

## Revisiting the Best of the Best:

# Innovations in Hotel Practice

Some hotels' best practices will remain so over the years, but which ones?

BY CATHY A. ENZ AND JUDY A. SIGUAW

To what extent will current industry best practices stand the test of time? Will existing excellent practices become integral to the organization or become obsolete and be discarded? The answers to these critical questions rest on the process of continuous reassessment and renewal that is a feature of organizational learning. Organizational learning often begins with an individual champion who recognizes a gap between what is and what could be, engages in a process of discovery and data gathering, and then develops an idea—often in the form of a new practice—to produce a change in the organization.<sup>1</sup> The question we discuss in this paper is

how well best practices persist. Specifically, we discuss whether the best practices chronicled in a comprehensive study of the U.S. lodging industry five years ago are still being used and the extent to which they have been refined or modified over the years.<sup>2</sup> The original best-practices study constituted a compilation of what industry practitioners and customers considered to be the most effective strategies and techniques used at the end of the twentieth century by the lodging

<sup>1</sup> For a discussion of the role of individuals in learning see: Victor J. Friedman, "The Individual as Agent of Organizational Learning," in *Handbook of Organizational Learning and Knowledge*, ed. Meinolf Dierkes, Ariane Berthonantal, John Child, and Ikujiro Nonaka (Oxford: Oxford University Press, 2001).

<sup>2</sup> Laurette Dubé, Cathy A. Enz, Leo M. Renaghan, and Judy A. Sigauw, *American Lodging Excellence: The Key To Best Practices in the U.S. Lodging Industry* (New York: American Express and American Hotel Foundation, 1999). This study was supported by the American Hotel and Lodging Association, American Express, and the Center for Hospitality Research at Cornell. See also a subsequent series of articles published in the *Cornell Quarterly* ([www.hotelschool.cornell.edu/CHR/research/bestpractices/](http://www.hotelschool.cornell.edu/CHR/research/bestpractices/)).

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industry's best operators to create excellence for all stakeholders.

While substantial evidence exists to support the benefit to companies of adopting best practices, such as reduced operating costs, increased revenue, improved use of human capital, and customer service, we wanted to return to some of the "best of the best" champions to see whether those benefits had been sustained over time.

The findings from the original study were presented in a book and as a series of articles that spanned several issues of the *Cornell Quarterly*. In those articles, we discussed 115 functional best practices that represented a rich portfolio of ideas, activities, and processes that had proven successful for a particular lodging property or company and promised to inspire the efforts of other firms to improve their practices. Those best practices came from different industry segments and various ownership arrangements and property sizes, and they embraced many different functions both at the corporate level and at individual properties.

Our objective in undertaking the original study was to foster innovation in management thinking and practice to assist industry practitioners in designing and managing for excellence. We hoped that hospitality managers, students, and operators in other industries would learn from the successes of the champions, and that the best practices would serve as benchmarks for guiding and inspiring innovation. As a follow-up to our initial study, we sought to learn what had transpired with a select set of best-practice champions—those that we thought had developed the most memorable practices or those practices so cutting-edge that time was still needed to determine their long-term benefits.

### The Best of the Best—Revisited

We begin by providing an update on the practices of Marriott International, Cendant Corporation, Day Hospitality Group, The Boulders Hotel, The Colony Hotel, Hyatt Regency Chicago, The Peninsula Beverly Hills Hotel, The Ritz-Carlton Chicago, Motel 6, and Travelodge. This sampling of champions includes corporate, brand, and property-level practices. In each in-

stance we interviewed a key manager or the original champion to get an update on the use, modifications, and benefits of the practice.

### From Leveraging Leadership to Organizational Capability

Marriott International was selected as one of the best-practice champions for its creation of a system-wide leadership-development initiative. The program included a set of tools and competency measures to assist senior managers in identifying potential leaders and ensuring that those managers possessed the skills needed to carry the company forward. The system had been in operation for one year when it was featured as a best practice. Now, five years later, the practice has evolved so that six different competency areas, called "buckets," have been refined. They are: business results, leadership, managing execution, building relationships, generating talent and organization, and learning and applying expertise. In the past several years the business-results and managing-execution competency areas have become increasingly important, according to David Rodriguez, senior vice president of staffing and development. Business and financial acumen is more important today as a leadership competency because of the involvement of owners and the demands of asset managers. Becoming smarter about operational efficiencies and productivity is a facet of managing execution that has also become important for future leaders in Marriott.

