

# Ritz-carlton hotels case study

Business



The exclusion of just one of those elements could mean losing that person to the competition. Without methods for quantifying quality, management does not have the evidence necessary to determine how to improve or alter the experience to meet the dynamic demands of the customers. Ritz-Carlton is a name that is synonymous with luxury in the hotel industry.

They were the first hotel to ever win the Malcolm Baldrige National Quality Award. Every single employee lives and breathes quality.

Ritz-Carlton recognizes that its own employees are the most important resource in leveraging the highest quality experience to each and every person that walks through the door. Ritz-Carlton Hotels consistently win awards every year for having some of the best hotels all around the world. Their goal is to achieve a 100% customer satisfaction rating. On their quest for continuous quality improvement, the Ritz-Carlton Hotel Company (RICH) has taken many steps. The first step was to undergo a self-examination that attempted to quantify and measure quality.

They studied a total of 19 processes that included room service delivery, guest reservation and registration, breakfast service, and message delivery. The results from this study were used to establish benchmarks for future ratings. Another key implementation was organizing the employees into “self-talented” work teams.

These teams were responsible for making their work schedules, proportioning work, and how to solve quality problems when they arose. I believe that every action that RICH has taken so far is appropriate.

They understood that without definitive measurements and benchmarks, there was no way to improve any of the processes necessary to deliver high quality. They also demonstrated that employee empowerment is one of the best tools in creating quality. Since frontline employees are the ones that know their departments best, empowering them with the ability to make decisions and handle issues without involving a superior leads to higher quality. The more pride someone takes in their position, the better they will perform.

It also gives employees more exposure and makes it easy for management to recognize who is eligible for advancement in the company. However, despite these actions, I believe there are some further actions to be taken. Identifying ways to quantify quality is essential to every service business. However, in this case, just because we were able to quantify and measure processes, it still does not guarantee higher quality. In a service industry, every consumer will have a slightly different idea of what a quality experience is.

For example, just because you have excellent room service delivery times, does not mean that is actually important to me.

Another customer may define a first class experience with cleanliness and doesn't care at all about speed of valet parking. In order to truly provide an experience that is both unique and five-star service, you must know exactly how your customer defines that experience. I believe the best place to start is with customer surveys. However, these surveys must go beyond the scale questions that are typical of any questionnaire.

It is important to ask for an explanation after each question if a scale system is going to be used.

For example, if you ask how they would rate the friendliness of the staff, follow that question by asking for a short explanation. It is also helpful to ask specific, open-ended questions. For example, “ If you could change one thing about your experience with our employees, what would it be”? S a great way to get specific answers from someone. It would be up to management to read each one of these surveys and to analyze the results.

Although, this is a time-consuming task, it could save the hotel from losing valuable customers. The real challenge then becomes how to quantify data from open-ended questions or ratings systems where each person will have a different idea of what each number means to them.

Discussion Questions 1 . In what ways could the Ritz-Carlton monitor its success in achieving quality? A survey could be used to collect data about customer’s experience is the best way to monitor quality as it is perceived by the customer.

Also, management can watch trends to see if there is a decrease or an increase in the number of customers served. An increase would show that customers are highly satisfied and that the hotel is doing a better Job of meeting expectations. The quality of internal operations can now be monitored based on the 19 processes that were measured and quantified. 2.

Many companies say that their goal is to provide quality products or services. What actions might you expect from a company that intends quality to be more than a slogan or buzzword?

By implementing number one, they can evaluate current quality and look for places that need improvement. It would also be helpful to set a list of expectations for employees in each of the work teams. With clear quality expectations, it will be easy for those employees to spot mistakes and take immediate action to correct them. 3. Why might it cost the Ritz-Carlton less to “do things right” the first time? There are high direct costs involved in fixing mistakes.

In the service industry, those mistakes can cause a huge loss of future revenue.

When dealing with high-end clientele, they are likely to have fewer customers than a mid-level hotel. Therefore, the loss of just a few customers could cost them dearly. In this technology era, everyone is well connected and it is very easy to spread word quickly. A bad experience for one guest, could mean that hundreds of people find out and choose your competitor instead.

It would also cost the marketing department more money to attempt to replace those customers and fix any PR issues. On top of that, they may even have to use more promotional rates to attract new clients which also less revenue. How could control charts, Pareto Lollygags, Cause-Effect diagrams be used to identify quality problems at a hotel? Control charts are great for comparing current data with past performance data. This <https://assignbuster.com/ritz-carlton-hotels-case-study/>

makes them for useful for comparing current process efficiency and effectiveness against previously set benchmarks. Control charts also contain the upper and lower limits for each process that is being controlled.

Therefore, it shows what an acceptable range would be. However, in this case I would imagine control limits are very tight since they are miming for 100% customer satisfaction.

Cause-and-effect diagrams are great for focusing on problem solving. They contain one arrow for each of the following categories: material, method, manpower, and machine. Each one of those then has other smaller arrows leading into that describe the factors that influence the main four. By analyzing these charts, managers are able to see which problems will yield the highest payoff.

Thus, Ritz-Carlton would be able to identify which problems should be focused on in order to help improve the quality of each guest's experience.

Whereas, Parent charts arrange problems in a descending order of occurrence. These charts would further continue to help the Ritz-Carlton focus effort on improving the most impact issues first. 5. What are some nonofficial measures of customer satisfaction that might be used by the Ritz-Carlton? The best measures of customer satisfaction is through the use of surveys. One useful measure would be comparing the percentages of new business and repeat business to prior years.

If they notice there is less repeat business it would likely be the result of unsatisfied guests.