

# *The Role of Service Improvisation in Improving Hotel Customer Satisfaction*

by Enrico Secchi, Aleda Roth, and Rohit Verma

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## EXECUTIVE SUMMARY

**A**lthough hotels generally try for consistency, efficiency, and economy in service, guests appreciate employees' willingness to depart from scripted outlines and improvise service processes. This study of 320 hotel managers and 137 hotel employees highlights the nature and effects of organizational improvisation by examining three key elements of service improvisation—creativity, spontaneity, and bricolage, which is the ability to assemble new services from available resources. Employees at higher-end hotels reported being more likely to improvise, in part because they feel empowered to do so and have more resources at their disposal. Additionally, their guests expect a favorable response to unusual requests. Ironically, the opportunity to improve guest satisfaction through service improvisation is actually greater in lower-tier hotels where guests do not have such high expectations. Guests particularly appreciate it when employees at lower tier hotels are encouraged to improvise. One interesting finding is that the managers' estimate of the extent to which their employees used improvisation was noticeably lower than the levels of improvisation reported by the employees themselves.

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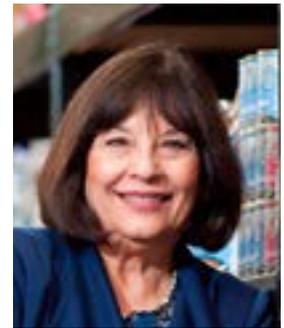
## ABOUT THE AUTHORS



**Enrico Secchi** is a lecturer in supply chain management at the Smurfit Graduate School of Business at University College Dublin (enrico.secchi@ucd.ie). His research focuses on service systems design, with a focus on the design of customer experiences. In particular, his latest research analyzes the design and effects of a service system that enables front-line employees to improvise, that is, to break with established procedures when necessary.

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scholars in the U.S. and seventh worldwide in service management research. She received over 85 research and teaching awards since her doctorate in 1986, including, most recently, being honored with the 2014 Award for the Advancement of Women in Operation Research and Management Sciences (INFORMS) and as a 2013 Texas A&M Institute for Advanced Study (TIAS) Eminent Scholar. She is distinguished by being named a lifetime Fellow in all three of her professional associations: Production and Operations Management Society (POMS), Manufacturing and Service Operations (MSOM), and Decision Sciences Institute (DSI). She was named an Advanced Institute of Management (AIM) Research International Fellow-UK and is a W.P. Cary Business School Center for Services Leadership Distinguished Faculty. Aleda holds a lifetime achievement awards from the POMS College of Service Management and the Academy of Management OM Division. Aleda received her doctorate in production and operations management from The Ohio State University, where she also earned a Bachelor of Science in psychology. She also holds a Master of Science in Public Health (MSPH) in biostatistics from the University of North Carolina at Chapel Hill.



**Rohit Verma**, Ph.D., is the executive director of the Cornell Institute for Healthy Futures and the Singapore Tourism Board Distinguished Professor in Asian Hospitality Management at the School of Hotel Administration (SHA). He also serves as chair or co-chair for the Cornell Hospitality Research Summit, an industry-academic collaborative conference organized by SHA every two to three years. Earlier he served as coordinator of the

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in invited panel discussions, and delivers keynote addresses at major industry and academic conferences around the world. He is co-author of the *Operations and Supply Chain Management for the 21st Century* textbook, and co-editor of *Cornell School of Hotel Administration on Hospitality: Cutting Edge Thinking and Practice*, a professional reference book that includes works of several of his colleagues at Cornell.

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**O**ne clear lesson found in customer comments posted on various hotel review websites is that guests put a high priority on authentic personal connections with front-line workers.<sup>1</sup> Based on that observation, it makes sense for hotel managers to provide customer-facing employees with the resources and the latitude to take the necessary steps to make those personal connections and to deviate from established procedures and improvise service processes when guests require it.

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<sup>1</sup> L. Victorino, A.R. Bolinger, R. Verma, Service Scripting and Authenticity: Insights for the Hospitality Industry. *Cornell Hospitality Report*. 13(12) 2012.

At the same time, the idea of improvised service flies in the face of much of the research and practice of hotel operations that have been geared toward the achievement of efficiency, reliability, and consistency as hotels increase process standardization and reduce operating costs. While guests do appreciate consistent service in hospitality operations, an increasing body of evidence suggests that guests concurrently crave a sense of authenticity, empathy, and spontaneity.<sup>2</sup> These are critical elements of the experience-based service offerings and service strategies, which, in turn, allow hotels to use operations as part of their marketing strategy.<sup>3</sup> Furthermore, given that the customer is usually involved in the service delivery process, consistently delivering excellent service can mean bending company policies and procedures and adapting to individual customer proclivities.

