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The Ritz-Carlton Hotel Company The Quest for Service Excellence

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As Pat Mene, Corporate Vice President of Quality, reviewed a summary file containing the most recent data reported in the Dynamic Quality Information System (DQIS) from the Buckhead Ritz-Carlton, he wondered what it was going to take to lead the Ritz-Carlton Hotel Company to the next level in service excellence. The Ritz-Carlton was the first hotel company to become a winner of the nation's premier prize for performance excellence and quality achievement, the Malcolm Baldrige National Quality Award.¹ The 1992 award represented the culmination of the Ritz-Carlton's efforts since its restructuring in 1983 to provide the highest level of service in the hospitality industry.

The Atlanta-based company was preparing for its second Baldrige application. Closing the summary file, Mene considered the difficulty of continuing the legacy of the founder, Cesar Ritz, to provide discriminating patrons with the highest standards of quality service in a setting of luxury and elegance.

History of the Ritz-Carlton Hotel Company

Cesar Ritz, founder of the Ritz-Carlton Management Corporation (the predecessor of the Ritz-Carlton Hotel Company), opened the first Ritz Hotel in Paris in 1898. The hotel was designed to pamper its guests through meticulous service and luxurious elegance. As news of the success of the new upscale hotel spread in France and throughout the rest of Europe, the Ritz name became synonymous with quality service and high style. In an effort to capitalize on the growing value of the Ritz name, in the early 1900s, Cesar Ritz organized a group of hoteliers and financiers and formed the Ritz-Carlton Management Corporation for the purpose of franchising the Ritz-Carlton name to individual hotel owners who were

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prepared to abide by the strict service and culinary standards set forth by Cesar Ritz. As early as 1927, Ritz-Carlton hotels were opened in locations including New York, Philadelphia, Boston, and Atlantic City, as well as London and Montreal. Each hotel committed to abide by the strict mandates of service and fashion demanded by the Ritz-Carlton Management Corporation. Although austere economic conditions in the United States in the early 1920s and 1930s eroded the profitability of the Ritz-Carlton hotels, forcing the closure of all but one U.S. Ritz-Carlton hotel by 1940, Ritz-Carlton continued to be equated with quality and elegance.

In 1983, the Ritz-Carlton name and trademark were purchased by real estate developer William B. Johnson, and W.B. Johnson Properties Inc. became the parent company of the Ritz-Carlton Hotel Company. William Johnson's vision was to create a luxury hotel group with the highest standards of the hospitality industry, designed to appeal to the discriminating leisure and corporate traveler. After acquiring the Ritz-Carlton Hotel Company, W.B. Johnson initiated a corporate wide effort to ensure that the same high standards were maintained at all hotels bearing the Ritz-Carlton crest. In April 1995, Marriott International Inc. acquired 49% of the Ritz-Carlton Hotel Company, and in 1998, Marriott exercised its option of acquiring the remaining 51% of the Ritz-Carlton.

By early 1997, the Ritz-Carlton Hotel Company managed and operated 34 Ritz-Carlton hotels, including 25 city hotels and nine resorts. Twenty-five of the hotels were located in the United States; the remaining were distributed throughout the world, with hotels in Australia, Hong Kong, Indonesia, Japan, Korea, Mexico, Singapore, Spain, and the U.S. Virgin Islands. Additional hotels were planned in Shanghai, Dubai, Las Vegas, New Orleans, Coconut Groves, and the Philippines. With the exception of the owned and managed Buckhead Ritz-Carlton hotel located in Atlanta, Georgia, the site of Ritz-Carlton's corporate headquarters, the Ritz-Carlton Hotel Company operated its hotels under management contracts between the Ritz-Carlton and the owners of those hotels. Through its management contracts, the Ritz-Carlton Hotel Company was able to enforce and maintain its strict quality standards at all of its affiliated hotels. Independent surveys indicated that 97% of Ritz-Carlton customers not only were satisfied with their experience, but felt that a stay at a Ritz-Carlton hotel provided them with a "memorable" experience.

The Hotel Industry

The hotel industry has seen significant transformation since its inception in the early twentieth century. The majority of the earliest hotels were independent, privately owned ventures, located in population or trade centers, and had few conveniences. There was no standardization of services. Beginning in the 1960s and 1970s, however, to meet the demands of the growing number of travelers, hotel chains such as Howard Johnson's, Travelodge, and Holiday Inn were developed. As business travel continued to expand in the 1980s and 1990s, the hotel industry responded with the introduction of convention hotels, executive floors, business services, fitness amenities, and most recently, all-suite hotels.

The expansion, however, was not immediately accompanied by increased profitability. In 1981, in an attempt to stimulate capital investment in the United States, the government passed the 1981 Economic Recovery Act. The lure of investment tax credits was the catalyst of a major building boom in the hospitality industry, and a resulting glut of hotel construction—largely by developers with limited understanding of the hospitality industry. Approximately 7,000 hotels (over 900,000 rooms) were built during the early part of the decade. Properties were built often without regard for market demand or the need to establish a customer base. Although the construction boom ended with the Tax Reform Act of 1986, when federal legislation reduced the level of tax-related incentives, it was years before the hotel industry was able to recover. As recently as 1990, the hotel industry suffered a \$5.7 billion loss. Since 1990, however, industry profits have improved dramatically, due to strong consumer demand and the absence of significant capacity expansion. In 1995, pretax profits exceeded \$6 billion due in part to a modest rise in occupancy level (0.8% increase to 65.5%) and a 4.8% increase in room rates.

Hotels are typically categorized into five segments: (i) luxury hotels, such as Ritz-Carlton; (ii) upscale hotels, such as Hyatt; (iii) mid-price hotels, such as Holiday Inn; (iv) economy hotels, such as La Quinta; and (v) budget hotels, such as Motel 6. Each segment experiences its own occupancy rate and room rates.

Hotels can also be classified based on their form of ownership and management. Some hotel properties are owned and managed by the same individual or group. Other hotels, such as the Ramada chain, are franchisees where, in exchange for royalty and marketing fees, the property owner receives such services as a national reservation system, national advertising, and volume purchasing discounts. Finally, some hotel properties, such as Ritz-Carlton hotels, are owned by individual property owners, but are managed by a management company in exchange for management fees.

