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Managing Quality in the Hospitality Industry:

Abstract

In - Managing Quality In the Hospitality Industry – an observation by W. Gerald Glover, Associate Professor, Hospitality Management Program, Appalachian State University, initially Glover establishes: "Quality is a primary concern in the hospitality industry. The author sees problems in the nature of the way businesses are managed and discusses approaches to ensuring quality in corporate cultures."

As the title suggests, the author wants to point out certain discrepancies in hospitality quality control, as well as enlighten you as to how to address some of these concerns.

"A discussion of quality presents some interesting dilemmas. Quality is something that almost everyone wants," Assistant Professor Glover notes. "Service businesses will never admit that they don't provide it to their customers, and few people actually understand what it takes to make it happen," he further maintains.

Glover wants you to know that in a dynamic industry such as hospitality, quality is the common denominator. Whether it be hotel, restaurant, airline, et al., quality is the raison d'être of the industry. "Quality involves the consistent delivery of a product or service according to the expected standards," Glover provides.

Many, if not all quality deficiencies can be traced back to management, Glover declares. He bullet points some of the operational and guest service problems managers' face on a daily basis. One important point of note is the measuring and managing of quality. "Standards management is another critical area in people and product management that is seldom effective in corporations," says Glover. "Typically, this area involves performance documentation, performance evaluation and appraisal, coaching, discipline, and team-building."

"To be effective at managing standards, an organization must establish communication in realms where it is currently non-existent or ineffective," Glover goes on to say. "Coaching, training, and performance appraisal are methods to manage individuals who are expected to do what's expected." He alludes to the benefit quality circles supply as well.

In addressing American organizational behavior, Glover postures, "... a realization must develop that people and product management are the primary influences on generating revenues and eventually influencing the bottom line in all American organizations."

Glover introduces the concept of pro-activity. "Most recently, quality assurance and quality management have become the means used to develop and maintain proactive corporate cultures. When prevention is the focus, quality is most consistent and expectations are usually met," he offers.

Much of the article is dedicated to, "Appendix A-Table 1-Characteristics of Corporate Cultures (Reactive and Proactive. In it, Glover measures the impact of proactive management as opposed to the reactive management intrinsic to many elements of corporate culture mentality.

Keywords

W. Gerald Glover, Managing Quality In the Hospitality Industry, Quality Circles, Organizational behavior, Corporate mentality, Training, Coaching

Managing Quality In the Hospitality Industry

by W. Gerald Glover Associate Professor Hospitality Management Program Appalachian State University

Quality is a primary concern in the hospitality industry. The author sees problems in the nature of the way businesses are managed and discusses approaches to ensuring quality in corporate cultures.

A discussion of quality presents some interesting dilemmas. Quality is something that almost everyone wants. Service businesses will never admit that they don't provide it to their customers, and few people actually understand what it takes to make it happen. Nevertheless, quality is a popular term found described in today's management literature, consultants' speeches, and consumer complaints. Commercials almost always assure the viewer that a particular business will provide a product or service with quality. Never before have Americans become so concerned with product and service quality.

Why is there such a fuss over the quality issue. One reason is that the "quality issue" touches at the heart and soul of what many Americans have long taken for granted, i.e., that "the way we do things" is no longer a sacred cow of sorts. America's traditional beliefs and practices of management and behavior in the work place are being seriously questioned. This concern for quality in recent years has been a major influence on this departure from accepted conventional wisdom on how to successfully provide quality products and services.

Why is quality so critical? If service organizations are viewed as dynamic operations, then quality is the most important influence on keeping the corporation viable. Without a quality product, a service organization has failed to reach its most basic goal. Even more basic than profitability, successful delivery of a quality product or service to a consumer is the primary reason for the corporation's existence. Case histories of successful corporations usually indicate that profitability is the result of quality. Companies such as MacDonald's and Delta Air Lines have shown us what can happen. Conversely, many service businesses often fail in an open market place when quality is not a characteristic associated with their consumers' expectations and actual experiences with the product.

