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Executive Summaries

Rachel Roginsky and Matthew Arrants

Pinnacle Advisory Group provides an update of lodging industry performance in New England, with a focus on Boston for 2013. While the New England region was behind the nation, the story varied from state to state. Only Massachusetts and Vermont achieved RevPAR performance better than the national average. The region as a whole is improving its performance, with RevPAR lagging only 0.2 percent, compared to 1.2 percent the year before. The outlook for the future remains positive as limited supply growth coupled with moderate growth in demand will result in higher occupancy levels and higher revenues.

The Fall and Rise of the Travel Agent
Stephen Jermanok

In the age of online travel agencies, there are questions of whether personal travel agents remain relevant. This article argues that travel agents have never been more necessary because the proliferation of options is overwhelming for many consumers. Travel agents are also much more personal than their online counterparts, providing services that cannot be found online.

Roman Ways: The Endurance of Patterns in Travel and Hospitality from Antiquity
Bradford Hudson

Although it seems clear that multi-unit hotel and restaurant brands proliferated in the United States during the twentieth century, historical research demonstrates that the phenomenon is actually much older. The origins of hospitality chains can be traced back to the Roman Empire. Organizational systems and travel behaviors have remained remarkably similar throughout Western civilization during the past two millennia. The Roman relay station, the medieval post house, the New England inn, the railroad restaurant, and the highway hotel all share a common heritage.

A Conversation with Howard Schultz
CEO of Starbucks
Christopher Muller

At the 12th annual European Food Service Summit in Zurich, Switzerland in September 2011, Professor Christopher Muller sat down with Howard Schultz, the CEO of Starbucks to discuss a wide range of topics. Their discussion touched on best management and business practices and the techniques that Schultz used to bring Starbucks back from the brink of bankruptcy to the international coffee corporation it is today.

Self-Confidence in the Hospitality Industry
Michael Oshins

Few industries rely on self-confidence to the extent that the hospitality industry does because guests must feel welcome and that they are in capable hands. This article examines the results of hundreds of student interviews with industry professionals at all levels to determine where the majority of the hospitality industry gets their self-confidence.
We are happy to publish the first issue of Volume II of the Boston Hospitality Review (BHR). We would like to thank Prof. Brad Hudson as the inaugural Editor for the first volume of the BHR. We are grateful for his tireless work, dedication to quality and sheer willpower to make this publication a reality. Working with Chris Muller, the previous Dean and Publisher, Brad executed their vision for a different approach to an industry publication—“An interdisciplinary journal devoted to scholarship and reflection about the theory and practice of hospitality as a business activity and cultural phenomenon.” They struck the right blend between a peer reviewed academic journal focused on theory building and a trade publication.

As we publish the first issue of the second season, we hope to maintain the standard of excellence Brad has established. Please contact us at busha@bu.edu if you would like to write for the journal or would like to sponsor an issue. This journal is also appropriate for those wanting to report on practical implications of theory-based or empirical papers published in refereed journals.

Echoing Brad's wishes, we hope to continue his work and create a journal that “you will enjoy reading, that you will return often for future installments.”

Sincerely,

Arun Upneja, Ph.D. Publisher
Mike Oshins, Ed.D. Editor
The Current State of the New England Lodging Market
New England Falls Short of the Nation in RevPAR Growth in 2013
Rachel Roginsky and Matthew Arrants

Revenue per available room (RevPAR) for the New England region grew 5.2 percent compared to growth of 5.4 percent for the country as a whole. However, there is still plenty of good news:

- The region was only slightly behind in terms of RevPAR, exceeding the national growth rate for occupancy and recording the same rate of growth in demand;
- Two states (Massachusetts and Vermont) outpaced the national growth rates in RevPAR and occupancy; and
- Demand growth in all but two of the New England states was equal to or above the national average.

While this is the second year in a row when the region finished behind the nation in terms of RevPAR growth, it was much closer, lagging only 0.2 percent behind versus 1.2 percent last year. One reason for the region’s slow growth is that it has been outperforming the rest of the country in terms of absolute figures. In 2013 occupancy for the region was 62.5 percent compared to 62.3 percent for the country as a whole and the average daily rate was $131.46 versus $110.35.

### Historic Lodging Market Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupancy (%)</th>
<th>Average Daily Rate ($)</th>
<th>RevPAR ($)</th>
<th>% Change Room Rev</th>
<th>% Change Supply</th>
<th>% Change Demand</th>
<th>% Change OCC</th>
<th>% Change ADR</th>
<th>% Change RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>58.7</td>
<td>100.89</td>
<td>59.19</td>
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<td>7.6</td>
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<td>10.4</td>
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<tr>
<td>2012</td>
<td>58.2</td>
<td>103.47</td>
<td>60.25</td>
<td>2.3</td>
<td>0.1</td>
<td>-0.3</td>
<td>-0.4</td>
<td>2.6</td>
<td>2.1</td>
</tr>
<tr>
<td>2013</td>
<td>59.1</td>
<td>107.26</td>
<td>63.34</td>
<td>5.0</td>
<td>0.2</td>
<td>1.8</td>
<td>1.6</td>
<td>3.2</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Source: Smith Travel Research

**Connecticut**

As a whole, the state of Connecticut did not experience the same levels of growth as the rest of the country, but it did see a significant improvement over 2012. The table presents key performance metrics for the state over the last three years.
As the table indicates, Connecticut experienced a strong recovery in 2011 followed by two years of more moderate growth. In fact, demand actually declined in 2012. Fortunately supply growth has been very limited, which has helped statewide occupancy grow.

A review of the top four markets in the state indicates that only the Stamford/Danbury market outperformed the statewide averages. RevPAR growth for that market area grew by a strong 6.3 percent due to strong growth in both occupancy and average daily rate (ADR). The New Haven/Waterbury market did well in terms of RevPAR growth; however, it was due in part to a decline in supply that helped increase market occupancy.

<table>
<thead>
<tr>
<th>Historic Lodging Market Performance</th>
<th>Maine</th>
<th>% Change</th>
<th>% Change</th>
<th>% Change</th>
<th>% Change</th>
<th>% Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
<td>Occupancy (%)</td>
<td>Average Daily Rate ($)</td>
<td>RevPAR ($)</td>
<td>Room Rev</td>
<td>Supply</td>
<td>Demand</td>
<td>OCC</td>
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<tr>
<td>2011</td>
<td>56.8</td>
<td>99.22</td>
<td>56.37</td>
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<td>2012</td>
<td>56.9</td>
<td>104.09</td>
<td>59.19</td>
<td>3.9</td>
<td>0.8</td>
<td>1.6</td>
<td>0.8</td>
</tr>
<tr>
<td>2013</td>
<td>57.5</td>
<td>108.33</td>
<td>62.28</td>
<td>5.5</td>
<td>0.2</td>
<td>1.3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: Smith Travel Research

**Maine**

Maine finished the year with an occupancy rate of 57.5 percent, an increase of 1.1 percent over 2012. Average rate of growth was the strongest of the last three years increasing by 4.1 percent. The table presents the state’s performance over the last three years.

