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Area Managers: the unsung heroes of hospitality

Who would be an area manager in a hotel or restaurant chain? You are responsible for anything from five operations (in the hotel sector) up to 30 units (in the pub sector). These businesses are miles apart on a UK traffic system where jams and holdups as the norm. Each of the operations for which you are responsible has unique features in terms of its location, management team and labour market, but they have to conform to brand standards. It is not a job for the faint-hearted and many unit managers promoted into this role do not last long doing it. Some even ask to revert back to managing a single unit.

In this article I am going to discuss the area manager's job and identify how it has changed in the last two decades. This is based on research conducted over a number of years, some of it published and some of which has not seen the light of day.

The Growth of Chains

The only way that operations such as hotels and restaurants can expand is through geographical dispersion – in other words opening more and more units in new locations. In doing so, they become so-called 'multi-unit' businesses and face a number of issues as a result (Jones, 1999):

- inability to directly supervise subordinate managers at operational level;
- lack of direct control over day-to-day operational processes and procedures;
- multiple and frequent customer transactions conducted by relatively "low level" employees;
- location of physical operation a key success factor;
- employment of workforce from a range of local labour markets with different regional socio-cultural attitudes and behaviours;
- dislocation of informational flow upward and downward through organisation due to dispersion of operational units;
- potential fragmentation of organisational culture into sub-units.

The major implication of these issues is that operations managers above unit level – so-called 'multi-unit managers' – assume an important role in hospitality firms. Typical job titles of such managers are area manager or district manager, each of whom has responsibility for anything between 5 and 30 operations.

In the early days of such chains, area management was very rudimentary. In interviews, area managers working for Little Chef in the 1960s and 1970s reported that in effect they were almost autonomous in terms of managing their area. A typical Friday was spent visiting their local bank first thing in the morning to withdraw sufficient cash to pay the wages of all the staff in their restaurants. They would then drive around to each of their restaurants and pay each employee in person. This took most of the day. This meant they knew every employee by name and had a relatively intimate relationship with the team in each unit. Since then, advances in technology such as the mobile phone, laptops and the internet have greatly facilitated multi-unit management, but such close working relationships have been lost as a result.

The Role of Area Managers

Little or nothing known about what area managers actually do. A small number of studies have been undertaken, mainly in the restaurant sector, over the last 20 years. In the late 1980s and early 1990s a series of studies were conducted in the USA by Terry Umbreit and colleagues that considered the responsibilities of area managers and the extent to which they were adequately prepared for their strategic role. This research suggested that:

- There were five dimensions of area management, which in order of perceived importance and time spent were – operations, human resource management, financial management, facilities and safety and marketing and promotions
- Job tasks and managerial emphasis were very different at area manager level from unit management
- Human resource management skills were a major challenge for area managers.
- area managers were inadequately prepared for their multi-unit position because the shift from unit responsibility to multi-unit responsibility was a challenging transition, requiring a new set of skills and expertise
- There was a range of perceptions as to the role of multi-unit managers, thus executives had different views to multi-unit managers themselves concerning the relative importance of the job's key tasks
- Many multi-unit managers feel their firms do not manage this transition well
- Multi-unit managers' greatest difficulty lies in delegating and accomplishing goals through others.
- Multi-unit managers are dependent upon many others for support, achievement and advancement.

A subsequent study of area managers in the UK restaurant industry in 1999 (unpublished) had very similar findings to this earlier American research. It was found that two-thirds of area managers managed nine or more units and 60 percent worked on average more than 55 hours per week. Nearly three quarters of the managers typically spend five to eight hours a day actually in the operations for which they were responsible and two to four hours travelling between them. This travel time reflected the fact that the average distance between units was 16 miles or more for nearly three quarters of management. 80 percent of managers contacted their units between one or four times a week.