What is Quality?

Quality involves the consistent delivery of a product or service according to the expected standards. Standards, or the actual form and content of how a service is provided, are central to the quality issue. Standards are related to expectations and actual experiences with the product as perceived by the customers, employees, and managers. It is the relationships that exist among these three groups of people which influence the quality of a product or service of a service business (See Figure 1).

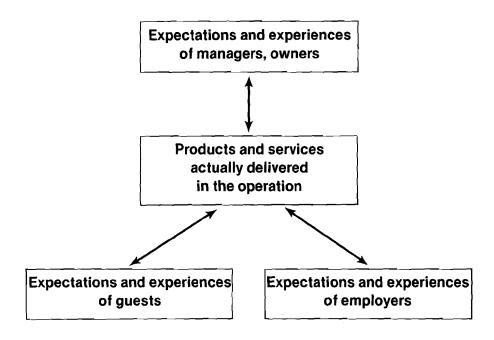


Figure 1 Product and Service Quality Relationships

Managers in the hospitality industry are faced with the dilemma of assuring that products and services are delivered by employees according to the expectations of the guest. In an actual operation, this means that the manager of a restaurant or hotel is faced with the daily challenge of getting employees to "do what they are supposed to do." This expectation of the manager could be to have the waiter serve wine in a certain manner, the housekeeper clean the room according to certain requirements, or a front desk clerk handle the guest complaint effective ly. Managers apparently assume that if employees "do what they are told," then the guest will be satisfied with the quality received. Unfortunately, it is frequently the case that employees don't meet their manager's standards, nor do they provide a product which meets guests' expectations.

Something is wrong with the way hospitality businesses have been managed. Although there are many well-intentioned people in management and supervision positions in hotels, resorts, conference centers, motels, restaurants, and clubs, often work environments foster unhappy and ineffective employees. These work environments are found in organizations where the output of products and services is both inconsistent and not to the expectations of customers, managers, or even employees!

The basic nature of how hospitality businesses are managed is what is in question. Specifically, the habits, attitudes, practices, and values of managers, both new and experienced, must be reassessed. Much of what has been accepted as "truths" about how to operate a hospitality business has been learned via trial and error, mentors, management training programs, observing other managers, "gut feel," and hospitality management schools. The conventional wisdom found throughout these sources of information on how to manage can often be related to "the cult of ineffectiveness." This "cult," or cultural system of shared knowledge and management practices, is really a set of commonly-held beliefs on how to manage which are often the source of problems, not successes, in hospitality operations. Strongly influenced by these beliefs, managers and employees behave and perform in such a manner as to receive the approval and acceptance of their peers in the workplace. If those beliefs and behaviors lead to ineffectiveness, problems, costs, and even business failures, then we must begin to better understand the nature of these business cultures.

Managers Share Common Problems and Common Causes

The manager of a hospitality business is faced, on a daily basis, with operational and guest service problems which on the surface may seem unrelated. Examples of daily quality problems might include:

- Server fails to confirm the order.
- Front desk clerk doesn't smile.
- Housekeeper forgets to clean the bathroom floor.
- Lightbulb is burned out in a guest room.
- Drink orders are made differently.
- Chefs prepare the same item differently.
- Revenues are not collected.
- Reservations clerk quotes the wrong rate.
- Public area isn't cleaned regularly.

All of these quality management problems are related. The cult of ineffectiveness, when it forms the basis for "how things are done here" in a hospitality business, sets the conditions for common cultural causes for operational and guest service problems. These causes include a variety of organizational characteristics common to many businesses in the United States and provide insights into the importance of corporate culture as a critical management tool and influence on product quality and productivity.

• Lack of agreement on expectations. There is rarely a consensus in the workplace concerning what, how, and how well work is to be per-

formed. Each employee may "do it his/her way"; one supervisor doesn't expect the same standards as another, and often standards change daily. It is a situation where many standards exist for the same job task because management has not set in place a process to gain and maintain consensus on what should be happening in operations and service delivery. The result is an inconsistent product delivered to the guest, confusion, costs, and dissatisfied employees.