This practice was initially envisioned to attract and develop high-caliber talent throughout the organization. While these benefits have been achieved, another unanticipated benefit of the initiative is that it has enabled Marriott to identify, develop, and promote more women and minorities into senior positions. "When we have them on the slate, they do better," notes Rodriguez. He added that when women and minorities don't get considered for promotion, a company has problems, but by having a development plan that tracks performance, these groups of leaders are more easily identified. Perhaps most important, the leadership-development system has made it possible for managers to focus their own development efforts in specific ways



Marriott's leadership-identification program has been refined to focus on business results and managing execution.

**David Rodriguez,**  
Marriott's senior vice  
president of staffing and  
development.

based on feedback and plans. The net result is that the pool of managers ready to move forward has deepened.

In recent years an organizational-capability assessment has been added to the leadership-development program. This extension of the human-capital-review process moves beyond building talented managers and considers the ways in which the organization itself can be developed and improved to make the best use of the talent. Organizational and job design, operating structure, processes, culture, and performance management are just a few factors explored in building the potential of the organization itself. Senior managers, for example, may focus on the extent to which the existing organizational structure facilitates performance and will be conducive to future high performance. Tools are provided for these executives to ask a series of questions about the organization and the way it is structured so that the executives can determine whether the current design is the right one for a business unit and to help them assess the pros and cons of various ways of organizing work. While questions of organizational design are examined at higher levels, junior managers also engage in organizational-capability assessments on process- and job-design issues. Overall, Marriott's efforts to build future leaders through leadership development has been sustained, refined, and taken to the next level of improving organizational capability.

### Self-directed Teams during Tough Times

Late in 1998 managers at the Boulders devised and implemented self-directed housekeeping teams to enhance customer service and staff motivation. The resort empowered three-person housekeeping teams to choose their work areas, evaluate room quality, and conduct their own room inspections. The program was implemented after a training program for supervisors and team leaders, followed by team trials. Thanks to a stable staff and a long-incumbent director of housekeeping, this practice is still up and running well, although not as extensively as when it was first rolled out.

After years of working with teams, Linda Leyman, director of housekeeping at this luxury Arizona resort, continues to believe in the productivity and value of teams. However, she notes that solid and stable teams are essential to getting the benefits that accrued from working as a unit. In the post-9/11 climate, the Boulders, like other hotels, is faced with staffing limitations that make the self-directed teams harder to use. As a consequence, while this resort continues to use

Teams at The Boulders have fostered a group of productive, stable, and motivated housekeepers who deliver extraordinary service.

teams, particularly in its housing units, it has not been fully able to use teams in cleaning its casitas. Special VIP teams are often used during peak times, but with fewer staff members, it is not possible to create permanent teams throughout the resort. Leyman believes that permanent teams are necessary to get maximum efficiency and foster true team identity. Since the original publication of this best-practice case, other hotels have contacted the Boulders about the practice, although it is not clear how many hotels have adopted this initiative. The housekeeping-team concept has not produced cost savings at the Boulders, but it has fostered productive, stable, and motivated housekeepers who deliver extraordinary service. New advice to those interested in this practice is to keep in mind your staffing levels. The ideal is to have the same people always working together—a difficult matter if you don't have sufficient staff.

### Sabbaticals Work

Day Hospitality Group's mandatory 90-day paid sabbatical leaves for general managers and corporate staff with five years of tenure was one of those practices that we believed to be both cutting-edge and experimental. We included this practice in the original study even though the first sabbatical had not yet been taken. It is now

possible to report on its success—as the twelfth sabbatical is in progress as we write this.