The top performing market in the state was Portland, which experienced RevPAR growth over 10 percent with the growth fairly evenly distributed between both occupancy and average rate. Helping that market’s performance was the closure of the Eastland Park, which was undergoing renovations for most of the year. Bangor did not perform well relative to the rest of the state or to other markets due to new supply that pushed occupancy levels down.

<table>
<thead>
<tr>
<th>Historic Lodging Market Performance</th>
<th>Massachusetts</th>
<th>% Change</th>
<th>% Change</th>
<th>% Change</th>
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<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>Year</td>
<td>Occupancy (%)</td>
<td>Average Daily Rate ($)</td>
<td>RevPAR ($)</td>
<td>Room Rev</td>
<td>Supply</td>
<td>Demand</td>
<td>OCC</td>
</tr>
<tr>
<td>2011</td>
<td>65.8</td>
<td>139.08</td>
<td>91.41</td>
<td>5.9</td>
<td>0.4</td>
<td>2.2</td>
<td>1.8</td>
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<tr>
<td>2012</td>
<td>66.4</td>
<td>148.42</td>
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<td>8.3</td>
<td>0.5</td>
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<td>1.0</td>
</tr>
<tr>
<td>2013</td>
<td>67.2</td>
<td>153.87</td>
<td>103.46</td>
<td>5.9</td>
<td>0.4</td>
<td>2.2</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: Smith Travel Research

**Massachusetts**

The Massachusetts lodging market is traditionally the strongest in the region. In 2013 the state finished with an average rate almost 40 percent above the national average. The table presents the state’s performance over the last three years.

Lodging performance in Massachusetts, as a whole, is heavily impacted by activity in Boston. More than half of the hotel rooms in the state are located in Greater Boston with approximately one-quarter in the cities of Boston and Cambridge alone. The Boston market performed very well in 2014. Market
occupancy reached a record 80 percent due to strong convention demand during the first quarter, and strong playoff runs by the Red Sox and the Bruins. The strong market occupancy pushed demand out to the suburbs helping to increase occupancy levels for those markets.

<table>
<thead>
<tr>
<th>New Hampshire</th>
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</table>

The New Hampshire lodging market was one of the weaker performers in the region in 2013. RevPAR grew by only 4.4 percent with occupancy up 1.9 percent and ADR up 2.5 percent. The relatively slow growth in RevPAR in the last two years could be attributed to the very strong growth experienced in 2011. The statewide occupancy is lower than the national average, but given the seasonality of demand in the state, this is reasonable. The state’s ADR of $113.56 in 2013 is on a par with the national average of $110.35. The table presents the statewide lodging performance over the last three years.

<table>
<thead>
<tr>
<th>Historic Lodging Market Performance</th>
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</thead>
<tbody>
<tr>
<td>New Hampshire</td>
</tr>
<tr>
<td>Year</td>
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<tr>
<td>------</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
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</tbody>
</table>

## Rhode Island

Rhode Island’s RevPAR growth was the weakest in the region in 2013, increasing by 3.7 percent compared to 5.2 percent for all of New England and 5.4 percent for the country as a whole. Demand in the state grew at a respectable rate of 1.9 percent, however occupancy growth was limited by new supply, which grew at a rate of 0.6 percent. Average rates for the state grew by 1.8 percent, its lowest rate over the last three years and the lowest in the region. A look at some of the individual markets in the region suggests that Providence held the market back due to negative growth in ADR and only minor increases in occupancy. Warwick on the other hand performed well with significant increases in both occupancy and average rate. Newport’s performance was mixed with occupancy basically flat and ADR up over 2.5 percent.

<table>
<thead>
<tr>
<th>Rhode Island</th>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupancy (%)</th>
<th>Average Daily Rate ($)</th>
<th>RevPAR ($)</th>
<th>% Change Room Rev</th>
<th>% Change Supply</th>
<th>% Change Demand</th>
<th>% Change OCC</th>
<th>% Change ADR</th>
<th>% Change RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td>2012</td>
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<td>2013</td>
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</table>

Source: Smith Travel Research
Vermont was the top performing state in the region with RevPAR growth of 6.1 percent. Driving the state’s strong performance was a demand growth of 3.4 percent compared to 2.2 percent for the region and the country as a whole. Average rate growth in the region was less impressive in 2013 increasing at only 2.8 percent.

### Historic Lodging Market Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Occupancy (%)</th>
<th>Average Daily Rate ($)</th>
<th>RevPAR ($)</th>
<th>% Change Room Rev</th>
<th>% Change Supply</th>
<th>% Change Demand</th>
<th>% Change OCC</th>
<th>% Change ADR</th>
<th>% Change RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>59.3</td>
<td>114.96</td>
<td>68.16</td>
<td>8.5</td>
<td>0.9</td>
<td>5.1</td>
<td>4.2</td>
<td>3.3</td>
<td>7.6</td>
</tr>
<tr>
<td>2012</td>
<td>60.0</td>
<td>124.89</td>
<td>74.90</td>
<td>8.4</td>
<td>0.6</td>
<td>2.5</td>
<td>1.8</td>
<td>5.8</td>
<td>7.7</td>
</tr>
<tr>
<td>2013</td>
<td>61.9</td>
<td>128.42</td>
<td>79.44</td>
<td>6.3</td>
<td>0.2</td>
<td>3.4</td>
<td>3.1</td>
<td>2.8</td>
<td>6.1</td>
</tr>
</tbody>
</table>

*Source: Smith Travel Research*

Several markets are poised for some changes over the next 12 to 18 months:

- Providence, RI – There are new additions to supply anticipated in Providence in 2014. The Biltmore is expected to complete a major renovation that will help to reposition the property and allow it to increase its rates. While fewer conventions are expected, there are more convention related room nights due to a large event at the end of November.
- Hartford, CT – The downtown market continues to slowly dig its way out of the recession with an increase in RevPAR of 4.0 percent due to growth in both occupancy and average daily rate. The absolute numbers, however remain relatively weak with occupancy at 57.2 percent and ADR at $101.96. Outside of downtown, the owners of the Delamar in Greenwich and Southport continue to work on a boutique hotel project in West Hartford.
- Portland, ME – The Portland market is bracing for a major increase in supply. In December, the former Eastland Park hotel reopened as the Westin Eastland with 289 rooms after being closed for a year and a half. A 130-room Hyatt Place and a 131-room Courtyard by Marriott are both expected to open in May of this year along with a 35-room addition at the Hilton Garden Inn at the airport. Next year a 110-room boutique hotel affiliated with Marriott’s Autograph collection is expected to open.
- Boston and Greater Boston – The Cities of Boston and Cambridge, and the suburban Boston lodging market, should continue to show very strong numbers in 2014 due to capacity constraints caused by limited new supply. In addition, 2014 is expected to be a strong convention year for the Boston Convention and Exhibition Center.

