

CHAPTER 14

Service Excellence: Leading the Way to Wow!

HOSPITALITY PRINCIPLE: LEAD OTHERS TO EXCEL

Leaders think about empowerment, not control.

—Warren Bennis, Leadership scholar and author

If I tell you what to do, then the task is my responsibility, not yours. But if I inspire you to act on your own, the responsibility and results are yours. The difference in dedication is phenomenal.

—Norman Brinker, Former CEO, Chili's Restaurants

LEARNING OBJECTIVES

After reading this chapter, you should understand:

- The overarching framework of the three Ss—strategy, staffing, and systems.
- The difference between competing on service and competing on price.
- Why great future business leaders must also be guestologists.
- The challenges leaders of service firms will face in the future.
- The importance of innovation and managing change.
- The key factors for service leadership.
- The reasons why “it all ends with the guest.”

KEY TERMS AND CONCEPTS

basic guest expectations
“wow” elements

guest promise
“market niche of one”

service innovations
transformational leadership

WHAT DOES THE GUEST WANT?

The logic behind guestology is simple. Study the guest, know what that person really wants and expects, and then provide it—plus a little bit more. A guestologist never stops studying the guest, using all the scientific tools available to know what that guest really wants, actually does, and truly values. Since guests change, and because service delivery is invariably a human process, the study is never complete. The service product, the environment, and the delivery system must also change to make sure that each guest is satisfied enough to come back. Leaders of outstanding guest service organizations spend much time and effort studying the guest and using this information to shape their decisions on the three Ss: strategy, staffing, and systems.

We have already covered a lot of ground in this book. We shall conclude by showing how the leader brings it all together and makes it happen both for today’s guests and for all future guests.

STRATEGY

In this era when an amazing amount of information about guests and competition in providing services to those guests is available, only organizations that truly understand what guests want will survive and prosper. They first use this information to design a corporate strategy. They discover which of their competencies guests consider core and concentrate on making these core competencies better. They use the wants, needs, expectations, and capabilities of guests to sharpen their marketing strategies, budgeting decisions, organizational and production systems design, and human resource management plans and practices.

Southwest Airlines is an excellent example of a company that has used its understanding of the guest to discover and then provide what its passengers really want. Like most organizations, the airline originally used guest surveys to ask what guests wanted. Southwest learned that guests wanted cheap fares, on-time performance, great meals, comfortable seats, free movies, and more. They quickly recognized that, human nature being what it is, if you ask people what they want—they want everything.

Southwest realized it couldn’t give its customers everything because nobody could. Gourmet meals with wine in big comfortable seats and low fares—it can’t be done. So Southwest did additional research to dig deeper into guest preferences and learned that customers really wanted low fares and reliable schedules with friendly service. The Southwest service product is now exactly what its target market wanted and, more importantly, wanted enough to pay for and return to again and again. The point is that the guestologist must dig deeper than the simple market survey of guest preferences to understand what preferences actually drive guest behavior. The organization can use the results from this deeper probing to match up the organization’s core competencies and mission with what customers want. Even better for Southwest, giving guests what they want provided extra

cost savings to Southwest; turning an airplane around between arrival and departure is considerably easier, faster, and cheaper without having to clean up all the mess and clutter caused by unwanted frills like food service.

The Key Drivers

The outstanding guest service organizations have done what Southwest has done. They study their guests extensively to discover what the guests both want and value in the guest service experience and use this information to align all the elements of their corporate strategy with these expectations. On the basis of studying their targeted guest market, these organizations can identify the key drivers of the guest experience. These key drivers all contribute to the impression that the guest takes away from the experience and play a large role in determining whether that guest will return. A trip to a theme park, or a visit to a restaurant or hotel, is a holistic experience to most people; excellent guest service organizations do the research necessary to identify all the separate components of this whole experience. Then, they manage those components.

Drivers: The Basics

In a sense, these key drivers can be divided into two categories. The first group includes those basic things that guests expect the organization to provide if it is to operate in the particular market segment. A resort hotel must have attractively decorated, clean hotel rooms with the expected amenities like flat screen television and good room service. A casual-dining restaurant must have good and reasonably priced food, fair waits, an appropriate number of adequately competent servers, clean rest rooms, and relatively prompt service. Guests expect these characteristics at a minimum. These are **basic guest expectations** that the organization must meet; otherwise the guest will be dissatisfied. If the organization fails habitually to meet these basic expectations, it will fail altogether. The basic characteristics are the necessary *but not sufficient* guest experience aspects that organizations must offer if they seek the reputation that attracts repeat business and leads to long-term success.

Drivers: The Wows

The second group of drivers includes the characteristics and qualities that make the experience memorable. These are the “**wow**” **elements** that the excellent organizations find ways to provide in some or all parts of the guest experience. These organizations go beyond meeting the basic expectations with which guests arrive when they come in the door or onto the property to have a service need satisfied. They add the wow elements that make the experience memorable. It is the memorable experiences that compel guests to return again and again, and even motivate guests to become evangelists for the company who will tell all their friends about these exceptional organizations.

Disney, Olive Garden, The Ritz-Carlton, and most other guest service organizations continuously survey their guests to find out how well they can provide the basics that guests expect. However, these outstanding organizations go beyond the surveys to dig deeper to identify which key drivers provide guests with a wow experience.

For example, Disney knows that its guests expect transportation to travel from one part of the Walt Disney World Resort complex to another. Disney surveys its guests to make sure that they are satisfied with the transportation system. On the other hand, no one comes to the Walt Disney World Resort to ride a bus, and the transportation system seldom shows up in guest surveys as a source of satisfaction (except for the monorail),

nor do guest opinions about the transportation system predict guest intent to revisit Disney. Even when the bus transportation isn't up to the guest's level of expectation, that minor service failure shows no relation to overall satisfaction or with intent to return. Unless the bus service is outrageously poor, dangerous, or grossly unsatisfactory in some other way, it has little or no impact on how guests react to the overall Disney experience. In contrast, the guest's perception of the quality of the rides and attractions, the dazzling nature of the fireworks displays, and the friendliness of cast member interactions with guests are highly correlated with guest satisfaction and intent to return, so they—and not bus service—become the focus of managerial concern: they are the key drivers.

Study, Study, Study

The point is that you don't know what factors in the service product, the environment, and the delivery system are the key drivers of guest satisfaction and intent to return until you carefully study all the possible drivers. Many times, what management learns in such studies is a surprise because what management thought would be keys when it designed the components don't turn out to be so from the guest's point of view. This difference between what the organization delivers and what the guest expects is the service gap that Len Berry identified, and it happens. No matter how much experience an organization has in surveying and studying guests, it will still be surprised occasionally by what guests say is really important to them or what they actually do regardless of what they say.

Accumulating Information

Excellent guest service organizations study their guests extensively and also accumulate the information they have learned about guests, individually and collectively. Computerized databases and sophisticated techniques of database analysis allow the organization to know a great deal about its guests, either as a demographic or psychographic group or as individuals. The best organizations mine these databases to dig up as much as they can about what is important to their guests so they can ensure that what is expected is provided.

A Key Driver: Personalize

The outstanding guest service organizations that attract repeat customers have an added advantage; they can accumulate information on their frequent guests and use this information to further customize the guest experience. In other words, they know that a key driver is to personalize the guest experience (everyone wants to be special and treated like an individual) in ways that make an emotional connection with the guest. Intelligent use of a customer database allows the best to get better at delivering this sort of personalized service. Guests like, feel good about, and want to return to organizations that give them personalized treatment. Customizing each guest's experience to match the guest's unique needs and expectations is becoming increasingly easy.

