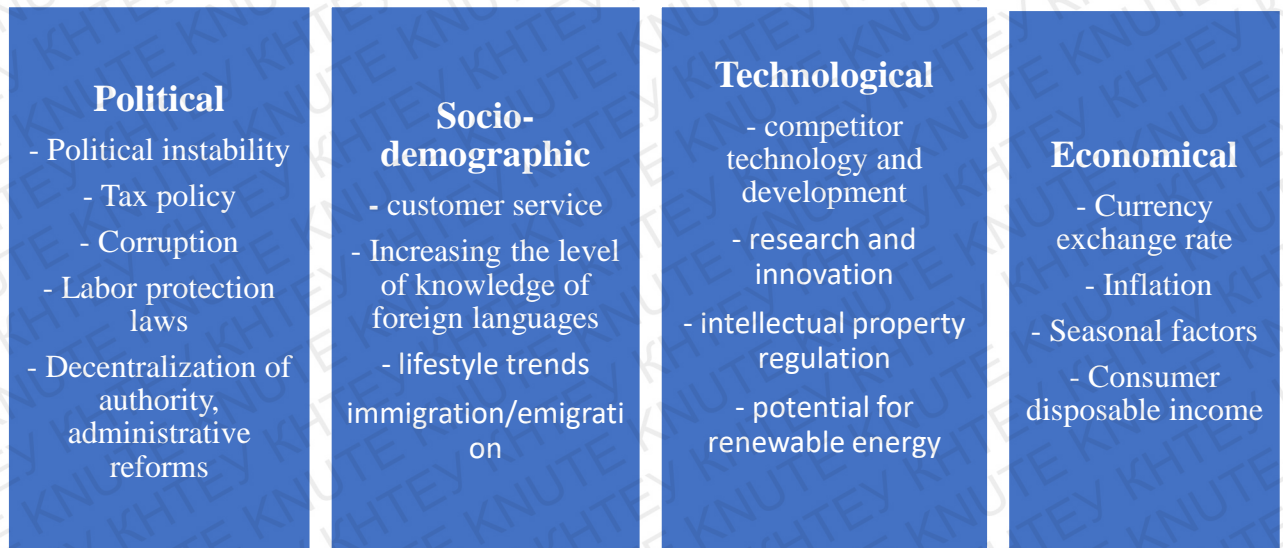


Figure 2.5. PEST analysis of Holiday Inn Kyiv

In the next table we have analyzed the main factors to determine the most important ones. All of them are interconnected, so the strategic analysis of each of four components should be systematic.

Table 2.8.

PEST Analysis Result

Factor	Validity	Score (from 1 to 5)	Arithmetic mean
1. Political			
1. Level of political stability in society	0,3	4	1,2
2. Decentralization of authority, administrative reforms	0,2	2	0,4
3. Tax policy	0,2	3	0,6
4. Corruption	0,3	2	0,6
	1	11	2,8
2. Economic			
1. Currency exchange rate	0,4	4	1,6
2. Rate of income of population	0,3	3	0,9
3. Development of Ukrainian economy	0,2	3	0,6
4. Corporate room rate	0,1	4	0,4
	1	14	3,5
3. Social			
1. Educational level in Ukraine	0,5	1	0,5
2. Lifestyle trends	0,1	2	0,2
3. Demographic composition	0,2	4	0,8
4. Income level of the population	0,2	4	0,8
	1	11	2,3
4. Technological			
1. Innovations in field of technologies	0,3	3	0,9
2. Security of hotel and guests	0,3	4	1,2
3. Potential for renewable energy	0,2	2	0,4
4. Rooms security	0,2	3	0,6
	1	12	3,1

As it has been examined from “Economic Factors” hotel should pay more attention on the corporate rates, they should be low enough, so that the companies will be able to pay for them, but not lower than it is allowed by brand image and operational standards.

As it is seen from the analysis the theme of lifestyle trends are not taken into account enough and the education system of Ukraine has an impact on the operational and strategic process of Holiday Inn, because it is not easy to find suitable staff.

The SWOT provides a position statement of where the organization is at the present time. Having understood the present position of Holiday Inn Kyiv the SWOT provides a firm platform for going on to consider the future in terms of the strategic options to be pursued. The SWOT analysis of Holiday Inn is shown in the Figure below.



Figure 2.6. SWOT analysis of Holiday Inn Kiev

Strengths are advantages that an organization uses in competition and seeks to maximize. Of the strengths, the most important are those that provide the organization with competitive advantage. Weaknesses must be under the constant control of management to eliminate them.

Table 2.9.