While RevPAR growth for the region was slightly below the country as a whole in 2013, we remain optimistic about the prospects for the regional lodging market in 2014. Only one market (Portland, ME) is
expected to experience significant growth in supply. Limited supply growth in the region coupled with moderate growth in demand will result in higher occupancy levels and allow operators to increase their rates at above inflationary levels.

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**Matthew Arrants**, ISHC, is the Executive Vice President of Pinnacle Advisory Group. Prior to joining Pinnacle, Mr. Arrants worked in operations with Four Seasons Hotels and Rock Resorts. He holds a master's degree in hotel administration from Cornell University, and a bachelor's degree in political science from Hartwick College. Email marrants@pinnacle-advisory.com
The Fall and Rise of the Travel Agent
Stephen Jermanok

In 1990, I left my job as a broker in Manhattan, booked an open-ended ticket to the South Pacific, New Zealand, and Australia, and wrote my first travel story, “Dining with the Descendants of Cannibals on a Fijian Island” for the Miami Herald. It would prove to be the start of a career in which I would write more than 1,500 stories, of which more than 300 were for the Boston Globe, and visit more than 80 countries. Then the recession hit. In 2008–09, I lost more than half of the editors for whom I was writing as magazines folded and newspapers either eliminated or greatly reduced their travel sections. Wanting to utilize my travel expertise, I convinced my wife to join me in a business venture and become an accredited travel agent.

Close family and friends scoffed at the idea, as if I just announced that I was becoming a blacksmith. After all, wasn’t it President Obama who suggested in a town hall meeting that travel agents were becoming obsolete? How could they possibly prosper against big-pocket online travel agencies (OTAs) like Expedia, Priceline, Travelocity, and Orbitz? There was just no need for them anymore; or was there? Since we opened our home-based travel agency, ActiveTravels.com, in May 2012, without the benefit of advertising dollars or a marketing department, there has been a steady stream of traffic. At a recent breakfast for travel agents at the Four Seasons Boston, many attendees we met said they had a banner year in 2013.

“Our sales are way up from 2012 and we’re hiring,” said Susan Fitzgerald, National Brand Manager for Travel Associates USA, which plans to open its new Boston Travel Center in Downtown Crossing next month.

There’s no denying that the advent of the OTAs had a great impact on the industry. According to the Bureau of Labor Statistics,
there were 64,680 full-time travel agents in 2012, down from 95,360 employees a decade prior. The American Society of Travel Agents (ASTA) claims that the Bureau of Labor Statistics figure does not include home-based travel agents, a growing portion of the business, and that the 8,000 American travel agency firms now employ 105,000 people. Both agree that employment of travel agents will continue to grow by 10 percent per year.

While employment might have decreased in the past decade, revenues are substantially higher. Travel agencies generated $17.5 billion in revenue in 2011, up from $9.4 billion in 2002. Pricing is higher, accounting for some of that increase, but technology has also led to greater productivity. Few clients go into a brick-and-mortar shop without a clue where they want to go, only to be handed a pile of brochures as they were in the past. Nor are travel agents in the back room printing out paper tickets.

“Travel agents are still the largest channel for airline, hotel, cruise, and car companies. They cater to every type of customer, from the time-starved executive that wants an end-to-end travel management solution to the leisure traveler looking for an experience catering to his or her unique lifestyle,” said Zane Kerby, President and CEO of ASTA.

Here are some of the reasons why travel agents are still successful:

**Personalized Customer Service**

Coverage on Fox News in early January about the horrific flight delays around the county due to inclement winter weather and new FAA regulations that reduced the amount of time a pilot and the crew can fly before a necessary break included a man at Logan Airport who missed his Caribbean cruise. Travel agents always advise their clientele to book flights directly with the cruise line so, in case of a flight delay, the cruise line will find a way to get them to the next port. But the man at Logan did not know that; nor did he feel the need to acquire travel insurance, so he was out of luck. Just as important, he was stuck in an hours-long line with the airline trying to re-book the next available flight, while fellow passengers with travel
agents at their disposal were sipping martinis at the Legal C Bar. Not to say flight delays aren’t a huge hassle for travel agents as well, but agents do have connections at airlines that they utilize during worst-case scenarios. Customer service from OTAs is not nearly at the level it should be, forcing many travelers to, once again, use an agent.

Susan Fitzgerald, of Travel Associates USA, said, “We act as advocates for our clients in the event that things don’t go according to plan.” She added, “We are here to help them 24 hours a day, 365 days a year, before, during, and after travel.”

Travel Expertise

If you Google “Italian villas” you will find more than 59 million results. Have fun with that research. According to Mark Orwell, editor at Travel + Leisure magazine, the average traveler is spending nine sessions on the web and visiting 21 websites before they book their travel. That number will surely increase with the deluge of travel content. A recent client came to my wife and me explaining that he had “analysis paralysis” after spending close to 30 hours trying to find a pension in Provence.

Adding to consumer research exhaustion is that many of the top-rated hotels on TripAdvisor and Travelocity are geared toward the low-end or middle markets. According to Larry Olmsted, travel columnist for Forbes, “It’s a numbers game and the luxury segment is very small. So when they are giving the airport Radisson a four and a half star rating, on that scale how can premier Hong Kong hotels such as the Mandarin Oriental or Peninsula be differentiated in a meaningful way?” This could explain why affluent travelers are seeking out travel agents. A study from the Harrison Group found that 20 percent of consumers with a household income greater than $100,000 used a travel agent in the past year. That’s up from one in seven affluent households in 2009.

Travelers are looking for first-hand expertise and the travel agent has evolved to fill that void. No longer are agents sitting behind desks all day researching trips from afar; they are often on the road gaining valuable expertise. For example, take Paula Hoffman, the Cruise Specialist at Wayland Travel. At last count, she’s taken 51 cruises to 41 countries. She knows a thing or two about which cruise line to recommend based on your interests.

Today’s traveler is well-versed on a destination before he or she arrives on a travel agent’s doorstep. Many times, they come with a list of properties they’ve found on TripAdvisor or Frommer’s. They simply want someone with expertise to give their stamp of approval, someone who has personally stayed in these lodgings or who knows clientele who have.

Contacts Around the Globe

Many people like to travel independently to the far corners of the planet. It’s simply unrealistic for any travel agency to have expertise on all countries. So agents rely on contacts made around the globe. These include a travel firm in New Delhi that provides transportation and guides to the Taj Mahal and Jaipur, a New Zealander who designs detailed self-guided driving itineraries to his favorite sites and B&Bs in the country, a naturalist in Sumatra who will help locate the native orangutans, and an art expert in Rome who will take you behind the scenes to talk about Michelangelo. Whenever a client returns with a rave travel recommendation for a guide, lodging, or local outfitter, we add them to a growing list.