The Ritz-Carlton is one of the best, but others are finding innovative ways to build a relationship with each customer based on powerful computer analysis of customer information. While personalizing is not easy with a high-volume, mass-produced experience like a theme-park attraction designed to appeal to 20,000 or more guests from all over the world every day, these data-based systems are making it easier for service settings like hotels and even restaurants to provide individualized guest interaction. Epcot's Spaceship Earth, for example, takes a picture of each guest at the beginning of the ride that its technology allows it to use later in an interactive segment of the ride. In that segment, after guests are presented questions by an on-board computer about future life style

preferences, the technology finds and superimposes the guests' faces onto characters in an individualized in-car video that offers guests a personalized glimpse into how their chosen lifestyle will look in the future. Making every guest feel special is an important way for an organization to differentiate its guest experience from all others. Finding out what makes that person feel special is one role of a guestologist.

Knowing what makes each guest feel special enables guestologists to add the wow factor that all guest service organizations want to provide to keep their guests coming back time and time again. The wow is the difference that the little bit more than the guest expected can make; it can turn the satisfactory experience into a memorable one and can keep the organization at the top of the customer's mind when thinking about where to go the next time that particular guest service is desired. Wows can be built into the service product, the environment, the service delivery system, or across all parts of the service experience. Based on the knowledge about how guests' likes and dislikes impact their emotions, the designers of the experience can build in those elements they expect will give the wow. They should, however, always follow up to find out if they were successful and, if not, should try to find out where and why they failed.

At Dorney Park

"Wows" don't have to be expensive, complicated, or elaborate, although they may be. Dorney Park in Allentown, Pennsylvania, provides good examples of both a relatively inexpensive and a relatively expensive wow experience. The less expensive illustration is in their "Camp Snoopy" section of the park. While many rides are available for small children, Dorney also provides two simple, yet sizable, play areas. These areas are filled with small stones, so sand doesn't get into children's clothes and shoes. While these areas certainly aren't a major feature of the park, they provide a simple inexpensive experience that appeals to some children. If the children play there long enough, they'll likely have the chance to meet Snoopy, Charlie Brown, or another of the Peanuts characters. This creates a wow experience from a low-tech attraction.

At the other extreme, Dorney Park invests millions in its roller coasters. A recent addition, *Possessed*, hurtles the rider up (and then back down) two vertical spikes each with a 180 degree twist, with speeds reaching 70 mph. The purpose of the attraction is to provide an exhilarating ride, and the screams from the guests indicate that *Possessed* elicits a wow reaction.

Plan, Plan, Plan

Providing the guest with both the expected basic parts of the guest experience and the wow factors is the result of extensive planning. And as we know, planning starts with knowing the guest. Capacity and location decisions, the design of personnel policies, the selection of production equipment—all must be based on the organization's best estimates of what kind of experience the guests want, need, and expect from the organization as well as their capabilities. For example, if the organization's mission is to provide a theme park experience, then the first issue to resolve is where to build the physical plant and how big to build it. If the organization's mission is to provide a casual-dining restaurant experience, then it must identify what food tastes, portion sizes, price points, locations, exterior appearances, and restaurant size it should have. These decisions can be correctly made only if based on solid and extensive market research, and guestologists use the best data they can find to make them. While many guest service operators still base these decisions on hunches and their own personal preferences, the outstanding ones always start with the guest and make sure that every decision is based on a thorough knowledge and understanding of the guest.

Get Constant Feedback

The best organizations also know that this discovery process is never ending; they constantly seek feedback from their guests about what works and what doesn't. Guest needs, wants, expectations, and capabilities change, and the best organizations respond to their guests' changes with changes of their own. Those organizations that constantly seek to exceed guest expectations build in their own future challenges. Today's wow is tomorrow's standard expectation for the guest who has been there and done that. The outstanding organizations are constantly seeking new ways to wow their guests, and they survey guests constantly to find out what these changing expectations are.

Planet Hollywood, in Orlando, Florida, has two separate floors with their own kitchens, making it an ideal environment for testing different service strategies or menu items.



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The Planet Hollywood in Orlando, largest in the chain, has two kitchens—one for each floor. It is therefore a nearly perfect experimental site for testing new menu items, portion sizes, and other service product features. Since the guests are typically tourists who randomly distribute themselves between the two dining levels, different menu strategies and concepts can be tried and compared to see which are best suited for the Planet Hollywood customer. The ability to constantly test and compare new ideas gives the food production people at Planet Hollywood a statistically valid approach to finding new ways to wow their guests.

Culture Fills the Gaps

One last, but critically important issue in the strategy area is the organizational culture. Managers of outstanding hospitality organizations need to remember the importance of the organizational culture in filling in the gaps between what the organization can anticipate and train its people to deal with and the challenges that arise in the daily encounters with a wide variety of guests. There is no way to anticipate the many things guests will do, ask for, and expect from the service provider. The power of the culture to guide and direct employees to do the “right thing” for the guest is critical. Good managers know that the values, beliefs, and norms of behavior that the culture teaches its employees ensure that the frontline employee does what the organization wants done in both planned and unanticipated situations.

The culture must be planned and carefully thought through to ensure that the message sent to all employees is the one the organization really wants to send. An important part of any strategy is to ensure that everything that the organization and its leadership writes, says, and does is consistent with the culture it wishes to define and support. The more intangible the service product, the stronger the cultural values, beliefs, and norms must be to ensure that the guest service employee provides the quality and value of guest experience that the guest expects and the organization wants to deliver.

STAFFING

People Make the Difference

The second S, staffing, has become an increasingly important factor for all guest service organizations as they realize that the most effective way to differentiate themselves from their competitors is on the quality of the service encounters that their customer contact personnel provide. In this day of widespread computerization and standardization, competitors can readily imitate the service product, the physical elements of the environment, and the technical aspects of the delivery system. It does not take long for one service organization to duplicate the successful differentiating factors of another. A chicken fajita wrapped in a soft tortilla that someone can hold while driving a car is an innovation for only as long as it takes competitors to offer one-handed fajitas in their drive-thrus as well. People, not fajitas, usually make the difference.

Getting the Right People for the Job

The challenge is to find, develop, and motivate the server to engage each guest on a personal, individual basis while still maintaining production efficiency and consistent quality in the service delivery process. Roller coasters at any major amusement park operate at a fast pace. The ride attendant greeting the arriving guests has just enough time to check the safety harnesses and tell each guest, “Keep your arms and hands inside the car, sit down, and watch your step when entering the moving sidewalk.” This encounter is highly

mechanical and too short for the employee to do much more than repeat the scripted and important information before the next guest arrives and needs to be reminded of the same safety precautions. Repeating the same little speech feels to employees very much like working on the assembly-line job of Detroit automakers and Akron tire producers. About every six seconds a new guest, car, or tire arrives; the employee has to do or say something briefly, then the guest, car, or tire disappears down the assembly line to another worker's station. How can this job be made fun, interesting, and important? While the ride attendants at least have the benefit of human contact rather than contact with a tire or an auto, making such jobs fun can be a challenge for both managers and employees.