Many service firms empower frontline employees to take action as they see fit in order to create a pleasant customer experience. Southwest Airlines is a well-known example of a company that achieves a high degree of efficiency and reliability while offering personalized and authentic personal interactions.<sup>4</sup> While the company offers relatively low-cost transportation without many of the additional benefits of a full-service offering, its employees have a reputation for cheering up customers with impromptu contests and games as well as accommodating personal requests.

Similar practices are also adopted by high-end hotel companies such as Ritz-Carlton, which has created a winning blend of uncompromising guidelines and personal initiative.<sup>5</sup> Even with the firm's successful service delivery, however, a relatively recent change in Ritz-Carlton's way of approaching the scripts and procedures that inform the employees' interaction with the guests highlights the importance of breaking away from rigid scripts. The old guidelines provided detailed behavioral guidelines for employees, such as, "Escort guests rather than pointing out directions to another area of the hotel," or "Uncompromising levels of cleanliness are the responsibility of every employee." In contrast, the new guidelines are built around values that pro-

vide less rigid norms and behavioral expectations, such as, "I am proud of my professional appearance, language, and behavior."<sup>6</sup> This change toward more employee discretion suggests that the focus of customer service is shifting towards emphasizing value-driven effectiveness over ritual and procedures.

In trying to understand these companies' approach to service, some observers view the role of a frontline service delivery employee as similar to that of a performer.<sup>7</sup> Like a performer, the service employee is given guidelines (akin to a script or score) and a set of tools, with a goal of eliciting a desirable outcome. Like classical musicians, service employees can be more or less constrained by the service design to adhere precisely to pre-defined processes or to take some initiative when the situation requires it (that is, "playing every note in the score as written"), or they can *ad lib* more like jazz musicians (who use a chart only as a starting point and as a coordination mechanism).<sup>8</sup> Similarly, service employees who are allowed to improvise should be trained and empowered to realize when improvisation might be appropriate and when it might not be.

We have seen anecdotal evidence that subverting service delivery routines to satisfy customers' needs can strengthen the bottom line. Moreover, improvised service can improve guests' attitude toward a company. For example, the initiative taken by a Panera Bread manager to prepare chowder for a hospitalized customer on a day when they would not normally offer that dish resulted in considerable social media feedback that greatly improved the company's reputation.<sup>9</sup> Other service companies have developed a reputation for being able to bend organizational guidelines and allow their employees to find creative ways to delight their customers (e.g., Oberoi hotels). We examined this phenomenon in another study, which we termed "service improvisation competence" (Serv-IC).<sup>10</sup> We came to realize that some companies have a specific competence that manifests itself in the ability of customer-contact service employees to systematically deviate as needed from standardized processes and routine so they can respond in a timely manner to unexpected events, using available resources."

Research has shown that the ability to improvise is useful in a wide variety of situations where uncertainty is high and

<sup>2</sup> J.H. Gilmore and B.J. Pine, *Authenticity: What Consumers Really Want* (Boston: Harvard Business School Press, 2007); *Ibid.*; and Victorino, Liana, Rohit Verma, Don G Wardell. 2013. Script usage in standardized and customized service encounters: Implications for perceived service quality. *Production and Operations Management* 22(3) 518–534

<sup>3</sup> Voss, C., A. V. Roth, R. B. Chase. 2008. Experience, service operations strategy, and services as destinations: Foundations and exploratory investigation. *Production and Operations Management*. 17(3): 247–266; Roth, A. V., L. J. Menor. 2003. Insights into service operations management: A research agenda. *Production and Operations Management* 12(2): 145–164; and Roth, A. V., M. van der Velde. 1991. Operations as marketing: A competitive service strategy. *Journal of Operations Management* 10(3): 303–328.

<sup>4</sup> Heskett, J. L., W. E. Sasser Jr. 2010. Southwest Airlines: In a Different World. Harvard Business School Case 9–910–419

<sup>5</sup> Hemp, P. 2002. My week at the Ritz as a room-service waiter. *Harvard Business Review* 80(6) 50–59.

<sup>6</sup> For example, see: Theo Gilbert-Jamison, *The Six Principles of Service Excellence* (Bloomington, IN: AuthorHouse, 2005).

<sup>7</sup> For example, see: David Romm, " 'Restoration' Theater: Giving Direction to Service," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 29, No. 4 (February 1989), pp. 30–39.

<sup>8</sup> Frank J. Barrett and Ken Peplowski, "Minimal Structures within a Song: An Analysis of 'All of Me,'" *Organization Science*, Vol. 9, No. 5 (September–October 2008), pp. 558–560.