Travel agents also have excellent contacts with hotel employees that can help clientele attain better rooms and service. In
an upcoming story I wrote for the Boston Globe on “The Key to Getting a Better Hotel Room,” I interviewed Jacob Tomsky, author of the best-selling Heads in Beds (Double-day). Tomsky, 35, spent a decade in the hotel industry; seven of those years were spent manning the front desk at an upscale midtown Manhattan hotel. When asked whether it was better to book a room via a travel agent or to reserve through websites like Hotels.com or Priceline, he replied, “From a business standpoint, people who book through third-party travel sites are looking for a discount. The likelihood that they’ll return to your hotel is close to nil. So discount reservations are our last priority. Also, those third-party sites often don’t know the property. I once had someone checking into a midtown Manhattan who wanted a beach view. A good travel agent knows to call the hotel 2 to 3 days before you arrive to speak to the front desk or general manager. It’s a business of people serving people. The more you can connect with the hotel, the better your stay.”

Barry Kushner, director of business travel and industry sales at The Fairmont Copley Plaza, agrees. “Travel agents provide a safety net during a trip that guests simply don’t get by booking on their own or through an OTA,” he said. “Having a top travel agent can also help guests receive room upgrades, special amenities, or a welcome from a GM.”

It also doesn’t help that OTAs are reaping exorbitant finder fees from lodgings, up to 25 percent of the cost per room from independent properties, compared to the average 10 to 12 percent commission for travel agents. The fiscal model has certainly changed for travel agents since the 1990s, when airlines started offering little or no commission. Fees for booking airline tickets are now standard as are as trip planning fees. We charge households an annual $60 membership fee to help supplement our income and fees for designing detailed itineraries that feature lodging, recommended restaurants, sights, activities, and guides. We are also aligned with a host agency in New York that allows us to offer benefits from the travel consortium Virtuoso. When booking one of the upscale properties in that network, we can
offer free upgrades, complimentary spa services and breakfasts.

Need an affordable flight direct to Fort Lauderdale and a 3-star property near the beach? You can figure that out online. If you prefer 4- and 5-star properties in the Caribbean, want a private guide in Europe, are unsure which safari company to use in Africa, or can't distinguish between the countless cruises to Alaska, it would be wise to talk to a travel expert, also known as your local travel agent.

Steve Jermanok is Co-Founder of Newton-based ActiveTravels.com with his wife, Lisa Leavitt. He is considered one of the most prolific travel writers in America, having explored more than 75 countries and written more than 1500 articles on a broad range of subjects, from art to adventure. He has lectured at numerous travel symposiums across the country, including keynote address at the New York, Maine, Vermont, Nevada, North Dakota, Nebraska, Louisiana, Mississippi, and Montana Governor's Tourism Conference. He is a graduate of chemical engineering from the University of Michigan.
A popular cultural narrative suggests that hospitality chains are a product of modern America. Although it seems clear that multi-unit hotel and restaurant brands proliferated in the United States during the twentieth century, historical research demonstrates that the phenomenon is actually much older. The origins of hospitality chains can be traced back to the Roman Empire. Organizational systems and travel behaviors have remained remarkably similar throughout Western civilization during the past two millennia.

**Ancient Rome**

The ancient Romans built more than 250,000 miles of roads throughout Europe and the Mediterranean region, including more than 50,000 miles that were paved with stones. The primary purpose of such roads was to facilitate the quick and reliable movement of public couriers and military forces.

These roads were divided into sections of 1,000 (mille) paces or 5,000 feet. This constituted a Roman mile and is the derivation of the English word ‘mile.’ Along major roads, the engineers installed stone posts every mile to mark the distance and provide information to travelers.

At regular intervals along these roads, relay stations were established where travelers could rest, feed and water their oxen or horses, exchange horses, or pass communications from one rider to another. These were located at a distance equivalent to one day of travel, which was typically about 20 miles. An extended journey was thereby div-
vided into multiple stages between posts and relay stations.

Guest houses with dining facilities were established at each relay station. Originally the state operated these as barracks for military or government officials. Eventually a shadow system of commercial places to stay or eat developed near relay stations.

**Medieval England**

Travel patterns maintained a great deal of continuity after the fall of the Roman Empire. The roads were durable and remained the primary means of land travel well into the Middle Ages. Systems of communication also followed the Roman model, as messages continued to be transmitted by couriers on horseback.

The relay stations eventually fell into disrepair, but they were periodically replaced over the centuries, often being rebuilt on the same plot of land. Travelers still needed to stop at a secure place to rest for the night, couriers still needed to pass messages among themselves, and horses still needed to be watered or exchanged. The system of accommodation along the Roman waysides continued.

In Britain, many of the terms for elements of these transportation and communication systems were eventually replaced by English equivalents. The Roman roads became known as ‘post roads’ due to the distinctive milestones positioned or posted along the route. The public courier system was eventually reconstituted by Henry VIII, who appointed a ‘Master of the Posts’ to manage the network. The duty of station keepers to provide services to official couriers was recognized by their appointment as ‘post masters.’

The relay stations became known as ‘post houses’ or ‘posting houses.’ These often served couriers, but the suffix ‘house’ emerged to signify a lodging facility, while the term ‘office’ later identified the distinct function of a courier station. An Old English word for dwelling evolved into the modern term ‘inn.’

During this period, suspension systems were added to wagons to enable a more comfortable ride along uneven road surfaces. The new vehicles were known as ‘coaches.’ Those that carried passengers for hire along
the post roads, in stages between post houses, became known as ‘stage coaches.’

American Railroads

At the beginning of the eighteenth century, Thomas Newcomen developed the first practical steam engine, to pump water out of mining shafts in England. This is widely recognized as a moment of acceleration in the Industrial Revolution. A century later, the same engine technology was applied to a system of coaches running on rails to create the passenger train.

The first major railway in the United States was the Baltimore & Ohio Railroad, which was established in 1827. A half century later, there were more than 150,000 miles of track throughout the United States.

Trains stopped periodically to pick up and discharge passengers and freight. More importantly, the steam engines that powered these conveyances needed to replenish their supplies of coal and water on a regular basis. Therefore, a series of stations were created at intervals along the rail lines.

Wherever railroad stations were established, a hospitality infrastructure appeared almost immediately, for several reasons.
First, efficient operations required that passengers be ready to board together during a narrow timeframe, which often required an overnight stay before or after the day of travel. Second, at stations located near regional maintenance facilities, the railroad companies needed transient accommodations for their own employees traveling on business. Third, during the early years, trains did not have dining cars, so passengers had to disembark during long journeys to obtain food and drink.

Some of these hotels and restaurants were constructed and operated by the railroad companies themselves, some were created through partnerships between railroads and independent operators, and some were started by enterprising businesspeople with no direct connection to the railroads. Perhaps the most famous of these partnerships was established between the Atchison, Topeka & Santa Fe Railroad (AT&SF) and the Fred Harvey Company.

Harvey opened the first restaurant of this collaboration inside the railroad station at Topeka, Kansas in 1876. By the turn of the century, his company operated nearly 100 hotels and restaurants, mostly along the AT&SF main line through the southwestern United States, and employed almost seven thousand people.

**American Highways**

The road system in the United States was antiquated at the beginning of the twentieth century. Most roads were dirt or gravel. Few were paved with hard surfaces such as stone, brick, concrete, or asphalt. The modern American highway system has its origins in two phenomena.

