



Customer Service

Handout 2

Carlton Hotel Case Study

Case Study of The Ritz Carlton Hotel

Understanding the The Ritz Carlton model of Customer Service Excellence

Here follows information taken from the following source: <http://www.expertmagazine.com/>

When was the last time you were "wowed" by customer service? Hard to remember? The customers of The Ritz-Carlton Hotel could answer that question easily.

According to Gerard van Grinsven, Vice President and Area General Manager for The Ritz-Carlton, "We are in business to WOW people."

The executive management team of the Ritz-Carlton, Dearborn, Michigan share the philosophy behind their extraordinary customer service and how they do what they do so you can incorporate similar practices in your business to set you apart from the competition.

Along with the Ritz-Carlton, marketing expert Tony Alessandra offers strategies for becoming a customer-driven versus an operations-driven organisation, to differentiate yourself from the competition. And award winning speaker and trainer, Patricia Fripp shows us how empowering your people to be creative and innovative thinkers improves productivity, internal and external customer satisfaction and the bottom line.

Part I: Birth of the Ritz-Carlton Mystique

Consider these familiar names:

- The Pyramids
- Mount Kilimanjaro
- The Masters
- Wimbledon

An unlikely combination? Not at all, because they share a common factor. They garner unmatched respect, worldwide. Mention any of them, and words like these come to mind: "tops in their field," "awe inspiring," "prestigious," "highest quality," "the finest," "in a class of their own," and "breathtaking."

Here's a name we can add to the list, quite justifiably: The Ritz-Carlton. The Ritz-Carlton Hotel's magnificent customer service—combining resplendent facilities with the ultimate in personal attention—prompts every guest to exhaust his or her dictionary of superlatives. Guests remark that they are "pampered," "respected," "treated like royalty," and "incurably spoiled."

Prestigious Awards

J.D. Power and Associates, a global marketing information services firm-- basing its awards upon survey responses from millions of customers internationally--named the Ritz-Carlton Hotel "Highest in Guest Satisfaction Among Luxury Hotel Chains" for 2003. The Ritz-Carlton led "in each measure of guest satisfaction." For the two preceding years, the Ritz-Carlton had ranked second, competing for the top spot with Four Seasons, Fairmont Hotels and Resorts, and Inter-Continental Hotels.

The hotel's press release stated: Out of 1,000 possible points, Ritz-Carlton scored 880, 41 points ahead of its nearest competitor, for what President and Chief Operating Officer Simon F. Cooper called a "validation of The Ritz-Carlton vision to grow and extend its brand, without sacrificing our long-standing commitment to providing the finest service and surroundings to our guests."

World-Renowned Brand

Additionally, the Ritz-Carlton merits fourth place ranking among the "strongest brands in the world," according to Gerard van Grinsven, Vice President/Area General Manager, Ritz-Carlton of Dearborn, Michigan. He has contributed significantly to the strength of the brand, leading the Ritz-Carlton Dearborn to become the most improved hotel in the system for 2002, according to monthly customer satisfaction ratings conducted by Gallup. He had learned the Ritz-Carlton system at the Seoul, Korea, hotel, prior to becoming food and beverage vice president for Ritz-Carlton worldwide, a post he held for six years before his move to Dearborn.

There's an old song, "How long has this been going on?" That's worth exploring. How, when, where, and by whom did the Ritz-Carlton "Mystique" originate?

Cesar Ritz, the Pioneer

No novelist could come up with a more intriguing story. Flash back to the hotelier Cesar Ritz, known as "the king of hoteliers and hotelier to kings." His name became associated with the most renowned hotels of his day, including the Grand Hotel in Monte Carlo, the Savoy in London, and then as manager of The Ritz in Paris, starting in 1898, and The Carlton in London, opened in 1906. Obviously, the Paris and London hotel names combined ultimately for the Ritz-Carlton combination we know.

Cesar Ritz established the benchmark for luxury hotels in Europe. He formed the framework for the Ritz-Carlton service philosophy, with comments like this: "Never say no when a client asks for something, even if it is for the moon. You can always try."

The Ritz-Carlton's dining legacy began when Cesar Ritz teamed up with culinary genius Auguste Escoffier. Learning the hotel trade together at the Grand Hotel in Monte Carlo, they later assumed leadership roles at the Savoy in London, with Cesar Ritz serving as General Manager and Escoffier as

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Head of Restaurant Services. Ambitious though they were, they could not have envisioned their impact on luxury hotels around the world, long beyond their lifetimes.

Insisting on the highest standard of hygiene, Cesar Ritz preferred white walls in guest rooms, so that even a cursory inspection would detect unwanted marks. Not surprisingly, his reputation for excellence and elegance coined new sayings: “ritzy” and “Puttin’ on the Ritz.”

Coming to America

As for the instantly recognizable logo, Cesar Ritz selected the crown, symbolic of the British royal seal, and the lion, signifying a financial backer.

Upon his death in 1918, his wife Marie continued the expansion of his hotels. America came into the picture with the Ritz-Carlton in Boston in 1927. Soon other Ritz-Carltons followed in major cities like New York, Philadelphia, and Pittsburgh. However, only the Boston hotel survived the Great Depression.

The Ritz-Carlton Boston exemplified the vision of Cesar Ritz. To reflect the royal atmosphere and treatment, room rates soared to the then sizable sum of \$15 per night.