SWOT analysis results

Strength	Validity	Score (from 1 to 5)	Arithmetic mean	Weaknesses	Validity	Score (from 1 to 5)	Arithmetic mean
1) reputation	0,3	4	1,2	1)dependent on product	0,1	2	0,2
2) location	0,2	5	1,0	2) high-cost of maintenance	0,2	3	0,6
3) brand awareness	0,2	4	0,8	3) low differentiation	0,2	4	0,8
4) quality	0,2	4	0,6	4) equipment	0,3	3	0,9
5) leadership	0,1	3	0,3	5) conditions of the building	0,2	5	1,0
	1	20	3,9		1	17	3,5
Opportunities	Validity	Score (from 1 to 5)	Arithmetic mean	Threats	Validity	Score (from 1 to 5)	Arithmetic mean
1)international growth	0,1	2	0,2	1) new market entrants	0,2	3	0,6
2) market growth	0,2	3	0,6	2) increased competition	0,3	3	0,9
3) affordable flights	0,3	4	1,2	3) current war	0,3	2	0,6
4) Change in political environment	0,2	3	0,6	4) ongoing financial crisis	0,1	1	0,1
5)good marketing distribution channels	0,2	3	0,6	5) new accommodation facilities	0,1	2	0,2
	1	13	3,2		1	11	2,4

Strengths are advantages that an organization uses in competition and seeks to maximize. Of the strengths, the most important are those that provide the organization with competitive advantage. Weaknesses must be under the constant control of management to eliminate them.

Table 2.10.

TOWS analysis matrix

	<i>External Opportunities(O)</i> 1. international growth 2. good marketing distribution channel 3. affordable flights and no European barriers 4. change in political environment	<i>External Threats(T)</i> 1. new market entrants 2. increased competition 3. ongoing financial crisis 4. current war on the East
<i>Internal Strengths (S)</i> 1. reputation 2. location 3. brand awareness 4. quality	SO "Maxi-Maxi" Strategy Strategies that use strengths to maximize opportunities.	ST "Maxi-Mini" Strategy Strategies that use strengths to minimize threats.
<i>Internal Weaknesses (W)</i> 1. high-cost of maintenance 2. low differentiation 3. equipment 4. conditions of the building	WO "Mini-Maxi" Strategy Strategies that minimize weaknesses by taking advantage of opportunities.	WT "Mini-Mini" Strategy Strategies that minimize weaknesses and avoid threats.

Analyzing TOWS matrix, we concluded that Holiday Inn uses a "Mini-Maxi" strategy or a strategy that helps to minimize the weaknesses by using the opportunities provided. This strategy is the most effective in the current state of the company and external environment as the company has problems with equipment and building conditions, so it needs to use as more opportunities as possible to stay competitive.

So, the proposed algorithm of strategic management using a wide range of matrix assessment methods at the stage of strategic analysis and applying organizational principles can provide high efficiency in the process of defining and implementing the strategy of a company development. Conducted PEST-analysis of the prospects for the development of foreign economic activity of Ukrainian enterprises has showed that there is a high potential for activation of the investigated process if a number of economic, technological and political issues is solved.

PART3

DIRECTIONS FOR IMPROVEMENT OF STRATEGIC MANAGEMENT SYSTEM OF HOTEL HOLIDAY INN KIEV

3.1. Sustainable Development Strategy

Taking into account everything that was mentioned in this paper before we can see that Holiday Inn has effective strategic management that brings great amount of profit and maintains image of the brand. To my point of view, the hotel also should take a look on the strategy that is called Sustainable Development. The concept involves development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This strategy maintains its first focus on an operation's profitability, but it also includes people and environment[14].

This concept firstly and most successfully was used at one of the hotels of Intercontinental Hotel Group – Willard Intercontinental in Washington DC that is located near the White House. After looking at such great practice lots of the IHG hotels implemented this strategy, except of Holiday Inn Kyiv.

The goal of Sustainable Development is clearly to secure economic development, social equity, and environmental protection. As much as they could work in harmony, these goals sometimes work against each other. The rapid development of good living, travel, and the consumer society has often resulted in less protection to the environment and to some groups of the world population.

The Sustainable Development concept is not the dream of some political party that disdains capitalism and considers it to be evil. Nor is it the consequence of the delusion of people who determined that this world would be better off if we were going back to our natural roots and resources. SD is definitely geared toward profitability and the future. Without profit it seems obvious that no business would be sustainable.

The strategy is based on the concept of the “triple bottom line”, which combines economic viability with social responsibility and environmental protection.

Table 3.1.

The concept of the “triple bottom line”

Concept	Explanation
Economic viability (profit)	It almost goes without saying that a company must remain profitable to be sustainable. Within that overriding principle, the idea is to follow strict ethics while conducting business and use sustainable development principles to grow revenues and save on costs, thus creating higher shareholder value
Social responsibility (people)	<p>The two major components in social responsibility are the employees and the community. Company has to be recognized as a fair employer and ensure that the employees are happy and proud to be associated with the Holiday Inn Kyiv.</p> <p>The hotel can be well integrated in the community by helping worthwhile causes. It may focus on children’s well-being and cancer research. These are worthy beneficiaries, but the organization should select causes that are appropriate to company’s goals and community. Not only is it right and ethical to offer our help across borders, but our international clientele will see that Holiday Inn is involved in international causes, reinforcing the reality that Ukraine is a generous and caring country.</p>
Environmental protection (planet)	Among other steps, the hotel may apply for national and international environmental certifications and awards. The hotel can start with ISO 14001 (an international environmental certification) and the IHRA environmental award. In all that Holiday Inn may do we will search for an association with a well-known organization to benefit from existing infrastructure and to ensure the correct and ethical application of the funds we donate or actions we take.