As of December 1996, the U.S. lodging industry had approximately 3.6 million rooms at approximately 47,000 properties. In 1996, hotel occupancy and room prices were on the rise; the average occupancy rate was 65.2%, and the average room rate had increased by 11% since the beginning of 1995. According to a survey by Zagat, the average room rate at a Ritz-Carlton hotel increased by 19% from 1995 to 1997.

Commitment to Excellence

THE GOLD STANDARDS

After W.B. Johnson acquired the Ritz-Carlton trademark, the company focused its efforts on developing a chain of prestigious and highly personalized hotels, with the objective of achieving product and profit dominance. To achieve these objectives, Ritz-Carlton formulated a philosophy predicated upon management's commitment to providing uncompromisingly high quality service to its guests. This philosophy was formally stated in the company's Gold Standards, which became the guiding principles of the Ritz-Carlton philosophy. The Gold Standards included the Credo, the Motto, the Three Steps of Service, and the 20 Ritz-Carlton Basics. (See Exhibit 1.)

THE CREDO

The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission. We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambiance. The Ritz-Carlton experience enlivens the senses, instills well being, and fulfills even the unexpressed wishes and needs of our guests.

The first of the Gold Standards, the Credo, embodies the essential characteristics of the products and services provided by Ritz-Carlton. The Credo is more than the company's mission; it influences the development and management of each Ritz-Carlton hotel and pervades the attitude and manner of each member of the Ritz-Carlton organization, from senior management to housekeeping. Each Ritz-Carlton hotel is designed and operated using the Credo as a guideline. For example, hotel lobbies are small, designed for intimate gatherings rather than large group meetings. Lobby music varies by time of day and surrounding environment. Conference rooms are located out of direct view from the lobby, to obscure the business function of the hotel. Each Ritz-Carlton hotel offers a full panoply of on-site facilities ranging from on-site fitness centers to 24-hour room service. Each hotel is associated with a number of fine restaurants with international acclaim.

THE MOTTO

We are Ladies and Gentlemen Serving Ladies and Gentlemen.

The second, and most well-known, of the Gold Standards is the Motto. The Motto captures the essence of the Ritz-Carlton philosophy and represents the Ritz-Carlton commitment to quality and excellence. "Our employees are treated with as much respect as guests," explained John Dravinski, general manager at the Marina del Rey Ritz-Carlton hotel.² Employees are taught that they are professional service providers, not servants. The Motto is each employee's touchstone when servicing hotel guests. Each employee is trained to act as if he/she is a lady/gentleman, and to treat guests similarly, that is, in a highly professional and courteous manner.

THE THREE STEPS OF SERVICE

The Three Steps of Service detail the actions and decisions required for all employee-customer interactions. The Three Steps describe the behavior expected of a Ritz-Carlton employee, whether he services a guest or an "internal customer" (a fellow employee). The first step in performing a service is to greet the customer. The Ritz-Carlton philosophy believes that if the customer is not greeted, the employee is only performing a task, rather than a service. The second step is to anticipate the needs of the customer. Employees should not wait until a customer fully articulates his needs; rather, the employee should attempt to anticipate these needs and fulfill them. Finally, the employee should bid the customer farewell after completing the service. (See Exhibit 1.)

THE BASICS

The last of the Gold Standards is the 20 Ritz-Carlton Basics. These describe the guest problem-solving process as well as the fundamental rules of conduct that must be followed

by all employees. The Ritz-Carlton Basics reiterate the Ritz-Carlton commitment to quality service and customer satisfaction. (See Exhibit 2.)

Employee Selection, Training, and Staffing

Ritz-Carlton management has recognized that in order to implement the Gold Standards uniformly in all managed hotels, it is necessary for senior management to transmit these values to all Ritz-Carlton employees personally, and to empower employees with responsibility and sufficient autonomy to apply the company's values in their daily tasks. Empowerment instills employees with a sense of ownership, and encourages them to assume responsibility and take the steps necessary to satisfy their customers. Ritz-Carlton management takes the following four steps to ensure that employees maintain the company's high standards for quality and service excellence, as articulated in the Gold Standards: (i) rigorous employee selection process, (ii) employee orientation, (iii) employee training certification, and (iv) continuous coaching.

EMPLOYEE SELECTION

Individuals seeking employment at a Ritz-Carlton hotel are selected based on the recommendations generated by Ritz-Carlton's Targeted Selection Process, developed in 1987. In an effort to match prospective employees with the requirements of their respective positions within the company, Chief Operating Officer Horst Schulze appointed a team of managers to develop personality profiles for each position within the company. Managers developed these profiles by capturing key personality traits of the best employees in each position. The result was a list of essential character traits that best fit each job. Potential hires are asked a series of 55 open-ended questions, designed to help identify where that individual's natural talents lie. The goal is to assess an individual's communication skills, attitude, and motivations, as well as past work experience and behavior, to assure a good fit in the assigned position specifically and the Ritz-Carlton organization generally.

EMPLOYEE ORIENTATION

New hires at each Ritz-Carlton hotel participate in a two-day orientation seminar. All new employees attend the same orientation seminar, irrespective of their title or position. New hires are familiarized with company history and with the company's vision for the future. They also are instructed in the corporate philosophy and the role they will play within the Company in effectuating that philosophy. The importance of quality service, both to external as well as internal customers, is emphasized. Finally, employees are led on a tour of the hotel premises.

The two-day orientation seminar is reinforced by a "Day 21 meeting." The Day 21 meeting is an informal meeting where employees have the opportunity to provide feedback to ensure that they understand the Ritz-Carlton philosophy, and that their expectations are being met. The Day 21 meeting provides new hires with three weeks to reflect on the information they learned during orientation.

EMPLOYEE TRAINING CERTIFICATION

Following the two-day orientation, new hires begin training for their respective positions. Training is conducted by a fellow employee who has been certified for his job by his manager. Training is a 30-day process, designed to ensure that all employees provide uniform and consistent high-quality service. Training involves both technical training as well as exposure to the Gold Standards. The approach to training is a "tell, show, do, review" approach. Specifically, the training process is designed to match the learning needs of *all* individuals, whether they require oral or visual training. After 30 days, the new employee's performance is reviewed by his manager. At this time, the employee must pass written and skill demonstration tests to confirm that he has mastered all aspects of his position. If the manager agrees that the employee has been properly trained in all facets of his new job, the employee receives a training certification. The certification is a checklist of all duties required by the employee's position. (See Exhibit 3.)