A humorous historical note: Edward Wyner, the Boston hotel’s founder, knew the Ritz-Carlton must maintain an aura of success, despite the gloom of the Great Depression. His answer was elementary. He kept the lights on in vacant rooms, to suggest one hundred percent occupancy.

Establishing the Standards

The Boston Ritz-Carlton introduced room and service standards unprecedented in America, now considered de rigueur for luxury hotels. Among them:

- Private baths in guest rooms
- Elevated dress codes: white tie and apron uniforms for waiters and waitresses, black tie for the Maitre d’ and morning suits for all other staff. (Note that this was adopted decades before the term “dress for success” permeated the business arena.)
- Intimate, smaller lobbies, contrasting with the customary expansive lobbies that afforded little quiet or privacy for conversations

Forming the Company

Another corporate milestone occurred in 1983, with the sale of the Boston Ritz-Carlton, and the establishment of The Ritz-Carlton Hotel Company.

Over the next ten years, the company expanded rapidly, adding thirty hotels. Today fifty-six hotels, scattered from San Francisco to Seoul, Korea, from Boston to Bali, display the Ritz-Carlton logo.

As every guest knows, you move from one Ritz-Carlton hotel to another without noticing a transition. The décor and service match what you have seen in every other Ritz-Carlton. You encounter no surprises, and certainly no disappointments. The hotel replicates its perfection, regardless of locale, climate, or language.

Although the Marriott Corporation purchased the Ritz-Carlton Hotel Company in 1998, the Ritz-Carlton name remains prominent. Cesar Ritz would be pleased that the “customer is king” concept he initiated lives in his namesake hotels.

Customer Service and Sharing the Formula

Part Two: The Ritz-Carlton’s method for selecting, training, and inspiring first-rate employees

The Ritz-Carlton does not “hire” employees, as other organisations do. According to Gerard van Grinsven, Vice President and Area General Manager, and Laura Gutierrez, Director of Human Resources for the Ritz-Carlton Dearborn in Michigan, the hotel “selects” new members for the Ritz-Carlton team.

Process of Selecting Employees

To choose from the numerous job aspirants, van Grinsven noted that the Ritz-Carlton studied top performers in other organisations, to develop the ideal “profile” for each position. “We looked at what made these employees give exceptional performance,” he explained. “Then we developed job descriptions, and detailed qualifications, for comparable jobs in our properties. Some might say we ‘benchmarked’—that is, we used workers in other high caliber companies as our models.” The result? Employee turnover declined. The Ritz-Carlton enjoys the lowest turnover rate of any hotel in the industry.

Additionally, for employee selection the Ritz-Carlton uses the services of Talent+, an international human resources firm, based in Lincoln, Nebraska. Talent+ adds objectivity to the selection process, and helps assure that new employees will bring full commitment to the Ritz-Carlton tradition and service.

Not all applicants obtain face-to-face interviews. “We do considerable screening by telephone,” Gutierrez said. Phone conversations indicate whether the applicant merits an on-site interview. She pointed to exceptions: An applicant for the pastry division or a painting job would get an opportunity to demonstrate those skills.

What about educational background? That differs with the position. Even so, the hotel encourages and supports pursuit of degrees, providing tuition reimbursement for college level work.

Gutierrez states: “We maintain grooming standards, which are congruent with our claim to be Ladies and Gentleman.” She referred to the standard as “quiet elegance,” terminology that embodies the hotel’s image perfectly.

Highly Diverse Work Force

Does this imply that the hotel opposes diversity? Quite the contrary. In the Dearborn hotel’s housekeeping department, Gutierrez can identify twenty-two nationalities. And whenever you enter a Ritz-Carlton hotel, you see multiple examples of international and interracial employees—scattered over a wide age range.

Gutierrez said, “We look at people for what they offer, concentrating on their talents and abilities. We are very diverse overall.”

A Case Study

Let’s assume an applicant—we will call her Katherine—makes it through the selection (again, not hiring) process. In most other organisations, she would sit through a day of employee training, then carry away an employee manual—most of which had been read aloud during the mind-numbing training session. After that, training would vary widely according to the supervisor. Here’s where the Ritz-Carlton departs dramatically.

Yes, Katherine will attend initial orientation, for two consecutive days. Next comes “Day 21,” when she must pass her first Certification Exam. By now, she understands and endorses what van Grinsven and other leaders affirm: “We are in business to wow the customers.”

The Gold Standards

At this point, Katherine has become thoroughly familiar with the “Gold Standards,” called “the foundation of The Ritz-Carlton Hotel Company, L.L.C. They encompass the values and philosophy by which we operate and include The Credo, The Motto, The Three Steps of Service, The Basics, and The Employee Promise.”

Far from being secret codes, like a fraternity ritual, the Gold Standards appear on the hotel’s Web site, available for all viewers: www.ritzcarlton.com/corporate/about_us/gold_standards.asp

To really grasp the hotel’s service philosophy, you will want to read this page thoroughly.

The most easily recognized section of the Gold Standards is The Motto: “We are Ladies and Gentlemen Serving Ladies and Gentlemen.” Van Grinsven and Gutierrez pointed out that employees

use this framework for dealing with guests and with their fellow Ritz-Carlton employees. They must treat workplace colleagues with the same dignity they incorporate with guests.