Hotels are also in a good position to share the principles of Sustainable Development in their dealings with numerous suppliers. We encourage all vendors to include it in their strategy. Step by step the Holiday Inn Kyiv will ask its suppliers to offer sustainable products, thus obliging them to search out and add these products to their catalogues (which are then available to other clients).

The timing is excellent for media coverage of Sustainable Development initiatives. Concerns about global warming and oil prices mean that most media outlets are seeking stories about strategies to counteract these issues, and Sustainable Development is an excellent such strategy. Media representatives (whether old-line media or web-based sources) must know about your values and understand the difference between your hotel's stance and that of your competitors. At the moment, Sustainable Development remains a unique selling point (USP) for a hotel. This will not always be true, because one of the underlying ideas is to spread the strategy, including to competitors. The fact that it is a novelty to include such an ambitious program in the strategy of a single unit makes it easier to communicate and prove that "One can make a difference!".

To make certain that SD becomes a totally integrated part of the hotel's culture and work practices it is vital to incorporate all SD actions into standard operating procedures. First, this will help the employees to work as per SD guidelines. Second it will ensure that new employees will not see any other way of approaching their work. Third, it will instill a Sustainable Development culture throughout the hotel and entice all employees to live the strategy and eventually stimulate them to propose new ideas to the work practices of the hotel.

The implementation of this plan proceeded in a step-by-step fashion, beginning with the hotel's executive committee and working through managers to creation of employee committees. I recommend to set a five-year course for this implementation.

Table 3.2.

Implementation of Sustainable Development Strategy in Holiday Inn Kiev

Step	Possible actions
Development of executives' awareness	First and foremost, the hotel's executive committee had to be convinced of the importance of including Sustainable Development in the hotel's strategy. During the first executive committee strategic meeting the SD principles should be explained to all, followed by a question and answer session, along with a broad outline of the process.
Choice of a consulting firm	We needed a top-notch consulting firm that is well experienced in Sustainable Development, since neither the general manager nor the executive committee had ever implemented a SD strategy. That is why the major research should be done to find the most experienced organization to help with analyzing current situation and proper implementation of Sustainable Development strategy, so it will be effective in future.
Managers' workshop	The next step is to to make the management team aware of the program. The kick-off meeting may be led by Sustain Ability's consultant. The consultant can show examples of SD worldwide, suggest hotel industry benchmarks, and concluded with a determination of the Holiday Inn's priorities. One outcome of this meeting can be the creation of three committees to flesh out the strategy in categories specified by the managers: namely, community and suppliers, customers and employees, and consumption, waste, and energy.
Committee operation	Consisting of seven to ten participants, the committees should meet weekly or biweekly, as appropriate, with action plans, goal priorities and the strategies. While some strategies would take several months or sometimes over a year to complete, I consider it is important that some of the projects be easier to complete so that the committee and employees could see its achievements. Working with the teams is the SD champion, the director of facilities, who meets with team leaders every other week. Based on the SD activity, the most important thing is that everything must be measurable, although some areas will be difficult to measure.
Establishing targets	Measurements are essential to defining the roadmap. The standard hotel industry measurements are not always sufficient for that task; the measurements should be established so that it is possible to report on improvements. Once the objectives, strategies, and tactics are established, as well as their measurements, a workshop will be organized with the whole management team to get the commitment of all managers and to agree on the definition of targets for the next five years. It is still a learning experience but the SD team feels confident these goals can be achieved.

Indicators differ in their belonging to the driving force of the state and response, that is, by the response of the respective structures. Driving force indicators represent human activities, processes and models that influence sustainable development. Status indicators indicate the “state” of sustainable development, and response indicators indicate the right to choose a policy or response to change the state of sustainable development.

In the table below there is roadmap with the possible results for next 2 years.

Table 3.3

Results of implementing Sustainable Development Strategy in Holiday Inn Kiev

Economic Prosperity Projects		2020	2021
Governance	IHG Control Self-Assessment	96%	99%
Economics— Consumption Reduction of 1 percent per year	Electricity consumption (kWh per occupied room)	86	83
	Water (gallons per occupied room)	3.17	3.02
Social Responsibility Projects			
Project CARE	Co-sponsored signature charitable event	0	1
	Workplace quality index	Definition of the index 0	+5%
Project COMMUNICATE	Guest engagement	Creation of a Guest SD Advisory Board	One meeting per year
Environment Projects			
Project GREEN	Waste consumption (tons)	775	730
	Improve environmentally friendly hotel room concept in a city hotel	Develop concept	Implement in 50% of rooms
	Reduction of paper consumption (cases)	280	240
	Increase green products purchasing (gallons)	1400	2000

Taking into account everything that has been mentioned in this part, we can conclude that the implementation of sustainable development will ensure a balanced solution to the problems of socio-economic development and the preservation of a favorable environment and natural resource potential, meeting the needs of present and future generations of people. It will help to reduce costs, influence ecological situation in the city and also improve the image of the hotel for shareholders and guests, because ecological issues are widely discussed all over the world.

3.2. Digitalization Strategy

As for most industries, it's important for the hotel industry to adapt to the digital age in order to remain successful, especially with the expansion of people searching for the best hotel deals online. To remain competitive means constantly being up to date with the latest digital marketing trends.