• Inconsistent delivery of products and services. Inconsistency is perhaps the most frequent cause of quality problems. When an entree is prepared differently, one room has adequate towels while another does not, or one front desk clerk is courteous and another is not, the guest is seldom satisfied. The absence of consensus in the workplace can foster this inconsistent behavior among both managers and employees.

• Ineffective communications. Faulty communications problems occur between levels in the organization, between departments, between line supervisors and employees, and in most hospitality management situations. The norm for communication is one way from the top to the bottom of the chain of command. Feedback from employees and guests is seldom sought or used in management decisions. From job skills training to company-wide policy changes, ineffective communications affect product quality by adding to the problems of unclear expectations and inconsistency.

• Unbalanced accountability. For good reason, a relatively high degree of sophistication exists in revenue accountability in hospitality businesses. However, in the management of people and the products and services they deliver there is seldom an effective accountability process. Consequently, costs and operational ineffectiveness are high in these two areas of low management priority. Employee turnover, inconsistent product quality, breakage, work done over, lower productivity, grievances, etc., are the results.

• Evaluation based on activity, not results. In both the boardroom and the workplace performance is often evaluated in terms of "sweat on the brow," hours worked, or the number of crises encountered. Results are not usually the basis for evaluation for both managers and employees. Agreement on goals, key results, and work standards are not perceived as necessary. "Bean counting" is seen as the means to success rather than the end result. Promotions, recognition, and compensation are not usually related to the achievement of agreed upon people and product results. The activity of corporate games and looking good are important factors in getting ahead. The color of the manager's tie can be more important than his/her employee turnover rate in career progression.

• Reacting to symptoms, not causes. Frequently, problems of operations and guest services appear to be of simple causation. However, the underlying actual cause and subsequent solution are not discovered and the problem is not resolved. Correcting the problem of a waiter's rudeness may have nothing to do with the waiter. The apparent problem of rudeness may be caused by less apparent causes such as ineffective

selection, training, or management practices. Problem solving must look beyond the obvious symptom and develop effective solutions to solve the real causes.

• Lack of recognition and praise for good work. "The only time I hear about my work is when my boss is unhappy" is a frequently stated concern of employees and managers alike. If most managers are honest they will admit that they rarely bother to let employees know when they are performing well. Praise is a no-cost tool which is seldom used by managers.

• Absence of teamwork. Social values in the United States are not supportive of teamwork in the workplace. Individualism, not group cooperation, combines with competition among managers and employees to inhibit successful teamwork. Most hospitality businesses do little to enhance teamwork and cooperation. In fact, conflict and "getting one up" on peers is often encouraged in some businesses.

• Management by individuals, not organizations. When a manager leaves a position in a company, it is frequently the case that standards go with him/her. The unit he/she managed falls apart until a new manager can install his/her new standards. Successful companies have management systems and standards in place regardless of the individual serving as the manager.

• Management by trial and error. Managers and supervisors are often expected to "sink or swim" as they are introduced to new responsibilities. Compounding this problem is the practice of promoting line employees to supervisory positions based on their technical knowledge of work to be performed in a unit or department. Unfortunately, these new managers and supervisors are seldom taught how to use the basic tools which are available to manage others in performing work. Consequently, managers perform their duties on the basis of practices learned from ineffective corporate cultures, trial and error, and "how things are done around here."

• Trailing, not training. Training by "trailing" is the most common means used by managers for communicating standards to employees. This technique involves having an existing employee train new employees. This practice transfers one of the most important responsibilities of a manager to an employee. The time saved by a manager who lets his/her employees train other employees is soon lost in correcting the problems created by the practice. Unproductive employees, errors, revenue losses, and dissatisfied customers are the results usually easily documented when "trailing" is used.