Almost poetically, The Credo pledges “The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.”

The Three Steps of Service call for giving the guest a warm and sincere greeting (using the guest’s name when possible), anticipating and complying with guest needs, and saying a fond farewell, again using the guest’s name.

The Employee Promise begins: “At The Ritz-Carlton, our Ladies & Gentlemen are the most important resource in our service commitment to our guests.” Take note—the hotel’s pristine reputation does not come from the opulent surroundings, the gourmet food, the resplendent landscaping. The employees top the list of assets.

The Lineup

While Katherine, our prototype new employee, learns The Credo, The Motto, the Three Steps of Service, and The Employee Promise, she will spend every day of her Ritz-Carlton employment discussing one of the 20 Basics.

“Every day?” you ask. Yes, every day, in what’s called “The Lineup.” When I asked van Grinsven to tell me about this daily checkpoint, he responded, “I’m really glad you asked that.” He called The Lineup “our most important tool.” He elaborated: “Relationships only last if you communicate. Good communication is the reason why things work.”

Picture Katherine, who works with the kitchen staff, spending the first 10-15 minutes of the day in dialogue with her counterparts. Like everyone else in the hotel, they discuss one of the 20 Basics. For example, today’s discussion could center on Basic 10: “Each employee is empowered. For example, when a guest has a problem or needs something special, you should break away from your regular duties, address and resolve the issue.”

Simultaneously, van Grinsven meets with his top executives and Gutierrez with her Human Resources team. Dishwashers, doormen, and maintenance staff meet in their groups. They, too, address the meaning of Basic 10. They discuss situations, both hypothetical and actual. How does this team apply Basic 10 today? What initiative is in order?

Remember, the Dearborn hotel isn’t observing the Lineup alone. All 25,000 Ritz-Carlton employees are doing the same thing in their locales.

Employee Empowerment

Van Grinsven told me that the now-popular term “empowerment” originated with the Ritz-Carlton. Gutierrez put a dollar figure on the employee’s resources for solving a problem immediately,

without checking with a supervisor. Our new employee Katherine can commit up to \$2,000 of the hotel's funds to bring instant resolution to a guest's problem.

Clearly, an employee cannot evade difficult situations by uttering, "That's not my job." Job descriptions become irrelevant when guest satisfaction is at risk. Ladies and Gentleman step outside job boundaries, and no one questions their right to act—because they have an overriding obligation to settle issues.

Back to the Lineup: What happens when the discussion cycle finishes Basic 20? The next day, everybody starts over, with Basic 1.

Day 365

Not surprisingly, at the end of her first year, Katherine will learn the Gold Standards thoroughly, preparing her incrementally for her annual Re-certification on Day 365. Unlike an average student, she doesn't "cram" the day before her test. She has been through 120 or more hours of training—which will never stop.

Ongoing Employee Feedback

You might wonder whether the Ritz-Carlton relies too heavily on top-down management, with so many repetitions of multiple regulations. Are we dealing with autocracy? That assumption would be wrong. Not only does empowerment happen when occasional problems arise, the hotel's executives encourage, and reward, ongoing employee input. In van Grinsven's words, "If you don't involve people, you never really get buy-in." He adds that employees "really know what's happening, and management needs to listen to them."

So Katherine may hear this several times a month: "What's your opinion about how we can improve our kitchen service?" Basic 7 establishes the framework for bilateral communication: "To create pride and joy in the workplace, all employees have the right to be involved in the planning of the work that affects them."

To borrow an athletic term, many internationally known corporations "play without a team huddle." A few at the top make decisions, then their "reports" implement them without question. The Ritz-Carlton team—the entire team—huddles daily, and more often when needed.

Reverting back to the selection of employees—that's a team effort, too. A supervisor, Gutierrez explains, won't add an employee without seeking opinions from the candidate's potential colleagues. Nor will Human Resources bring in a new person without group consultation.

Upward Mobility

Another positive point: Gutierrez said that dead-end jobs don't exist at the Ritz-Carlton for ambitious people. "We like to home-grow new talent. A dedicated worker has ample opportunity for advancing within the organisation."

Possibly the most distinctive contribution the Ritz-Carlton Hotel has made to customer service worldwide finds expression in the second of the Three Steps of Service: "Anticipation and Compliance with guest needs." Elsewhere, a typical organisation boasts about its Complaint Department, where disgruntled customers appear after an unpleasant situation. But Ritz-Carlton employees develop detective skills, sniffing out problems in their early stages, and then solving them before dissatisfaction escalates.

Expansion During Turbulent Times

When I asked van Grinsven what had been the major recent challenges for the Ritz-Carlton—while confronting an economic downturn, international conflict, reduction in travel, and mounting hotel vacancies—his response was remarkable: "During the last five years, while other major hotels were trying to maintain the status quo, we opened thirty new hotels, nearly doubling our size." To him, the biggest challenge was "training that many new people that quickly," making sure that every new employee went through the assimilation procedures that characterize the Ritz-Carlton. It worked. He said with obvious pride, "Our culture has kept us alive."

Sense of Belonging

With such a comprehensive training program, we should not be surprised at van Grinsven's view of the result: "When a customer comes in, he or she feels a sense of belonging, a home away from home. The customer feels, 'I'm somebody special.'" Accordingly, when a customer leaves, even though his hotel bill may involve several hundred dollars, one phrase permeates his thinking: "It really was worth it."