<sup>9</sup> Nudd, T. 2012. How a fan post on panera's facebook page got half a million likes. Adweek.com; and Taylor, B. 2012. It's more important to be kind than clever. blogs.hbr.org.

<sup>10</sup> See: E. Secchi, A.V. Roth, and R. Verma, Breaking the trade-off between customer experience and efficiency through improvisation: An economic analysis. Working Paper. 2015, p. 1.

standard solutions are likely to fail. Improvisation has been primarily studied in the context of new product development<sup>11</sup> and emergency situations.<sup>12</sup> Some authors have examined the possible impact of improvisation on new-service development,<sup>13</sup> service recovery,<sup>14</sup> and service performance.<sup>15</sup> However, to our knowledge, this study is the first to supplement the already rich set of case studies with a survey-based, quantitative analysis.<sup>16</sup> The research outlined in this report provides empirical support for existing findings and contributes new insights to the understanding of the complex relationship between managerial design choices and service delivery.

## Elements of Improvisation

We see three key elements to improvisation and its related concepts, based on numerous management essays and academic studies.<sup>17</sup> These publications have offered a multiplicity of definitions and conceptualizations, culminating in a special issue of *Organization Science* in 1998 that used jazz as the metaphor for organizations' service improvisation.<sup>18</sup> An important theme of these studies concerned the development of a shared definition of the improvisation construct and the identification of the boundaries of its application. This effort gave rise to three broad conceptual themes: **(1)** the spontaneous nature of improvisation, **(2)** the novelty or creativity involved in improvisation, and **(3)** the appropriation and reapplication of existing resources, which we term bricolage. Definitions that focused on the spontaneity of improvisational behaviors include those of Miner and Moorman, who build on the similarities with jazz impro-

visation and define organizational improvisation as “the degree to which the composition and execution of an action converge in time.”<sup>19</sup> Authors focusing on novelty of improvisation have defined it as “the ability to creatively adapt”<sup>20</sup> or combine the aspects of spontaneity and creativity in a cohesive definition.<sup>21</sup> Finally, those who focus on recombining resources suggest that an improvised solution has to draw from immediately available resources (including existing scripts and training). In this vein, Cunha *et al.* define improvisation as “the conception of action as it unfolds, by an organization and its members, drawing on the available cognitive, affective, social, and material resources.”<sup>22</sup>

Despite the interest in improvisation, we observe a paucity of empirical research on the effects of improvisation or studies on the organizational design choices needed to develop improvisation competencies. Most of empirical improvisation research has naturally gravitated toward settings that are characterized by a high need for innovation, such as new-product and service development,<sup>23</sup> organizational restructuring,<sup>24</sup> and high-tech infrastructure development.<sup>25</sup> Research indicates that improvisation competencies can be valuable for one-of-a-kind projects or when a highly innovative outcome is desired. However, we still know little about how to develop such improvisation competencies and little about the role of improvisation in day-to-day operations that are not explicitly aimed at innovative outcomes. The research outlined in this report draws upon our prior study<sup>26</sup> and contributes to filling this gap by examining the design of a service system that empowers front-line employees to improvise in the face of unanticipated events.

Building on our literature review by informally interviewing service managers and employees, we synthesized a defini-

<sup>11</sup> See, for example: Moorman, C. and A.S. Miner, Organizational improvisation and organizational memory. *Academy of Management Review*. 4(23) 1998, pp. 698-723; and A.E. Akgün, J.C. Byrne, G.S. Lynn, H. Keskin. New product development in turbulent environments: Impact of improvisation and unlearning on new product performance. *Journal of Engineering and Technology Management*, 24(3) 2007, pp. 203-230.

<sup>12</sup> Weick, K. E. 1993. The collapse of sensemaking in organizations: The Mann Gulch disaster. *Administrative Science Quarterly* 38(4) 628-652.

<sup>13</sup> B. Edvardsson, L. Haglund, and J. Mattsson. 1995. Analysis, planning, improvisation and control in the development of new services. *International Journal of Service Industry Management* 6(2) 24-35.

<sup>14</sup> M.P. Cunha, A. Rego, and K.N. Kamoche. Improvisation in service recovery. *Managing Service Quality* 19(6) 2009, pp. 657-669.

<sup>15</sup> J. John, S.J. Grove, and R.P. Fisk. 2006. Improvisation in service performances: Lessons from jazz. *Managing Service Quality* 16(3) 247-268.

