

**INNOVATIVE ENTREPRENEURSHIP – THE KEY FOR
A SUCCESSFUL TURNAROUND IN THE HOSPITALITY BUSINESS
(ІННОВАЦІЙНЕ ПІДПРИЄМНИЦТВО – КЛЮЧ ДО УСПІШНИХ
ЗМІН У СФЕРІ ГОСТИННОСТІ)**

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In an environment that seems to be transforming itself with every new technology, marketing tactic or investment strategy, businesses rush to embrace change by trading in their competencies altogether – all is named innovation. But generating new ideas does not automatically result in innovations and success. It is only the beginning of the journey. The real challenge for an organization is to convert these ideas into acceptable products or services for customers. This can happen only when organizations design and implement a structured approach to managing innovations. Innovations are very important in the services sector, especially in the hospitality sector and in small or medium sized hotel business. Without innovation, hotels may face the threat of becoming “obsolete”, driving them out of business or forcing them to hand the business over to more efficient and innovative entrepreneurs. The discussions revealed that the hotel business poses many issues and challenges:

1. It is a complex business combining purchasing, manufacturing, sales and service. Raw material is costly and perishable.

2. The nature of the customer varies from that in other businesses by their expectations; they do not only buy food, they expect to buy it appetizingly prepared and pleasantly served. They expect good value, comfort provided by compatible décor, good comfortable seating, lighting, heating, cooling, courtesy, and with the absence of noise and long waits.

3. The equipment is expensive, out of proportion to its fragility. Tableware, exhaust fans, ovens, refrigerators, slicers, toasters, food processors, fryers, and broilers are delicate and sometimes dangerous. The loss of linen and silverware, the breakage of china and glassware, and the pilferage of foodstuffs and beverages can be financially fatal.

4. Well-trained assistance is difficult to find because wages are often lower than in other industries, the stress is high, and the work is hard.

5. The restaurant owner is subject to licensing, inspections, and scrutiny by nearly 20 regulatory authorities and must insure against numerous risks.

6. The responsibility for the safety and security of customers and workers is awesome. The profit margin is low and the risks are high. Most of the hotels survive mainly on the account of business volume.