Part III - The Ritz-

In welcoming 250 participants to the second annual Legendary Service Symposium on October 21, 2003, Vice President and Area General Manager Gerard van Grinsven made this promise to his guests at the Ritz-Carlton Dearborn, near Detroit, Michigan:

"I guarantee I will wow you with great food and great service over the next two days."

The Legendary Service Comes To Life

As for the service, here is a typical example: Exiting the elevator at 7:55 a.m. on opening day of the Symposium, I encountered a uniformed, smiling, perfectly groomed lady, obviously a Ritz-Carlton employee. I said, “I’m looking for the Symposium. Can you tell me where it’s going to be?”

“My pleasure, sir,” she answered cheerfully, “just follow me.” (At the Ritz-Carlton, an employee wouldn’t dare point the way. Instead, the employee becomes the guest’s guide.)

Noticing her nametag as we walked, I said: “Thanks, Tina. And I have a problem I need your help with. I’m in room 728, and I’ve noticed that the drain in the washbasin isn’t working properly. Same problem with the bathtub drain. Would you please have those taken care of for me?”

“Certainly, sir,” she answered. She didn’t write anything down, or ask me to repeat the details. I wondered how reliable her memory might be.

When we arrived at the Symposium’s registration desk, I thanked Tina. In our brief conversation, I learned that Tina Robinson had started working at the Dearborn property thirteen years ago, a year after the hotel opened, as a banquet server. Now she carries the title of National Sales Manager, illustrating what Human Resources Manager Laura Gutierrez had told me about opportunities for advancement within the hotel. Tina said she had come to the Ritz-Carlton because she knew that upward mobility was likely.

Once I had enjoyed the Continental Breakfast, I headed back to my room, realizing that at 8:13 I had time to call my office before the 8:30 Symposium opening. Ten feet away from my room, I noticed my door was ajar. Certainly I couldn’t have forgotten to lock the room, I thought. I was too cautious for that. When I pushed the door open, I faced a plumber who was well along in his work—carrying out the request I had made to Tina less than twenty minutes earlier. He was Dave Jarzempa, and his courteous manner matched the customary graciousness of the Ritz-Carlton family.

The service level Tina and the plumber set continued with every employee I met. When Sara Davis, another National Sales Manager, learned that I was writing an article about the Symposium, she wanted me to meet John Cottrill, Vice President of Product and Brand Management, who had just spoken. “If you have a minute,” she offered, “let me take you to him.”

“Very thoughtful of you, Sara.” After meeting John, I walked back to Sara’s table. Then I asked, “What attracted you to the Ritz-Carlton as your employer?”

“That’s easy to answer. I liked the Credo.” A former event planner with the St. Louis Symphony Orchestra, she had moved to Detroit because of her husband’s job transfer. Among her varied responsibilities at the Dearborn, she helps plan weddings.

“Because of my work here, one day I will start my own wedding planning company. I can thank Mr. van Grinsven, because he has given me the confidence to become an entrepreneur.”

Mike Totosz met one of my special requests, too. During one of the refreshment breaks, I asked Mike, “Are there any Diet Cokes around here? I’d really like one. Need a midmorning pickup.”

“Of course, sir, I will bring you one.” He returned quickly with my drink.

Later, Sylvana Griffey, another courteous Banquet Server, provided the same favour.

Yet as grand as the food and service were, registrants had come to the Symposium to learn about the Ritz-Carlton’s winning formula for pleasing guests, a formula so powerful that 51% of the hotel’s guests are repeat guests. We wanted to understand the service philosophy, and the system that makes it work worldwide—in thirteen countries using sixty-six languages.

Starting with a Simulated Lineup

Bill Kalmar, former Director of Michigan’s Quality Council, hosted the Symposium. As a previous member of the Malcolm Baldrige Award committee, he had come to know the Ritz-Carlton quite well.

Kalmar started the Symposium by introducing a simulated Lineup, the system-wide gathering of employees every morning in their departments, to spend five minutes discussing what is happening at the corporate level and another five minutes talking about their hotel—events of the day and week, which important guests were coming in—and reviewing one of the 20 Basics. To make the simulation more realistic, employees carried brooms and other work equipment.

Moving on to the formal presentations, Kalmar introduced Gerard van Grinsven, who had provided dynamic leadership during his first eighteen months as General Manager of the Dearborn.

General Manager Welcomes the Group

Whimsically, van Grinsven commented on his Netherlands accent: “You may have picked up on my accent already, but please remember. . . I moved here from Atlanta.” Also, he suggested that we join his employees in referring to him as “GVG,” since his full name doesn’t roll off the tongue easily.

Another touch of humor: He is as debonair as his name, so he quipped, “People tell me I look like James Bond. Unfortunately, my wife (“The Liverpool Lady”) brings me back down to earth.”

Then he capsuled the Ritz-Carlton philosophy perfectly: “We are a company of relationships.”

Imagine the Ritz-carlton Service in Everyday Life

Imagine,” he challenged us, “how remarkable it would be if you got a warm, sincere welcome when you entered an airport, a supermarket, or a hospital.” Clearly, the Ritz-Carlton people understand

the longing that guests have to feel welcomed, and they make certain every guest experiences a personal greeting.