<sup>16</sup> *Ibid.* and Secchi *et al. loc. cit.*

<sup>17</sup> See, for example: Bastien, D.T. and T.J. Hostager, Jazz as a process of organizational innovation. *Communication Research* 5(15) 1988, pp. 582-602; Edvardsson *et al., op.cit.*; Crossan, M. M. and Lane, H. W. and White, R.E. and Klus, L., The improvising organization: Where planning meets opportunity. *Organizational Dynamics*. 4(24) 1996, pp. 20-35; and Orlikowski, W.J., Improvising organizational transformation over time: A situated change perspective. *Information Systems Research*. 1(7) 1996, pp. 63-92.

<sup>18</sup> See: Arie Y. Lewin, “Introduction—Jazz as a Metaphor for Organization Theory,” *Organization Science*, Vol. 9, No. 5 (September-October 1998), pp. 539 ff.

<sup>19</sup> Moorman, C. and A.S. Miner, Organizational improvisation and organizational memory. *Academy of Management Review*. 4(23) 1998, p. 698.

<sup>20</sup> John *et al., op.cit.*, p. 248.

<sup>21</sup> Vera, D. and Crossan, M. M., Improvisation and innovative performance in teams. *Organization Science*. 3(16) 2005, pp. 203-224.

<sup>22</sup> Cunha, M., Vieira da Cunha, J., & Kamoche, K. 1999. Organizational Improvisation: What, When, How and Why. *International Journal of Management Reviews*, 1(3): 302.

<sup>23</sup> Moorman, C., A. S. Miner, The convergence of planning and execution: Improvisation in new product development. *Journal of Marketing* 62(3) 1998:1-20; Moorman, C. and A.S. Miner, *op.cit.*, pp. 698-723; Miner, A. S. and Bassoff, P. and Moorman, C., Organizational improvisation and learning: A field study. *Administrative Science Quarterly*. 2(46) 2001:304-337; Vera and Crossan *op.cit.*, Akgun *et al., op.cit.*

<sup>24</sup> Bergh, D.D. and Lim, E.N.K., Learning how to restructure: absorptive capacity and improvisational views of restructuring actions and performance. *Strategic Management Journal*. 6(29) 2008:593-616.

<sup>25</sup> Magni, M. and Proserpio, L. and Hoegl, M. and Provera, B., The role of team behavioral integration and cohesion in shaping individual improvisation. *Research Policy*. 6(38) 2009:1044-1053; and Zhang *et al.* 2011, Lee, M., A. Roth and R. Verma. “Understanding Customer Value in Technology-Enabled Services: A Numerical Taxonomy based on Usage and Utility, *Service Science*, forthcoming.

<sup>26</sup> For example, see: Secchi *et al. loc. cit.*

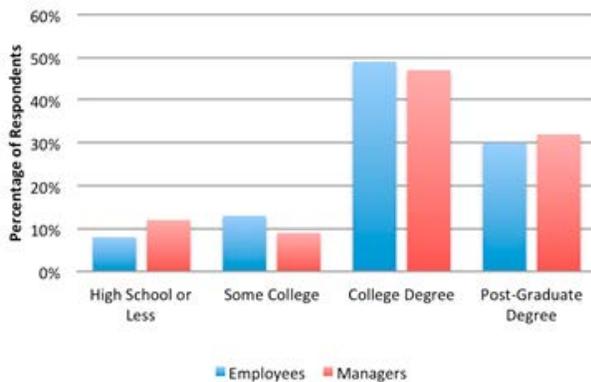
**EXHIBIT 1**

**Hotel descriptive statistics**

	Sample Size	Avg. Star Rating	Avg.#Rooms
<b>Managers</b>	320	3.99	343.62
<b>Employees</b>	137	4.16	289.45

**EXHIBIT 2**

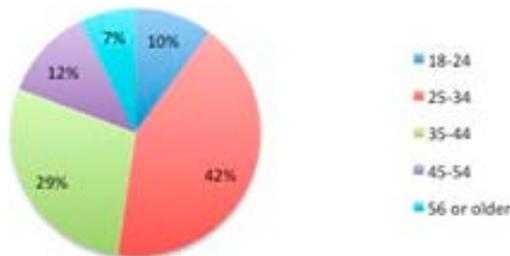
**Respondents' education levels**



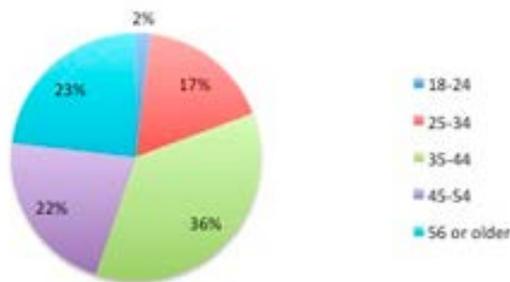
**EXHIBIT 3**

**Respondents' age groups**

**Employees**



**Managers**



tion that integrates the three different aspects of improvisation that we outlined above. A definition of improvisation has to have some element of novelty (creativity), has to point to a lack of advance planning (spontaneity), and has to draw upon the need to rearrange available resources in crafting a solution to guests' problems (bricolage). It is worth noting that Serv-IC, our proposed service improvisation competence, integrates all three aspects of improvisation into a single construct and measurement instrument. We argue that all aspects have to be present for a behavior to be characterized as improvised.