Hotel digital marketing, also known as hospitality marketing is being adopted in many forms which include making the hotel's presence noticeable on social media platforms like Facebook, Twitter, Instagram etc.

In the figure below there is a picture of Instagram page of Holiday Inn is shown. It reflects the state of Digital Strategy using and gives a clear understanding why it is so important for the hotel.



Figure 3.1. Instagram page of Holiday Inn Kyiv

Table 3.4.

Steps of implementation the Digitalization Strategy

Steps	Main Idea	Results
<i>To be reachable online (SEO - search engine optimization)</i>	SEO, or search engine optimization, is a marketing strategy that aims at improving the rankings on search engine results pages. Local SEO helps the person searching for something online find relevant, local results. To maximize the customer base, we need to find a way to get to the top of the rankings.	80 % of internet traffic originates from search engines. If we will be on the top of the ranking, the hotel will be easier to find and book. It gives 70% more bookings.
<i>Advertise on Metasearch Engines</i>	Listing on these metasearch engines (Google Hotel Ads, TripAdvisor and, Trivago) will not only boost the visibility, but also improve the brand value of Holiday Inn Kyiv. Being available on metasearch would need the hotel to be open to receive direct bookings. The more direct bookings we get, the more we'll be pushed up in the industry.	This step helps to reduce dependency on the OTAs, which means earning more revenue, as there will be no need to pay commission to OTAs. 20 % more revenue and better reputation.
<i>Interact via social media and videos</i>	Going live on the platforms like Facebook, Instagram, YouTube is one effective approach to increase the engagement of hotel's followers. We should consider getting the hotel tour filmed and get it uploaded on the YouTube channel.	Increasing guest's engage into the hotel live. Potential customers will get better idea of what to expect and more likely will choose Holiday Inn from the list of other hotels.
<i>Run Ads everywhere</i>	There are many benefits of engaging into such campaigns as Google ads, Facebook and Instagram ads, because they make sure that your hotel is visible and the information about your commendable services reaches to the right people. The core of online ads comes down to a cost-per-click (CPC) system, where bidding on specific keywords targets specific searches and demographics of people.	So, we can specify how much the hotel is willing to pay per click/conversion. This can be set to a percentage of a hotel's room rate, so we never pay more than we want for an ad.
<i>Email marketing</i>	In the hospitality industry, this serves as a good way of retaining clients. Through emails, we can regularly update our customers on new products and offers. This can be about upcoming tours, events happening within your locality, and even special offers on your service.	This way, we can maintain a steady stream of clients, maximizing guest return by 50%. Guest's will see new events or offers that are going on and may be willing to try.
<i>Practice the trend: Chatbots</i>	Not only chatbots can help with conversions, but they can also improve the brand's reputation and therefore increase trust and engagement with our would-be guests. Chatbots improve communication, direct people down the path to booking, ensure the hotel 24/7 availability and reconnect with visitors who have abandoned their bookings.	This step helps to increase guest satisfaction by approximately 60%.

In that case, finding the right technology partner that is better known for securing direct online reservations and distribution management can help to drive down the cost of inventory distribution for the hotel. Moreover, Holiday Inn needs to find out ways to reach the guests using mediums like content, emails, websites, paid marketing, social media, and other such hotel promotion ideas in the correct fashion.

Evidently, we should accept the fact that hotel digital marketing sooner or later gets more bookings, better visibility and of course a stable brand name in the market.

Behind every great hotel website is a successful digital marketing strategy, focused on hotel-centric actions to generate a steady flow of new and existing guests to grow your business [21].

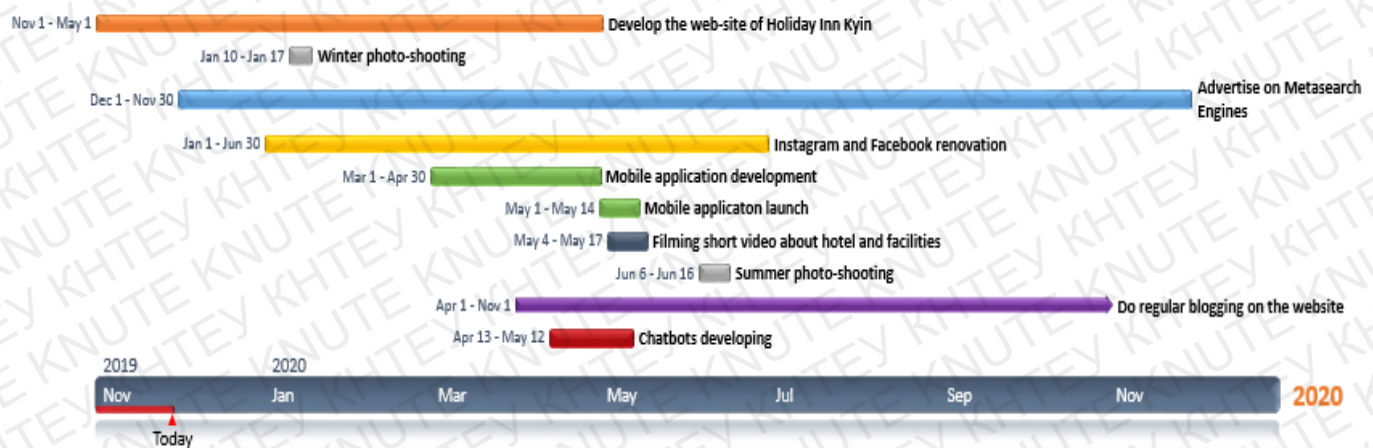


Figure 3.2. Gantt Chart for implementing Digitalization Strategy

Table 3.5.