First, consumer demand for automobiles increased dramatically after the Ford Motor Company introduced the relatively affordable and reliable Model T in 1908. Ownership grew steadily over the next few decades, surpassing one automobile per American household on average by 1950. During this time, drivers increasingly complained about the quality
of the road system on which their vehicles operated.

Second, after military leaders grasped the importance of logistics and mechanized warfare in Europe during World War I, they turned their attention to improving the road system at home. The United States Army dispatched an experimental convoy of trucks to drive across the American continent in 1919, but the roads were so poor that the journey took more than two months and numerous vehicles were lost along the way.

Subsequent publicity led to passage of the Federal Highway Act in 1921, which supported the improvement of roads nationwide and the construction of an integrated national highway system. Among the new interstate roads was Route 66 from Chicago to Los Angeles, the first portion of which was designated in 1926. This paralleled the main route of the Atchison, Topeka & Santa Fe Railroad.

Three decades later, renewed complaints about the quality of the road system and concerns about military mobility again led the federal government to act, with passage of the National Interstate and Defense Highways Act in 1956. This funded a series of new or upgraded roads, which borrowed design principles from the innovative German autobahn system, allowing safe travel at high speeds.

A few insightful hospitality entrepreneurs perceived opportunity in this changing transportation system. One was Kemmons Wilson, who traveled from Memphis to Washington during a family vacation in 1952. He drove the nearly 900-mile route, which required stopping several times for overnight stays. Wilson was extremely dissatisfied with the poor quality of roadside lodging, and he subsequently decided to build his own version of the perfect motel. The first such property was built in Memphis and named ‘Holiday Inn’ after a popular film. Within a decade, there were more than 100 such properties through-

A modern highway (1955)

Holiday Inn (circa 1965)
out the United States, mostly adjacent to highways.

**History Continues**

The physical ruins of Roman roads remain evident throughout Europe today. Many of the identical routes continue to be traveled. Paving stones and horses have been replaced by asphalt and automobiles, but destinations and travel patterns remain remarkably similar.

Numerous British roads have been identified by their Roman origins for centuries. This includes the modern A3052 through Devon, which was known as the ‘Old Roman Road’ until the introduction of the modern numbering system in 1936.

Along this route today stands the Cat & Fiddle Inn, which has been operating as a hotel and restaurant continuously for several hundred years. It is plausible that this site has been the location of a roadside lodging facility since the period of Roman occupation. Similar historic inns are located throughout Europe along former Roman roads.

The idea of the post road was brought to America during the British colonial era. The ‘Boston Post Road’ connected Boston to New York via Springfield, following a route that was traveled as early as the seventeenth century.

About twenty miles west of Boston, along the Boston Post Road in Sudbury, David Howe began to offer hospitality services to travelers from his home in 1716. The celebrated poet Henry Wadsworth Longfellow visited in 1862, and subsequently used the Howe Tavern as the setting for his collection *Tales of a Wayside Inn*. The tavern quickly became known informally as ‘Longfellow’s Wayside Inn,’ which was adopted as its official name in 1897. Today, the Wayside Inn is one of the oldest continuously operating hospitality businesses in the United States, and is listed on the National Register of Historic Places.

Although the Boston Post Road is no longer a major highway, the long-standing travel patterns between Boston and New York continue. The historic route runs parallel to modern interstate highways through Massachusetts and Connecticut. And along the original post road itself—only seven miles west of the Wayside Inn at the intersec-
tion of Interstate 495—travelers today can find accommodation and refreshment at a Holiday Inn.

**The Post House Principle**

The ancient system of relay stations has also survived to the modern era as an intangible business practice. Entrepreneurs have been following transportation routes for centuries, seizing opportunities to meet consumer demand wherever travelers need to pause for refreshment or sleep.

This phenomenon is not exclusive to European civilizations or the regions formerly part of the Roman Empire. The practice of establishing stations along travel routes can be found in cultures throughout the world. Nonetheless, the interdependent development of travel systems and the business of hospitality are particularly well documented in the historiography of ancient Rome, and physical evidence is readily apparent at excavated ruins throughout Europe.

The Roman relay station, the medieval post house, the New England inn, the railroad restaurant, and the highway hotel all share a common heritage. Just as the horses of ancient couriers stopped for water, so did the ‘iron horses’ of the railroads. Just as ancient oxen paused to forage, so do automobiles stop for gasoline. And just as ancient voyagers needed to stop for sleep or nourishment, so do modern travelers visit roadside hotels and restaurants.

The idea of a multi-unit hospitality system—with a series of similar units operated by a single entity or by independent entrepreneurs using common principles, with relatively consistent expectations from diverse consumers, regarding the range and quality of services that might be available, across a broad geographic region—is nothing new. Modern chains of hotels and restaurants are following in the footsteps, sometimes literally, of prior generations.

The origins of American hospitality can be traced directly from the ancient Roman occupation of Britain, through medieval England, to the British colonial era in America, through the period of Industrial Revolution and westward expansion in the United States, and finally to the modern era.

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A conversation between Mr. Howard Schultz, CEO of Starbucks, and Dr. Christopher Muller during the September 2011 12th annual European Food Service Summit in Zurich, Switzerland (edited 2014).

[Muller]: So we get to just have a conversation. Can we talk about Starbucks and social responsibility, the leadership of how you drive not just your own business, but through the decisions you make how you affect the rest of the community? You led with healthcare, you led with higher wages, flex time, great benefits. Have you seen it as having an impact on the industry?

[Schultz]: Well first off, I would say, and I think people would be surprised by this, we can prove year in and year out that the decisions we’ve made about the environment and social responsibility, our commitment to the continent of Africa, the way we purchase coffee, healthcare and other things that we’ve done; we can absolutely, quantitatively prove this has been good for business and good for the bottom line.

Now, you have to have faith and confidence that these decisions are the right ones. But the truth of the matter is that I haven’t seen a groundswell of support for these practices within the industry. In fact I think certain companies have tried to wrap themselves in the cloth of this without the authenticity of it. It kind of hurts you, in a way, because you’re trying to compete on a level playing field but they aren’t investing nearly as much.

So the bottom line, in regards to competition and the other companies in the industry,
is we’ve said we’re not going to allow other forces to define who we are. We’re going to do the right thing and, over time, our customers will realize the leadership and authenticity of our company.

You’re back in a leadership role. Your book (Pour Your Heart Into It) was all about building a company. Your later book (Onward) is about how to save a company. You say that you like the challenge of survival: it gives you backbone. How do you instill that same sense of urgency in your people?

I might have said I like the challenge of survival, but nobody wants to go through what we’ve gone through! But having gone through it, I think it gave the company and the organization a new level of muscle memory and discipline that has made us a strong organization.

In the first month after I came back I was reading a magazine from somewhere and I saw this poster in the magazine and it turned out to be a great metaphor for what we were doing. I blew the poster up and put it in the boardroom of Starbucks. It was a picture of someone’s hand in mud with a line that said “Success will only come to those willing to get their hands dirty.”