The simultaneous presence of all three aspects of improvisation and its emphasis on employee behavior is also what distinguishes the improvisation construct from similar concepts, such as empowerment. While employees' psychological empowerment is a necessary condition for them to feel allowed and able to improvise, improvisation refers to their "realized" behavior, while empowerment refers to an emotional or mental state. As an example of empowerment, a front-desk employee can decide whether to allow a guest to defer checkout for a predefined amount of time. But the employee is still selecting among an existing set of predefined checkout routines. Such a decision would require empowerment but not constitute improvisation. On the other hand, if that desk associate learns that the reason for late checkout is that the guest needs to complete an errand, and the associate breaks from a predefined script to offer assistance with the errand, we can characterize that behavior as improvisation. We cannot have organizational improvisation without systemic employee empowerment, but we can have individual level empowerment without organizational improvisation.

In this view, the creativity dimension of improvisation manifests itself in the deviation from a service delivery routine. Every time a service delivery employee decides to face a situation that does not lend itself to being solved using already specified procedures, the creation of a novel response requires a certain amount of creativity. The spontaneity dimension of improvisation manifests itself in the immediacy of the response. When employees are faced with unusual or unexpected situations, their ability to provide a solution in a short amount of time will enhance their guests' satisfaction and will likely contribute to the creation of a connection with the customer. Thus, improvisation involves using whatever resources employees have at their immediate disposal to craft an adequate response to the guest's needs. Frontline employees frequently do not have the resources that would be optimal to solve a guest's problem, and they have to improvise by repurposing resources that were originally put in place for other uses.

In that light, our study answers two important questions: (1) what service delivery system design choices result in the creation of a service improvisation competence?, and (2) when will possessing the ability to improvise have positive effects on performance?

## Research Design

To answer these questions, we conducted two parallel surveys, one of customer-facing hotel employees and the other of hotel managers. We examined the relationships between design choices, improvisation competence, and performance. To develop our survey instrument we adopted the two-stage method, which is considered best practice in the management and psychology literature.<sup>27</sup> In the first stage, we conducted an extensive review of the literature together with several informal interviews with hotel managers and employees. We then validated the survey items with a series of q-sorts, in which we asked expert judges to match the survey item with the definition of what they were intended to measure. In the second stage, we conducted a pilot study with 256 hotel employees to further verify the reliability and validity of the survey instrument and gain preliminary validation of our theoretical model. The Secchi *et al.* working paper provides further details on the measurement properties along with a detailed description of the survey and questions asked.<sup>28</sup>

For the main study, we sent a request to participate in the study to subscribers of the Center for Hospitality Research newsletter. We surveyed 320 hotel managers and 137 hotel employees, all from different properties, with response rates of 8.6 percent for employees and 9 percent for the managers. Exhibits 1 through 4 show the sample characteristics. The managers group included front-desk managers, food and beverage managers, and general managers. Among employees' job descriptions were front desk, cleaning staff, and restaurant waiter. All respondents indicated that more than 20 percent of their job (or of the job of their direct subordinates, if managers) consisted of tasks that required interaction with guests.

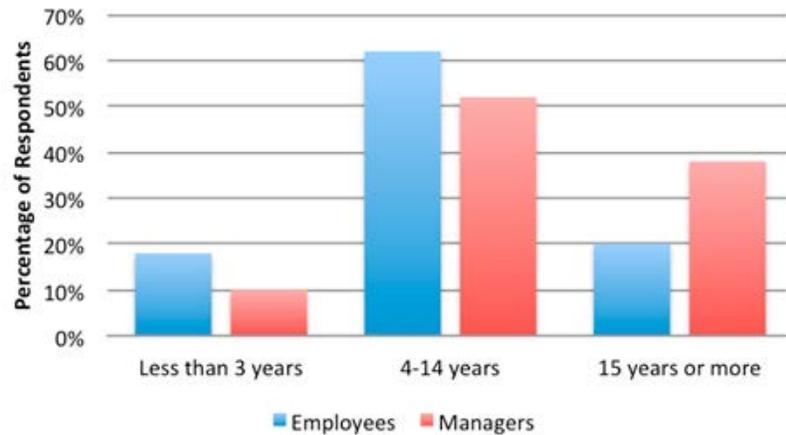
In response to questions regarding the design characteristics of the service delivery system and the behavior of customer-facing employees, respondents indicated that, in order for improvisation to take place, several aspects of the service delivery system need to be aligned and consistent with that mission. As with an improvised artistic performance, the stage, the experience and training of the performers, the communication devices employed, and the script all have to be designed to provide the right cues as to what to do while at the same time not overly constraining the players' behavior.