Training is seldom based on clearly developed job standards which are competency-based. Providing employees with the skills and knowledge to perform what, how, how well, and expected results of job standards is essential not only to effective people and product management, but is an important part of the business strategy and daily operations. Otherwise, there is a higher probability that the product won't be right the first time.

 Measuring and managing quality. Standards management is another critical area in people and product management that is seldom effective in corporations. Typically, this area involves performance documentation, performance evaluation and appraisal, coaching, discipline, and team-building. Also, organizational performance is seldom analyzed and measured effectively in the people and product management areas. The principal reasons include the low priority given by senior management, the absence of clearly developed management goals and employee standards on which to base the documentation, evaluation, correction, and/or reinforcement of individual performance, and effective delegation and accountability methods. To be effective at managing standards, an organization must establish communication in realms where it is currently non-existent or ineffective. Coaching, training, and performance appraisal are methods to manage individuals who are expected to do what's expected. Quality circles, employee surveys, and customer focus groups are some of the many methods for managing property-wide and departmental performance. Often, performance problems and errors in managing people and product are either not addressed, ignored, and/or reacted to by crisis management because these methods for managing standards are not effectively practiced in the operations. Telling an employee what to do and actually getting the employee to meet that expectation are not the same thing.

• **Product quality problems.** Problems and complaints, and the costs associated with their occurrence, are often not identified or resolved in the people and product management areas. Problems and complaints are viewed as situations in which blame, defensiveness, and finger-pointing are more important aspects of discussion than causes and solutions. In most of the quality assurance programs implemented in the hospitality industry in the past years, error cause and removal has been the most difficult to implement because of these American cultural values for avoiding direct accountability for one's own performance. Problems in revenue accountability are often an exception because of the high priority given that area of management. People and product management problems are, however, not as effectively resolved due to the lack of management sophistication in those areas.

Prevention of problems and complaints should be based on attaining a consensus among manager, employee, and consumer about the results of employee performance, i.e., the product. This is best accomplished by clearly developed standards which have been communicated and managed effectively. Additionally, team-building concepts, such as quality circles, can enhance the communication processes necessary for problem/complaint identification and resolution. The primary obstacle, however, remains the cultural values and practices in America, such as blaming and defensiveness, which serve to inhibit managers and employees looking for problems and complaints and making the necessary changes to prevent them. Problems must be solved by identifying solutions, gaining consensus, and prevention of future occurrences, not by sweeping them under the rug. • The organization is more than the sum of its parts. The investigation of the impact and influence of corporate culture on the successes and failures of American organizations is beginning to receive adequate consideration in certain corporations. Unfortunately, most corporate executives and organizational leaders still operate on concepts, beliefs, and practices which do not give emphasis to, or even acknowledge, the influence of social organizations on human performance.

If change is to come about in American organizations, the structure and nature of those organizations must first change. That will include changes in the executive's understanding of corporate culture, specifically in areas of management priorities and accountability, standards, problem/complaint identification and resolution techniques, and communications. Most importantly, corporate and organizational leaders must recognize their responsibilities for effecting the necessary changes in both their management practices and corporate cultures. Axioms and conventional wisdoms must be questioned in the people and product management areas, then recombined with new, more responsive and effective corporate cultures with balanced priorities. Revenue accountability should continue, but a realization must develop that people and product management are the primary influences on generating revenues and eventually influencing the bottom line in all American organizations.

Management knowledge must also be broader in scope than just the sum of all the technical skills found in a hospitality business. It must include a working knowledge of how to develop and operate business organizations as systems of people who daily interact with each other to provide products and services to guests. Hospitality businesses, therefore, are cultures which include complex social symptoms which can be effective and productive or not. Values, attitudes, communication, expectations, and other social system traits make the difference.

• Effectiveness not just efficiency. Effectiveness of operations is often secondary to efficiency in hospitality operations. In other words, doing the job within certain time or labor cost requirements is not enough. The product of employees' and managers' labor must result in achievement of desired quality standards. Getting the job done must include a value for getting the product or service produced and delivered correctly the first time by the people who operate in the social system.

