

Successful leaders will adapt...

The economic crisis has brought about new norms, affecting hospitality organizations in countless ways, large and small. According to **GENE FERENCE**, President of **FERENCE LEADERSHIP AND STRATEGY** and a leading consultant on improving organizational and service culture, these new norms will require business leaders to take a new approach to peak performance in the coming year.

The global economic downturn has left a permanent imprint on the hospitality industry by creating new norms in both customer expectations and organizational ROI. To attain peak performance in this new environment, hospitality executives must incorporate new strategies in their management toolboxes to reflect the changed reality. As I'll discuss in a moment, with every perceived problem comes an opportunity.

First and foremost, the successful executive in 2010 and beyond will recognize that customers expect more from a typical hotel stay than ever before. After enjoying declining average room rates during the past year, customers will continue to demand more value for their hospitality dollar from this point forward. Here's what we know about customers as we turn the corner into the new year:

- People love, want and need to travel
- Customers increasingly want to stay in a hotel that transcends a boring box
- A quality product and excellent service are *de rigueur*
- Customers want hotels to provide new and memorable experiences

The traditional two-bucket hospitality formula of quality product and excellent service permanently has a third member: *exceptional experience*, and the successful leader will either adapt or watch his organization wallow.

Based on formal surveys of customers and discussions with top management at a dozen of today's finest hotel companies, our Center for Survey Research has isolated six strategies that will guide industry executives to true leadership success in what will continue to be an ultracompetitive industry in 2010 and for the foreseeable future.

1. The successful leader will refocus the organization to aim for the peak

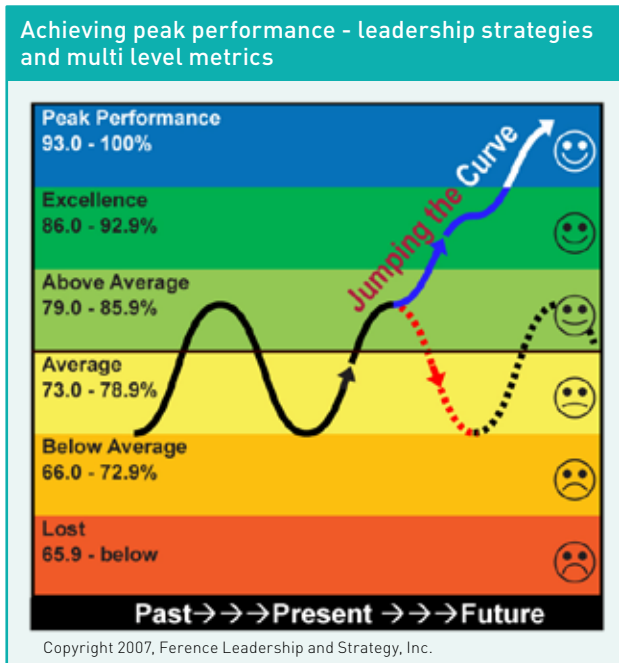
Peak performance is the ultimate organizational achievement, but it is rarely attained – in the hotel industry or elsewhere. That's because to reach the peak all aspects of an organization must work as a cohesive whole towards a common goal. The

traditional excellence aspects of product and service, along with the structural elements of organizational alignment (vision, mission, standards) and departmental balance (systems, processes, resources) must work synergistically to achieve the maximum efficiencies that provide the *mise-en-place* for organizational success. Peak performance absolutely requires all employees to enthusiastically walk-the-talk every minute of every workday and hold each other accountable for their results.

What has either been misunderstood or forgotten over the years is that all elements of this high-functioning system must be in place *at the outset* to support maximum human performance. Recent organizational studies state that more than two-thirds of U.S. employees do not think their company has a strategy. Nearly the same amount do not understand the company's strategy when it is communicated. How can we expect employees to be *part of* rather than *apart from* the organization when they are not clear on the organization's vision, mission, or strategy? Understanding brand requires leadership to communicate the strategies of *what* we are doing as well as *why* and *how* we are doing it.

In robust economies, growth takes care of itself. Just build it and the customers will come. Operational and management inefficiencies are hidden behind the veil of strong customer demand. Resources are available but not fully supported, people are promoted beyond their levels of competency, and everyone *thinks* they understand the concept of quality. Employee satisfaction and customer engagement are given lip service but are not supported by employee training and development.

The global economic meltdown smacked us back to a reality that rewards leaders who seek both maximum efficiencies and strategic effectiveness in every part of the organization. We call that «jumping the curve» – leaving average, typical or normal performance behind and striving for the peak. The leader who installs these competencies now will be positioned for stellar performance as the economy improves.