<sup>27</sup> Hinkin, T.R., A review of scale development practices in the study of organizations. *Journal of Management*. 5(21) 1995:967–988; and Menor, L.J. and A.V. Roth, New service development competence in retail banking: Construct development and measurement validation. *Journal of Operations Management*. 4(25) 2007:825–846)

<sup>28</sup> Secchi *et al.*, *loc.cit.*

## EXHIBIT 4

### Respondents' industry tenure

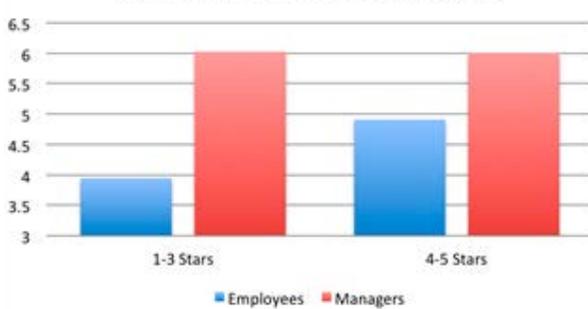


We found that physical surroundings have to be designed in a way that gives all employees direct visibility on system functioning. That is, if employees are expected to take swift action when something goes wrong, it is imperative that they can, at a glance, realize that the system malfunctioned in some way. Visibility of guests' waiting lines at the front desk or clear physical signals of whether a customer received service (such as waiters removing menus from tables that have placed their order) are devices that underpin the ability of employees to improvise. For similar reasons, we found that the flow of communications through the organization is of pivotal importance to avoid mistakes when intervening to recover a service delivery failure (a time that usually calls for improvisation). Having regular daily and weekly meetings and providing the means to share information during service execution are among the practices that allow employees to improvise when needed. Best practices adopted by companies that follow these recommendations (like the use of walkie-talkies in Ritz-Carlton hotels) corroborate our findings.

Finally, we found that hiring and training practices build the basis of the necessary understanding of the different parts of the system to support employees' improvisational abilities. Hiring and training procedures play an important part in developing a workforce with a service attitude, which is an important antecedent of the will to go "above and beyond" to satisfy customers. Most critically, companies that penalize their employees for failure may curb their willingness to go out of their way and try new approaches to satisfy customers. Incentives need to be aligned with the goal of creating an environment where employees try their best to delight guests rather than merely follow procedures and rules.

### EXHIBIT 5

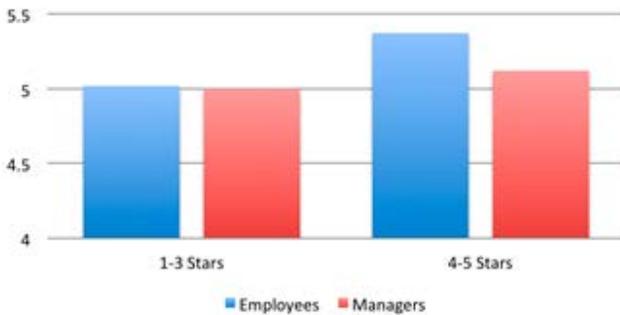
#### Employees' and managers' views of incentives for employee initiative



Note: Responses to the question of the extent to which managers reward employees' personal initiative in the solution of customers' problems (7-point Likert-type scale).