CONTINUOUS COACHING

The training each employee receives at the commencement of his employment is reinforced through the coaching that continues throughout the duration of employment. Corporate philosophy is reinforced at daily line-ups before the start of each new shift. The line-up is a 15-minute meeting where one of the 20 Ritz-Carlton Basics is discussed. Line-ups are coordinated companywide; each day the same Basic is discussed at all Ritz-Carlton properties. The line-up also serves as a time for information sharing. Employees are informed of any special events that will occur during their shift as well as any guests with special needs or desires, so the employees can anticipate their needs.

As a result of the Ritz-Carlton's employee selection and training process, employees are educated in the company philosophy and commitment to service excellence and the role they play in attaining the company's commitment to quality service. According to Ritz-Carlton quality personnel, by 1997 Ritz-Carlton's selection and training processes had contributed to a reduction in employee turnover to an annual 30% rate, compared with the industry-wide annual turnover rate of approximately 110%.

Total Quality Management

By 1987, four years after being acquired by W.B. Johnson, the Ritz-Carlton was recognized by lodging industry surveys as a premier luxury hotel chain. However, despite this achievement, Ritz-Carlton hotels continued to experience numerous customer complaints. Schulze recognized that in order to ensure long-term profitability and to maintain its premier position, significant improvement in service quality and efficiency would be necessary. To meet the challenge, Schulze embraced the traditional techniques of Total Quality Management (TQM).

Ritz-Carlton believed the commitment to quality services must begin with management's concerted efforts and actions to create systems and structures that enable and motivate a corresponding commitment throughout the organization. In the words of Schulze, "You know the three obstacles to TQM? Top management, middle management, and lower

management.”³ Bob Worman, general manager of the Ritz-Carlton hotel in Buckhead, explained that Ritz-Carlton managers must create a culture where each employee recognizes the dual objective of defect-free service and customer satisfaction, and where the employees themselves propel the progression towards Six Sigma. Toward this end, managers are required to lead by example; management must use and teach the quality process. Indeed, senior executives at Ritz-Carlton devote over 25% of their schedule to quality enhancement issues. Management frequently consults with guests and employees to identify areas for improvement. The company's 14 senior-most executives meet weekly to review quality standards and performance, guest satisfaction, and market developments.

In addition, Ritz-Carlton has established incentive programs to reward employees for implementing ideas to improve their workplace or guest satisfaction. These include, among others, the Good Idea program, which awards cash prizes for the best employee initiatives, and Five-Star employees of the quarter awards. (See Exhibit 4.) Further, employees do not receive fixed annual or tenure raises. Instead, employees are compensated for their *skills* in an effort to keep employee compensation aligned with corporate goals.

Process Control

Ritz-Carlton recognized that process management and control as well as quality improvement techniques long used in the manufacturing industry could be employed in a service environment as well. “In all business—whether it's a factory or a hotel—work gets done by transforming methods, materials and people into a product or service,” explained Mene. “A manufacturing plant probably spends more time on its machinery and materials, whereas we're more concerned with the flow of people coming into our organization.”⁴

As evidence of its commitment to service excellence, the Ritz-Carlton Hotel Company requires that each hotel in its franchise establish a quality department. The role of the quality department is to track the hotel's success at achieving Six Sigma, and to identify and eliminate the root causes of any identified defects.

In an attempt to communicate the complexities involved in problem prevention to its employees, the company adopted a quality mascot, a mischievous-looking animated character named Mr. Biv (an acronym for Mistakes, Rework, Breakdown, Inefficiency, and Variation) to represent the five most common mishaps that interfere with a service provider's ability to satisfy his customers consistently and efficiently. Mr. Biv serves as an effective and accessible medium to communicate to employees the potential sources for error, and helps alert employees to wasteful work habits.

THE DYNAMIC QUALITY INFORMATION SYSTEM

In addition, Ritz-Carlton has developed a system for gathering, reporting, and tracking defect data. Ritz-Carlton defines a defect as any deviation from a desired service level. Attempts are made to record each defect and to use this information as input into a Daily Quality Production Report (the DQPR). The DQPR is a weekly report that lists all service defects that were identified and recorded during the prior week. The DQPR is used as a first

source for identifying hotel processes that deviate from the company's quality standards. Ritz-Carlton relies on its employees to report defects, as the majority of input to the DQPR is provided directly by employees, rather than customer reported complaints. (See Exhibit 5.)

PRODUCING THE DQPR

It is the responsibility of a member of the quality team at each hotel to gather all reported defects from all logs that record defect information. This information is input into the Dynamic Quality Information System (DQIS), a Paradox for Windows database application. The information is viewed as a tool for improvement rather than a "report card" of performance. Each defect record contains the actual defect that occurred, in addition to other pertinent information including, for example, the date and time of incident, name of the guest involved, and the department where the root cause of the defect appears to lie. Similar defects are assigned the same keyword. The use of keywords, as well as inputting various characteristics of the defect, allow quality personnel to sort the defects based on various identifying criterion. For example, if quality personnel required the number of defects involving delay in food service, all defect records could be extracted with the keyword "f&b delay." If quality personnel required a comparison of defects occurring at night with defects occurring during the day, the data could be retrieved by sorting the records by time of defect.

USING THE DQPR

Employees at each Ritz-Carlton hotel are charged with "instant pacification," that is, to immediately remedy any defect they discover, irrespective of the task they are engaged in when discovering the defect. Thus all defects that appear in the DQIS have already been addressed. The sole purpose of the DQIS is to identify any recurring trends by allowing quality personnel to analyze the defect data in various forms and generate reports based on internal customer needs.

Ritz-Carlton has not developed any standard methods for analyzing the DQPR. Rather, quality personnel at different hotel sites use different methods for analyzing the defect reports. Quality personnel at the hotels do not use specific statistical software to analyze the data, and personnel may have had different statistical training. Quality training comes from informal seminars organized within the company.