Finding the right people and putting those people in these routinized jobs suited for them eliminates many of the problems in delivering high-quality guest experiences. People who are just good at and enjoy quickly establishing personal contact with guests can be identified through effective selection techniques. Nevertheless, even with the right types of people in these sorts of roles, these jobs can take an emotional toll on employees as well. Therefore, the best companies know they must find appropriate people who can be trained with the skills necessary for effective service delivery and motivated to perform exceptionally. While many processes are involved in the process of delivering exceptional employee performance, the best hospitality companies know that it begins with hiring the right people.

Server Responsibilities

Recall that servers have three responsibilities in the guest experience: They deliver the service product (or in many cases co-create it on the spot), they manage the quality of the encounters or interactions between the coproducing guest and the organization, and they identify and fix the inevitable problems. Too many organizations train employees only for the first of these responsibilities and neglect the other two. In many instances, receiving the service product is just one element in the guest's determination of the quality and value of the guest experience. Servers must also be trained to deal effectively with the variety of knowledge, skills, abilities, personalities, and emotional states that different guests will bring to the guest experience.

Selection of the right person for the job starts by clearly defining the job requirements. If you want a ticket seller, then you must hire a person with a certain set of skills and a certain temperament. If you want that person to be a vacation planner and also sell tickets to implement these plans, you look for an entirely different person. Any job has knowledge, skills, and ability requirements; the organization's challenge is to find the "ideal employee" who fits these requirements. Such employees can and should be identified so that the employment decision can be made properly. Selecting the right people and placing them in the right jobs is one critical key to ensuring the quality and value of the guest experience.

Training

The second part of the staffing issue is training. The right person in the right job must be trained to perform the job correctly and consistently. Many jobs in the guest service industry are repetitive, simple, or boring. They also require incredible attention to detail and concentration on task performance so that the employee provides the same service experience in the same flawless way for each guest. It is easy for employee Dave Johnson to zone out, daydream, or otherwise lose interest in saying "Thank you for visiting Epcot" to the 20,000th guest. By that time his legs are tired, his attention span is short, and his

interest in greeting one more person with a friendly smile and positive eye contact is about zero. Part of Dave’s training should include how to cope with the emotional as well as the physical nature of the job. When the encounters are short—as at a fast-food drive-through window, convention check-in, or entry point for a theme-park attraction—the training challenge is particularly difficult.

Satisfaction from Satisfying

Similar jobs exist in the industrial sector, and job rotation, job enlargement, and job enrichment strategies have been tried with varying levels of success. The advantage guest service organizations offer to employees over most industrial settings is the presence of the guest and the positive feedback and stimulation that dealing with guests can bring. Once an employee learns how to derive satisfaction from doing something that makes a guest smile or finding ways to make a child happy, that employee gains a memorable experience. These sorts of experiences give service employees a “something” to remember that increases their enjoyment of the job, as well as stories that they can take home and talk about. Not only did they make wow memories for their guests, but in doing so, made wow memories for themselves. An important contribution to job satisfaction for most hospitality employees is the opportunity to create satisfaction for their guests.

Many hospitality organizations have discovered that some of their best employees are older, retired people. They are often lonely, bored, and are looking for opportunities to develop positive contact with other people. Hospitality jobs are especially good at providing this particular opportunity to them. Some organizations that recruited older people because of labor shortages have found to their pleasant surprise that older people bring an enthusiasm for providing service that makes them great employees.

If you just *process* people, you get discouraged and bored in many hospitality jobs. If you *engage* people, the job becomes interesting. The challenge here is the short-cycle jobs where guest contact is so fleeting that the opportunity to engage guests is nearly nonexistent. As a contrasting example, consider the wait staff in a fine-dining restaurant. With their longer time of contact, employees can use various interpersonal skills to make the job personal, fun, and fulfilling for themselves and their guests. Because they have the time, they can interject their personalities to make the whole service experience a function of their own ability to provide a memorable guest interaction.

Loading a high-volume ride at Six Flags or serving a fast-food customer is a different matter and a far greater challenge for both employees and management. Guests usually don’t have time to notice employees and their contributions to the quality of the guest experience. The level of employee engagement and the subsequent satisfaction with providing exceptional customer service are considerably less, and these are the jobs that create the biggest challenges for managers seeking to provide their employees with jobs that are fun, interesting, and important. Their challenge is to find ways to give each employee the opportunity to be unique, recognized, and noticed as an individual by the guest without compromising the speed and efficiency of the production process used to deliver the service product.

Trust the Technology or the People?

Future employees will expect more job challenges and increased opportunities to be responsible for the guest encounter. Future managers will have increasingly efficient mechanized production and delivery systems available to them with which to meet job challenges.

Managers may have to choose between trusting these systems and trusting their employees to provide a high-quality and consistent service experience for their guests. The need to trust the employees will intensify as the competition for talented employees becomes greater. Good employees want to take the responsibility, and successful organizations will find ways to preserve the quality and value of the guest experience while empowering their employees to be responsible for guest satisfaction.

Setting and Reinforcing the Standards

The third part of the staffing issue is the management responsibility to set performance standards and reward employees who meet them. Managers must master the skill of goal setting to define job responsibilities, the standards of performance, and management expectations to employees. These must be clearly spelled out, reinforced, and rewarded by managers every day. Once a manager lets an employee provide service of less than outstanding quality, overlooks poor employee performance, or lets a “bad show” situation continue, the message goes out to everyone that managers don’t always really mean what they say about providing high-quality guest service. Just as a guest has many moments of truth during the course of a single hospitality experience, employees have many moments of truth with managers every day. What happens during these moments of truth tells the employees a great deal about what management really believes in. The words and actions of all managers are where the organizational mission statement, corporate culture, and corporate policies about guest focus become real. Just as one employee at one moment of truth can destroy the guest’s perception of the entire company, one supervisor who overlooks one violation of quality standards or poor job performance can destroy the way that employees look at the organization’s mission. While most organizations have effective selection techniques and appropriate job training, many fall short in their commitment to continuous reinforcement. When they let things slide, they miss the chance both to reinforce the positive and to coach away the negative aspects of employee performance.

The best managers provide regular employee feedback, setting and reinforcing the company’s high standards.



Courtesy of Marriott International

Disney’s policy of requiring its managers to spend time in the parks walking the walk and talking the talk is a vital part of how the message is sent to employees that everyone is responsible for guest service, including them. This policy also builds a sense of equality among the employees in that everyone is there to serve the guest.

At Olive Garden

Ron Magruder, former president of Olive Garden, told the story about visiting some of his restaurants in Houston to see how they were doing. He arrived at one restaurant right at the peak of the lunchtime crowd and immediately learned that the store manager was swamped. Two of her cooks had not shown up, and the restaurant was full of hungry and impatient customers. Ron, finding the manager in the kitchen trying to cook as fast as she could to keep up with orders, took off his coat, grabbed an apron, and joined her on the cook line. In the middle of this chaos, a phone call came in for the manager. It was another manager asking her if she had seen Ron yet. She tersely told the other manager not to bother her with such questions while the president of the company was working beside her at the next grill. The story got out rapidly, and there was no doubt in anyone’s mind where Ron Magruder stood on customer service or the cultural values of Olive Garden. These kinds of stories do a powerful job of reinforcing the organization’s commitment to its guest service mission, and they should be told.

Employ the Guest

Just as organizations can benefit from thinking of their employees as customers or guests, they can also benefit from thinking of their customers as employees. Like employees, guests must be recruited, motivated, sometimes trained, and given the opportunity to “perform.” Defining customers as quasi-employees gives the organization a different way of both looking at and thinking about their customers.