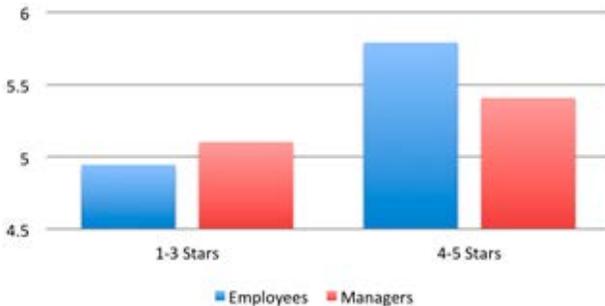
### EXHIBIT 6

#### Employees' and managers' views of employee creativity in addressing customer issues



### EXHIBIT 7

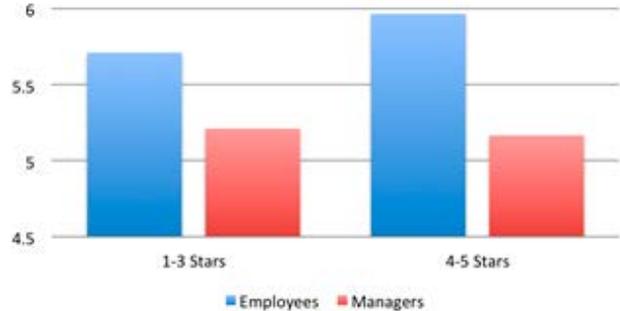
#### Employees' and managers' views of employee bricolage in addressing customer issues



The chart in Exhibit 5 highlights significant differences in the perceptions of managers and employees concerning the incentives that are offered. While employees responded to the question, "My managers reward personal initiative in the

### EXHIBIT 8

#### Employees' and managers' views of employee spontaneity in addressing customer issues



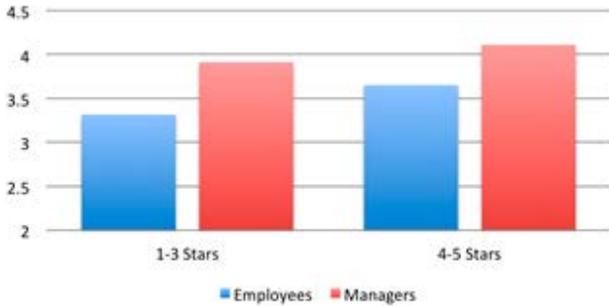
solution of customers' problems," managers answered a similar question, with a different result. Although the difference in managers' and employees' responses is smaller in higher-tier properties, it is still significant. This result indicates that the administration and perception of employees' incentives and rewards is an area that management should address in creating a service delivery system that empowers and enables employee improvisation.

#### Managers' and Employees' Perspectives on Improvisation

Our questions concerning the three different dimensions of improvisation again highlighted differences between hotel managers and employees (Exhibits 6, 7, and 8). With regard to creativity, we see that employees' and managers' perceptions are consistent in lower-tier hotels with regard to the frequency that employees deviate from established processes. Both managers and employees in those properties report moderate levels of creativity in the employees' interactions with the guests. We note that this similarity could be an artifact of the fact that frontline employees and managers in lower-tier hotels often are the same person. In contrast, both employees and managers in higher-tier hotels report higher levels of creativity in their interactions with guests, although employees report significantly higher levels of creativity than managers do. This finding indicates that managers might be underestimating the frequency with which employees are actually not following established procedures.

**Spontaneity.** A similar result is illustrated more strongly in Exhibit 7, where the same phenomenon is present both in the lower- and higher-tier hotels, with employees in higher-tier properties again exhibiting a higher degree of spontaneity in their interaction with guests. Managers again underestimate the frequency with which employees have to think of a solution on their toes and have no specific procedure to guide their action.

**Bricolage.** The gap between low- and high-tier hotels is even larger when bricolage is considered (Exhibit 8). This is not entirely surprising, since the ability to draw upon available re-

**EXHIBIT 9****Employees' and managers' views of process standardization in addressing customer issues**

sources to craft a solution to guests' problems is directly related to whether resources are available. Given that 4- and 5-star hotels are likely to put more resources at their employees' disposal, the ability to use those resources in a variety of ways becomes comparatively greater. It is worth noting that there remains a wide gap in the perceptions of managers and employees in terms of the frequency with which employees have to repurpose resources in a novel way to solve guests' problems or satisfy their requests.

This gap is further reinforced by the results in Exhibit 9, which highlights a difference in managers' and employees' perceptions of the perceived standardization of the processes that characterize the interaction between front-line employees and guests, and Exhibit 10, which addresses perceptions of employee empowerment. Again we see that managers underestimate their

**EXHIBIT 10****Employees' and managers' views of employee empowerment in addressing customer issues**

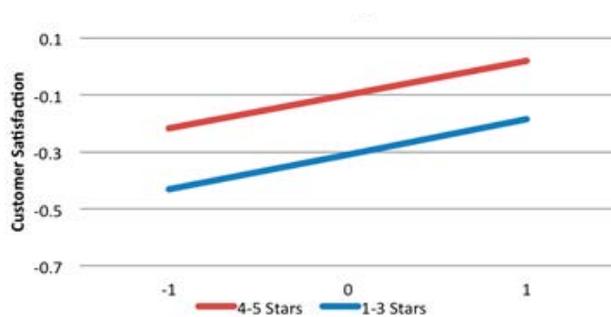
employees' initiative, and managers seem unaware that their employees are doing such a good job in trying to please their guests. We caution that the results presented here are based on averages and cannot be generalized across individual properties. Nonetheless, they provide a clear indication to managers of a potential gap in their management of employees. These findings stress the importance of creating feedback loops that enable managers to gauge the actual behavior of their service delivery systems and the feelings of the front-line employees.

