

Introduction and bob
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Introduction Change is the law of life. And those who look only to the past or present are certain to miss the future.

-John F. Kennedy Many people think the quality improvement techniques used in manufacturing cannot be applied to the service industry. In both industries work is accomplished through systems transforming inputs (people, material and processes) into outputs either product or service. Management on a manufacturing industry might concentrate their quality improvement effort on materials and machines, whereas on a service industry they will spend more of their quality improvement time on people.

2 Objective The specific service aspects of the hotel intangibility and perishability of the product, variability of delivery, simultaneous production and consumption of the service, and the changing needs and expectations of customers made it nearly impossible to apply quality improvement principles from other industries.

Until October 14, 1992, when the Ritz-Carlton Hotel Company was named a winner of Malcolm Baldrige National Quality Award, as the first hotel company to win this ultimate prize. 1 Congress created the award in 1987 to recognize quality achievements of U. S companies and promote quality awareness.

As a recognition of the late Secretary of Commerce Malcolm Baldrige efforts in promoting Total Quality Management (TQM). 2 In this case study, I will discuss: How Ritz-Carlton successfully implemented TQM on the Hotel Industry? While winning the award is nice, the process is the thing-

Shakespeare The Contemporary Ritz-Carlton and Issues In 1898, the

dream of Cesar Ritz the founder of The Ritz-Carlton Hotel came true by opening the grand hotel that carries his name. Today, The Ritz-Carlton Hotel Company is a management company that develops and operates luxury hotels across the globe. The company operates 91 hotels and resorts worldwide in 30 countries with 40,000 employees under the leadership of Herve Humler (President and Chief Operations Officer) and Bob Kharazmi (Global Officer, Worldwide Operations) wondering, how we provide memorable experience for 100 percent of our customers? How The Ritz-Carlton Hotel implemented TQM? A number of fundamental but complex principles and several key quality initiatives, many of them descend from traditional TQM methods, paved the way for The Ritz-Carlton Hotel to achieve its quality goals. Start at the Top Quality management starts with the president and chief operations officer and the other senior executives who must commit to quality and make quality number-one priority. The senior executives meet weekly as senior management quality teams to review quality standards and performance, customer satisfaction and other organizational indicators. They spend nearly one-fourth of their time talking to as many employees and guests as possible to improve products and on quality issues.

Also, work at the hotel, teaching, coaching and testing the new employees on The Ritz-Carlton "Gold Standards", especially during the seven-day countdown prior to any new hotel opening. Screening and Selection The hotel industry average turnover rate is 100%, compared with The Ritz-Carlton's annual rate is only 20%. Ritz-Carlton completely integrates human resources and operations. The human investment on The Ritz-Carlton

starts from screening and selection process to ensure successful fit between the potential employee and job/organization using Talent Plus tool (www.talentplus.com).

The General Manager of the hotel interview every candidate personally before the final decision to hire to send a message to the candidate that management cares and would listen to all employees. We are Ladies and Gentlemen serving Ladies and Gentlemen.-The Ritz-Carlton Motto Ritz-Carlton Gold Standards After the selection, new employees are veteran on the corporate culture through a two-day orientation, followed by extensive on-the-job training, then the job certification. At The Ritz-Carlton Leadership Center Senior leadership teaches the orientation classes, which sends a influential message to employees. At the start of orientation classes, senior leaders thank the employees for choosing to work at Ritz-Carlton. The company pays attention to details, such as learning trainees' preferred snack on the first day and having those snacks offered the next day. They cultivate on them Ritz-Carlton Gold Standards, which include a credo, motto, three steps of service, and 20 " Ritz-Carlton Basics", which translate the key product and service requirement of the travel consumer. After 21 days when employees return for their third day of orientation, they are asked about their experience with their learning coach.

Employees help to fine-tune processes by providing feedback on their enculturation into the company. Also after 1 year from the hire, they come again to hear an update on the company, receive their 1-year anniversary pin and reenergize the Ritz-Carlton culture and philosophy, so they are " psychologically rehired". The daily line-up call is attended by top
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leadership where Wow stories are shared to motivate staff; aspects of culture, mission and credo are reviewed regularly, not just when something goes wrong. Training All Ritz-Carlton employees receive at least 126 hours of training on quality topics to be "quality engineers" who can spot defects, correct them immediately, report them to management and prevent them in the future. Any employee who receives a customer complaint owns the complaint. When the guest asks for direction, the employee, whether it's the CEO or a staff member, escorts the guest to the destination rather than pointing out directions to another area of the hotel.

Appraisal and Promotion The Ritz-Carlton annual performance-appraisal and promotion systems in all levels is based on the things that employees learned during their orientation and quality trainings. Meaning, their annual raises are linked to evaluations of the employees' quality of performance and contribution to continuous improvement, so the performance appraisals became a recertification of quality.

Companywide, 25% of The Ritz-Carlton managerial staff began their careers as hourly employees, such as dishwasher, housekeeper and restaurant

server. Teamwork The Ritz-Carlton used screening and predictive methods to make sure the hired person is suited to teamwork.

Employees meet as teams to spot problem patterns, prioritize problems, and develop measures to prevent their recurrence. The hotel is also focusing on building the relationship among the teams to achieve better results. To recognize and reward teamwork, the company allocated bonus pools to be shared with members of work teams when solutions they recommended to

quality-related problems are successfully implemented. Empower
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The Ritz-Carlton empowers its employees by giving them the responsibility for satisfy guests' needs. If a service problem arises or if a customer has a complaint need or, employees must stop what they are doing and do whatever it takes to provide immediate positive action rather than having the director of marketing fix it later, each individual employee can spend \$2,000 to satisfy a guest. The Ritz-Carlton believe in the 1-10-100 rule: What cost you \$1 to fix today will cost \$10 to fix tomorrow and \$100 to fix downstream.

Suppliers The Ritz-Carlton only want to deal with suppliers that are capable of continuous improvement.

The company developed supplier certification program, through which they ask potential suppliers to conduct self-assessments of their quality efforts, to see which vendors are best able to meet their quality needs and can be a fully integrated partner. They choose suppliers based on their quality standards not just on their price tag.

Quality Data The Ritz-Carlton precisely analyses the daily quality reports on every aspect of the guest's stay to determine if the hotels are meeting customers' expectations. Among the data gathers ranges from percentage of check-ins with no queuing to time to service an occupied guest room.

The reports work as key performance indicators (KPI) for detecting problems that can hinder progress toward meeting quality and customer-satisfaction goals. The hotel depends on technology to keep comprehensive guest history profiles on the likes and dislikes gathered by the employees to personalize the service during their next visits. Also, its researchers survey more than 25,000 guests each year to find ways to improve delivery of its service.

Recommendations and Conclusion Despite of the specific service

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specification of hotel industry which made it nearly impossible to apply quality improvement principles from other industries. The Ritz-Carlton Hotel achieved its quality goals using a number of fundamental but complex principles and several key quality initiatives, many of them descend from traditional TQM method. While, others concentrate their quality improvement efforts on materials and machines, The Ritz-Carlton spent more of their quality improvement time on people to provide memorable experience for 100 percent of their customers. The education establishment needs to recognize that quality is a whole new branch of knowledge, and it has to be taught to the students as an entirely separate concept -Patrick Mene The Ritz-Carlton Director of Quality