Now Starbucks employs 200,000 people around the world. I can’t expect 200,000 people to understand what it was like when we were starting and building the company. But I have to be able to tell that story to people. In the first year we were opening stores, my wife was pregnant, we had no salary, and we were trying to decide which vendor to pay and basically telling a story to one vendor versus the other—literally fighting for survival.

I mentioned in my remarks that in the years 2000–2005 I can tell you nobody at Starbucks was in the mud. They were driving fancy cars and building big houses and doing all kinds of things as a result of the success of the last 25 years. We had to get back in the mud. In addition to that, as the leader, my responsibility was as a fiduciary to the shareholders and the other 200,000 people who were relying on us to save and preserve the company. So when I realized that certain people, good people with good values, were unwilling at this time in their careers or lives to get back in the mud, I made some changes.

I’m here to tell you that when I arrived back at Starbucks in January of ’08, I had 11 direct reports and 6 months later, 9 of them were gone. Good people, but they just did not believe we were capable of turning it around. And they didn’t have the inner fight to do what was going to be necessary and make the sacrifice.

One of the things they teach you in all business schools is you’ve got to have a mission statement, it’s got to be authentic, and you’ve got to stick to the mission. Yet you came back and changed the mission statement of your company. How did you decide that was a crucial part of the turnaround?

Well it wasn’t only the mission statement. I think we developed what we loosely described as a “Transformational Agenda.” The objective was, “Let’s put on one piece of paper what we’re going to try and do over the next year or two to turn things around.”

If you were the president of a division or a part-time, 20-hour-a-week barista who did not go to college you could read this, understand it, and most importantly understand your role and your responsibility in it. The
mission statement was refined and changed for the time.

I think we all create documents and put things on the wall but this was a living document that we had to begin to institutionalize in the company. We had to begin to measure and reward the right things. One of the dangers of the years that went bad at Starbucks was that we were measuring and rewarding the wrong things. And you know, I did something the first couple of months after I came back and people thought, “This guy really is crazy.” We closed every single store in the United States, at a cost of $10 million, for retraining.

Think about that. We said to the world, “We’re not good enough anymore. We’re going to retrain.” I’m not talking about retraining on meaningless stuff—we’re going to retrain on making coffee! That’s like training someone to walk. And the signal internally was the degree of honesty and truth about what it is we were going to do.

In addition to that, we assembled 10,000 store managers in New Orleans and we had this meeting. This was not a convention, this was not a celebration, this was an unbelievable time when we all had to face in the same direction. Most importantly 10,000 store managers, the most important person at Starbucks, all had to recommit heart, body, and soul, to the objectives and take them back to the stores and make a difference. I think the hardest thing for all of us is convincing a store manager or a part-time person in a store that the work that they do every single day is much more important than the work I do.

In fact there’s a sea of mediocrity in terms of consumer experiences all over the world. We at Starbucks, from this point on, are going to exceed the expectations of our customers in such a way that they’re not only going to want to come back, but they’ll tell a friend. That is our new job and that is what we’re going to measure and reward and celebrate. Not the stock price. Not profitability.
Another one of the things that people thought you were kind of crazy for doing was buying the Clovers, an $11,000 coffee machine that was actually going to slow down the production of a cup of coffee. My local store on Commonwealth Avenue in Boston has two of them. I think it's a significant difference. You also changed the store design. The place looks different than it did four years ago. How did you decide to bet the farm and buy this ridiculously expensive coffee machine?

[laughing]: Well, you know, I don't have a business degree and I’m not an MBA!

I don't either! I haven't got one of those either.

I'm not that schooled and respectful of a lot of research, you know? And whenever I interview a Harvard MBA, he talks to me about his belief in research. That meeting, it just doesn't go very well. We have 17,000 stores around the world and I think I could go into a store and get a lot of research, but enough about that.

You asked about Clover and we found the machine that makes the most extraordinary cup of coffee in the world. We said as a result of what we're trying to do—our mission—to really rebuild the coffee authority of the company, let’s buy this company and create a Starbucks reserve, not unlike the wine industry, around Clover. And that's exactly what we've done and it's been a very big success for the company.

And then the other new product, one of the really, truly innovative introductions was Via. You also took a lot of grief for coming out with an instant coffee when everybody said, “We don't want it.”

Via is probably the poster child for the last two years. A $24 billion global category in terms of instant coffee, not much innovation in the last 50 years, dominated by one great company, Nestlé. We said we think we can bring something to the category—we could replicate, through technology, the quality and taste and profile of Starbucks in an instant form. Obviously, people said, “This is a desperation move. This is going to fail.” But Via will be a billion dollar business in just a few years.

Going sort of one step further, there's been a huge growth in Keurig single-cup machines, and Nescafé has made a huge business, especially in Europe, with their competitive machines. But you haven't entered that market yet. Dunkin’ Donuts just came out with its K Cups. Is that a product that is of interest?

Nestlé has done an extraordinary job with Nespresso and Keurig has done the same in the U.S. We did just create a partnership in which Starbucks is going to be in K Cups with Keurig that will be launched next month in grocery stores in the U.S.

That's exciting.

Yes. You know these are early days for us in terms of the growth and development. We're building a consumer products business. We've had great success in China; we're going to open up in India and Vietnam in the next year or two. So these are good times. Thank you.

Innovation is not just inventing things but adapting to changing moments.

I think if you're not cannibalizing yourself, someone else is going to cannibalize you. I think innovation is the key to the future but you can't make a lot of bets. I also think a great lesson we've learned this year is: you should push the envelope enough to fail, but
fail fast and don't fail again on the second idea. But I think if you're not having some degree of trepidation and concern, you're not pushing hard enough.

Actually, that might segue nicely into some of the non-business things that you've done in the U.S. especially that have been quite newsworthy. As the CEO of a publicly traded company, how far do you think you can actually go pushing your global perspectives on things like human rights and social issues—because clearly, you're doing it.

Yeah based on my remarks I think you can see I’m quite concerned about the political situation around the world and the U.S. I’m a registered Democrat—I want the president to succeed but the leadership in Washington is not giving us what we need. I felt strongly that we have a role to play based on civility and respect and not just taking a position—just encouraging the leadership within Washington to do the things necessary to preserve the American dream.

I have been outspoken and I think most of our customers, and certainly our people, have embraced the fact that we’ve kind of hit a nerve. We had a town hall meeting about a week and a half ago that was webcast. With just three days notice 137,000 people were on the webcast from all over the country basically saying the same thing. That was that they didn’t feel represented and don’t recognize what’s coming out of Washington. I think this is a time in our world when our leaders need to lead.

Two things happened recently—you were in Newsweek saying you’re encouraging other business leaders not to donate to either political party until some action is taken. And we heard that Warren Buffet has said that taxes need to be changed, what the president called, “the Buffet Effect.” Have you been called to lend your support to that too?