**Improvisation Benefits**

The issue of managers' lack of awareness regarding employee improvisation levels gains further importance when we look at the companies that are poised to gain the most from improvisation, based on employee perceptions of customer satisfaction,

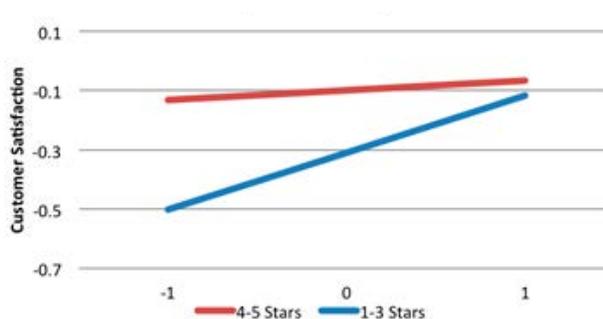
### EXHIBIT 11

#### Effect of employee creativity on customer satisfaction, by hotel scale



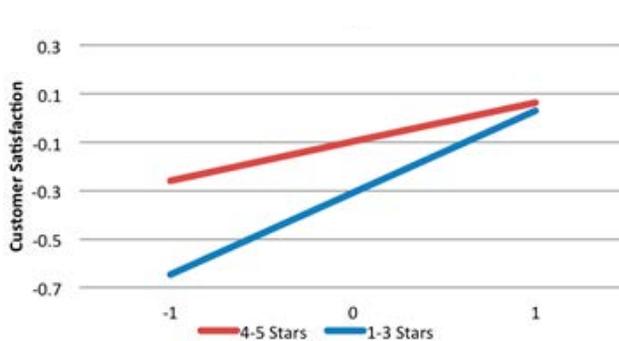
### EXHIBIT 12

#### Effect of employee spontaneity on customer satisfaction, by hotel scale



### EXHIBIT 13

#### Effect of employee bricolage on customer satisfaction, by hotel scale



as well as occupancy and ADR data. As indicated in Exhibits 11, 12, and 13 (as well as other hotel performance measures reported by the survey respondents), the three elements of improvisation have a generally positive impact on customer satisfaction. The greatest potential for gain from improvisation, however, occurs in 1- to 3-star hotels, rather than the high-end hotels where organizational improvisation is more common.

This result is likely due to the customer expectations with regard to employee improvisation. The guests in a high-tier hotel are likely to expect that the staff would, at least to a certain extent, go out of their way to satisfy an unusual request. Conversely, the same would probably not be expected in a 1- to 3-star hotel. Offering a personalized level of treatment in a comparatively low-cost property is likely to far exceed guest expectations and greatly increase customer satisfaction. This prospect is particularly evident in Exhibits 12 and 13. Lower-tier hotels might reach levels of customer satisfaction comparable to that of higher tier offerings when employees improvise to assist guests.

On the other hand, it is interesting to note that this effect does not seem to apply to the creativity dimension of improvisation (Exhibit 11). Creativity reflects the ability of employees to deviate from the established routines. This may be the result of a lack of flexibility in what employees may do to care for guests at low-end hotels or reflect expectations of employees hired. The lack of flexibility, however, is an important driver of customer dissatisfaction. Thus, increasing flexibility is likely to increase satisfaction.

#### Planning for Improvisation

Increasing customer satisfaction has always been a goal of hotel operators, since higher satisfaction boosts operating margins without incurring a large capital investment. Since technology tends to level the playing field in terms of operations, the creation of strong emotional connections with one's guests can be a way to increase market share. Our research indicates that, while higher-tier hotel employees improvise more than their lower-tier counterparts, the lower-tier hotels are actually the ones that would benefit the most from employee improvisation.

It is important to note that employees' ability to improvise does not materialize by chance. Instead, improvisation is the result of a deliberate directed effort involving all elements of the service delivery system, including hiring employees with the right attitude, training and rewarding them accordingly, designing the spaces in a way that facilitate prompt action, and creating a constant loop of communication throughout the company. Finding ways to design a system that behaves in this way without substantially increasing operating costs is the main challenge of creating a service improvisation competence. ■

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