The DQIS is most often used to generate Pareto charts aggregated by keyword, to identify different sources of defects. If a particular department appears to be the source of a disproportionate percentage of defects, quality personnel will then analyze the actual records in the associated DQPR in an attempt to determine the root causes.

PROBLEM SOLVING

Upon identifying a systemic problem based on analysis of the relevant DQPR, quality personnel apply problem-solving processes to eliminate the source of the defects. Internal Problem Solving or Quality Improvement Teams are created, composed of members of different departments affected by the process that requires improvement. The team is assigned ownership of the problem; by assigning ownership, employees assume responsibility to solve the problem, and are empowered to take action to resolve the

problem. The most common approaches utilized by the teams to identify and eliminate the problem are the Six Step Problem Solving Process, and the Nine Step Quality Improvement Process. The teams also make use of the Six Step Cycle Time Reduction Process to analyze the tasks required to complete each process and to determine where inefficiencies lie. (See Exhibit 6)

Customer Satisfaction

Ritz-Carlton relies heavily on continuous customer feedback and customer assessment of the level and quality of service they experience at the Ritz-Carlton hotels, as a measure of its success in satisfying its customer's needs. Ritz-Carlton measures both its *ability* to satisfy its customers, as well as the level of satisfaction *experienced* by customers, by using both internal and third-party assessment methods. Ritz-Carlton also measures customer *perception* of quality of service provided, using both immediate reaction to service and retrospective reaction to service.

Ideally, assessment of quality of service and customer satisfaction can be measured by the data reported in the DQIS, as the DQIS should reflect a complete and accurate collection of all system defects and can be used to facilitate analysis of recurring trends. However, employees frequently focus exclusively on customer pacification; once the customer is satisfied and the defect remedied, employees do not recognize the importance of reporting the defect. Becky Gill, director of quality at the Ritz-Carlton Buckhead, has found this problem, of not reporting defects and focusing on instant pacification, particularly challenging. This prevents the company from identifying the root cause of each defect. The impact of this employee oversight is twofold. First, Ritz-Carlton may be losing customers due to deficiencies in service that Ritz-Carlton may not even be aware of. In addition, it undermines Ritz-Carlton's ability to proactively improve its service.

Consequently, the DQIS could not be relied on as a sole measure of customer satisfaction and of the quality of processes.⁵ Instead, as a measure of immediate reaction to service, the Ritz-Carlton used the information provided by the opinion cards left in each hotel room. However, over time management has discovered that this information did not represent a random sampling of customers, and was not statistically valid. Although Ritz-Carlton continues to use opinion cards to obtain timely feedback from customers and to identify some trends, it relies more heavily on telephone surveys conducted by J.D. Power and Associates. J.D. Power and Associates gathers information and provides monthly reports with rolling three-month average and year-to-date average information.

The reports generated by J.D. Power and Associates are used to identify processes with high levels of customer dissatisfaction. If a defective process is identified, J.D. Power and Associates informs Ritz-Carlton corporate headquarters, which will in turn transmit this information to the individual hotels. Each site is then requested to direct its quality improvement efforts toward eliminating the errors within the defective process. Thus, rather than solely using internal data sources to impel change, management increasingly relies upon externally gathered measures to identify a problematic trend. Subsequent surveys by

J.D. Power and Associates are used to gauge whether any improvement has been achieved. Sites that exhibit improvement in the defective process are requested to share their process control processes with the other hotel locations. The company performs continual benchmarking between different hotels so that there is significant information sharing within the company and each site can learn from other sites' best practices.

Finally, the Ritz-Carlton uses third-party assessments of its services. Examples of these external assessments include reports published by Mobil, AAA, and Zagat.⁶

Continuous Improvement

Ritz-Carlton's quest for service excellence was an on-going process. At a time of increased competition within the hospitality industry, as well as increased customer demand for value, it was even more essential for the Ritz-Carlton to continue to distinguish itself as a premier provider of luxury service. This meant that the Ritz-Carlton had to accelerate the rate at which it discovered and eliminated the root cause of all service issues. The challenge facing Ritz-Carlton was to systematically discover and eliminate the root causes of service defects, thereby achieving Six Sigma quality and helping the organization realize its goal of 100% customer retention.

As corporate vice president of quality, Mene considered how to respond to the defects reported in the DQIS (ritz.xls). What defects were the most problematic? What caused them? Were some defects inevitable? More broadly, he wondered what new initiatives might be required in order to eliminate the defects reported in the DQIS. What was it going to take to maintain a culture of service excellence while Ritz-Carlton went through a period of rapid growth under Marriott ownership? Did Ritz-Carlton have the processes in place to continue to provide the quality service its guests had come to expect? Did its quality personnel have the training and knowledge base to identify potential sources and causes of defects and to eliminate them? Would the hotel chain manage to achieve its goal of Six Sigma service? Could it achieve 100% customer retention in an increasingly competitive lodging industry?