2. The successful leader will ensure the right people are on the bus

This means the wrong people are off the bus. In the current difficult economy, every attempt must be made to maximize the bottom line. This means each employee must pull his weight, do more with less and, when possible, double up responsibilities to keep quality high and costs low. Even the most incompetent manager can survive an up environment, but managing down is all about ensuring efficiencies and accountabilities.

One of the few gifts in a down economy is the ample unemployed labor force from which to select hard workers with good attitudes. Another bright spot is a positive change in employee perceptions. Employee dissatisfactions morph to *This really isn't so bad*, employee sense-of-entitlements change to *I really need to work at this*, and employee it's-not-my-jobs change to *Sure, I can*. By putting the right people on the bus, toxic energy is eliminated, A-player energy is freed to electrify the organization and the talent pool is motivated to do the very

best it can. Your job as a successful leader is to attract, train and retain the right talent and to ensure that motivated, peak-performing staff do not become de-motivated.

How do you know you have the right people on the bus? The only way to be absolutely sure is to create a scorecard for your organization by quantifying performance and employee satisfaction department by department. If your needle continues to move upward from average to excellent to peak performance, you're doing the right stuff. If you're going in the other direction, stop the bus and drop off some dead weight.

Our employee feedback survey research over the past 30 years has consistently shown the top six items of dissatisfaction to be the following. The successful leader will routinely survey his staff to measure these items and address problems head-on should they arise.

Six historical employee dissatisfiers

1. Perceived organization-wide favoritism
2. Lack of individual recognition for special efforts
3. Unfairness in mid-management decision-making
4. Dishonesty in communications
5. Lack of understanding of front-line work among senior management
6. Lack of technical competence in mid-management

3. 2010's leaders will draw the line on e-communications.

The hospitality industry is built on face-to-face relationships and the successful leader will not tolerate a Blackberry or cell phone as a substitute for eye-to-eye contact – with customers or coworkers. E-mailing, text messaging and even twittering all may have a place in the organization, but they should never be allowed to interfere with the dynamic interpersonal communication that is this industry's lifeblood. In meetings, electronic equipment should be required to be turned off so employees can focus on the content of the meeting rather than texting or clearing inboxes.

The successful leader would be wise to follow the lead of hospitality companies and independents across the globe who ►

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have begun to develop policies for on-site e-communication. At a minimum, such policies should address what e-equipment can be used and where, and training should be provided on how to construct streamlined content and distribution lists.

The successful leader will constantly remind employees that their job first and foremost is to serve the guest – a fellow human being who ultimately pays their salary.

4. 2010's leaders will seek and provide dynamic feedback

In normal times, uncertainty is bad for employee morale; in economic crisis, uncertainty is devastating for employee morale. In the current economy, leaders need to constantly communicate a clear picture of the company and its mission. They also need to proactively manage communications by anticipating their employees' NEWS (Needs, Expectations, Wants and Suggestions).

Organizations thrive on communication and fail on lack of it. If erring one way or the other, leaders need to over-communicate regarding the status of the company, the work environment and the organizational culture. Silence typically means bad news, while over-communication reinforces essential expectations and provides the security of being kept current. It is almost impossible to be too informed in the workplace.

In down periods more than ever, leaders need to manage expectations regarding salary and promotions, assure all staff that management is empathetic to their concerns and make sure all employees are in the communications loop. It takes only one uninformed or alienated employee to drag down an organization.

One organization we work with installed 42-inch flat-screen televisions in staff areas to inform staff about average occupancies, arriving VIPs, guest comment letters and guest e-mails. Information is updated daily. In top organizations, general managers expect to meet new hires personally within 48 hours of their arrivals on the job. When seeking dynamic feedback, leaders must be cognizant that what worked yesterday may not work today and what worked with one

generation may not with another. Leaders also should be extra cautious not to insult individual intelligence, and they themselves must demonstrate empathy and not leave touchy-feely aspects solely up to the human resources department.

In uncertain times, employee surveys become more important than ever as a rich and often overlooked source of dynamic feedback material for effective team-building. A well-constructed employee survey will measure how well employees understand, embrace and use the organization's vision, mission, values, standards, systems, resources and communications in their jobs. It will also measure employee empowerment, motivation, satisfaction, interactions, teamwork and passion.

Successful leaders will require survey results to be discussed in pre-shift, department and executive committee meetings as well as workshops and retreats. Tomorrow's effective leader realizes «the soft stuff is the hard stuff», and recognizes that it is often easier to talk about table turnover, heads in beds, and profit and loss than about the human dynamics of people and teams.