Origin of the Symposium

Next, van Grinsven traced the origin of the Symposium, starting with his participation in a seminar at Mackinac Island, Michigan, sponsored by the Detroit Regional Chamber of Commerce. During the discussion, he sensed that Detroit could revolutionize its image by offering superior customer care. Some organization would need to spearhead the movement. Without hesitation, he identified the Ritz-Carlton Dearborn as that catalyst.

Building a Team by Active Listening

Returning to the hotel—with 500 business cards he had collected through vigorous networking—he invited Ritz-Carlton Hotel Company leaders who had started their careers at Dearborn to come back for intensive discussion. They came from around the nation and stayed for ten days, exploring the Ritz-Carlton mystique, and recommending ways to sustain the tradition. Soon van Grinsven offered a new way to refer to the hotel. . .not just the Dearborn, but the REborn. (Say Dearborn and REborn aloud, to get the full impact of the change.)

Anyone who meets Gerard van Grinsven marvels at his complete concentration on the other person's thoughts during conversations. Characteristically, he recalls that during his first six months at Dearborn, he spent most of his time listening. The hotel's Ladies and Gentlemen responded with constructive candor. Gradually, almost silently, van Grinsven built credibility—and a team of talented, dedicated supporters.

Leadership Center and Symposium

Then came the first Symposium. The concept wasn't totally new to the Ritz-Carlton, because since 1999 the company had sponsored the Leadership Center, offering training that has saturated 10,000 business leaders from 175 companies with the Ritz-Carlton service mode. For more about the Leadership Center, visit this site: www.ritzcarlton.com/corporate/leadership/default.asp

The Symposium brought two major differences from the Center—compressing the content into a day and a half, and concentrating on a specific geographical region. Most of the promotional publicity concentrated on Detroit and nearby cities.

The regional thrust will continue, with another Symposium scheduled for Cleveland, Ohio, in March, 2004. Van Grinsven holds regional responsibility for the Ritz-Carltons in Dearborn, Cleveland, and St. Louis, although the Cleveland and St. Louis hotels have General Managers.

The “Wow Factor”

During his second presentation at the 2003 Symposium, he stimulated audience discussion with a drawing, and asked for guesses about its meaning. After hearing “a target,” “a circle,” “a doughnut,” he solved the riddle: “This is baby in the womb.” He asked: “How does the baby feel?” Right away, audience members said “safe,” “comfortable,” “content,” “nourished,” “loved unconditionally,” “all needs anticipated.”

Pausing dramatically, he added: “This is how to succeed in business. Give this feeling to people. You can’t go wrong if you do this for your customers.”

“This is the Wow Factor,” van Grinsven explained. “It may cost you very little, or even nothing, but it is invaluable.”

Among the valuable tips he offered:

- Brainstorm with your colleagues
- Be unique, stand alone as an organisation
- Strive for perfection
- Be available, really implement an “open door policy”
- Get involved with employees by asking, “What can we do to make you more successful?”
- Be flexible: break the rules if your variance will achieve something

People are More Important Than Technology

Van Grinsven recalled his first three days at the Dearborn. The first day employees sent him 65 emails, the second day 70, the third day 75. He wondered, “Is anybody looking anybody else in the eye? Are they out talking with customers?” He sent a memo out, expressing his concern. Right away, employees got the point. People are primary, and we cannot let technology get in the way of face-to-face dialogue.

Success Comes from Creating Relationships

From the outset, he has championed an affirmative attitude: “We will not accept negativity in this hotel.”

Summing up his people-centered style, van Grinsven said, “I go to work to shake hands and kiss babies. Yes, we have beautiful carpets and chandeliers from around the world. But the heart and the soul make the chandeliers do their job.” The key to his quick success at Dearborn—moving that hotel from 22nd to 8th in the company within his first six months—was this: “I just went around creating relationships.”

Simon Cooper: Bringing the Credo to Life

Simon Cooper, President and Chief Operating Officer of the company, followed van Grinsven onto the stage. Cooper is another Ritz-Carlton official with vast international credentials, having been born in England and then moving to Canada before launching his American career.

Like van Grinsven, Cooper brings flair and flamboyance to the platform. Longtime movie devotees would compare him to Douglas Fairbanks, Jr. or Stewart Granger. Yet like van Grinsven, he provides solid substance. He, too, is the consummate communicator.

“The real challenge,” he began, “is how you bring the Credo to life. . .every day. Anybody can write one. I have seen Credo cards all over the world.”

“Our business model isn’t overly complicated,” he observed. “Enlightened leaders and engaged employees provide the outcome.” Echoing Cesar Ritz’s commitment to cleanliness, Cooper said, “We should be able to do surgery on every floor of the hotel and not worry about infection.”

Every Hotel is a Stage for its Locale

His next point: Every Ritz-Carlton hotel is a stage, and frequently the architecture and furnishings should match the surroundings, rather than replicating a standard look. Cooper showed these examples with majestic Power Point photographs:

- The Half Moon Bay Hotel, designed to fit the northern California coast location
- Bachelor Gulf at Vail, Colorado, resembling a ski resort
- Battery Park in New York City, with a telescope in every room, aimed toward the Statue of Liberty
- Reynolds Plantation in Greensboro, Georgia, demonstrating a “sense of place” in that pastoral setting
- The Georgetown hotel, built on the site of the town incinerator—and keeping the incinerator visible
- The Istanbul hotel, a former jail, built to retain austerity

Clearly, the Ritz-Carlton is not wed to a cookie-cutter building custom. Significantly, “Service and recognition do not change, even though designs do.”