Exhibits

Exhibit 1

Three Steps of Service



THE RITZ-CARLTON HOTEL COMPANY

Three Steps of Service

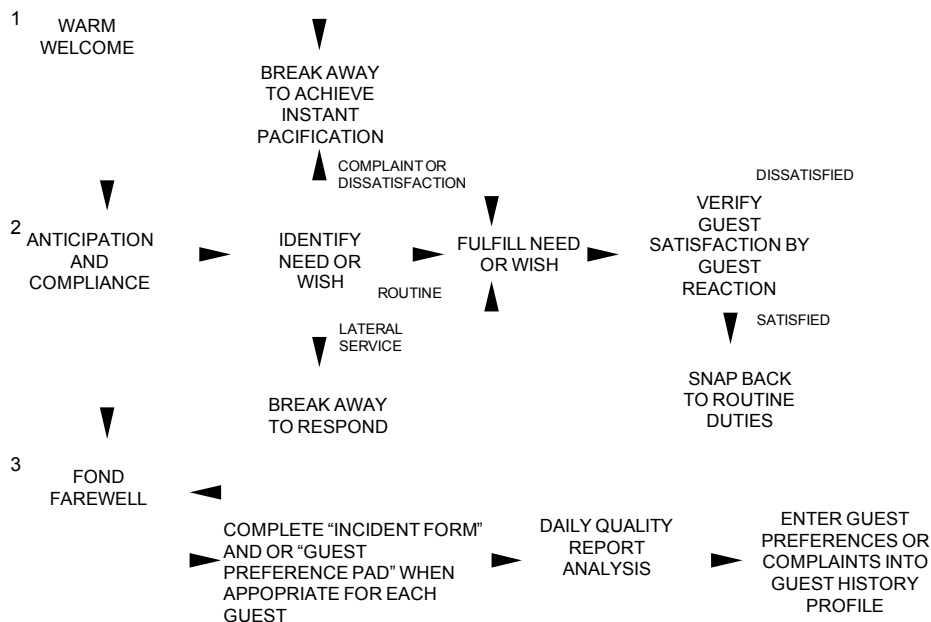


Exhibit 2

The Ritz-Carlton® Basics

1. The Credo will be known, owned and energized by all employees.
2. Our motto is: “We are Ladies and Gentlemen serving Ladies and Gentlemen.” Practice teamwork and “lateral service” to create a positive work environment.”
3. The three steps of service shall be practiced by all employees.
4. All employees will successfully complete Training Certification to ensure they understand how to perform to The Ritz-Carlton standards in their position.
5. Each employee will understand their work area and Hotel goals as established in each strategic plan.
6. All employees will know the needs of their internal and external customers (guests and employees) so that we may deliver the products and services they expect. Use guest preference pads to record specific needs.
7. Each employee will continuously identify defects (Mr. BIV) throughout the Hotel.
8. Any employee who receives a customer complaint “owns” the complaint.
9. Instant guest pacification will be ensured by all. React quickly to correct the problem immediately. Follow-up with a telephone call within twenty minutes to verify the problem has been resolved to the customer’s satisfaction. Do everything you possibly can to never lose a guest.
10. Guest incident action forms are used to record and communicate every incident of guest dissatisfaction. Every employee is empowered to resolve the problem and to prevent a repeat occurrence.
11. Uncompromising levels of cleanliness are the responsibility of every employee.
12. “Smile – We are on stage.” Always maintain positive eye contact. Use the proper vocabulary with our guests. (Use words like – “Good Morning,” “Certainly,” “I’ll be happy to” and “My pleasure”).
13. Be an ambassador of your Hotel in an outside of the work place. Always talk positively. No negative comments.
14. Escort guests rather than pointing out directions to another area of the Hotel.
15. Be knowledgeable of Hotel information (hours of operation, etc.) to answer guest inquiries. Always recommend the Hotel’s retail and food and beverage outlets prior to outside facilities.
16. Use proper telephone etiquette. Answer within three rings and with a “smile.” When necessary, ask the caller, “May I place you on hold.” Do not screen calls. Eliminate call transfers when possible.
17. Uniforms are to be immaculate; Wear proper and safe footwear (clean and polished), and your correct name tag. Take pride and care in your personal appearance (adhering to all grooming standards).
18. Ensure all employees know their roles during emergency situations and are aware of fire and life safety response processes.
19. Notify your supervisor immediately of hazards, injuries, equipment or assistance that you need. Practice energy conservation and proper maintenance and repair of Hotel property and equipment.
20. Protecting the assets of a Ritz-Carlton Hotel is the responsibility of every employee.

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Exhibit 3

Training Certification

Name: _____

Date of Hire: _____

Date of Day 21: _____

LINE COOK

Date / Trainer's Name:

- _____ 01: Grooming Standards
- _____ 02: Uniform
- _____ 03: Employee Attendance
- _____ 04: Guest Etiquette
- _____ 05: Telephone Etiquette
- _____ 06: Answer Telephones
- _____ 07: Safety Procedures
- _____ 08: Emergency Procedures
- _____ 09: Disinfection and Sanitizing
- _____ 10: Sanitation
- _____ 11: Personal Cleanliness
- _____ 12: Sanitation and Safety Violations
- _____ 13: Set Up Station
- _____ 14: Requisitions
- _____ 15: Receive and Store Food
- _____ 16: Ice Fish
- _____ 17: Refrigerator Storage
- _____ 18: Defrost Food
- _____ 19: Dry Goods Storage
- _____ 20: Toxic Substances
- _____ 21: Production Schedule
- _____ 22: Recipe Cards
- _____ 23: Plating/Production Guides and Photography
- _____ 24: Prepare Food to Order
- _____ 25: Returned Food
- _____ 26: 86'd Items
- _____ 27: Clean Produce
- _____ 28: Prepare Produce
- _____ 29: Knife Sharpening
- _____ 30: Knife Handling

Exhibit 3 (continued)

- _____ 31: Slicer
- _____ 32: Food Processor
- _____ 33: Buffalo Chopper
- _____ 34: Mixer
- _____ 35: Charbroiler
- _____ 36: Grill (Flat-top)
- _____ 37: Steam Table
- _____ 38: Salamander
- _____ 39: Cleveland Steamer
- _____ 40: Vulcan Frycat
- _____ 41: Blodgett Convection Oven
- _____ 42: Vulcan Oven and Flattop
- _____ 43: Printers and Printer Paper
- _____ 44: Clean as you Go
- _____ 45: Pot Wash Station
- _____ 46: Remain In Station/Breaks
- _____ 47: Breakdown Station
- _____ 48: Check Out with Sous Chef

_____ has been trained and has mastered the tasks listed above.

Manager's Signature Date

Employee's Signature Date

Exhibit 4

**THE RITZ-CARLTON, BUCKHEAD
QUALITY NETWORK**



I Have a Good Idea . . .

Name: _____ Date: _____

Department: _____

Summary of idea: _____ IDEA # _____

What problem or opportunity for improvement is this idea in response to?