These causes all have a common underlying theme and relationship: crisis, or reactive, management styles and corporate cultures. Reactive management styles and corporate cultures are the norm in the hospitality industry. In fact, reactive behaviors expressing the causes are often taught, praised, and rewarded in many businesses. Reacting is frequently a corporate operations strategy in hospitality businesses. Reactive corporate cultures and their subsequent reactive operating strategies are, perhaps, the primary underlying cause of quality problems and financial losses in the hospitality industry today.

Corporate cultures in the hospitality industry share common characteristics, the ones which are, of course, learned and perpetuated by managers' participation in the "cult of ineffectiveness" (see Appendix A). Why are reactive management practices, corporate cultures, and operating strategies such a negative influence on product and service quality? The costs of reacting are well documented in companies where successful quality management systems exist. Reaction is a business strategy whose costs can be found in work done over, errors, loss of repeat business, product image, and materials waste.

Conversely, proactive hospitality businesses are known for their product quality, profitability, and effective management. The movement to quality assurance in the 1980s in the lodging industry has documented the need for this new operating strategy. Proactive management practices have been proven to be more effective from both an operations and service quality perspective.

Costs of Producing a Product or Service Are Numerous

Quality management professionals in manufacturing have divided costs of production into four categories which also apply to hospitality operations:

- external failure costs
- internal failure costs
- appraisal costs
- prevention costs

Reactive corporate cultures in the hospitality industry have the greatest negative impact in external and internal failure costs. External failures of production in the hospitality business include such circumstances as dissatisfied guests, negative word-of-mouth marketing, product confidence problems, and lowered industry profiles. Other, more specific, costs can be documented in repeat business, occupancy rates, and guest and meeting planner critiques.

Internal failures include labor costs from work done over, materials waste, breakage, equipment and building damage, complaints, and, most importantly, ineffective operations which do not deliver hospitality services according to expected standards the first time. Reactive corporate cultures which do not consistently produce hospitality services correctly the first time are often the most frequent drain on the profitability of a business.

Appraisal costs of quality involve management time for inspection, auditing, shoppers' service reports, and other means of product and service evaluation, such as guest surveys. These costs can also include trying out new menu items and beverage specials to see what the demand will be.

Prevention costs are lowest with the most reactive corporate cultures. This occurs because, in reactive corporations, there is relatively little done by management to assure that the service is delivered right the first time. Instead, much of a manager's day, and the organization's resources, are spent putting out fires and reacting to problems. Prevention costs are highest and most frequent in hospitality businesses which have proactive corporate strategies due to the cultural value for having the product delivered right the first time.

Most recently, quality assurance and quality management have become the means used to develop and maintain proactive corporate cultures. When prevention is the focus, quality is most consistent and expectations are usually met. Typical prevention costs involve the labor of gaining consensus on standards in the workplace the training of employees, quality circle meetings, and evaluation of both individual and organizational effectiveness. Employee participation in problem-solving groups such as quality teams is an important prevention cost. Obviously, if quality is consistent and problems are prevented or minimized, external and internal failure costs will be reduced considerably. In addition to the increased profit potential of proactive corporate cultures. an increase in the satisfaction levels of guests, employees, and managers occurs. Proactive corporate cultures, therefore, are compatible with managing and assuring quality because prevention is a priority. In reactive corporate cultures the priorities are focused on putting out fires and dealing with the profit-draining operational and guest service problems created by high frequencies of external and internal failures.

Quality management involves a reallocation of people, time, resources, and priorities in a hospitality business from what is normally the case in traditional, reactive companies. This "reinvestment" has been documented to result in changes in the way things are done in the boardrooms and in the workplace. The investment in quality management results in the following returns:

- prevention of product problems and complaints
- increased consumer satisfaction
- increased employee satisfaction
- increased operational efficiency and effectiveness
- reduced internal and external failures

These all equal the bottom line impact.