According to Day Hospitality president Frederick Cerrone, the practice has succeeded beyond his “wildest imagination.” While the practice was initially developed as a payback to managers for all of their hard work, it has resulted in unforeseen advantages. As expected, this no-strings-attached sabbatical has energized managers, who come back with plenty of fresh ideas

**Day Hospitality Group’s no-strings-attached sabbatical for GMs has energized managers, who come back with fresh ideas and a deep appreciation for the time to reflect.**

to the company. As Cerrone says, “It’s okay if they return [from sabbatical] and don’t want to do the job anymore. We spend too much time at work to not enjoy it.” Upon returning the manager usually shares what she or he has done—showing pictures and telling stories. Many returned managers offer advice to other managers about how to plan and get the most out of their own sabbatical experiences. Over the years sabbaticals have included cycling across the country, hiking the Appalachian Trail, taking kids to Alaska for whale watching, and simply spending more time with family. The vision, which developed from Cerrone’s own retreat to India, has turned into a corporate practice that motivates and excites his team, and is diligently executed by Day Hospitality to ensure that it is a positive experience.

and a deep appreciation for the time to reflect. It has also motivated staff members and helped the firm to recognize the potential talents of young managers. Beyond that, one unanticipated benefit was the extra communication, training, housekeeping, and clean up necessary to manage the transition process when a manager departed and then returned. Not wanting to leave their house “untidy,” managers did plenty of training and getting organized before they departed on sabbatical. To prevent the manager from jumping back into a mess when the sabbatical was completed, the manager who was left in charge was assisted by staff and other managers to make the reentry smooth. In short, there is a cooperative effort to make a sabbatical work, with an outcome of enhanced management skills for both senior and junior managers. Day Hospitality also reports having a waiting list of people who want to work for the firm. The tremendous bench strength that is the product of running an operation while the boss is away combined with the powerful personal experiences that result from time away with family and from travel has made this practice truly a winner.

During a sabbatical, the managers are shut off from voice mail, their cell phones are taken away, and they have no strings attached to what they do—or, indeed, whether they even must return

## Green Is Still Good

Involving guests in its “green” hotel through education and practice was the hallmark of the Colony Hotel, a seasonal resort in Kennebunkport, Maine. This hotel has a full-scale environmental program led by an environmental director. Of the environmental best-practice champions that we featured, the Colony Hotel was the only operation that actively involved guests in recycling and education. Today the resort is still operating in an environmentally conscious manner. While the environmental program no longer employs a full-time biologist, a group of local teachers is paid to provide educational tours. Additional instructional materials have been developed, including a wildlife-coloring and -game book that describes local animals. Operational modifications have also been made over the years, including the redesigning of housekeeping carts to accommodate more recycling bags. A green meeting space is currently being planned as the hotel begins renovation of its existing meeting space. With the assistance of its architects, the hotel will ensure that building material, including carpets and furnishing, will be from recycled materials. Heating and cooling will be energy efficient, and the addition of solar power is quite likely. The simple philosophy of the Colony Hotel has remained constant; it is envi-



Operating a green hotel is “the right thing to do.”

**Donna Kabay**, general manager, Colony Hotel (Kennebunkport, Maine).

ronmentally friendly because, as general manager Donna Kabay says, "It's the right thing to do."

Hyatt Regency Chicago, like Colony Hotel, continues its commitment to the environment through its vast recycling program. Some modifications to the original practice have occurred, however, as the hotel now outsources both the labor and supervision of the program to United Maintenance Company. The hotel continues to recycle cardboard, glass, newspapers, magazines, and aluminum cans, which reduces by one million pounds per year the hotel's refuse designated for the landfill and results in substantial reductions in the hotel's hauling costs. The recycling program became particularly important during the recent Chicago "garbage strikes" as a means to reduce the amount of refuse with which the Hyatt Regency Chicago must contend.

### Innovations in Customer Service

Offering 24-hour check-in and check-out at no additional charge was an operations practice adopted by the Peninsula Beverly Hills Hotel. This practice is still in use, although refinements have been made to ensure operational efficiency. Recently the hotel team again evaluated daily arrival and departure data to determine which days of the week and what types of rooms are most likely to require the early arrival and late departure. It is no longer a question of whether the idea of 24-hour check-in and check-out is viable; it clearly is for this hotel. Now the challenge is to determine demand so that employee schedules can be optimized.