Costs involved with implementation:

Expected benefits of adoption:

Understudy: _____ Pilot: _____ Recommended: _____

Adopted: _____

Not Adopted: _____

Exhibit 5

Cost of Error Calculation

1	ERROR	COST OF ERROR CALCULATION			
	Guest room not ready upon check-in after 3 pm (check-in time).	Property: <u>The Ritz-Carlton, Buckhead</u>			
		Department: <u>Housekeeping/Front Office</u>			
		Date: _____ ID: _____			
		Done by: <u>Quality Leader</u>			
2	CONSEQUENCES	3	4	5	EXPECTED CONSEQUENCE COST
		COST OF CONSEQUENCES	Pr	HARD	SOFT OPPORTUNITY
A	Guest will not return	\$337.50	.10		33.75
B	Housekeeping Supervisor loses 15 min.	1.75	.9		1.58
C	Front Office Manager loses 10 min.	2.00	.9		1.80
D	MOD loses 10 min.	2.00	.5		1.00
E	Complimentary cocktails given	3.00	.9	2.70	
F	Amenity sent to room with note	12.00	.4	4.80	
G	Rooms Executive sends letter to guest	10.00	.25	2.50	
H					
7	POSSIBLE ERRORS/YEAR	8	Pr	6	TOTALS
	100,923		.03		10.00 4.38 33.75
				9	ERRORS/ YEAR
					3028
				10	ERROR COST BY TYPE
					\$30,280 \$13,263 \$102,195
				11	TOTAL COST OF ERROR
					\$145,738

Format from Quality Assurance in the Hospitality Industry, Stephen S.J. Hall

Exhibit 5 (continued)

We appreciate your comments and suggestions. Please use this comment card so that we may serve you better in the future.
Thank you for your assistance!

Exceptional Employees

Please rate your satisfaction with:	VERY SATISFIED	SOMEWHAT SATISFIED	NEUTRAL	SOMEWHAT DISSATISFIED	NOT SATISFIED
Your overall experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The accuracy of your room assignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The courtesy and professionalism of our staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The cleanliness of your room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The quality of food served in the Hotel	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Timeliness of in-room dining	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Timeliness of valet parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of problem resolution (Answer only if you had a problem)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Comments

MOISTEN AND SEAL

Name

Reply Address

Telephone ()

Room No. Date(s) of Stay

Exhibit 5 (continued)

Sources in DQPR Information

Guest Incident Action Forms	Communication Log
Front Office Folios	Day 21 Feedback
Opinion Cards	Meeting Planner Evaluations
Letters/Phone Calls	Guest Call Records
Room Change Log	Engineering Log
Checks from Food and Banquet Outlets	Security Reports
Banquet Captain Reports	Internal Defect Reports and Hotline

Explanations:

- Guest Incident Action Forms (“GIAF”). Forms completed by an employee who services a guest who registered a complaint with some hotel process.
- Front Office Folio. Information gleaned from conversations at the front desk while customers check out of the hotel. Opinion Cards. Forms completed by guests when they leave the hotel. An opinion card is left in each room.
- Letters/Phone Calls. Any correspondence received from guests.
- Room Change Log. The front desk keeps a log of all guests who request a room change due to some dissatisfaction with the room that they were initially assigned.
- Checks from Food and Banquet Outlets. Checks from the café or other Ritz-Carlton dining services recording, for example, the wrong room number or an incorrect charge.
- Banquet Captain Reports. Reports of extraordinary events that occur at banquets. This information is recorded by the banquet captain, and is also used as feedback to the caterer.
- Communication Log. Record maintained by the communications department of defects relating to telephone, answering, or operator service.
- Day 21 Feedback. Employee feedback from the Day 21 Meeting conducted with all new employees.
- Meeting Planner Evaluations. Also referred to as “post-con,” these evaluations are provided by meeting planners or conference service managers from external businesses that have used Ritz-Carlton’s catering service.
- Guest Call Records. Record of all guest complaint telephone calls, maintained by the front desk.
- Engineering Log. A log of all hotel maintenance defects, as recorded by the engineering department.
- Security Reports. Reports completed by the security department, detailing any breaches in hotel security.
- Internal Defect Report (“IDR”). Reports of internal defects that generally do not directly impact the customer. Internal defect reports may be filled out by hotel employees. Alternatively, there is a hotline that employees may call to report an internal defect.