Estimated budget for generating digital content

Activity	Time (per day)	Budget (per months)
Development	1-2 hours	20 thousand UAH for promotion
Active development	4-6 hours	40 thousand UAH for promotion
Content creation	2-3 hours	40 thousand UAH for creation and placement
Total	7-11 hours	100 thousand UAH

Table 3.6.

Promotion tasks

Task	Actions
Cross Liking, Comment Surfing	Only thematic posts, only ones that follow the theme
Rivals	Monitoring competitor accounts and communicating with their followers / participants
Post promotion	Function on Instagram and Facebook
Advertising post	You can add an action button to Facebook, Instagram, posting in thematic groups, publics. On Instagram - location targeting.
Targeted ads (online advertising that is shown based on data known about the user)	Targeting by thematic groups, by interests, by communities of competitors
Work with hashtags	Monitor and use popular ones, develop your own.

Marketing, particularly hotel digital marketing plays a vital role in revenue generation for hotels. There are bigger and better players becoming contenders and correspondingly guests are demanding more and more personalization.

With the help of hotel digital marketing, it is necessary to ensure that all channels are utilized to gain the maximum advantage and that no opportunities for revenue generation are left unrealized.

To sum things up, make 2020 your year with more bookings, streamlined operations, positive reviews and the best business year for you. Try these ways for your hotel digital marketing to get more bookings in this year and take a step further in the industry above your competition.

CONCLUSIONS AND PROPOSALS

Choosing right strategy will help to earn more profit, maximize the brand awareness and expand the hotel chain if needed. But the most important is that with a good strategy hotel can provide for a strong market share which guarantee presence on the market. Nowadays it's required as hotel industry is growing and new rivals are trying to enter the market.

The basic purpose of strategic management is to gain sustained-strategic competitiveness of the firm. It is possible by developing and implementing such strategies that create value for the company. It focuses on assessing the opportunities and threats, keeping in mind firm's strengths and weaknesses and developing strategies for its survival, growth and expansion.

The hotel industry now is going through some changes; the quality of food services has increased greatly. Not only the taste but also the presentation can affect the decision whether to choose or not the hotel. Because social media is extremely popular with all these ideal photos so now when making planning this detail should be taken into account.

So, having analyzed organizational and economical structure of Holiday Inn we can conclude that the company follows linear structure, where General Manager is in charge of the enterprise. Each department is ruled by the Director and there a couple of linear workers. Holiday Inn Kyiv mainly focuses on business travelers, that stay usually for a few days.

From financial results we can conclude that the last year (2018) was extremely successful for the organization, because there were very profitable contracts with some big IT companies, that ensured the hotel with a constantly high amount of guests and almost fully booked room, during the whole year.

In the third part I advise for the enterprise to implement two modern strategies that will help to maximize profit, improve reputation and gain market share. Those strategies are Sustainable Development Strategy and Digitalization Strategy.

The first one focuses on green engagement and planet saving. I recommended the actions that should be taken in order to proceed with the strategy. As a result it will help to reduce costs, influence ecological situation in the city and also improve the image of the hotel for shareholders and guests, because ecological issues are widely discussed all over the world.

The second strategy is Digitalization. It is the strategy that focuses on active usage of Social Media, different Internet Recourses, online booking options and advertisement. I propose to start implementing this strategy as soon as possible to be up to date and to not loose potential customers.

Successful strategic management occurs when all participants cooperate. The process involves supervisors and staff. With the cooperation and efforts of everyone, possible problems eventually decline or never occur.