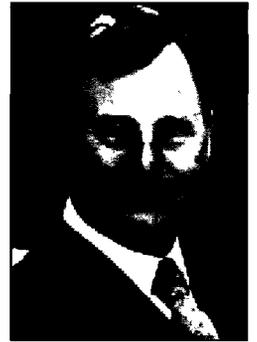
Refining the original idea, a guest can still arrive early and have a room waiting, but now the staff will also have the guest's clothing unpacked and waiting. Since September 11, the hotel has offered guests the option of shipping in advance and even storing their luggage at the hotel, so that guests could avoid delays at airport security. For those who leave their personal belongings at the hotel, steamer trunks are available for storage. This extra service is part of this luxury hotel's overall philosophy of providing innovative ways to do something special for the guests, something that is viewed as distinctive. Additional innovations include inscribing guests' initials on restau-

rant napkins, mini-bars stocked according to guests' preferences, and their preferred music CDs in the room. Penair, a gourmet boxed lunch, can also be ordered for airline travel.

A final innovation that gives this hotel a reputation for staying one step ahead of the game is its rejuvenation of in-room dining with a TV-dinner-style meal. The hotel discovered that many guests who order room service are not seeking the contemporary cuisine offered in the hotel's five-diamond restaurant, but instead would enjoy "comfort food." To meet the needs of these guests, the hotel created a special multi-section plate resembling the old TV-dinner trays, and a room-service menu to go with them, featuring foods such as meatloaf, mashed potatoes, and stew. The comfort-food menu has become popular among guests, while the hotel has been able to keep the dining room available for additional outside reservations. As Ali Kasikci, the managing director of the hotel, notes: "We are just giving our guests another angle on enjoying their stay."

Some years back, the Ritz-Carlton Chicago, a Four Seasons property, identified a customer need regarding technological support. As a result, the "compcierge" position was created to serve guests who are experiencing technical difficulties with their computers. Christoph Schmidinger, the general manager, reports that the hotel is pleased to have established the practice, as a growing number of guests require this kind of assistance. The concierge staff regularly fills the role of compcierge, but when the concierge staff is unable to handle a guest's computer problem, a member of the hotel's MIS department steps in.

Schmidinger reports that his compcierge staff can often solve in seconds a problem that would have taken the guest 30 minutes or longer to resolve. Since the development of this practice at the Chicago property, the innovation has spread to other Four Seasons hotels. Schmidinger states that the beauty of the practice is that its low cost yields a high return in guest satisfaction, since all the compcierges are already on staff. As a side benefit, the concierge staff members, who originally had little technological training, are now educated to handle basic computer problems.



Comfort food from room service: "We're giving guests new ways to enjoy their stay."

**Ali Kasikci**, managing director, Peninsula Beverly Hills Hotel.

Consequently, these employees have substantially increased their technical knowledge, and in turn, have shown an increased interest in computer technology.

The Ritz-Carlton Chicago is also trying to maintain its leadership in offering technological services. High-speed internet access is available in all guest rooms, and all suites also have printers. When staying in guest rooms without printers, guests may still obtain hard copies of their

points, which can be transformed into hotel points, airline miles, or railroad points. Award thresholds for TripRewards will remain low—a hallmark of the original Travelodge program. Further, enrollment can be completed at check-in or on-line and points can be redeemed on-line.

When fully launched in 2004, Cendant's TripRewards will have the largest distribution in the world, with more than 6,000 hotels participating and two million customers.



Guests increasingly appreciate electronic troubleshooting from "compcierges."

**Christoph Schmidinger**,  
GM, Ritz-Carlton Chicago  
(a Four Seasons hotel).

documents by using a program called Please Print Me. This program, which is available through the internet connection, allows a guest's documents to be sent to the printer in the hotel's business center, and then a staff member hand delivers the print out to the guest's room.

### Rethinking Guest-loyalty Programs

Cited for its strong guest-loyalty program (a rarity in the economy sector), Travelodge is now in the process of phasing out its brand-level loyalty program in favor of a corporate-wide loyalty program. Over two years in development, the new initiative—TripRewards—will apply to all nine of Cendant's hotel brands and Cendant's other companies (e.g., Avis, Budget, Jackson-Hewitt, and Resorts Condominiums International). As a result, points can be earned and redeemed through more than 50 partners, encompassing such diverse businesses as vehicle maintenance, retail purchases, flowers, and gifts, in addition to car rentals and tax preparation.