These characteristics contrast sharply with those reported in the USA in 1989. In this study, the area manager's typical span of control was 4 to 8 restaurants, although 60 percent of managers also worked an average week of more than 55 hours. A higher proportion of American managers spent more time in their units, but this reflected that fact that they had fewer units and these were much closer together. Such studies indicate how physically demanding the job of an area manager is in a chain context. Area managers have responsibility for several units, generating millions in revenue per annum, spread over a large geographic area. They work long hours to ensure they spend as much time as they can in the units, as well as travel considerable distances between units to do this.

Another key issue was the extent to which area managers are suitably prepared for their role. Both studies show that the vast majority of them (80 percent in the UK study) were appointed from unit management positions within the same chain. Most (85 percent in the UK) have worked for the same company for over two years, with an average age around 33 years old. Because they have been promoted from within, the operations aspect of the job was not a problem area for newly appointed area managers. However, for two other key job aspects of the job – human resources management and financial management – the majority of managers believed they required more training and development.

Over time, chains have also increased the spans of control of area managers; i.e. an increase the number of units for which an area manager is responsible. Exactly how great an increase varies from one sector to another. For instance, in the 1980s hotel chains had an area manager for every 5 or 6 hotels, restaurant chains for every 12 to 15 units, and pub chains for every 15 to 20. By the 2000s this had generally doubled, so area managers in pub chains may now have responsibility for up to 30 properties.

Alternative Approaches to Area Management

However one should be cautious about generalising too much. Another study of area managers in the UK hospitality industry (Goss-Turner and Jones, 2000) found a wide range of practice between different firms. The area manager's span of control varied widely, from just three units up to 20. Likewise the organisation structure of firms, notably the levels of management from unit management up to CEO varied. The study suggested the influences on this variance in organisational form appeared to be:

- **Strategic vision**
  Either cost leadership or market growth through differentiation.
- **Branding**
  Single-brand firms organise geographically, but multi-brand firms may organise by brand or geography or both.
- **Age of firm**
  Older, mature companies tend to have traditional hierarchies;
- **Rate of growth**
  Some firms adding new units, and consequently adding new areas or redesignating existing ones, do not modify the span of control, but others are increasing span.
- **Geographical location of business units**
- **Size of business unit**
  Varies in a number of different ways: by sales volume, sales revenue, operating capacity, number of employees and so on. There tends to be a close correlation between these factors, i.e. the larger the physical capacity of the unit the larger its sales revenue.
- **Type of business unit**
  Hotels, restaurants and pubs have some distinctive differences.
- **Industry norms**
  Most sectors have a tradition of area management and a convention as to how many units should be assigned to an area. For instance the pub sector has wider spans of control than the restaurant sector.
- **Uniformity of business units**
  Units within firms may vary in size either because there is more than one brand or because of local market conditions.

The same study suggested that the area manager's role is affected by:

- *Span of control*
  Varies widely (for reasons discussed above), so behaviour with respect to the frequency and duration of their visits to units will vary as a consequence.
- *Levels of management*

Often only one level of manager between the area management and operations director, notionally at regional level or operations director level, and never more than two intervening levels.

- *Relationship to other functional areas*
  Human resources, sales and marketing, and accounts interfaces varied widely in terms of the size and within the firm, and in terms of reporting relationships.
- *Organisational policies*
  Branding tends to increase the level of centralised policy-making with the adoption of standards of performance manuals, operating manuals, rigid training programmes, and quality audits.
- *Organisational culture*
  Younger firms, tending also to be smaller, exhibited a culture based around the strong influence of the firms' founder, whereas older and larger firms tended to be more bureaucratic, although increasingly trying to adopt a more task-based cultural orientation.
- *Geographical location of business units*
  Which affects the frequency and duration of visits to units.

Types of Area Manager

This analysis (Goss-Turner and Jones, 2000) lead to the idea that there are potentially four different types of multi-unit manager.

