

Tough times take tough leaders

THE LINGERING RECESSION NECESSITATES A RELENTLESS APPROACH TO SQUEEZING EVERY BIT OF EFFICIENCY OUT OF YOUR OPERATION. ACCORDING TO **GENE FERENCE**, PRESIDENT OF **FERENCE LEADERSHIP AND STRATEGY**, IN 2011 INSPIRATIONAL LEADERS WILL MOTIVATE THEIR STAFFS TO FOCUS HORIZONTALLY, ACROSS DEPARTMENTS, TO EKE OUT EVERY POSSIBLE COMPETITIVE ADVANTAGE.

Economists may quibble about whether the three-year worldwide economic downturn has ended, but we in the international hospitality industry are certain of one thing: times still are tough. Margins are thin, room rates are down and demand continues soft – a potentially fatal trifecta for even the best-run operation.

But what your mother told you as a youth is just as correct in your business life: what doesn't kill you makes you stronger. In hotel-speak, that means that the accelerated change that this recession has forced – and will continue to force – actually may position your operation at the top of the pack when the economy improves. The trick is how to identify and correct any remaining performance gaps now so you can survive to witness better days in 2011 and beyond.

To have made it this far in a depressed economy, top-tier organizations will have optimized their Vertical Thrust, the top-down or bottom-up force that emanates from full-organization buy-in into their vision, mission and core values. Regardless of organizational structure (tall, flat, divisional or departmental) this effort will have determined *what* an organization stands for and *what* it wants to achieve.

What isn't so clear is an organization's Horizontal Thrust, or *how* it intends to get there. Horizontal Thrust is the way in which an organization's procedures, processes and practices combine with other resources to enable work to be accomplished across the organization. When the various departments within an organization are *in balance*, handoffs both within and between departments are transparent and seamless and produce a consistently smooth flow of products, services and memorable experiences from staff to customers.

If just one department is out of sync – or even one employee in a department, all can be for naught. For an exceptional customer experience, every point of contact with the customer must be flawless. From the initial reservation to the final checkout, all employees within all departments must be on the same page – and have the same customer-first attitude.

The goal must be delighted customers, because delighted customers become loyal customers. And loyal customers keep our doors open.

An inspired leader recognizes that most managers are comfortable managing vertically because of the control they have over the systems, processes, resources and standards that apply to their own domains. If something needs fixing, the manager simply fixes it.

The same managers tend to be uncomfortable working across departments, because of the loss of direct control, the time and energy commitments entailed, and the complex interpersonal relationships involved. If something needs fixing, it takes group agreement to decide how, when and whether to bother. Cross-departmental problems are the last to be tackled because they are the most difficult to tackle. But three years into a recession, they present huge potential to recover a few more points of operating margin.

The combination of optimized Vertical and Horizontal Thrust creates a peak-performing culture within an organization. The systematic, prescriptive method of getting there is something we call creating *The Deliberate Culture*. Taking deliberate action has never been more important in our industry than it is now.

THE ENGINES OF HORIZONTAL THRUST

Three components – satisfaction, engagement and leadership style – drive an organization's horizontal thrust. The first supplies *soul*, the second provides *spirit* and the third releases *inspiration*.

Employee satisfaction. Employees who are encouraged to solve problems and make decisions create added value for the customer and peak performance for the organization. Positive work climates promote constructive communication and correlate directly with empowerment, motivation and long-term staff retention.

Customer engagement. Engaged employees positively impact both customers and fellow employees. Fellow employees

receive the enthusiastic commitment and active support of their colleagues while guests benefit from the « going-above-and-beyond » positive attitudes and behaviors of staff.

Leadership that inspires. We all know good leadership when we experience it. Simply put, good leadership is an influencing force that persuades others to move in a desired direction and empowers them to do what needs to be done. Peak-performing leadership is characterized by proactive decisioning that guides the company via direction, development and delegation.

The Four C's, detailed below, are integral to inspired leadership, and Horizontal Thrust simply cannot occur without them. The successful leader will be completely invested in all aspects of promoting and practicing them. They are :

- Communication (employees must always feel « in the loop »)
- Coordination (the right hand must always know what the left hand is doing)
- Cooperation (win-win must be the modus operandi)
- Collaboration (it must be « we » not « they »)

BUILDING A CULTURE OF ENGAGEMENT

Perhaps more than any other industry, the business of hospitality is defined by the human resources it employs. In our business, human interaction, either intentionally or unintentionally, more than any other factor has the ability to wow or to disappoint. The successful leader will develop a keen eye for those magic personalities that combine genuineness with technical competence. This leader also will recognize two key human motivators : the need for affiliation and the need for achievement.