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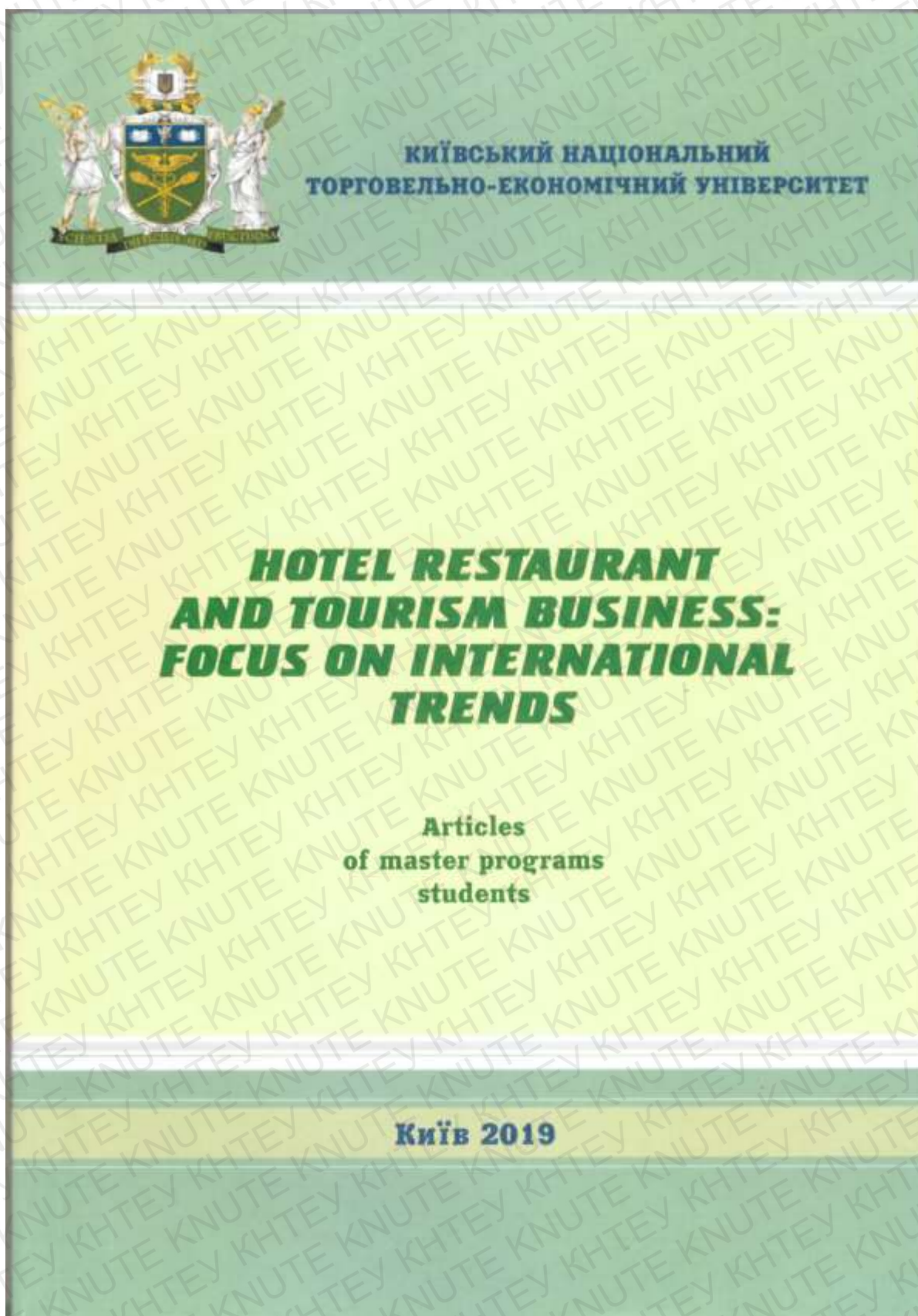
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APPENDECIES

Appendix 1

Article “Strategic management in hotel business”

**Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department
Tourism and Recreation Department**

***HOTEL RESTAURANT
AND TOURISM BUSINESS:
FOCUS ON INTERNATIONAL TRENDS***

**Articles of master programs students
Specialty 073 «Management»
(specialization «Hotel and Restaurant Management»,
«Tourism & Resort-Recreational Management»),
241 «Hotel and Restaurant Business»
(specialization «International Hotel Business»),
242 «Tourism» (specialization «International
Tourism Business»)**

Kyiv 2019

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STRATEGIC MANAGEMENT IN HOTEL BUSINESS

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specialty «Hotel and Restaurant Business»

Ця стаття показує важливість стратегічного менеджменту для готельної індустрії. В роботі були визначені основні особливості стратегії і шляхи вибору та впровадження обгрунтованої стратегії. Проаналізовано стратегічний менеджмент компаній. Досліджено вплив світових трендів, економічної та політичної ситуації, конкурентів на стратегію готелю.

Ключові слова: стратегія, 5 П стратегії, бачення, місія, PESTЕаналіз, 5 сил Портера.

This article shows the importance of strategic management for hotel industry. In this work were defined main features of the strategy itself and ways of choosing and implementing the right one. Strategic management was analyzed company's. It is important to take into account world trends, economic and political situation in the country and rival's propositions when deciding about strategy for hotel.

Key words: strategy, 5 P's of strategy, vision, mission, PESTE analyses, Porter 5 forces.

The relevance of the article. Nowadays there are a lot of businesses competing within the same industry, but some of them are more successful than other. So looking at strategic management will help to answer the main question «Why do some companies outperform other's?». Choosing the right strategy and then correctly implement it is a key element in gaining competitive advantage, profit, customer's loyalty.

Strategic management cannot exist in a vacuum, it is very important to understand how to analyze internal and external environments. With a help of strategic management a business can set particular objectives, directions and plans to achieve the goals.

From 2017 Ukrainian hotel industry started to improve its metrics, international investors returned to Ukraine with few new projects since the beginning of the nation's economic crisis in 2014. As hotel industry in Ukraine is becoming more competitive it is very important to pay enough attention on the strategy choice.