While customer performance—purchasing behavior—is what companies fundamentally need from their customers, the guests can serve several other important functions. They can give helpful feedback to the organization regarding their level of satisfaction with the



Courtesy of Darden Restaurants

Darden’s Olive Garden has a strong commitment to customer service, reinforced not just by words, but by the actions of their managers.

guest experience. In effect, they can be knowledgeable unpaid consultants. Guests are typically part of the service environment and help create the service experience for other guests. If being surrounded by other guests is an important part of each guest's experience, then how the guests are employed in helping to create each other's experience becomes an important part of the management process.

Most importantly for hospitality organizations, customers almost always have to coproduce hospitality experiences in some way. Knowing when we should or should not allow, encourage, or require the guest to coproduce the service experience is an important management decision. Guests can be required to create the salad they like at the salad bar, encouraged to clean up their own trash at the quick-serve restaurant, or allowed to check themselves out of the hotel. If the service delivery system is properly designed to ensure an excellent guest experience by accommodating varying guest skills and capabilities, these coproduction strategies can benefit both the customer and the hospitality organization. The organization saves on labor costs, and knowledgeable, capable customers are likely to get a greater value from the hospitality experience served "their way" because they helped to produce it. In addition, they don't have to wait for service because they are producing it themselves.

SYSTEMS

The last *S* comprises all the organizational systems that support the guest experience. The best people in the world trained to perfection can't satisfy a guest if they deliver a bad product or deliver a good product late. In a huge, complex system like Walt Disney World Resort or a simple system like Ralph's Restaurant down on the corner, the whole system needs to be carefully managed so the right product is delivered to guests according to their expectations. Guests don't care that the bed sheets are not clean yet because the laundry broke down, that the organization forgot to rotate its stock so the eggs went bad, or that the person responsible for solving their problem is on break. They just want hot, fresh, properly cooked eggs, a clean room and a comfortable bed after a tough day on the road, and someone who will respond promptly to a legitimate concern. If these things don't happen, then the production system, the support system, the information system, or the organizational system has failed, and someone had better fix it fast.

Systems and Guestology

The most highly developed technical applications of guestology can be found in the systems area. Models of guest behavior in many situations can be built and used to understand and predict the ways in which the organization can satisfy the guest's expectations. Simulations are an important technique for achieving this, and with the increasingly user-friendly software packages, simulations will become more available and relevant to all types of hospitality organizations.

Once the planning process has gotten the design right and the measurement systems are in place to solicit guest feedback, the stage is set to use simulations of the entire guest experience to determine whether it all works as a system. By knowing what guests will do, Disney can make sure that the right capacity has been built into the attractions and all other features in the park, from rest rooms to telephones to merchandise outlets, to handle the number of guests expected on the design day. The design-day selection and the parameters used for the design day (such as the fifteen-minute average wait) drive the rest of the capacity decisions to ensure that the "designed" experience can be provided to the guests. Since the Disney design day is set at a high level of attendance, most guests on most days will experience a better-than-design-day experience because the lines will be shorter than designed capacity everywhere, from rest rooms to the best attractions.

The Wait

In many hospitality organizations, the most visible part of the guest experience is the wait for service. The wait system, therefore, requires extra organizational time and attention to ensure that the inevitable waits are tolerable and well within the limits that guests will accept without becoming dissatisfied. Waiting periods are easily modeled and studied with simulation techniques and easy-to-use computer software. Everything from the number of urinals at a football stadium, to the number of front-desk agents at a hotel, to the number of seats on an airline route or a theme park attraction can be simulated based on guest demand data. If you know how many guests are coming to your place of business and can estimate a predictable distribution to represent their arrival patterns and times for service, modeling how the waiting experience can be managed and balanced against capacity is relatively simple.

The management of waiting time is important both from the capacity standpoint and from the psychological standpoint. Since few organizations can build enough capacity to serve peak demand periods, and few hospitality organizations can stockpile their mostly perishable and intangible product, managing the wait is critical for all hospitality organizations. The greater the perceived value of the guest experience, the longer the guest will wait. Again, this area can benefit greatly from empirical research. How long guests will wait for anything before they give up and leave can be studied, measured, and understood. Some guests will wait hours to get into the hottest nightclubs or the trendiest restaurants. In contrast, they won't wait long at restaurants such as McDonald's, so that the organization knows it has to monitor drive-thru times constantly and follow strict procedural standards so that food is delivered quickly. Where virtual waits can be used in place of an actual wait, both guests and organizations will benefit.

The management of strategy, staffing, and systems is the key to guest service excellence. They all count when creating a memorable guest experience, and they are all related. Making any strategic change will necessarily impact the service product, the environment, and the service delivery system. Ultimately, though, it all starts with the guest.

HOSPITALITY AND THE FUTURE

People Making the Difference

The division between those hospitality organizations that figure out how to engage employees and those that use employees only from the neck down will widen. Value added to guest experiences through the skills of employees will become a more important differentiating strategy as the decreasing costs and increasingly available technology make the hospitality product and service delivery system components (except for people) increasingly easy to duplicate and emulate by all competitors. If all burgers taste alike and cost the same, then the "feel-good" part of the burger service experience becomes an increasingly important part of the total. Advertising alone can't provide this difference and, in fact, may be counterproductive if guests don't get what the glowing ads lead them to expect.

Employees make the difference between simply providing a service product and co-creating one that has the emotional connection that produces the memorable wow experience. The quality of employee encounters with guests will determine whether customer experiences are just a disappointment, satisfactory, or the type of exceptional experience that builds the positive word of mouth and repeat business on which everyone in the

hospitality industry depends. If your guests are at least 70 percent repeat customers, as is true at the Walt Disney World Resort, you must be doing something right and, if their continued repeat business is vital to your organization's survival, you had better find a way to keep doing it.

Service or Price

Service organizations will increasingly compete on service or on price. A successful group of organizations in every service sector will seek to add value to each guest service experience (like at one of The Ritz-Carlton Hotels) or seek to define value on price alone (like a Red Roof Inn). By making sure that they focus on a particular niche of the market, advertise to that niche, and then ensure that they fulfill what they promise to do, these companies (like RyanAir, JetBlue, or Southwest Airlines) will thrive. The effective use of new technology and techniques in the service delivery system will allow those organizations that seek to focus on a price-conscious market niche to succeed in appealing to and satisfying this market segment. The efficient users of high technology will find ways to offer low prices, provide some unexpected technology-enhanced services to wow their customers, and still make money. The high end of the various service markets will succeed for the same reasons. They too will use technology, but for them technology is only a means to the end of providing the maximum amount of service their guests expect at a reasonable price for the service level. Both types of organizations will rely on technology to deliver the best value to their guests in the most efficient way. They will, consequently, make money through their efficiency where the less efficient competitor will fail. They can increasingly customize the product to each guest's expectations at the price point plus offer a little bit more as they can provide their employees with the necessary information to personalize the service in a prompt, friendly, and efficient way.

The hospitality businesses in the mass market between these two ends of the spectrum will have the most difficult challenge in the future as many are already having today. They will be challenged in offering guest services as personalized as the service-oriented firms in the marketplace have been able to offer and which guests now expect, while providing the low prices which the price-oriented firms in a competitive marketplace have also led guests to expect. This middle group of organizations seeking to serve the mass market may do neither very well. They may find themselves in the position of overpromising and underdelivering, which is not the way to have satisfied, loyal, or repeat guests.

