



The ITC Hospitality Management Institute

Summary

For ITC, hiring skilled hospitality managers is key to meet the growing demand in domestic and international tourism in India. To address the gap in the market for competent managers, ITC launched its own management institute.

Key figure

60 managers graduating every year

Company background

ITC is a leading Indian multi-business conglomerate, established in 1910. Its portfolio of businesses spans fast moving consumer goods, hotels, paperboards and packaging, agribusiness and information technology. The Company employs about 30,000 people in the country and its value chains provide livelihoods to around 6 million people, mainly amongst the poorest in rural India.

The skills gap

Meeting the domestic and international growth demand with skilled manpower

With an annual average rate of growth of 13.9% in foreign exchange earnings from 2006 to 2009, the tourism sector has become a major driver of the Indian economy. The potential for additional growth is high, with the government anticipating the need for approximately 200,000 additional classified rooms by 2016 in the sector in order to meet the growing demand generated by domestic and international tourism.¹

ITC benefits from this favorable dynamic through ITC Hotels, its division in the hospitality sector. Launched in 1975, ITC Hotels has become the second largest hotel chain in the country with 100 properties across India. However, ITC identified a gap in the market for professionally trained managers and staff in the hospitality business, as existing catering colleges failed to update their curricula to meet the needs of the changing market.

ITC's solution

ITC Hospitality Management Institute

In 1976, the company established the ITC Hospitality Management Institute (HMI) now located in ITC's Green Centre in Manesar. This school is equipped with modern facilities and spans 28,000 sq.ft with hi-tech class rooms and auditoriums, taking care of all of the management training needs for ITC's hotel division.

¹ Source: UN World Tourism Organization, India's tourism performance – available at http://asiapacific.unwto.org/sites/all/files/pdf/cap-csa-24-5b_ref_indias_report.pdf

The institute provides various types of training programs for Masters, Graduate & Under Graduate students. Its twelve specialized management training programs are aimed at creating dynamic hospitality professionals, and provide training from one year to eighteen months in a variety of subjects including; hotel management, kitchen management, housekeeping, front office, food and beverage, sales and marketing, revenue management, finance and spa. On completing these courses, which are comprised of both theory and on the job exposure, young managers are ready to work within ITC's vast chain of hotels across India.

HMI also runs a program for young boys completing high school: the Welcome Legionnaire program. The course has over 2,000 applicants per year, but only selects 12 to 15 students, training them for 4 ½ years and preparing them to work in the hospitality industry. Over these 4 ½ years, the students, in addition to getting trained in hospitality also obtain an undergraduate degree from the Indira Gandhi National Open University Program. Transportation, medical coverage, uniforms and accommodation are all provided & financed by ITC. The program costs ITC approximately US\$ 1,000 per month to run (per student), and has been so successful that over 250 graduates from the program now work as managers with frontline executive positions in ITC Hotels across the country. A similar program, called WelcomLead (Leadership in Education & Applied Development), was launched this year for both boys and girls completing high school, teaching them leadership and applied development. Although currently operating only in one hotel in Gurgaon, ITC intends to scale this project with 100 students to a Pan-India level.

Further training programs are linked to ITC's hotel division, and are held both onsite and offsite. Apprentice based training for various skill sets such as food production, engineering and plumbing train up to 350 students per year. An ITC corporate social responsibility project offers training for underprivileged students in food production, and another program runs industrial training for students from other hotel schools for them to gain some practical experience. Furthermore, the ITC Hotels receives hospitality students from across the globe, often from prestigious schools in Switzerland and elsewhere, so that they can experience the Indian culture of hospitality and share learnings through their workings.

ITC Hotels also collaborates with Manipal University in South India and provides the undergraduate degree in hotel management and Culinary Skills with faculty expertise, whilst also employing some of the students upon graduation. Within its hotels themselves, ITC employs a system of continuous learning by training its existing employees for the next level of excellence at the hotel online or at learning centers. Finally, ITC Hotel's renowned Master Chefs are also trained through e-learning portals.

The results

The success of the Hospitality Management Institute as well as ITC's other training programs is evident: high rates of admissions, lower than average desertion rates at 10%, and vast opportunities for graduates in ITC's hotels across India. All HMI and Welcome Legionnaire graduates are employed by ITC Hotels. In the case of other programs, ITC Hotels absorbs up to 40%, with the rest finding opportunities elsewhere.

To scale up its program, ITC decided to relocate the institute in order to accommodate from 100 students to now hosting a capacity of 300 people for the management training program per year at the world class newly built 28,000 square feet learning Centre ITC HMI-Manesar.

The total cost of running the ITC Hospitality training programs is around US\$ 1.3 million, but with 100 students graduating a year and alumni including ITC Hotels-Executive Director, Vice Presidents and various managers, the excellent results provided for ITC exceeds the investment made both to the Industry & in-house.

Challenges

Selecting students – The main challenge for the Institute lies in selecting the right students. As medicine or technology traditionally remain the preferred career choices, the hospitality industry often struggles to find the right profiles for the job. Working in the industry is hard work, requires a vast range of skill sets, from communication to technology, as well as pleasant personality and impeccable professionalism. That being said, ITC does recognize that its strong brand often attracts very good candidates with appropriate attitude.

Key success factors

Quality of training – What has made the program so successful has been first and foremost the quality of the training provided. The faculty and practicing managers share their wealth of expertise, and all the courses are developed with the needs of the business in mind, creating employable and efficient graduates. The programs have also been enriched from collaborations and sharing of best practices from other hospitality schools across the globe. By partnering with leading business schools, the courses provide comprehensive training in a range of subjects beyond the hotel industry, from economics to tourism studies to languages. The multiple methods of selecting, evaluating and rewarding student successes enable ITC to take school students with no knowledge of the tourism industry to become fully fledged hotel managers. By playing an active role in providing excellent training and sustainable jobs in the hotel industry, the company recognizes that the financial success of its business depends on developing the skills of its human resources.

This case study is part of a booklet issued in early 2015 titled [Meeting the skills gap: Lessons from the private sector](#). The publication was produced in collaboration with the Let's Work Global Partnership, and provides insights into solutions put in place by ITC, SABMiller, and Vale, three WBCSD member companies with a significant presence in emerging markets. They have taken proactive steps and initiated training programs that empower not only their workforce, but also their suppliers, retailers, and the surrounding communities.