When fully launched in early 2004, TripRewards will have the largest distribution in the world, with more than 6,000 hotels participating and two million customers immediately enrolled. All members who currently hold loyalty points under Cendant brands' programs will have all of their points converted into TripRewards

### Award-winning Advertising

Motel 6 was originally recognized for its effective advertising campaign. Since 1987 Motel 6's spokesman, Tom Bodett, has been promising to "leave the light on for you." In the last five years this award-winning campaign—more than 150 awards have been garnered to date—has experienced a media shift, moving toward a predominant television presence from its old domain of radio. Under the direction of The Richards Group, the campaign has remained true to its central, home-spun message while allowing the chain to respond to specific issues such as guest affiliation and the brand's connection to Accor. Three longstanding components are integrated into each advertising message: Tom Bodett, "leave the light on for you," and lowest price of any national chain. Much of Motel 6's success is attributed to the fact that it has developed a personality, unlike so many of its competitors. The personality, of course, is that of Tom Bodett, whose approach and credibility allow him to speak to the target market on topics and situations to which the average consumer can readily relate. Consequently, as determined by an independent industry research study, Motel 6 has attained the highest unaided brand awareness, highest total advertising awareness, and highest unaided advertising awareness of any other chain in the economy segment.

In recognition of the importance of the internet in today's consumer environment, Motel 6 has developed its own internet-based discount program to build awareness that guests can obtain even lower prices by booking rooms via the Motel 6 website. Since the implementation of website labeled "Click 6," on-line bookings have risen by 273 percent.

### A Diversity Strategy

With a program launched six years ago, Cendant Corporation was a champion in diversity. Its pro-

gram comprised the following five elements: (1) franchise development among minorities, (2) supplier and vendor development with minority vendors, (3) philanthropic giving, (4) career development and mentoring, and (5) target marketing to minority audiences. This program has continued to operate with the expansion of initiatives directed at operations teams who work with franchisees. Effective communication and cultural sensitivity are two important elements for those who work with franchisees, many of which are Asian-Indians. Cendant estimates that between 40 and 90 percent of their franchisees are of Indian extraction, depending on the brand. These franchisees are the main customers of this 100-percent franchise-based company, and an effective operations team is essential to maintain franchisee retention.

Cendant continues to see marketing to Hispanic- and African-Americans as a basic business issue. It has formed a partnership with the United States Hispanic Chamber of Commerce, advertises in regional publications, and offers a toll-free number for Spanish speakers for all of its brands. For those interested in building their own diversity initiatives, Nicole Johnson-Reece, vice president of diversity and community involvement, observes that the leadership must be supportive and that diversity must be a part of the overall business strategy to be successful. She believes in the importance of measuring results and assuring that diversity initiatives are ROI focused.

### Fragility of Best Practices

As this article illustrates, several champions have stuck with their ideas, made refinements and adjustments, and moved forward to try new ideas. Unfortunately, many of the champions whom we tried to contact were no longer working for the same company, and many of the practices they initiated have been discontinued. These results provide us with disquieting insights into the tenuous nature of hospitality best practices. Two factors appear to diminish the longevity of best practices: the high mobility of hospitality managers and the escalating rate of consolidation through mergers and acquisitions. These two fac-

tors make it difficult for the benefits of individual learning to become absorbed into hotel organizations and become part of the organizational learning system. Why hotel companies do not nourish and sustain best practices is an important and difficult question.

Our findings in the original study indicated that the development and successful implementation of a best practice was greatly influenced by just one individual in an organization who

Two factors may diminish the longevity of hospitality best practices: the high mobility of managers and the escalating rate of consolidation through mergers and acquisitions.

championed the best practice. Our follow-up confirmed the significance of the best-practice champion's continued employment in ensuring the practice's continuance. The best practices we just reviewed all have a strong champion who is still working to effectively execute on the idea.

For many of the best-practices cases that we attempted to update, this was not the case. As best-practice champions are transferred or leave the company altogether, the practice is typically not championed by new management and consequently is discontinued, regardless of the documented benefits it previously brought the company. In one instance, the champion's departure resulted in the best practice's being discontinued under the new management, although the practice had been responsible for generating a 20-percent increase in occupancy rates and the highest hotel ADRs of any in that brand.

In short, the insights and ideas that come from best-practice champions appear to both begin and end with these individuals. As Ali Kasikci, one of our champions observed, "Unfortunately, in this industry, short- and medium-term versus long-term strategy is the norm. We go in to turn around a problem and then jump to the next position with a better salary." While this may be true, what might also explain the failure of good ideas to be retained is that they did not become



To be successful, diversity initiatives must be a part of a company's overall business strategy.