Enhance the Brand by Creating Great Memories

“The employees enhance, keep, or undermine the brand,” Cooper observed. To assure enhancement, the Ritz-Carlton “must attract, develop, and retain Ladies and Gentlemen who are engaged to create memorable experiences.” Again: “The outcome we are looking for is outstanding memories.”

Outstanding memories “are almost always because of interactions with a person. People, not things, animate your business.”

The Ritz-Carlton reputation “creates huge expectations in our customers. Our employees are tested daily by our highly sophisticated customers.”

Customers Value What they Cannot Buy

Cooper’s most graphic “nugget” (a nugget was a major point in his speech): “Customers value what they cannot buy.” To illustrate, he might ask the Accounting Department to list what guests can buy. On that list could be room, meals, golf outings, spa treatments, and more. “Now,” he instructs, “list what they can’t buy, but want ardently.” On that second list he found smiles, relationships, great service, great memories.

When Needs Surface, Meet Them Quickly

Whenever the Ritz-Carlton identifies a new unmet desire in the minds of guests, the company moves quickly to meet those needs. In 1983, when the company started, there were no Spas. In 1999, the first one appeared at the Key Biscayne Ritz-Carlton. Today there are 25, in sizes ranging from 15,000 to 25,000 square feet.

Does he worry that guests will regret spending hundreds of dollars during a stay? “Not at all. The more customers spend, the happier they are. That just means they used more of our services, giving them additional reasons for feeling great about the hotel.”

For another “nugget”: “Never lose a customer. Problem resolution is absolutely critical.” On this point, let’s remember that when an employee recognizes a guest is encountering a problem, the employee owns that problem, and continues to own it until the problem gets solved.

Confronting Employee Failure

During a lively question and answer period, Simon Cooper spoke about what happens when an employee gets “off the track.” His answer was twofold. First, the employee who gets off track ethically “is out. There is no coming back, no compromise.”

Second, when an employee demonstrates that he or she has moved into the wrong job position, the hotel helps reassign the misfit into a more suitable slot. For instance, a successful sales person might move into sales management, and perform poorly. In those cases, a return to direct sales has saved the employee and restored productivity.

Why Employees Remain At The Ritz-Carlton

Does the Ritz-Carlton pay scale boost employee retention? Probably not, because Cooper reported that the company pays on the same level as other luxury hotels. “Wages and benefits are not our

biggest perk. Working at the hotel is the biggest perk—a special environment, where you know you are respected and your leaders look out for you.”

The company’s hierarchy embodies the one hundred percent commitment demanded of employees. As Cooper phrased it: “We live it, we breathe it, we do it. We don’t ask our employees to do what we won’t do.”

Why is it accurate to call the Ritz-Carlton a hotel with class? Cooper used the word as an acronym:

Customer

Loyalty

And

Service

Satisfaction

Once van Grinsven and Cooper had talked about the hotel’s raison d’etre—the lifeblood of the hotel—the other Symposium speakers added the details. Not surprisingly, the presentation skills of the succeeding presenters remained powerful, along with their espousal of the Ritz-Carlton Credo.

Company Milestones

John Cottrill, Vice President of Product and Brand Management, was not speaking on unfamiliar turf. In 1991, he had begun a five-year stint as General Manager of the Dearborn property. His current position provides “single point accountability” for rooms, food and beverage, spa, guest recognition, and retail for all the hotels.

Cottrill retraced the company’s milestones:

- 1983: Formation of the Ritz-Carlton Hotel Company
- 1985: Company has five properties, Gold Standards established
- 1988: Employee Promise added
- 2001: Simon Cooper becomes President and COO

Human Contacts Make More Impact Than Buildings

Echoing van Grinsven and Cooper, Cottrill affirmed: “At the point of contact with a guest, service begins.” Cottrill regularly reads letters from guests, representing compliments and complaints. “I have never received a word from a customer,” he told us, “without someone mentioning human contact.”

The Ritz-Carlton system depends on leaders who personify The Mystique. “We make our boss’s priority our priority.”

Guest Loyalty

Ultimately, the Ritz-Carlton management and staff want to foster loyalty, which has three signposts:

- Guest satisfaction
- Guest is likely to recommend the hotel to other
- Guest returns time and again

Uncompromising in the Selection Process

Sue Stephenson, Senior Vice President of Human Resources, and Jim Veil, Regional Vice President for Pre-Opening Operations, shared a similar role. Both talked about the Credo, the Motto, the 20 Basics, and the Employee Promise—and how these concepts work every day in all 56 hotels.

Stephenson forecasted a team of 40,000 employees within five years. In the midst of continued rapid expansion, “We will be uncompromising in the selection process.”

Harmonizing with Simon Cooper’s quest for intangibles that money can’t buy, she listed these “innate talents” the Ritz-Carlton looks for with prospective Ladies and Gentlemen:

- Service orientation
- Work ethic
- Positivity
- Relationship
- Team spirit
- Caring attitude

Innate Talent in Action

Stephenson views orientation of new employees as “an opportunity to emotionally impact employees.” To what extent does this emotional bonding click? She illustrated the answer with a brief story about a guest at the Ritz-Carlton in Amelia Island, Florida. After the guest returned to his home in Charleston, South Carolina, he almost panicked, realizing he had left a much-needed prescription bottle in his hotel room. He called the hotel to ask for help. Instantly, two employees found the bottle, raced to a car, and drove four hours at night, reaching the man’s house at sunrise. The man thanked them, and insisted they stay for breakfast. “Oh, we appreciate that, but we can’t. We have to get back to the hotel in time for our shift.”