Keeping Promises

The excellent guest service organizations of the future will use every tool at their command to figure out what the guest wants and then provide it in a way that is consistent with the guest expectations of value and quality. If they promise a high-quality experience and friendly service, they had better provide them or the customers will not come back. Most service organizations depend on repeat business, and to fail their guests will cost them dearly in a competitive marketplace. Once you tell your customers what you will do for them, you've made a commitment and a promise. If the **guest promise** is broken or the commitment unrealized, guests will be unhappy and will tell everyone they know how unhappy they are. Few organizations can afford to break their promises, and the more a guest service organization depends upon repeat business, the less chance it can take of violating that trust. Information and opinions about service quality are freely available now and will become even more widespread in the future. If a dissatisfied guest posts a negative comment on the Internet about your service, that

comment may be readily accessible on a computer somewhere forever. Computers have the capacity never to forget, and the more they are involved in helping customers make selections among guest service providers, the more critical it is to avoid failing the guest.

Many companies now employ people to monitor various social networking sites. If a customer posts a complaint on Facebook or MySpace, an issue arises on a public discussion board or the company's own Web site, or someone writes a criticism on a Twitter account, the company should be proactive and address the concerns or correct the errors before an issue or a service failure causes customers reading a bad review to go elsewhere or, even worse, escalates into a public relations nightmare. The position of social networking representative is part marketing and part public relations. A job classification that didn't even exist ten years ago will become an increasingly important part of the organization's communication strategy as it seeks to avoid the negative word of mouth that can now travel almost instantly across cyberspace to the entire world.

Yesterday's Wow

The future will require managing information, managing people, understanding what each guest really wants more effectively (creating a **"market niche of one"** that allows the organization to build a relationship with each guest), and focusing on the organizational core competencies that satisfy these guest expectations. The future will also bring forth more knowledgeable customers with ever-rising expectations, and more competitors where they can spend their money. The more that competitors in the marketplace try to outdo one another in providing wow experiences, the more familiar these experiences will become. Yesterday's wow becomes today's expected basic level of service. Hospitality managers will need to engage the entire organization in constantly reviewing all aspects of the guest service product, the environment, and the service delivery system to find new and, hopefully, not easily duplicatable features to make a wow experience.

Server-Customer Interaction

The easiest and most fruitful area in which to develop these features is in the interaction between servers and customers, where hospitality employees can make a wow experience happen. The challenge here is to give employees the ability, motivation, and opportunity to perform in novel ways without jeopardizing the quality and consistency of the service product. Human error is inevitable, and the need to blend technology and people to provide a high-tech and high-touch experience of consistently high quality will be the biggest and most interesting challenge for the future guestologist.

LEADERS AND THE FUTURE

Leading the Way to Innovation

Whatever the future holds, the leader's job will be to get everyone ready, willing, and able to embrace the inevitable changes that the future will bring. Guestology can help managers prepare for and introduce **service innovations**. Like all benchmark hospitality organizations, Disney knows that its repeat guests expect new experiences that will make their return visits worthwhile. While Disney already provides a richness and depth in the design of its attractions that offer layers of experience to returning guests, this and any organization that relies heavily on repeat visitors must find ways to keep the experiences enhanced and fresh. A restaurant can offer new items on its menu, while retaining the old standbys. A hotel can redecorate its rooms and public spaces, to balance the brand's

promise of comfortable familiarity with the need of guests for new and stimulating enhancements to the lodging experience. Yet, while the service product and the environment may change, the delivery of exceptional customer service must remain consistent.

Providing an innovative service experience relies on attracting and encouraging customers to experience something that they have never seen or done before. To provide that experience, the company may have to produce something that it has never done before either. For a radically new experience, this could mean risking a major investment in creating an experience that might turn out not to meet the needs of enough customers to be profitable. Creating a radically new cruise ship requires a lot of upfront investment; if customers don't like it after it is built, the company has made a very expensive mistake.

The services innovation literature tells us that for an innovation to succeed, both the company and the customer should find it in some way familiar.¹ For incremental innovations that make smaller changes in the service experience, creating a sense of familiarity is easier to achieve than it will be for a radical change, which may feel totally different from anything the company has done or the guest has experienced before. For any experience that is quite different from past experiences, both the company and the customer will require considerable learning to become familiar enough that they can both be successful in co-creating the new experience.

Leading innovation, then, requires leaders to use the principles and practices of guestology with both guests and employees. Guestology enables leaders to identify what and when guests need and want something new or different to satisfy their ever-changing expectations. Guestology also enables leaders to identify what and when employees need and want something new and different to successfully deliver the innovations that guests expect. Whether the innovation is a big deal or a minor change for the customer and employee, the skill of the leader to implement change successfully will make the difference between success and failure.

Leading from the Front

We conclude by stressing an idea that has been implied throughout this book: Managers must lead employees toward excellence. The importance of the leader in hospitality organizations cannot be overemphasized. The leader is the teacher and role model of what the organization stands for and believes. If the leader doesn't lead, all the efforts to discover the **key drivers** that cause the customer to seek out a particular hospitality experience, the expense of designing the service delivery system, and the effort to recruit and train the best people are wasted. Every day and in every way, the leader must set the example and show all employees what their value is to the organization and to the process of creating hospitality experience.

Everyone wants to feel that what they do has value and meaning to a purpose larger than enriching a company's top executives and stockholders. Leaders not only inspire their employees to realize their individual worth to the organization, they also help employees see what contributions they make to the greater good by doing their jobs with excellence. Telling people how important it is that they do their jobs well is not enough. All employees must understand and believe that their contributions make a difference and that doing well whatever they do is vital.

All Jobs and People Have Value

Many organizations make efforts in this direction but few do it as well as Disney. The Disney organization has inspired its employees to believe they are responsible for creating

happiness for many who need it and many who would not otherwise have it. The tremendous publicity they provide to the “Give Kids the World” foundation and related ventures is not only a good thing to do, but it also inspires the people inside Disney that what they do is important and has value beyond the individual jobs they perform. The company reinforces this idea with the regular use of terms related to a theatrical production, such as *good show*, *bad show*, *on stage*, *off stage*, and *cast members*. These terms constantly remind all employees that their job has a greater purpose than merely sweeping up guest trash, working at a hamburger stand, or cleaning bathrooms. Each job has value and the person doing that job has value because of the contribution to the larger purpose. This is a vital part of inspiring people not only to do their jobs, but to do them with pride and commitment. Obviously, not every employee or cast member will be deeply affected, but this idea is planted in so many employees’ minds that it creates the strong cultural reinforcement that focuses everyone’s attention on producing an “excellent show” for each guest. This is a powerful leadership technique and a valuable way to ensure that everyone stays focused on the guest.

Leaders, Employees, Guests, and the Larger Purpose

The lessons behind these leadership techniques are simple but worth recalling at this point. Each reader of this book has aspirations to lead, or why bother studying the management of hospitality organizations? The best companies know that if you want the line-level employees to deliver exceptional service, the message, vision, culture, and attitude must begin at the top. Leaders establish a culture of guest service excellence and reinforce it by word, deed, and celebration. Leaders are consistent in what they say and what they do. Leaders find ways to provide the incentives that motivate employees to exert effort, embrace the mission, and go above and beyond the job description by paying them fairly and making their jobs fun, interesting, and important. Leaders give value to employees by showing them they are valued for both their contributions to the organization and their contributions to the larger purpose toward which the organization aspires. Leaders provide the guidance and feedback to help direct employee efforts and develop employee skills. Leaders have the joy and the responsibility of making it all happen: motivated servers, a service-oriented culture, wow guest experiences, delighted and loyal repeat guests, and a firm foundation of organizational business success.