**Nicole Johnson-Reece**,  
Cendant vice president of  
diversity and community  
involvement.

fully adopted by the organization. For those that did continue to use their best practice, the idea had become incorporated into the regular activities of the organization as part of the normal course of business. What appears to be necessary for a best practice to be sustained is becoming completely integrated into the organization's ongoing activities.

The frenzy of consolidation that has occurred in recent years has also facilitated the early de-

isting best practices are implemented, retained, and improved.

This review confirms the critical role played by the individuals who champion a practice. True innovations, the ones that make a difference to an organization's long-term success, are most likely to result from the ideas of an individual whose heartfelt belief in the idea convinces co-workers and top management of the feasibility of pursuing it. In this individual's absence, the practice may disappear even though it substantively benefited the property or organization. Routinization is an important final step in championing best practices, and true innovators need to be sure that their excellent ideas have staying power. Success in the introduction of a best practice occurs only when the practice becomes incorporated into the regular activities of the organization and loses its separate identity. Many of the champions who have moved on to new assignments were unable to disseminate their practice throughout the organization.

This update on best practices reinforces the importance of operational integration, and the need to build organizational learning capacity. As we initially concluded, hotel companies and individual properties can gain a competitive advantage only if they are able to integrate and apply the best practice in day-to-day operations. From self-managed housekeeping teams to recycling programs, successful execution of the practices required top-management support, the involvement of employees, and strong organizational communication.

It is possible that some of the best-practice champions encountered insurmountable obstacles in spreading their ideas throughout the organization. In addition, many appear to have moved on to new challenges before their practices were routinized or took hold in the organization's culture. In some instances, mergers and acquisitions destroyed old routines and best practices were lost in the new organizational culture. Truly innovative firms are capable of amplifying and synthesizing the knowledge and ideas of individuals, but acquisitions can create managerial distractions and diminish innovation. Best practices appear to be one of the casualties

**Hotel companies and individual properties can gain a competitive advantage only if they are able to integrate and apply the best practice in their day-to-day operations.**

mise of some best practices. Companies that were acquired by another organization appeared unable to sustain their best practices in the wave of sweeping managerial, process, and procedural changes. Further, the acquiring companies often lacked the historical knowledge regarding the roots and benefits of the best practice—making it difficult for the acquiring company to accept and reap the rewards from past best practices.

The lack of time to think, plan, and develop best practices, and insufficient nurturing of innovations with needed resources and top-management support were identified as barriers to the development of best practices in our original study. While we recognized the importance of validation and sharing the ideas to make them sustainable, we did not realize until this follow-up report the deleterious effects of the high attrition rates of hospitality managers and the consolidation of hospitality organizations on the continuity of best practices. This insight serves as a warning to the industry that valuable practices may be lost or discarded as organizations shift to accommodate new management and staff. We urge industry leaders to take heed not to discard good practices when they establish control over newly acquired operations. Achieving higher levels of excellence, competitive advantage, and profitability can only be accomplished when ex-

of the significant consolidation in the industry. This mortality of best practices may explain why research evidence indicates that acquisitions, on average, tend to decrease firm profitability.<sup>3</sup>

In this review, we were intrigued and sometimes dismayed to learn of the path that the original best practices had followed. Some practices have been sustained and enhanced by devoted champions, others were facing operational challenges, and still others were eliminated when

managers moved on. Innovative practice in the lodging industry is important for competitive success, but also to ensure that employees will want to work in the industry. People are attracted to firms that devise new ideas and ways of making the business a success. We think it is critical that best practices continue to be developed and that organizations work to amplify and sustain the ideas of champions. Doing so will ensure that industry knowledge is advanced, profitability is enhanced, and the best and brightest employees are both attracted to and retained by an industry that is perceived as exciting, progressive, and innovative. ■

<sup>3</sup> Michael A. Hitt, Robert E. Hoskisson, R. Duane Ireland, and Jeffrey S. Harrison, "Are Acquisitions a Poison Pill for Innovation?," *Academy of Management Executive*, Vol. 5 (November 1991), pp. 22-35.



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