Stephenson went on to explain the Employee Agreement, encompassing the employees’ rights and the Appeal and Issue Resolution Process for resolving grievances.

Underscoring the Gold Standards

Jim Veil helps orient all new employees, which means he has stayed busy, with 17 domestic hotels and 6 international hotels opening within the past three years. Ten more hotels are under construction, with twenty more under consideration.

Veil takes great pride in observing that the Malcolm Baldrige examiners would get highly similar answers from employees at any level, in any Ritz-Carlton hotel worldwide.

His thorough review of the Gold Standards reinforced earlier references by Stephenson and others.

The Award-Winning Training Program

Theo Gilbert-Jamison, Vice President of Training and Development, kept an after-lunch crowd alert with her effervescent presentation. Just prior to her appearance, the Symposium participants had enjoyed “lunch in a basket,” along with lively, hand-clapping musical entertainment by Three Men and A Tenor. She maintained that momentum.

“It takes full commitment from leadership at the top to ensure sustainable change within an organisation,” she declared. At the same time, “Our employees are the most important resource in our service commitment to our guests.” These employees learn quickly that “we are not in the business of putting heads in beds, we are in the business of serving people.”

The Ritz-Carlton’s training program ranks ninth in Training Magazine’s list of the Top 100 Training Organisations.

Belonging to, Rather than Working for

How does the Ritz-Carlton training differ from training in other companies? “At the end of the second day of training, employees are part of the Ritz-Carlton, whereas elsewhere they just work for the organisation.”

Each Ritz-Carlton hotel has a full-time Director of Training, and each department has one person with training responsibilities. Still, “If you want to achieve service excellence, you must select people who want to go with you.”

Lifetime Economic Value of a Guest

Gilbert-Jamison estimates that the typical Ritz-Carlton guest represents lifetime spending of \$250,000 within the company. After all, some of these guests will buy a \$28 million condo from the Ritz-Carlton.

Geat Smiles, Yes—And A Masterful System

John Timmerman, Vice President of Labor Management and Production Systems, helped participants understand that while a good smile, positive attitude, personal greeting for each guest, and impeccable appearance “wow” those who walk into the hotel, ultimately guest satisfaction results from intricate systems, checkpoints, measurements, and—to refer to his primary area of expertise—total quality management.

Like Gilbert-Jamison, he warns that “You can set aside all these concepts if they aren’t driven by the leadership component.”

Looking for “Mr. Biv”

Timmerman mentioned that employees remain on constant lookout for “Mr. Biv,” which stands for:

- Mistakes
- Rework
- Breakdowns
- Inefficiencies
- Variation in work processes

Spotting any of these telltale signs of a problem, an employee has to report the issue immediately, and assure rapid resolution. Timmerman called this “immediate corrective action.”

Honoring Guest Preferences—Worldwide

Here’s a very interesting practice: Employees observe guests closely to determine their preferences. Guests give constant clues: “Allergic to smoke” “Don’t want a room on first floor” “Prefer a corner dining table for quiet conversations.” These notations become part of a guest’s permanent file, so that when he or she registers at a Ritz-Carlton anywhere, the staff has anticipated those needs and has prepared to meet them, in keeping with the second among the Three Steps of Service.

Elaborating on van Grinsven’s reference to “benchmarking,” Timmerman said the company had relied heavily on Motorola’s Strategic Plan and Xerox’s six-step process for problem solving, and its nine-step quality improvement process.

Leading Employees Through Change

Timmerman gets very creative in demonstrating his expectations. Working with the Ritz-Carlton Rose Hall in Jamaica, he videotaped a group setting tables in a banquet area. Soon afterward, the workers watched the tape with him, and identified time-wasting steps they then eliminated. His

comment: “To overcome resistance to change, we don’t do it to our employees, we do it with them.”

Admittedly, “the service industry hasn’t been very good in evaluating results.” Timmerman has introduced procedures that are correcting that flaw.

John Timmerman incorporates visual aids to underscore his points. An example: To teach how to set silverware (and how not to set it) he distributes photographs of the correct and incorrect ways—much easier to understand than verbal instructions.

Despite his faith in a good training program, he says that is not the key to improving performance. “Getting the right talent is better.”

To reiterate, Timmerman’s presentation reminded listeners that just being friendly is not enough. You must also be competent, thorough, systematic, reliable, and always accountable.

Hearing From The Employees

Since the Ritz-Carlton says repeatedly that the Ladies and Gentlemen are the company’s most valuable assets, the Symposium concluded quite appropriately, with a panel discussion by these employees:

- Adam Hassan, Engineering Mechanic
- Kathy Pope, Associate Director of Conference Services
- Marty Premtaj, Doorman
- Paul Boguski, Bell Captain
- Equilia DeWeaver, Club Concierge Attendant
- Bradley Becker, Lounge Server

Laura Gutierrez, Director of Human Resources, moderated the panel. The respect the panelists had for her surfaced, because they entered the discussion without needing much prompting.