The need for affiliation. Employees accomplish their best work within an organization when they can meet person-to-person with coworkers and supervisors and can honestly and openly exchange information. The Four C's of Inspirational Decisioning that serve organizations so well on a macro basis are also critical here as employees *communicate* with others, *coordinate* projects and events, *cooperate* with colleagues, and *collaborate* on achievements.



Tough times take tough leaders

cont.

The need for achievement. Employees are most engaged and fulfilled when they can accomplish tasks that are both specific and of mutual benefit to everyone involved. Here, the Four D's of Proactive Decisioning come into play, both for leaders and their staffs, as work is *directed*, procedures are *developed*, responsibilities are delegated and follow-up is *detailed*, all of which leads to competent and confident employees.

GAPS TO LOOK FOR

Employee over-measurement. Nearly all service organizations give lip-service to exceeding a guest's expectations. However, in reality most fall short of meeting, let alone exceeding, those expectations. Historically, consumer research identifies a significant gap between employee and guest perceptions of product quality, service excellence and memorable experiences. It is common to see spreads of five, eight and even ten or more points in comparative data. Not surprisingly, employee scores typically are higher than customer scores.

Territorial disputes. Reducing gaps and improving performance is always more challenging inter-departmentally – between executive « territories » – than within an executive's own domain. That's because immediate accountabilities, individual turf boundaries and personal egos rapidly create their own performance issues when other managers are involved.

When managing inter-departmental change, ask these questions:

1. Do your managers have a healthy appetite for change?
2. Have you cultivated an organization with vision?
3. Are you providing tactical freedom to implement meaningful change?
4. Are you measuring your change-management effectiveness?
5. Do you have quality processes in place to develop new products and services?
6. Are you integrating a holistic business design for all inter-departmental handoffs?
7. Are you developing leaders who think departmental operations and act big-picture strategies?

Our research indicates that employee perceptions of their own department's performance is typically significantly more positive than their perceptions of another department's performance.

TEAM MEMBER PERCEPTIONS OF DEPARTMENTAL PERFORMANCE

My department	92% engaged in ultimate customer service
Other departments	37% engaged in ultimate customer service

In our Peak Performance metrics, any number above 93% is considered Peak Performance while any number below 73% is considered under-performance. So employees consider their own departments to be near-perfect and their peers' departments to be a near-disaster.

That tendency is borne out in the following table on *Organizational Thrust*, which is synthesized from actual client surveys. Note how the scores for Horizontal Thrust (which measure inter-departmental performance) are significantly lower than the scores for Vertical Thrust (which measures intra-departmental performance). It's human nature to prefer what we can control.

STEPS TO MAXIMIZE HORIZONTAL THRUST

Ference Inc. has developed a proprietary model called the U-Grid to allow our clients to measure the various elements of satisfaction, engagement and leadership between departments in their organizations. Once the gaps have been identified, we work with executive and mid-level management to construct an action plan to address them. We provide some suggested steps so you can simulate the process we follow.

1. Understand how your organization works best.

Be clear on the company's vision, mission and values. To what extent are these initiatives enthusiastically embraced company-wide? Are these initiatives positioned to actively contribute to the organization's everyday culture? How lean or heavy is the organizational structure?

ORGANIZATIONAL THRUST

Satisfaction / Engagement / Style	Performance Level
<i>The amount of work is spread equally among team members.....</i>	66.2%
<i>There is good communication between departments in this hotel.</i>	68.1%
<i>There is a high degree of cooperation between departments in this hotel.....</i>	73.4%
<i>The morale of my team members in this hotel is high.....</i>	73.7%
<i>Team members in this hotel understand their responsibilities and accountabilities. ...</i>	73.9%
Horizontal Thrust.....	Below Average

Team Member Critique of Inter-Departmental Leadership

- They need to be more interactive with all team members.
- They belittle team members with random negative statements.
- They advocate an atmosphere of throwing others under the bus.
- They fail to live up to the values espoused by the parent company.
- They take their frustration and anger out on other departments.
- They create a state of constant crises and panic.