I spoke to Warren twice in the last couple of weeks. I have spoken to some of the elected officials and we have 161 public CEOs who
have signed the pledge not to contribute to any incumbent reelection until we see more civility and results out of Washington.

That’s a major step. We often don’t see business leaders talking about issues that are important to the nation.

I don’t think this is a time when business leaders or citizens should be quiet. We have to remember something—the politicians work for us.

Sometimes they forget. When we look at social challenges, how do we rebuild a sense of commonwealth?

I think the majority of people are quiet and the vocal minority on both sides is capturing the dialogue in the world. What I’m trying to do is get people to realize that if their voice is not heard and heard soon, there could be unintended consequences and this is a very fragile time. And not only leaders need to lead, but basic people need to understand that we need to be represented and we’re not going to be represented unless we’re heard.

Do you encourage your store managers to get involved with community action?

Well, not in community action. The store managers have access to discretionary funds to support local activities but nothing political.

I mean just community. Do you as an organization choose three or four national issues for the local stores?

No, I think it’s really at their discretion. Hopefully they’ll make good decisions.

I don’t think it’s in one of the mission statements?

No, but it’s encouraged and people understand that.

I’m encouraging my student groups to do some community service work, some kind of pro bono work, as part of their professional development.

If you’re asking about community service, there’s certainly an understanding within the entire company about community service hours and what we do.

This morning I talked about the removal of trust in institutions; something we’ve lost, especially in the Western democracies, is our belief in church, government, news, and corporations. How do we rebuild trust between people and institutions? Do we need to recreate institutions?

I don’t think we need to create institutions. But people need to realize that we do live in a time when trust is at the lowest level from a historical perspective, in addition to the fact that poverty levels are at the highest levels. I think people are so hungry for leadership that if leaders emerge with great truth and authenticity and transparency trust is going to be there because people want it.

But as we know, trust is something that takes a long time to build and seconds to lose. You’ve got to be consistently honest. I think people want that and they deserve it. And I think in building an organization of any kind today, that is sustainable and endures, there has to be an understanding throughout the organization that people believe in the leadership.

I have 3 kids who are of the Generation Y group in college now. My sense watching them grow up is that they are less about a sense of individualism and more of a “what do we
think” mindset. They are a community generation. Part of hospitality is based on the community; we can't be in business without opening our doors to others. It seems that we as an industry are poised to help bring back the sense of love of others—so how do you get that into 200,000 employees?

You can’t prescribe that. I think every organization has a memory, like a young child. I think the first three weeks of an employee's life especially in our related industry… that imprinting period is key. I think if it goes badly in the first three weeks it’s almost impossible to bring it back. If people understand as managers and leaders to make those first three weeks right then I think we have a great chance.

I think the culture of our organization self-selects those people that are consistent with the culture and audits people out. But it gets back to the leaders that are rewarding, recognizing, and celebrating the behaviors that you want the organization to be known for. ■

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Self-Confidence in the Hospitality Industry

Michael Oshins

Roman philosopher Cicero believed self-confidence was critical to one’s success: “If you have no confidence in self, you are twice defeated in the race of life. With confidence, you have won even before you have started.” This key to success was reiterated by sports legends Vince Lombardi, “Confidence is contagious. So is lack of confidence.”

In sports, business, politics, and life, the importance of self-confidence is repeated as one of the key components to success. Boston University School of Management Professors George Hollenbeck and Tim Hall define self-confidence as “our judgment as to whether or not we can do something.” They highlight that judgment is the result of our thinking and is based on our perceptions. In addition, they emphasize that self-confidence is task-specific. This aspect of self-confidence underscored by Paul Hersey and Ken Blanchard in their Situational Leadership model, whereby a manager provides more direction to an employee with limited experience (and thus less confidence) for a specific task. In understanding self-confidence, Hollenbeck and Hall also show the importance that it can be changed over time.

How do hospitality managers build their self-confidence? Boston University School of Hospitality Administration seniors take a capstone course in leadership. Each semester, the seniors conduct field interviews to learn how these executives built their self-confidence. The following discussion reports findings from the student surveys collected since 2005. Students met with a wide range of hospitality leaders in operational and corporate positions, from hotel department heads and executive committee members, to restaurant general managers, upscale and luxury hotel property general managers,
entrepreneurs, restaurant owners, contract food service companies, and senior-level hotel and hospitality corporation leaders. Participants ran the gamut of experience, including managers near the beginning of their careers and seasoned veterans with decades of experience and success. Over eight years, graduating hospitality seniors conducted more than 450 interviews. Whenever possible, interviews were conducted in person, at the interviewee’s place of business and the student did not have a close, personal connection to the manager. Although the student may work for the same company, the interviewee was someone he or she did not know well (e.g., not a family member, close family friend, or someone who worked directly with him/her). The majority of the hospitality managers interviewed were from the New England / New York area.

SELF-CONFIDENCE SOURCES

Several common themes developed from the industry interviews about the building of self-confidence. The top source for self-confidence in hospitality: experience. Many felt “there is no substitute for experience.” World-class salesman Dale Carnegie agreed in the value of gaining experience—*Inaction breeds doubt and fear. Action breeds confidence and courage. If you want to conquer fear, do not sit home and think about it. Go out and get busy.* By working in a job, becoming good at it, performing the functions well, and being successful, one can enhance one’s self-confidence in that particular role.

Often the experiences described by interviewees involved making difficult decisions or performing challenging tasks. Their success and confidence propelled them forward to take on more challenging endeavors. One catering manager talked about successful events and was able to increase his budget from 60-thousand-dollar to five-million-dollar events. An interviewee stressed that his successes from entry-level positions to department head, then to executive committee member and assistant GM gave him the confidence and skills to be an effective general manager. This research reinforces the findings by Ireland, Hitt, and Williams from the early 1990s, “Self-confident managers set personal standards for excellence, which are established through a manager’s willingness to work long hours, his or her obvious commitment to excellence, and in the setting and reinforcement of high performance standards.”

Second, in connection to experience, many managers attributed their confidence and success by building upon small wins. Stephen Covey, author of *The Seven Habits of Highly Effective People*, calls this baby steps: “Start small, keep at it, and stay consistent until you’re ready to pick up the pace.” This reason was particularly prevalent when managers reminisced about their experiences shortly after graduating college. One restaurant manager, after discovering a poor corporate culture, implemented an employee “family meal” every night at 5. This simple action increased employee morale and enabled him to learn more about his staff. A director of sales & marketing found out that he was going to miss his sales quota by a huge number. Instead of trying to fix everything at once (an impossibility), he set small sales goals for each month and by the end of the year only missed his target by a small amount. A hotel manager for a five-diamond hotel identified building small wins with his first job as a bell person. Being responsible for making guests feel welcome, he had to learn how to make small talk with famous people, politicians, and presidents of corporations as he carried their luggage and provided an overview of the hotel operations and services.