1 The *Archetype*
The *Archetype* area manager conforms to the 'fast food model'. They oversee strongly branded identical units, have tightly and narrowly defined tasks to perform, and the performance of their units is also tightly specified. Hence there is an emphasis on operational control over units. The job scope of this type of multi-unit manager is therefore relatively narrow and there is a high degree of organisational congruence, with a focus on meeting targets. These firms like to have high geographic density, as they believe their area managers should be in their units as much as possible.

2 The *Entrepreneur*
The area manager as *entrepreneur* is also responsible for a single concept, which is tightly branded, but is expected to develop the potential of each unit as a business. In this context control is exerted over and by the area manager, largely through organisational culture. Such managers therefore have wide job scope, applying a range of skills to operating units to reflect local and regional influences. Restaurant chains in which the founder and/or CEO has significant influence fall into this mode of operation.

3 The *Multi-Brand Manager*
The *multi-brand manager* is an area manager who has more than one concept to manage but does so by applying almost identical "rules of the game" to them all - namely tight cost controls, standards conformance, and revenue growth. Job scope remains quite narrow, but because the manager is responsible for more than one brand or type of operation, there is more flexibility. In this context achieving high levels of organisational congruence may be difficult. Typically geographic density is high as the rationale for defining an area is derived from assigning units that are close to each other. Pub chains often adopt this approach.

4 The *Business Manager*
Finally the *business manager* is also responsible for more than one brand. However these area managers apply creative solutions to each of their units within the context of over-

arching policy guidelines and marketing strategies. Such managers, like their firms, need to be dynamic. They coach and influence their unit managers, rather than control them. Geographic density is not too great an issue for this style of area manager, as they do not believe they have to spend a lot of time in each unit.

Recent Trends in Area Management

More recently, a key trend in chain operations is the way unit managers are being assigned more autonomy and are empowered to run their own units and profit and loss accounts. This means that they do not need, or want, area managers breathing down their necks all the time. Hence the role of the area manager has developed to reflect this new situation:

- Coaching
  Instead of focusing on the performance of the unit, the area manager tends to focus on the unit manager. He or she becomes the main way for 'coaching' to be conducted ie one-to-one sessions with unit managers aimed at developing their skills and expertise.
- Consultant
  The area manager also adopts the role of 'consultant' ie someone that can help solve problems, manage projects and provide expertise.

Of course, there were other reasons why firms adopted this approach. Clearly increasing the area managers' spans of control reduces the number of area managers that are needed, thereby reducing overhead costs.

Also new technology reduced the risk associated with less oversight by area managers. Mobile telephones enable area managers to be contacted wherever they might be, so that they can effectively respond to urgent enquires or any crises that may arise. Laptop computers and wi-fi also mean that area managers can undertake their administrative duties more or less anywhere, and in effect have a mobile office. Point-of-sale devices and other automation also means that data about unit performance can be linked in real time to head office and in turn sent out to area managers.

Hence the profit performance of any unit can be identified and responded to on a daily, even hourly, basis. Of course if area managers do check up on unit performance too frequently this mitigates against the idea that unit managers really do have autonomy. In reality, area managers typically focus on the small number of units that have particular problems, which might derive from the location of the unit, the local labour market, experience or ability of the unit manager, or some other factor.

Conclusion

Becoming a multi-unit manager is often the goal of an ambitious operations manager. It offers more responsibility and a higher salary. However the transition from managing just one unit to managing many is not an easy one. The skills and expertise needed are very different and chains need to think very carefully about the professional development needs of managers undertaking this role. It is also a job that has changed and evolved markedly over the years, driven largely by the development of new information and communication technologies. It seems likely that it will continue to evolve. At least one hotel chain has experimented with only having multi-unit managers and no unit managers. It is conceivable that chains may also experiment with having no area managers, or increase spans of control so greatly that *de facto* their area managers are doing a very different job to that described above. In the end, however, I suspect that this role – unsung, misunderstood and little researched – is one that is too important to a chain’s success to be abandoned.

References

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