Exhibit 6

Problem-Solving Process

Problem-Solving Process User's Manual

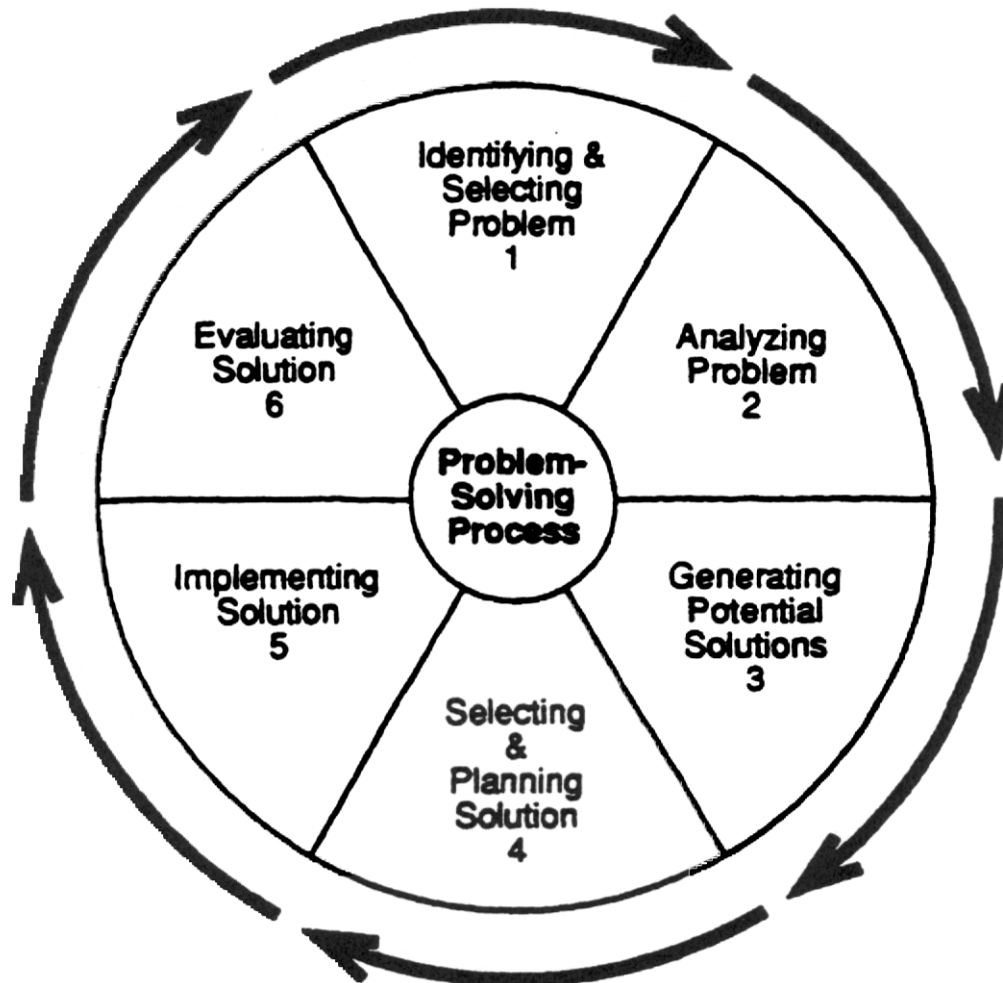


Exhibit 6 (continued)

6 Step Cycle Time Reduction Process

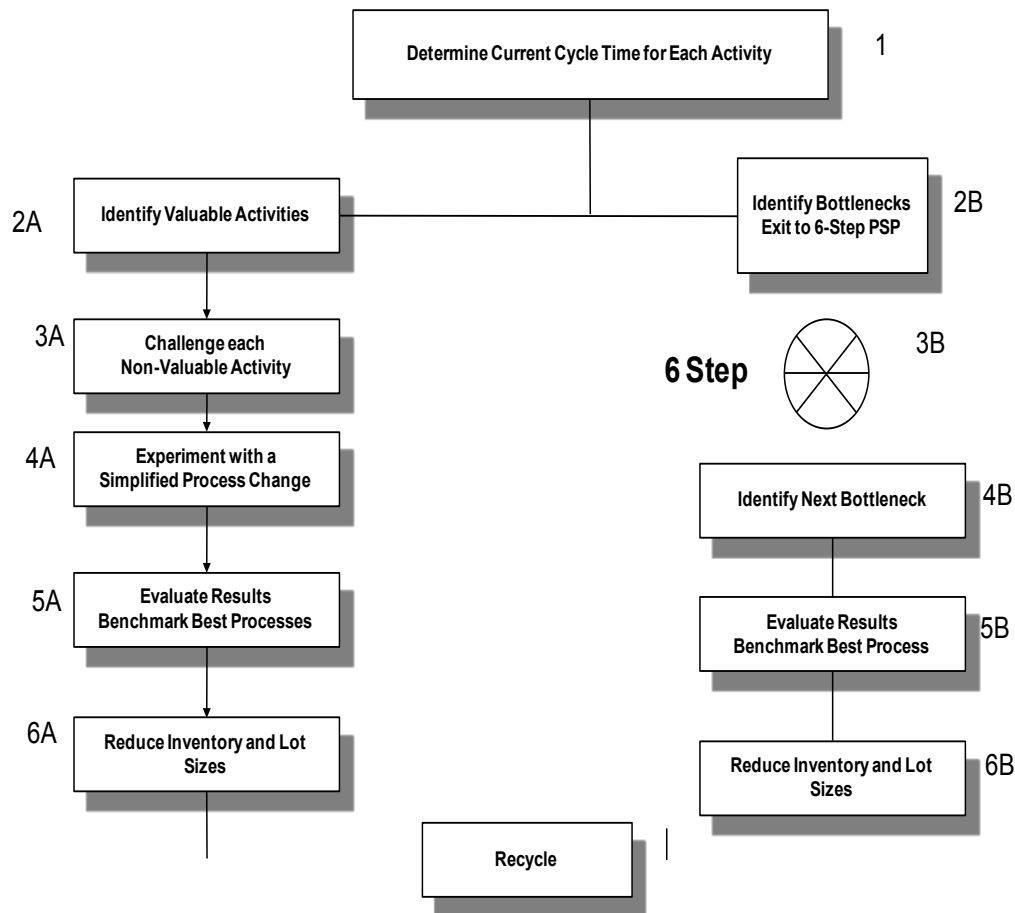


Exhibit 6 (continued)

6 STEP CYCLE TIME REDUCTION PROCESS

1. What is Cycle Time?

The total time from beginning to end of any process (usually from customer request through billing).

The team must measure every work activity to identify (1) the range of time for each step and the total process, (2) the average time for each step and the total process.

2. How do you reduce Cycle Time?

The team may choose one of two tracks: A) Value-added track, B) Bottleneck track

Track A - Value added

3.A. Challenge each activity which is not valuable to the customer - as if your paycheck depended upon it.

- Why do we do this?
- Can this be eliminated?
 - Does this merely undo or patch problems caused by the previous process?
 - Is this a result of excessive caution or mistrust?
- What is the simplest way to do this?
- Can we do this concurrently with other activities?

If you are encountering complexity or cultural barriers, exit to a problem solving process.

4.A. Experiment with a simplified process redesign using a post-it note flow chart (continuously display experimental work flow for total team involvement).

5.A. Evaluate results and compare/benchmark your process against best in the company and any industry. Look for opportunities for improvement.

6.A. Reduce inventory levels and lot sizes as if your paycheck depended on it.

- What are the current inventory and lot sizes of each step in the process?
- How much can inventories be reduced without changing the process?
- How could you change the process to allow extremely low inventories? The goal is always zero.
- How can lot sizes be sharply reduced? How much efficiency would be lost with a much smaller lot size? Work toward a lot size of zero.

Recycle-- the whole purpose of this step is continuous cycle time and inventory improvement. You will want to repeat the entire process to streamline forever.

Exhibit 6 (continued)

Track B - Bottlenecks

A bottleneck is a two-inch pipe going into a one-inch pipe leading to a three-inch pipe.

3.B. Identify the largest bottleneck activity in the process and exit to a problem solving process to eliminate it forever.

4.B. Identify the largest remaining bottleneck and repeat Step 3.B.

5.B. Evaluate results and compare your process against the best in the company and any industry.

Look for opportunities of improvement.

6.B. Reduce inventory levels and lot sizes as if your paycheck depended on it.