Analysis of researches and publications. *Strategic management in the meaning that we understand now was used in 1960s, before that it had been used regarding war and politics, not business. Among early researches were P. Drucker, Ph. Selznick, Al. Chandler, I. Ansoff and B. Henderson. Great contribution to the development of strategic management discipline was made by Michael Porter and Henry Mintzberg [5]. Among Ukrainian researchers the most outstanding are An. Mazraki M. Boiko and G. Mikhailichenko [2]*

The aim of the article is to define the importance and main points of strategic management and explain possible outcomes of correct strategically decisions.

Methodology. Theoretical and methodological basis of the study are the general scientific methods, such as comparative analysis and scientific generalizations.

Main results. Strategic management definition. Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes [8]. Strategic management is often described as involving two major processes: formulation and implementation of strategy. While described sequentially below, in practice the two processes are iterative and each provides input for the other. [3].

Strategy definition. Strategy is defined as «the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for

carrying out these goals.»[1]. Strategies are established to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment [4].

The strategy is a complex concept that involves a lot of processes and activities within the organization. Henry Mintzberg in 1987 offered way in which strategy can be viewed in 5 different ways: as a plan, as a ploy, as a position, as a pattern, and as a perspective is important. Every one of his aspects is important but none of them alone is not sufficient enough to realize the meaning of strategy. The five Ps of strategy developed from the work of Henry Mintzberg help to provide an overview of the most commonly used definitions of strategy (table 1). [6]

Table 1

Methods of identification strategy

Identification of strategy	Defining Strategy
Plan – a carefully crafted set of steps that a firm intends to follow in order to be successful.	Virtually every organization creates a strategic plan to guide its future. A plan is what most use as an explanation forStrategy
Ploy – a specific move designed to outwit or trick competitors	Is usually a short-term strategy.
Pattern – the degree of consistency in a firm's strategic actions	A pattern behavior is typically when progress happens after adapting certain patterns of behavior
Position – a firm's place in the industry relative to its competitors	The company focuses mostly on how it is positioned to its competitors
Perspective – how executives interpret the landscape around them	About changing the culture and behavior of the company's members

According to the book «The Strategy-Focused Organization» by Robert S. Kaplan and David P. Norton, «an exclusive reliance on financial measures in a management system causes businesses to do the wrong things» [12]

According to Kaplan and Norton, there are four basic strategic themes [12]:

1. Build the franchise: In the case of hoteliers, this applies to the individual franchisee as well as the brand managers. Optimize that brand name!
2. Increase customer value: Today's savvy customers might pay to stay in a luxury hotel, but they will require value for that dollar.
3. Achieve operational excellence: Satisfactory service is not good enough with today's fickle consumer; great service is now required. Provide «unanticipated» or «wow» service.
4. Be a good corporate citizen: I have found that this comes back in the way of increased revenues, better employees and hence more repeat business.

Hotels and tourism business is the fast growing network among the world competitive businesses. The hospitality industry is mainly consisting of businesses that offer their services in providing accommodation, food and beverage, and some kind of blend of these activities. The business of hospitality industries provides such services, which is different from material foodstuffs because they are made for the purpose of immediate consumption [9]

There are two stages of strategy in an organization: corporate strategy which defines the strategies in which an organization has competition. This includes investments, integrations and divestments. Business strategy, also referred to as competitive strategy defines how an organization behaves within an industry. It has to have an advantage over competitors to gain profit. (see figure 1) [11]

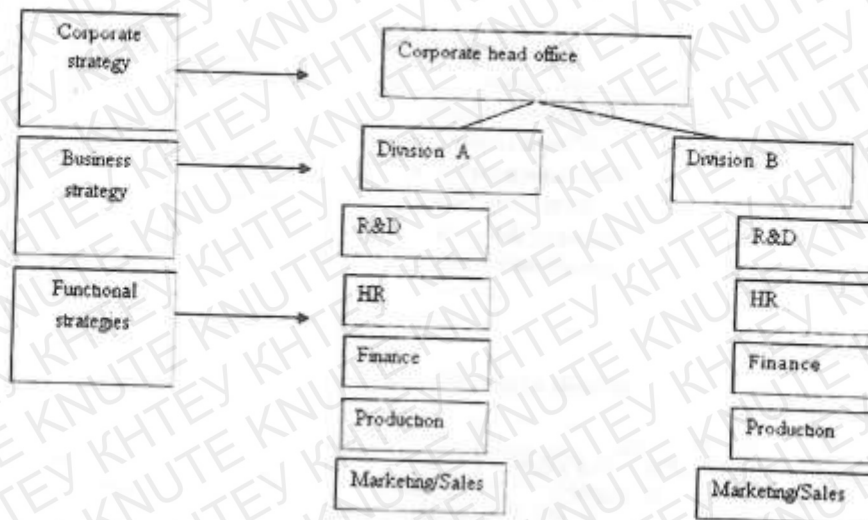


Figure 1. Levels of strategy and organizational structure

There are a lot of things to take into consideration when compiling a strategy, for example the environment, the internal culture of the organization, the competitors, and the target goals. Mintzberg divided strategy into three subcategories: intended, realized and emerged. Intended is the strategy that the top management of an organization visualizes. It encloses negotiations and bargaining methods that involve a lot of people within the organization. Realized strategy is a part of the top management's intended strategy and it is the one that is carried out. Emergent strategy comes from the interpretation of intended strategy and adapted to the constant changes in the environment.