Alignment / Balance / Style	Performance Level
<i>My manager expects team members to embrace continuous improvement.....</i>	90.8%
<i>My fellow department team members respect me.</i>	91.7%
<i>I feel empowered to delight our guests.</i>	93.7%
<i>My manager communicates high expectations about performance.</i>	96.4%
<i>I understand how my work impacts the guest experience.....</i>	97.3%

Vertical Thrust.....Peak Performance

Team Member Critique of Intra-Departmental Leadership

- A person who is dedicated to the company's vision/mission.
- A person who is a confident proactive thinker.
- A person who is passionate about his/her job.
- A person who is truly upbeat and inspiring.
- A person who provides us direction we need.
- A person who is a good listener.

Source: Ferenca Leadership and Strategy

2. Ensure robust meeting dynamics.

Start by assembling the leaders in your company, both those with the title and those with inclusive, introspective attitudes. Then ensure that your meeting is anything but boring. Meeting leaders need to ask the right questions, actively listen and develop an in-depth understanding of how departments currently interact and how they should interact. Ultimately, a meeting leader should seek understanding, critical thinking and creative insights by designing a meeting structure that is conducive to such.

3. Create meetings that are experiential.

Our guests seek an experience and so do employees. Make this endeavor fun, not work, by mixing things up and getting a little wild. But don't lose sight of your purpose for being there: communicate for commitment, obtain personal buy-in, and generate action. At the end of the meeting and for optimal learning, be sure to debrief participants by asking open-ended questions that start with initial feelings about the meeting, and end with specific observations, insights and takeaways.

4. Empower the process through SMART goals.

• **S = specific.** Every action goal should be specific. Identify what is going to happen, why it is important and how the change will be achieved.

• **M = measurable.** Make sure each goal reflects a measurable, observable change. How will you know when you have achieved your goal?

• **A = attainable.** Make sure the action plan is within reach. If something is too ambitious, it may well end up in defeat.

• **R = realistic.** Considering the resources and timeframe available, do you have the ability and dedication to pursue this goal?

• **T = timely.** In the beginning, time frames establish commitment and a sense of urgency for goal completion. In the end, time frames help produce a finite finish to the initiative.

5. Focus on the major performance gaps.

Identify and resolve those problem areas that have the most significant impact on the operation. Don't dwell on the minutiae. Beware: passions may flare

in the process. Empathy and a sense of humor are good antidotes.

6. Follow-up for continuity, consistency and closure.

This will keep the process on track until completion as well as provide an opportunity to celebrate a job well-done.

CONCLUSION

In robust economies, success takes care of itself. Like picking a good expensive bottle of wine, it takes little effort. In a troubled economy, the equation changes, and inspired leadership that can motivate a staff to achieve common goals becomes all-important. Most organizations have achieved significant Vertical (divisional and departmental) efficiencies by this time in the multi-year economic slowdown. But, Horizontal efficiencies – those between departments – generally have yet to be maximized. In 2011, the leader who sets his sights there not only can weather the current storm but will put into place a lean and nimble operation that is ready to capitalize when better days return. ■

This excerpt from the Hotel Yearbook 2011 is brought to you by :



ECOLE HÔTELIÈRE DE LAUSANNE

The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



HSYNDICATE

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



CORNELL UNIVERSITY SCHOOL OF HOTEL ADMINISTRATION

Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



WATG

Over the course of the last six decades, WATG has become the world's leading design consultant for the hospitality industry. Having worked in 160 countries and territories across six continents, WATG has designed more great hotels and resorts than any other firm on the planet. Many of WATG's projects have become international landmarks, renowned not only for their design and sense of place but also for their bottom-line success.

HOTEL yearbook 2011

What to expect in the year ahead



Four Seasons CEO Kathleen Taylor
on the evolving concept of luxury

The post-crisis outlook in key markets:
20 exclusive situation reports from Horwath HTL

Best Western CEO David Kong describes the key issues
US hoteliers will have to tackle in 2011

The industry's most progressive approach to operations:
our interview with citizenM's Michael Levie

Plus ideas, expectations and insights for 2011
from the Chief Executives of 8 hotel groups