We have often used Disney as the benchmark, the standard, the reference point, so it is fitting that we conclude by showing what value Disney places on its leaders. From the beginning, Walt Disney intuitively felt that a direct relationship must exist between leadership behaviors, the cast member experience, the guest experience, and customer loyalty. Eventually the organization was able to support the intuition statistically. According to Disney executives Craig Taylor and Cindy Wheatley-Lovoy:

“We can now verify statistically what we believed intuitively five years ago: There is a direct link between leadership behaviors and a quality cast experience, a quality guest experience, and our business success. The correlation is strong and specific.²” Taylor and Wheatley-Lovoy conclude, “In the business units in which cast members rate their leaders as outstanding in such behaviors as listening, coaching, recognition, and empowerment, the guest satisfaction ratings are the highest.”³

The Leader’s Challenge: Blending It All Together—Seamlessly

Finally, the leader blends together the strategy, staff, and systems so that everyone knows how and why to concentrate on the guest. The strategy must be right, the staffing right, and the systems right if the combined effort is to succeed in providing the outstanding guest

experience the organization is in business to provide. If the leader sees that any element is not contributing to the employee's ability to provide outstanding experiences, the leader will fix it or have it fixed. Just as the organization wants to fix any guest problem that detracts from the guest experience, the outstanding leader wants to fix any employee problem that detracts from that employee's ability to provide an outstanding guest experience.

Figure 14-1 sums up all the elements that leaders must manage if they are to meet this challenge effectively. They must:

- Define an organizational vision of what guest segment is to be served and what service concept will best meet their expectations.
- Select employees with service-oriented attitudes and train them in the necessary skills.
- Provide the incentives that will motivate empowered employees to deliver unsurpassed guest service.
- Ensure that employees have the proper resources to provide outstanding service.
- Design specific delivery systems that translate plans, employee skills, and resources into an experience that meets guest expectations and perhaps even wows the guest.
- Provide the measurement tools that allow employees (and coproducing guests) to see how well they are doing in providing the targeted or desired guest experience.

Measurement is critical for ensuring that all the other factors are correctly focused on achieving the best for the guest. If you don't know how you're doing, you don't know if you need to do better, so you don't know how to do better. If you try to improve guest service, you don't know if you have succeeded.

Figure 14-1 shows how the guest and the guest's experience can be negatively affected when any one of these important leadership keys is missing or forgotten. Negative effects will not always occur. Just as service failures happen in the best-managed organizations, so can the frontline staff of poorly managed organizations sometimes provide successful guest

FIGURE 14-1 Leadership Keys: Achieving the Best for the Guest

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Skills + Incentives + Resources + Delivery System + Measurement – Vision =
Unfocused Employees = Unfocused Service = **Confused Guests**

Vision + Incentives + Resources + Delivery System + Measurement – Skills =
Untrained Employees = Probably Failed Service = **Disappointed Guests**

Vision + Skills + Resources + Delivery System + Measurement – Incentives =
Unmotivated Employees = Lackluster Service = **Disappointed Guests**

Vision + Skills + Incentives + Delivery System + Measurement – Resources =
Unsupported Employees = Inadequate Service = **Complaining Guests**

Vision + Skills + Incentives + Resources + Measurement – Delivery System =
Unreliable Employees = Unreliable Service = **Unsatisfied Guests**

Vision + Skills + Incentives + Resources + Delivery System – Measurement =
Uninformed Employees = Inconsistent Service = **Unfulfilled Guests**

Vision + Skills + Incentives + Resources + Delivery System + Measurement =
Unsurpassed Employees = **Wow Service** = **Delighted Guests**

experiences in spite of the organization and its faults. When one or more leadership keys are missing, however, the chances of consistent service success are reduced. The exact effect on the guest experience may not be predictable in precise terms, but it will not be a happy one.

Figure 14-1 only shows the effects that a missing leadership element can have on the guest experience. We do this to emphasize the role that leadership can play in affecting the guest experience. Although managers will do as good a job as they can of managing all of the parts of the service experience, they are going to have very little control over most of the nonhuman aspects of the system. Consequently, managers' capacity to change the service product, the service setting, and most components of the service delivery system will be limited. For example, if the dining room is already constructed, the menu set, and the kitchen equipped and set up, the manager may not be able to do much to manage the guest service product, environment, and the mechanical parts of the delivery system. In a way, this is good news; it enables managers to focus on the people part of the guest experience: the guests as part of the environment for each other, the guests as they participate in co-creating their own experiences, the servers as they try to contribute to outstanding experiences, the back-of-the-house employees as they provide what their internal server-guests require. These many and ever-changing people elements of the guest service situation require and deserve each manager's attention; using a theme restaurant as an example, perhaps it is fortunate that the elaborate fantasy setting and the frying system don't require the moment-to-moment attention that people often do.

If the organization's leaders lack an overall vision of a target market and its expectations, this lack will be communicated from the top throughout the culture and may lead to unfocused service. Without good leadership, servers will not be sure of what exactly they should achieve, and guests will receive mixed messages and inconsistent experiences. If managers put untrained people in guest contact positions, service failures and disappointed guests are probable. If incentives are lacking or inappropriate, unmotivated employees will simply go through the motions of providing lackluster service experiences. Failure to provide resource support for people in both the front and the back of the house will prohibit even a motivated and guest-focused front line from providing adequate service. Similarly, flaws in the delivery system will keep the best of personnel from providing reliably satisfactory guest experiences, much less experiences that delight; as the saying goes, "a bad system will defeat a good person every time." Finally, if levels of service quality and guest satisfaction are not measured, employees will be frustrated by not knowing whether the guest experiences they are providing are achieving the organizational service vision, so in a hit-or-miss fashion, they will continue to provide inconsistent service.

Only when the elements are all in place can the leader be effective in enabling and empowering employees. Only then can empowered employees provide the wow experiences that fulfill the organizational vision of providing remarkable service to delighted guests.

The leaders of each hospitality organization have an awesome responsibility and challenge. These people must motivate and empower employees to do what must be done to create the guest experience with excellence. A poorly manufactured car can be recalled for a retrofit; a bad guest experience is a bad guest experience forever. A tire can be inspected many times by trained quality control engineers before it is sold; a guest experience cannot be inspected because it does not even exist for inspection before it is provided. The guest experience must be right the first time, or the server must be empowered to fix any problems on the spot.

Every manager from the chief executive officer to the frontline supervisor must ultimately make sure that all this happens, that employees feel good about what they are doing, that they convey this feeling to guests, and that guests leave knowing the experience

was worth every penny paid and maybe a little bit more. This **transformational leadership** makes the difference between success and failure in today’s hospitality organizations, and it will make the difference in the future. This is the leadership challenge.