- As we listened, our admiration for the Ladies and Gentlemen increased, especially after panelists related these incidents:
- A guest checked out, left his favourite pen in his room, called the hotel, and said he would be back the next week to get it. An employee put the pen in his locker. The man did return—not the following week, but three years later. The employee startled the guest by rushing to his employee locker to retrieve the pen.
- An employee saw a man pacing nervously outside the hotel. When she inquired, she learned that he was waiting for a rental car, to take him to a funeral. Sensing his distress, she handed him the keys to her new personal car. “Take my car, sir. Just let me know when you have returned, please.”

- An employee called from Orlando, to alert the dining staff to have extra shrimp ready for a guest who was arriving that day. The employee remembered that the guest wanted extra shrimp on his crackers.
An off duty employee rushed to the hotel during a terrible snowstorm, because only he could clear the cars and the parking lots adequately. When he had accomplished this, he changed clothes and started his regular shift.
- An audience member asked: “How does your boss motivate you?” One panelist answered, “My boss does not know the words I can’t.”

Another panelist said, “The hotel’s open door policy keeps me motivated. I know that I can walk into GVG’s office whenever I have a real concern.”

Panelists applauded the hotel’s opportunities for advancement. Doorman Marty Premtaj quipped that just as he had “opened doors for many people,” the Ritz-Carlton would open doors for him, to different levels of employment.

One of the panelists had served me directly. Equilia DeWeaver was on duty in the private club on the tenth floor when I entered the room. First hand, I had benefited from her commitment to quality service that Gutierrez had described in introducing her.

Experts make Excellence Look Easy

One of my favourite sayings: “Anything done by an expert looks easy.” This saying came to life for me a few weeks ago, when I attended a golf tournament and followed Tiger Woods for a few holes. His efforts looked so simple, so uncomplicated, and yet so perfect.

Then I thought back to Tiger’s thousands of hours on practice tees, and his work with his renowned golf coach, Butch Harmon. Beneath the appearance of simplicity and ease, there was unmatched dedication, discipline, and intense, unrelenting desire.

And behind the Ritz-Carlton’s premier position in the service industry, I see these powerful ingredients:

A clear mission that everyone learns and relearns daily. The Ritz-Carlton contrasts sharply with companies that adopt a lofty “mission statement,” then never refer to it again. For the Ritz-Carlton, the Gold Standards represent the sine qua non, the indispensable center and core. As Simon Cooper said, “We live it, we breathe it, we do it.”

Venturesome leadership. In a cover story for *Detroit* magazine, Gerard van Grinsven responded to the question, “Would you describe yourself as a risk-taker?” with these words:

“A leader who’s not willing to take risks does not deserve to be in a leadership role. You try to take calculated risks, but it’s critical to take risks in moving your organisation forward. I believe that if you

are a leader who wants to have all the data, who wants to have all the proof, who wants to have all the details that this decision is going to make sense, is going to be an ineffective leader because by the time you have all that data, have all that proof and then you finally feel comfortable to make the decision, you probably are already much too late in making the decision. So I believe in 'speed to market.' I believe if you have a great foundation and a great force of people in place, you should be comfortable taking those risks."

Sense of belonging on the team. Theo Gilbert-Jamison talked about companies where the attitude is "There are a few Big Me's and plenty of Little You's." Not so at the Ritz-Carlton. Every voice can be heard. There is an assumption that the person who is doing the job will have a strong vantage point for improving the job. Employee opinions count. In the daily Lineup, the facilitator changes daily, so that every employee heads the group occasionally. Plus, every employee feels empowered to remedy problems right away, without worrying about approval or job boundaries.

Careful selection and perpetual training. Yes, remember that the Ritz-Carlton selects rather than hires, which is rather easy when you have dozens or even hundreds eager to wear the Ritz-Carlton uniform. As for training, in no other organisation will an employee get 200-300 hours of training annually.

Willingness to benchmark. It takes courage to ask for help from highly successful corporate leaders, yet the Ritz-Carlton has done so energetically.

Respect for community traditions and values. As Simon Cooper illustrated, as Ritz-Carlton hotels spring up in varied cultures, even the architectural design and furnishings harmonise with the historic setting.

Guest preferences. John Timmerman said that when he checks into a Ritz-Carlton anywhere, the staff knows to have cashew nuts and two Miller Lites waiting. So don't be surprised if the Concierge knows your dining and touring preferences.

Providing what money cannot buy. True, the Ritz-Carlton looks expensive, with the chandeliers and carpets van Grinsven referred to. However, as Simon Cooper confirmed, guests (or customers, maybe, in our case) want what dollars can't purchase—respect, dignity, employees who really listen, prompt and courteous response to requests, unfeigned friendliness.

Commitment to sharing "best practices." Rather than hoarding the concepts and actions that took the hotel company to the top, Ritz-Carlton officials are almost evangelistic in talking with other professionals, even those not connected with the hospitality industry. The Gold Standards appear on the Web site: Gold Standards.

The Leadership Center and the Legendary Services Symposium offer, at moderate cost, a closer look at how other organisations can attract customers, and keep them for life.

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Conclusion

In closing, I encourage you to attend a Legendary Service Symposium or enroll in the Leadership Center. You will never experience a finer investment of your professional time and resources.