Confidence is contagious.
So is lack of confidence.
—Vince Lombardi
A third component of building self-confidence comes from goal setting. Repeating the findings by Ireland, Hitt, and Williams: “Self-confident managers...often establish more challenging goals and persist in the pursuit of these goals.” One purchasing manager set a goal of reducing the hotel’s exorbitant food costs to one of the lowest for the chain. A sales & catering manager persuaded the general manager and the hotel’s owner to renovate the ballroom, which would set new sales levels for the property. By focusing on the goal of owning his own restaurant, one of Boston’s premier chef/owners survived years of working in challenging situations for less-than-favorable characters. One hotel manager hosts the same annual charity event; although it is always successful and the client is very satisfied, she makes a list of improvements—even if they are only small changes or tweaks—to ensure the function is better the next year.

Fourth, many of the managers recognized the importance of others who helped build their self-confidence. The three main sources of support came from bosses, family members, and mentors (who may or may not have been their direct supervisor). Most interviewees highlight at least one of these people, and many identified two or all three sources as helping them to gain confidence. Often the supervisor provided moral support—a belief that the manager could accomplish the task, trusted them, and gave them the opportunity for success. For example, a relatively new restaurant chain manager’s boss told her he believed in her and let her handle a large event. That belief boosted her confidence that she could take on the new challenge successfully.

Several managers reiterated that their boss’s emotional support and confidence in their ability to succeed helped raise their self-confidence. A director of housekeeping relied on support and advice from the director of operations when dealing with an upset guest for the first time. The director of operation’s explanations and expectations gave her a clear understanding, giving her much more self-confidence when dealing with unhappy customers in the future. A general manager of a luxury hotel feeds off the high level of success and confidence from his senior corporate managers, boosting his own confidence since they believe in him. President Theodore Roosevelt reiterated this attribute: believe you can and you’re halfway there.

I had the chance to make every possible mistake and figure out a way to recover from it. Once you realize there is life after mistakes, you gain a self-confidence that never goes away. —Bob Schieffer, *This Just In: What I Couldn’t Tell You On TV*
The fifth pattern that emerged from the research is that learning from failure developed self-confidence. James Burke, former CEO of Johnson & Johnson, fiercely believes you can’t build a business without making mistakes. Earlier in his career, he was once congratulated by the Chairman of the Board for the failure of a business line. Burke recalled the advice from Mr. Johnson, “Business is all about making decisions. You don’t make decisions without making mistakes. I just want to congratulate for that mistake. Don’t ever make that mistake again, but please make sure you make other mistakes.” Burke took that lesson to heart and taught it to those who worked for him.

Many of the hospitality professionals interviewed openly discussed their mistakes and how they learned from their failures. This factor was specifically mentioned by almost two-thirds of the interviewees. Learning from their mistakes and overcoming their failures were important building blocks for increasing self-confidence and enabling future successes. An entrepreneur learned to carefully check invoices and pay attention to details, after he was once fired for not balancing invoices. A restaurant GM’s career accelerated when he learned to own his mistakes instead of fearing them; in the process he also lost his arrogance. One room’s division manager talked about how second-guessing his decisions caused his employees to not follow him. By following Burke’s mantra of making decisions, right or wrong, and moving forward, he would learn from the results and become a better leader.

Almost every industry professional offered advice for the graduating seniors starting their hospitality careers. Here is a sampling of their advice:

- Trust in others—which is a large part of self-confidence since in this industry you cannot just pull off fabulous events by yourself.
- Every mistake is an opportunity to learn.
- Set small goals and achieve them one at a time.
- No one is infallible, everyone makes mistakes, so keep taking chances, learning from your missteps.
- Self-confidence is something that is not given or taught, but something that you have to gain through experience.
- Don’t be afraid to ask for help when you don’t know how to do something, it’s better than not doing it at all.
- The important thing is to build your confidence by doing things you’re good at. From there, you can slowly build your way up to difficult tasks that you previously dreaded.
- You become successful when you make others successful.
- The first step to building someone’s self-confidence is to give that person knowledge and respect.
- Remember, it’s the little chutes and ladders along the way that make the game fun.
- Confidence is a precursor to strong leadership, especially in a group. Be supportive of situational leadership. Have someone who understands your weaknesses to bring out the best in each other.

STUDENT REFLECTIONS

Many students were unsure of undertaking this task—perhaps due to their lack of self-confidence in interviewing hospitality leaders. However, the overwhelming response after the task was successfully com-
completed was that it was a worthwhile exercise. Reflecting on the assignment and the lessons from meeting with their interviewees, every student offered their own insights. Several revealed a better understanding of the importance of self-confidence in the hospitality industry. Even the illusion of self-confidence (“fake it ’til you make it”) is important for employees and customers to believe in you until you have real confidence to believe in yourself; the corollary to that is it is okay to have self-doubt as long as you keep trying new ventures. Working with others, setting goals and “level-five leadership” (Jim Collins’ research illustrating the combination of humility and fierce resolve among effective leaders) were additional concepts that emerged. Making mistakes, admitting failure, and using those experiences going forward were also themes many students highlighted. Although there were many more observations and personal reflections, a final important point students mentioned was that to be effective leaders themselves, it was important to build self-confidence for their subordinates, passing on their own experience and lessons to their staff.

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Further Reading

Readers interested in learning more should begin with the following readings, which were all used as theoretical constructs of this piece. George Hollenbeck and Douglas T. Hall’s “Self-Confidence and Leader Performance” (Organizational Dynamics, Vol. 33, No. 3, pp. 254–269, 2004), Ellen Van Velsor and Victoria A. Guthrie’s, “Enhancing the Ability to Learn from Experience,” chapter 15 in Business Leadership: A Jossey-Bass Reader (2003), and R. Duane Ireland, Michael A. Hitt, and J. Clifton Williams’ article, “Self-Confidence and Decisiveness: Prerequisites for Effective Management in the 1990’s” published in Business Horizons (Jan–Feb 1992). Marking its 25th year in print, Stephen Covey’s The Seven Habits of Highly Effective People provides insight into personal leadership. Paul Hersey and Ken Blanchard’s Situational Leadership model can be found in a variety of sources, including Blanchard’s Leadership and the One Minute Manager. The site goodreads.com offers inspirational and thought-provoking quotations. Reviewing the bibliographies and citations of these readings will also provide ample material to further study self-confidence and leadership.
Information for Readers

Approach

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Have you ever wondered how to easily calculate sales for a food & beverage operation? If so, then you should check out the Restaurant Revenator. A new iPad app, the Restaurant Revenator has been developed by Michael Oshins, Associate Professor of the Practice at Boston University's School of Hospitality Administration in conjunction with Robert Fera. The Restaurant Revenator is a practical and fun tool to estimate a restaurant's revenues, addressing the three key elements of determining revenue: How big (number of seats), How fast (number of tables turned), and How much (average check). “Sliders” for breakfast, lunch and dinner allow you to play “what-if” scenarios. Management decisions on pricing, restaurant size and service speed that impact sales are explored. The Restaurant Revenator is available at the Apple App store. It is currently being used in classes at Boston University School of Hospitality Administration. For more information, please contact BUREVAPP@BU.EDU.

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