5. 2010's leaders will engage the customer totally

Total customer engagement is a two-sided coin, with the guest and his desires and expectations on one side, and the employee and his desires and expectations on the other. An effective leader must address the behaviors, attitudes and values of both sides to move an organization to peak performance.

About guest engagement:

As travel sophistication and personal incomes increase, guests seek increasingly engaging experiences from their hospitality provider. Our research indicates the most important variable in that experience is an interpersonal connection with staff who are genuine and caring. More than ever, guests want to interact with employees who are comfortable in their own skins, have empathy and warmth and are passionate about what they do. Guests also love it when employees share the guest's aspirations and interests. If these elements are in place, guests view it as simply «part of the experience» when an employee makes a mistake, feels comfortable making that

mistake and has an effective recovery strategy. The effective leader recognizes the importance of these interpersonal ingredients to guest satisfaction and chooses and trains his employees accordingly. While the leader focuses on vision, brand and the overall challenge of creating an engaging, holistic experience for the guest, the leader relies on well-selected and well – trained staff to capture moments of service and make guests feel welcomed, appreciated and whole.

About employee engagement:

The key to a peak-performing organizational culture is engaged employees who are invested in their work. As in *Star Wars*, effective leadership develops cultures in which people « feel the force » rather than merely collect a paycheck. Clarity about the organization’s vision, mission and values allow employees to embrace that spirit and make it their own. This is why it is so important for the *mise-en-place* of organizational structure,

alignment and balance to be in place *before* leaders focus on the day-to-day elements of job satisfaction and engagement. Put another way, leaders need to make sure employees understand the brand and their roles in helping to build, energize and sustain that brand.

Let’s face it, despite the bleak economy – or maybe because of it – some employees are actively disengaged. They display little or no enthusiasm for their jobs and they depress team performance. Research studies consistently show that only 25 % of employees work to their full potential, more than half do only the bare-minimum required to keep their jobs, and 75 % say they could be significantly more effective if they chose to be.

In our experience, job disengagement is caused by two factors: boredom and anxiety. Boredom arises when an employee ►



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finds himself doing the same thing over and over in mindless repetition. Here, the leader needs to enrich the job and refocus the employee on the job's importance to the big picture. As one mason replied when a passerby asked what he was doing, « I am building a wall. » When the passerby asked another mason, that mason responded, « I am building a cathedral. »

Anxiety arises when an employee is expected to do a job and is unprepared to perform it. Either the employee perceives himself as not having the required skill set or, in fact, the employee has the competence but lacks the confidence to do the job. In either case, an effective leader will remove these barriers and position the employee on a proactive track to high job engagement.

Talented employees who are fully invested in their jobs provide huge payoffs to the bottom line. They increase productivity, reduce turnover and generate higher employee and guest satisfaction, all of which result in more profit for the organization.

6. Tomorrow's leaders will create learning environments

Transforming your enterprise into a learning organization profoundly benefits organizational success. It ensures the development of core competencies, creates a value for knowledge and provides opportunities to develop best practices about factors that affect the bottom line. In addition, such initiatives provide opportunities for meaningful interpersonal engagement for colleagues and guests – a dynamic that often is missing in today's primarily task-driven economy.

What's more, a learning environment is becoming essential to attract and retain top employee talent as a new generation greatly concerned with personal satisfaction enters the workforce and economic woes mandate longer hours, greater dedication and increased production from seasoned veterans.

Our research shows that younger employees value and seek as priorities: (1) working with colleagues they respect, (2) having a sense of fun in the workplace, and (3) being

offered opportunities to learn. When designed and managed correctly, creating a learning environment can fulfill all three. For seasoned workers, the successful leader will use learning opportunities in 2010 to provide tools for personal and professional growth that keep employees fresh and motivated.

Learning opportunities can take many forms, from professional skill training sessions, relationship management development workshops and executive strategy retreats, to formalized in-house university, institute and academy programs where graduation is held and certificates and diplomas are handed out.

The effective leader will resist the impulse to reduce learning opportunities during tight economic times, but will instead rely on them to increase organizational efficiencies and employee motivation when it counts most, all in the quest to achieve peak performance.

Conclusion

Tough economic times have changed the world of hospitality for good. The effective leader going into 2010 recognizes that and will commit to forging efficiencies and developing competencies that simply would not have entered our collective consciousness if times were better. By striving for peak performance now, such leaders will not only distinguish themselves by outperforming their more complacent counterparts when times are tough, but they will create the foundation to truly flourish when a healthy economy returns. ■

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