- What are the current inventory levels and lot sizes of each step in the process?
- How much can inventories be reduced without changing the process?
- How could you change the process to allow extremely low inventories? The goal is always zero.
- How can lot size be sharply reduced? How much efficiency would be lost with a much smaller lot size? Work toward a lot size of zero.

Recycle - the whole purpose of this step is continuous cycle time and inventory improvement. In order to streamline continually, you will want to repeat this process over and over again.

Exhibit 6 (continued)

9 Step Quality Improvement Process

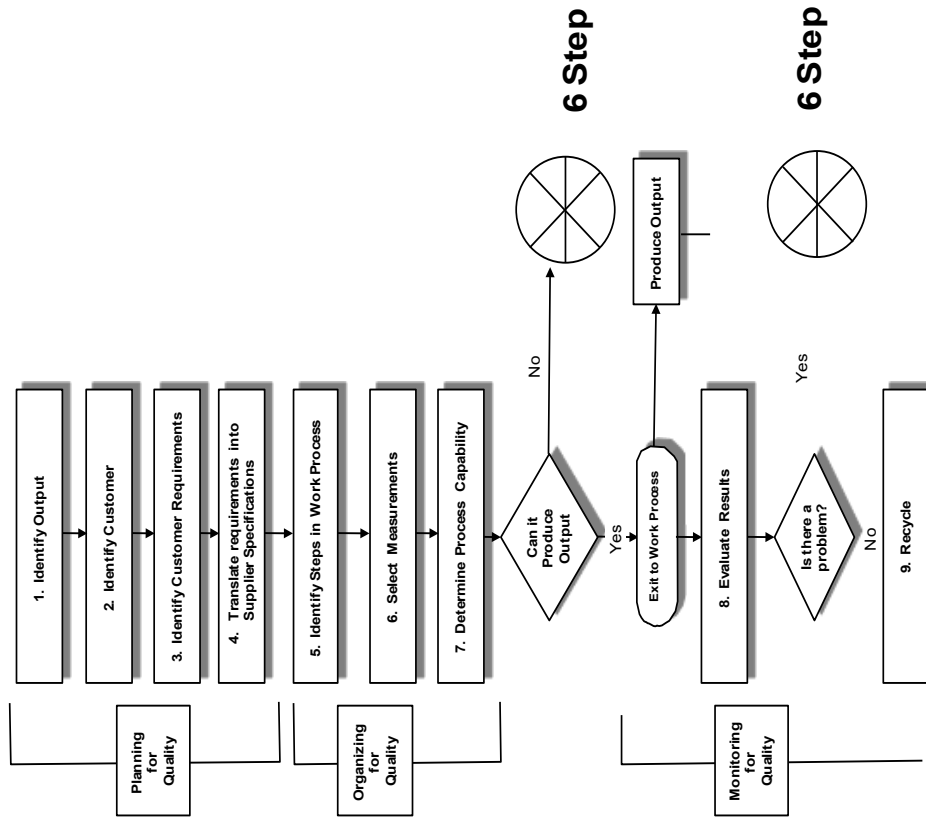


Exhibit 6 (continued)

9 Step Quality Improvement Process

Use the Nine Step Quality Improvement Process when:

- You are about to produce a new product or service
- You do not have agreed upon customer requirements
- You need to improve a process or a product or a service

1. What is output? WHAT IS DONE

A product or service produced as a result of an employee's work which is then passed on to the next person in the work process

2. Who is the customer? FOR WHOM

The next person (or group – internal or external) in the work process; the receiver of the output and the next to act on it.

3. What are Customer Requirements? WHAT IS WANTED, NEEDED, AND EXPECTED

The wants, needs, and expectations of the customer in regard to the output.

4. What are the Supplier Specifications? WHAT WE MEASURABLY PLEDGE TO PROVIDE

Translation of the customer requirement into supplier terminology and in a detailed description. Supplier Specifications differ from customer requirements because they reflect what is achievable. The CREDO is a fine example of supplier specifications.

5. What are the steps in the Work Process? HOW CAN IT BE DONE

Those things that need to be done in order to produce the output

6. What are Critical Measurements? WHAT MEASUREMENT WOULD ENSURE THAT IT IS SUCCESSFULLY DONE

Derived from customer requirements and supplier specifications, a plan for collecting information about the quality and productivity of the output. Measures be made before, during, or after creating the output.

7. How is Process Capability determined? IS THE WORK PROCESS CAPABLE OF DELIVERING WHAT IS EXPECTED

An analysis of the work process is needed to find out if it is possible to produce an output which will consistently satisfy customer requirements. If the answer is no, use the Six Step Problem solving process.

8. Why evaluate results? ARE CHANGES REQUIRED IN THE PROCESS

Exhibit 6 (continued)

To determine whether or not the output fully satisfies customer requirements and productivity and how can it be improved.

9. If output fully satisfies customer requirements and productivity... identify another QIP WHERE WE CAN IMPROVE

Output for application of the continuous improvements typically addresses human error, cycle time, inventory reduction, special problems, and comparison to the best.

Endnotes

¹ Named after the 26th secretary of commerce, the Malcolm Baldrige National Quality Award was established by Congress in 1987 to enhance the competitiveness of U.S. organizations. The award promotes excellence in organizational performance, recognizes the quality and performance achievements of U.S. organizations, and publicizes successful performance strategies. It has three categories: manufacturing, service, and small business.

² *Listening to Customers—People, Service, Success*, Harvard Business Publishing videotape series.

³ “Being the Best: Thanks to Total Quality Management, Ritz-Carlton Improves Customer and Employee Satisfaction,” *Travel Weekly*, May 31, 1993.

⁴ Edward Watkins, “How Ritz Carlton Won the Baldrige Award,” *Lodging Hospitality*, November 1992, 22.

⁵ An additional difficulty may result from the fact that some standards set by the Ritz-Carlton may not accurately represent customer expectations. For example, the Ritz-Carlton sets as its standard that room service must be delivered to the room within 30 minutes from the time the order is placed. If the order arrives within 30 minutes, no defect will be reported. However, this may not accurately reflect a customer’s expectations, who may have requested that room service arrive within 15 minutes.

⁶ Zagat only publishes information about the hotel restaurants and room rates.