IT BEGINS—AND ENDS—WITH THE GUEST

By now, you may be reciting the components of the guest experience in your sleep: service product plus service setting plus service delivery system. But isn’t something or someone missing? If that is a model of the guest experience, where is the guest? Obviously you can’t have a guest experience without a guest to experience it. That’s the whole point: without the guest to initiate it, the components that the organization has assembled—the carefully designed service product; the detailed and inviting setting; the highly trained, motivated servers; and the finest back-of-the-house people and facilities—are just an experience waiting to happen. Throughout this book, we have made the point that it all starts with the guest. We think it fitting that we conclude by saying: it all ends with the guest, too!

LESSONS LEARNED

1. Train employees to think of the people they come in contact with as their guests.
2. Guestologists start with the guests, both external and internal.
3. Build a strong culture and sustain it with stories, rewards, and actions.
4. Manage all three parts of the guest experience.
5. Articulate a vision, transcending any single job, that gives all employees a sense of value and worth in what they do.
6. Organize, staff, train, and reward around the guest’s needs.
7. Whatever is critical to organizational success should be measured and managed carefully.

The essence of guest services in the hospitality industry is that it all begins and ends with the guest.



Photo courtesy of Marriott International

8. Create jobs that are fun, fair, interesting, and important.
9. Prevent every service failure you can, find every failure you cannot prevent, and fix every failure you find—every time and, if possible, on the spot.
10. Exceeding guest expectations today may not even meet them tomorrow.
11. Never stop teaching; inspire everyone to keep learning.
12. Remember that the only thing that is constant is change. Lead innovation.
13. Lead by actions and words that consistently reinforce the service mission.
14. It all ends with the guest!

REVIEW QUESTIONS

1. Assume that your hospitality instructor says, “Bringing together all the principles of strategy, staffing, and systems is the job of the hospitality leader.”
 - A. What leader or leaders do you think the instructor is talking about?
 - B. Who has greater responsibility for “bringing it all together”: the hospitality organization’s CEO or the local unit manager?
 - C. Steak and Bake International has a well-established corporate mission, vision, and strategy. Its delivery systems are all in place, and the individual units are fully staffed. You have just been hired to manage the local Steak and Bake. Do you have responsibilities with regard to strategy, staffing, and systems other than those of a caretaker?
 - D. Based on any work observations you have made or organizational experiences you have had, how would you distinguish between a leader and a manager?
2. This book suggests that all people seek to be part of organizations or situations that give them a sense of being involved in and contributing to something greater than themselves. Reflect on organizations you have enjoyed being a part of or for which you have worked hard to help them succeed.
 - A. Why did you enjoy them and work hard on their behalf?
 - B. In your life, have you joined some organizations “to gain a sense of being involved and to contribute to something greater than yourself” and other organizations for entirely different (perhaps totally selfish or self-centered) reasons?
 - C. How does all that relate to managing the guest experience in hospitality organizations?
3. Think back on hospitality organizations that you like and to which you feel loyal. What is it that they do to make you want to return and buy their services again and again? Is it that they provide the basic drivers of your satisfaction so well? Or is it that they provide some wow drivers in addition to the basics?
4. The book suggests that one key way to differentiate the guest experience and give it some wow is to personalize it, rather than simply “doing it by the numbers.” Think about different hospitality organizations that you have patronized.
 - A. Which aspects of service were “done by the numbers”?
 - B. What did they do to personalize the experience for you?
 - C. Could they have done more to personalize it, and if so, what?

5. Why is empowering the front line so important for hospitality organizations?
 - A. Why is a strong organizational culture necessary for successful empowerment?
 - B. Why is a strong organizational system necessary for successful empowerment?
6. Consider the probable growth and improvements in communications technology that will occur in the future. How will these changes affect several different types of hospitality organizations, including hotels, restaurants, and theme parks? How might a typical hotel and restaurant make use of the Internet?

ACTIVITIES

1. Be on the lookout for service failures. Try to locate the origins of the failures within Figure 14-1.
2. Divide into groups. Describe bosses or leaders that group members have had who made you feel good about your job or activity. What did the boss or leader do to make you feel that way? Have a similar discussion about bosses or leaders who had an opposite effect on you.
3. Interview four different employees in four different jobs. How do they feel about the jobs they do? What do their leaders do to make them feel either happy or otherwise in their work?

ETHICS IN BUSINESS

A number of critical stakeholders are affected by the process of delivering customer service. There are, of course, the guests. But many other people and entities have a stake: employees, managers, the leaders of the business, the owners (or stockholders), suppliers, the government, and society. While it may seem difficult enough just to try to provide an exceptional customer service while making the company a fair profit, one inevitably is faced with a lack of resources (particularly financial), and compromises must be made.

You, the readers, are the emerging leaders, of both businesses and society. As a future business leader, to what extent do you feel you should compromise organizational profits to better satisfy the other stakeholders with whom you will interact? We are not talking about actions with an expected financial return—treating your customer better so that you will get repeat business, treating your employees better so that they will be more motivated, or donating funds to charities for good public relations—but rather making choices to benefit others when a financial profit is not likely to result, directly or indirectly.

- Do businesses have an obligation to provide good service?
- Do employers have a responsibility to provide for workers beyond what is needed to hire, retain, and motivate them?
- Do managers ultimately have responsibilities to those who are not the company's owners?
- Do businesses have an obligation to their communities beyond what helps with public relations or is required by law?

You may want to take some time to think about these issues as you conclude reading this book. Inevitably, you will need to consider these questions as you go forth in your career.

CASE STUDIES

The Penland Heights Resort

Nestled in the mountains of western North Carolina, the luxury-level Penland Heights Resort has been family owned for generations. The employees have also been members of families who have served the guests of the Penland Heights for all those generations. They and Tom and Laura Lunsford, the owner-operators, have taken a familial pride in providing the most outstanding guest service in the Blue Ridge Mountains.

For many years, the Penland Heights was the only employer in the mountain town of Penland. Then “progress” began to encroach on the town, in the form of fast-food outlets, a mall, tourists, and Florida families who picked off the prime mountain locations as sites for modernistic chalets. The Penland Heights maintained its dignity and its superiority, but the employees on whom the Heights had counted for so long were getting older, and the new generation just did not seem to have the same service values as their elders. Yet, what could the Penland Heights do? Most of the young people left the area as soon as they graduated from high school. Only the younger family members of the aging employees chose to stay in Penland, to work at the Penland Heights.

Tom and Laura Lunsford dreaded the day when they and their guests would have to depend on “the new generation,” and as had to happen, eventually the more youthful employees outnumbered the long-time loyal employees. The time also came that the service for which the Heights had long been famous began to slip. The senior Lunsfords felt that the new generation just did not have the service values of their older family members.

The Penland management had empowered the older folks to a high degree and was happy to do so. They thought that they would have to exert much more control over their sons and daughters; otherwise the old resort would soon be on the auction block.

Their daughter Granada told them they were wrong. “These are great kids. They love this old barn of a place. Sure, their ideas ... our ideas ... are different from yours. But this world and this business are different from what they were when you were younger and took over the Heights. If you give us kids a chance, we will not only hold the line; we can bring the Penland Heights back to the level of the glory days.”

* * *

1. What are the basic leadership issues in this case?
2. What leadership skills must Tom and Laura Lunsford either have or acquire to continue managing this hotel successfully under the changed social, cultural, and economic conditions of the times?
3. Do you think Tom and Laura, who are intelligent, well meaning, experienced, and highly motivated but somewhat old fashioned, are sufficiently adaptable to fit in with the “new breed” of employees? Can these old dogs learn new tricks? Or in all probability does the future of hotel leadership lie with their daughter Granada who, even though inexperienced, is more in tune with the times?