When planning a strategy, the whole organization is involved. The top management gives guidelines and orders to their workers and the local businesses pass on to the top corporates their plans if they are part of franchise businesses. It is very important when planning a strategy to have established certain stability in their environment. This way, the strategy will be more detailed and will give more positive results.

Strategy is an important part of organization's management. It has quite a lot of purposes from which three are the most important: a decision support, a target and a coordination support. As a decision support, it helps put into guidelines decisions made within the organization and so improves the quality of decision making. As a target it gives certain disciplines which to follow and gives certain goal towards which the operation of the organization has to go. Finally, as a coordination support, it helps create a certain coordination of individuals' actions within big organizations.[11]

Every level needs a different treatment which has the solution by formulation and implementing strategy of different level for achieving defined aims. Hotel industry is highly dependent on tourism and level of tourism also depends on the quality of the services available in the area, in this way both these sectors are inter dependent and need strategies which can lead them on a path of growth while earning good rate of profit. A good strategic formulation and implementation can save these sectors even in the time of recession or financial crisis like the one the world has recently experienced.[13].

It is impossible for company to exist without three things that define the main direction where the company is going to be and why it is existing. These things are:

- The vision statement
- The mission statement
- The value statement

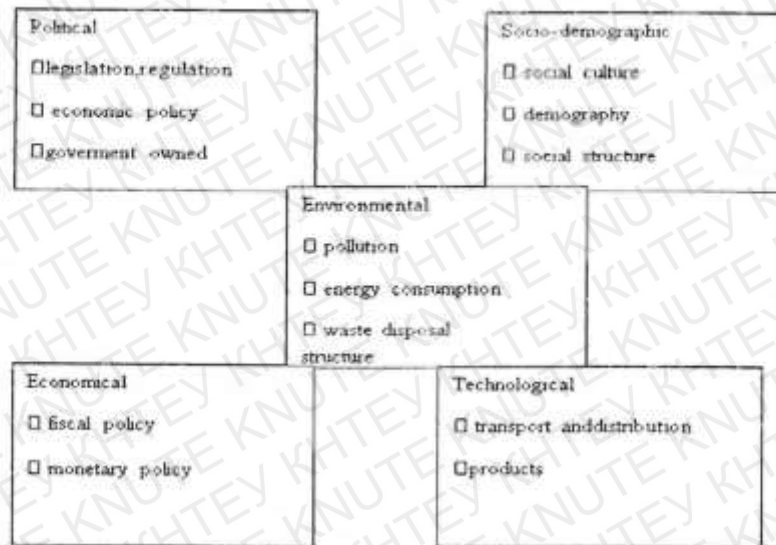


Figure 2. the PESTE analysis framework

The next step of analysis is the analysis of internal environment that helps the managers understand better their business, evaluate previous strategies and gain new information to build new strategies. Reasons to carry out an internal analysis are:

- to get an evaluation of the financial performance,
- to make an evaluation of the products,
- to understand the areas in which the firm is weak and implement them successfully into the future strategy,
- to evaluate activities organized in the firm,
- to find out resources, competences that are to be established.

According to all information sources the best and simple strategy that a hotel may choose is differentiation via intangible assets. It can be some special technique for a personnel training or some unique options in hotel's restaurant or something like pillow menu. But brand differences should always be meaningful to a guest. There are seven areas that will help to choose correct differentiation strategy:

1. Attribute positioning (Size, number of years in business, etc)
2. Benefit positioning (Fantasy experience at various theme parks)
3. Use positioning (An airport markets a 15-minute massage for a traveler on the go)
4. User positioning (Six Flags as a theme park for «thrill-seekers»)
5. Competitor positioning («We're better than a regular hotel because we have all-suites and a free breakfast.»)
6. Product category positioning (Use of the words «resort hotel» can create an image of a full-service environment.)
7. Quality or price positioning (Best-value claim). [10]

Conclusion. Choosing right strategy will help to earn more profit, maximize the brand awareness and expand the hotel chain if needed. But the most important is that with a good strategy hotel can provide for a strong market share which guarantee presence on the market. Nowadays it's required as hotel industry is growing and new rivals are trying to enter the market.

The hotel industry now is going through some changes, the quality of food services has increased greatly. Not only the taste but also the presentation can effect the decision whether to choose or not the hotel. Because social media is extremely popular with all this ideal photos so now when making planning this detail should be taken into account.

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Work is executed under scientific guidance of the Doctor of Economic Sciences,
Professor BOYKO M. H.

INTERNATIONAL QUALITY MANAGEMENT SYSTEM FOR THE HOTEL CHAIN «11 MIRRORS DESIGN HOTEL»

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speciality «International Hotel Business»**

Ця стаття визначає та досліджує системи управління якістю, які використовуються в міжнародних готелях по всьому світу. Ця робота досліджує, як українська мережа готелів «11 Mirrors Design Hotel» впроваджує міжнародну практику управління якістю та як вона адаптується до реалій українського ринку гостинності. Для кращого розуміння досліджуваної теми вивчалися статті та наукові статті інших авторів.

Ключові слова: система управління якістю, принципи управління якістю, задоволеність клієнтів, міжнародний стандарт, ISO 9001.