Every dollar saved by more effective people and product management in a hospitality operation has a direct impact on the pre-tax earnings. In today's competitive marketplace, hospitality businesses can no longer afford to operate with traditional, ineffective, reactive cultures.

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Appendix A Table 1 Characteristics of Corporate Cultures (Reactive and Proactive)

| rs learn to manage |
|--|
| trial and error experience keepers of the knowledge mentors formal training in number crunching focus on technical skills development |
| participation with total management team learn consensus methods of decision-making focus on people and product management skills development |
| |
| individual career is paramount financial incentives for individual, not group, successes competition with peers to look good |
| the group and the company are more important than the individual gain recognition and security from group affiliations cooperation and consensus with peers more important than looking good |
| y and productivity |
| revenues management is paramount efficiency = productivity revenues management = bottom line |
| people and product management is seen as most important influence on success and bottom line effectiveness and efficiency = productivity people and products and revenues = bottom line |
| |

| Trait: Decision making and problem solving | | | |
|--|---|--|--|
| Reactive | unilateral, individual oriented deal with symptoms, not problems don't involve other managers and employees individual responsibility and recognition | | |
| Proactive | participative, focus groups and quality circles use information from customers and employees deal with causes, not symptoms group responsibility and recognition | | |
| Trait: Communicat | ions | | |
| Reactive | top down, one-way many barriers feedback from employees and customers is seldom sought or used | | |
| Proactive | two-way few barriers feedback from employees and customers is used for operational decisions, standards, and evaluation | | |
| Trait: Behavior in th | ne workplace | | |
| Reactive | New employees learn job by trial and error trailing is used blaming, defensiveness, conflict when things go wrong | | |
| Proactive | new employees are trained by managers to agreed-upon standards teamwork and cooperation employees feel a part of the company quality circles for participative problem solving | | |
| Trait: Priorities and | l focus of managers | | |
| Reactive | putting out fires, dealing with crises focus on getting good people reacting to change | | |

| Proactive | prevention gaining consensus on how things are done planning and orchestrating what happens focus on keeping good people anticipating changes |
|------------------------------|--|
| Trait: Customer relations | |
| Reactive | focus on complaint handling employees make excuses and blame others for problems managers blame employees |
| Proactive | focus on preventing conditions which foster complaints input from managers, employees, and customers is used to constantly evaluate and improve customer satisfaction |
| Trait: Labor-relations man | agement |
| Reactive | adversarial suspicion, conflict defensiveness counter-productive high frequency of grievances social class system is the tradition |
| Proactive | cooperation productive agreement on jobs low frequency of grievances more egalitarian, fewer social class distinctions |
| Trait: Evaluation of perform | nance |
| Reactive | based on subjective traits, not results undefined or vague goals bean counting is a way of life |
| Proactive | based on standards, goals, and key results clear expectations based on consensus tracking systems include people and product management success indicators |

| vice delivery quality |
|--|
| inconsistency high internal and external production costs focus on dealing with customer complaints instead of preventing them |
| consistent delivery according to expected standards low internal and external production costs focus on having the product or service delivered correctly the first time |
| status |
| office size, trappings are important to individuals who you know is stressed prestige is associated with distance from service operations |
| recognition and status given to the group contribution to the company's success more important than competing with others for recognition peer influence paramount no one too good to work in the operations with employees |
| |
| internal and external are high appraisal and prevention are low |
| internal and external are low appraisal and prevention are high |
| |
| corporate heroes and villains make things happen individual stars autocratic my way or the highway |
| |

| Proactive | support employees group receives praise participation by all staff we have a problem, how can we solve it? |
|---------------|--|
| Trait: Values | |
| Reactive | customer is a hassle, sometimes the enemy quality is secondary to efficiency company success is measured in short-term |
| Proactive | customer is reason for being quality is key to financial success company success is measured long-term |

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The reader may also wish to consult the numerous articles published in Lodging (1983 - 1986) which focused on case studies of hospitality businesses with quality assurance interventions.

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