The Hotel Kitchen

Jean Crine, a graduate of the Culinary Institute of America, works in a hotel kitchen as a sous chef. Unlike some hotel restaurants, which seem to exist only so that their hotels can refer to themselves as “full service,” this restaurant is known to be one of the best in a fairly large city. Crine and a few other women hold responsible positions in the hotel, but most of the significant positions are held by men.

Crine shares a kitchen with the executive chef, three chefs, and two assistant chefs, all males. The atmosphere in the kitchen was very relaxed and was more social than

professional until Crine was hired. When the executive chef isn’t around, the other chefs tend to treat Crine like a little sister—teasing her about her clothing, her hair, her formal training (they all learned on the job), mistakes in her work, what she ate for lunch, and her lifestyle. She has expressed her annoyance at this patronizing treatment, but her irritation has only prompted an increase in the teasing.

On one occasion, Jean noticed an assistant chef (subordinate in organizational level to her) tossing a large

salad without wearing the required rubber gloves. She politely asked him not to do so. He responded by sticking a handful of garlic dressing into her mouth. She retaliated by dumping a jar of olives on him. Some of the olive juice splashed onto a chef working on the other side of the sink. He grabbed Crine and started shaking her. She told him to remove his hands, and he yelled that no woman would tell him what to do. The assistant chef was also yelling that no woman would tell him how to toss a salad. On another occasion, one of the chefs put a picture of a woman wearing only a chef's hat on the kitchen wall. Crine asked him to remove it, but he refused. Crine spoke to the executive chef, who made the chef take the picture down. He was furious.

The chefs complain that Crine is outspoken, easily offended, domineering, and rebellious. They claim she is the cause of all disharmony in the kitchen and detrimental to morale and production. The executive chef has spoken severely to her about her tendency to "overreact." Concerning the incident with the salad, Crine maintains that the assistant chef's sticking garlic

dressing in her mouth was inexcusable and that her reaction was normal for any person with self-respect. She insists upon her right to be treated as a professional by her coworkers, despite their apparent feeling that women are not equal in ability to men. She feels that to tolerate treatment as an inferior in the world of high cuisine would put an end to her career.

Recently, Crine returned to the kitchen after a two-day absence. She remarked that it was good to see everyone again. One of the chefs replied, "Too bad the feeling isn't mutual. I wish you hadn't come back."

* * *

1. How could the organization have avoided this problem?
2. To what extent, if any, has Crine brought on her own difficulties? Or do you view her purely as the victim in the situation?
3. What should be done now?

Millionaire Hotels

Wilbur Beck is manager of the Major Equipment Maintenance and Engineering Group for Millionaire Hotels, a southeastern chain. Reporting to Beck are four supervisors, each responsible for a district within the southeast. Assigned to each district are a work group leader and an engineer.

Millionaire Hotels uses the PERT/CPM technique to schedule all major maintenance on hotel equipment. The process includes estimating future requirements and then ordering parts and assigning teams to the different hotels to perform the scheduled maintenance. To meet this demand, the MEM&E Group is included in the PERT/CPM chart's critical path. Therefore, all work must be done on time.

Beck has decentralized and delegated as much as he can. Within each district, the work group leader is responsible for ensuring that all schedules are met. Nelson Baldwin, supervisor of District I, has been on vacation for two weeks. A few days ago, engineer Frank Diasi came into Beck's office, stated that seven hotel engineering projects in his district were critically overdue, and said he could not possibly catch up without help. When Beck asked why the district was behind, Diasi said bluntly that work group leader Jim Clark devoted his time to "busy work" and did not do his job properly.

Diasi said Clark had not performed satisfactorily at any time since his assignment to the district four months earlier.

Upon checking discreetly, Beck found that Diasi was apparently telling the truth. Everyone agreed that Clark was technically capable and personally likable, but for some reason he was not performing the duties required of his position. One employee commented that Clark did not seem to value his position very highly. Beck arranged to bail out District 1 by borrowing help from other districts, but something obviously had to be done about Clark.

When district supervisor Baldwin returned from his vacation, Beck questioned him. He said he had only recently become aware that Clark was performing poorly. He admitted that he had not kept close track of individual performance within his district because the group as a whole had been performing fairly well; he thought district results were what counted. He asked Beck for help in determining what to do about Clark. They reviewed Clark's background together.

Clark is fifty-four years old. He came to Millionaire five years ago from another major chain. When he arrived, he and top management both anticipated that he

would soon become a group manager in a position similar to Beck's. However, although he appears to be quite good technically, he simply has not lived up to expectations. For the past couple of years, he has obviously resented taking orders from younger managers. A year ago, when Clark was in another district, Beck decided that he was adequate in his present job but was not then promotable. Clark became quite angry when he heard Beck's

appraisal. Since that time, his attitude has been barely acceptable.

* * *

1. What do you suppose is wrong with Clark?
2. Who is at fault, if anyone?
3. What should be done now?

The Management Seminar

"I'd like to sum up what we've been talking about during this four-week management seminar," said Professor Stilwell to Trina Morgan and nineteen other participating managers. "Research and practical experience both show that if you give your employees the opportunity, they will get together, discuss problems, analyze alternatives, and then come up with good decisions that they will implement with enthusiasm."

Morgan was persuaded that group discussion and group decision making could work at Hoffman Restaurant, where she was manager. Once back at the restaurant, she called together the thirty servers and relayed this message.

"Our current service standards were established seven years ago. Last year we installed automated equipment in the delivery system to make your work easier, and raised your pay as a reward for work well done, but we have not changed the service standards. I am asking you to discuss the situation thoroughly and then to decide what the new standards should be in both the cocktail and food areas. I'll be back at 11 o'clock to hear what you have decided." Morgan thought surely that the employees would set high standards and, because they had made the decision themselves, would try extra hard to achieve them.

When Morgan returned, she listened to head server Rollie Morris, spokesman for the group: "Ms. Morgan, we appreciate your faith in us, and we are convinced that we have justified that faith by coming to the right decision. We talked it over and decided that, even with the automated equipment, which is now a part of the delivery system, the service standards are still too high. We have to just about kill ourselves to meet them, and we all go home dragging. Therefore, we unanimously agreed to abolish the standards. They make this place feel like a production line. We can deliver more wow if we are just left on our own."

The servers cheered and smiled. Morgan excused herself from the meeting, went to her office, and placed a call to Professor Stilwell.

* * *

1. Is there a leadership problem at Hoffman Restaurant?
2. What mistakes, if any, did Trina Morgan make?
3. What will Professor Stilwell say? How will he advise Trina Morgan?
4. Do you think his advice will work?

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NOTES

¹For more on service innovation see Matthing, J., Sanden, B., & Edvardsson, B. 2004. New service development: Learning from and with customers. *International Journal of Service Industry Management*, 15, 479–498; Oke, A. 2007. Innovation types and innovation management practices in service companies. *International Journal of Operations and Production Management*, 27, 564–587; Nerry, L. L., Shankar, V., Parish, J. T., Cadwallader, S., & Dotzel T. 2006. Creating new markets through service innovation. *MIT Sloan Management Review*, 47(2), 56–62.

²In Taylor, C. R., & Wheatley-Lovoy, C. 1998. Leadership: Lessons from the Magic Kingdom. *Training and Development* (July), 24.

³Ibid.