

Ramada Demonstrates Its *Personal Best*[®]

>Abstract

This case describes syndicated research in the hospitality industry that revealed trends in customer satisfaction and Ramada's proprietary research leading to the development of the *Personal Best*[™] employee hiring, training and motivation program. www.ramada.com

>The Scenario

In 1996 the latest D. K. Shifflet survey of customer satisfaction in the hospitality industry showed mid-tier hotels continuing their downward trend in perceived customer service, reflected by more and more respondents giving ratings on customer service in the 7 or lower range on Shifflet's 10-point scale. While Ramada's satisfaction rates held steady, "It was only a matter of time before we experienced the problem," says Tim Pigsley, director of operations for Ramada Franchise Systems (RFS). Shifflet research highlighted three critical areas for study that could influence customer satisfaction: hiring (finding the best people to deliver Ramada's brand of exceptional service), training (giving employees the tools to deliver exceptional service), and motivation (providing the impetus for Ramada employees to deliver exceptional service).

Unlike some of its competitors, RFS is a totally franchised system. In such an environment, not only must headquarters contend with the variable human factor of all service operations, but additionally, RFS must contend with differing "exceptional service" standards among owners of the nearly 900 Ramada properties. "Due to the franchised system of property management, we needed for each management team and each employee to be committed to the change—to buy in to any new program—whatever shape it would take," explains Pigsley.

>The Research

"We wanted to learn and borrow from the best so we started with Disney. In every study done, the Disney experience is the benchmark for exceptional customer service. And they have a reputation for hiring the best people." Next, RFS approached Southwest Airlines. "They have captured the essence of 'fun' when air travel is seen as a commodity, a hassle. People disembarking Southwest planes have smiles on their faces," shares Pigsley. Next Ramada's fact-finders approached Carlson Hospitality, owners of restaurant TGI Friday's. "We wanted to understand what Carlson did to generate their low employee turnover, and high employee loyalty and commitment."

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Ramada's individual property owners do their own hiring. The process differs widely from property to property. Ramada called on research firm Predictive Index to identify characteristics that were indicative of self-motivated performers. Ramada also brought in American Hotel and Motel Educational Institute to learn what other companies were doing correctly to identify and hire the right people.

RFS also wanted direct, face-to-face employee input into the process of developing new programs in hiring, training, and motivation. "But this was a daunting prospect with more than 31,000 employees, many of whom spoke a language other than English," explains Pigsley. Twenty-four researchers spanned out to visit each of Ramada's 900 properties within a six-month period. "To bring about change in corporate culture and mindset would take more than employees checking off boxes on a piece of paper," claims Pigsley. So Ramada launched the research project more like the opening of a new hotel—a festive atmosphere, complete with food and comedic entertainment. Headquarters staff arrived at each property, usually spending the morning extracting issues and information from management. Then in an atmosphere evocative of a new hotel launch, employees were invited to share their ideas and concerns about the three initiatives. Employee suggestions and needs flowed as freely as the food and beverages. The information collection team recorded employee and management input on a detailed summary form generated for each property.

Research with employees revealed the current training approach was boring and ineffective. Most training involved videotapes, developed internally or purchased, with new hires or groups of employees watching the videos. RFS's benchmarking research with the hospitality industry's stellar examples of exceptional customer satisfaction, however, demonstrated that training incorporating high employee involvement generates more knowledgeable employees, one of the critical elements of customers' perceptions of higher quality customer service. And training approaches that involve "fun" are winners with all employees—no matter what position they fill—and are more likely to generate a positive employee attitude, a second critical element of exceptional customer service.

It was standard industry practice for employee motivation programs to develop around a limited number of big-ticket rewards. Employees indicated that they had a hard time maintaining enthusiasm for a program that took too much effort to achieve one or a limited number of rewards over a long time. RFS found that more numerous awards that directly affect their everyday lives motivate employees.

Before Ramada started on its program of change, it knew it would need to document the program's success. So it hired Unifocus to conduct in-depth guest surveys at every property as the Personal Best program rolled out. Additionally, it continues to subscribe to D. K. Shifflet's syndicated research on customer satisfaction.

> *Management Decisions*

In hiring, Ramada property managers now screen prospective employees for characteristics revealed by Predictive Index. RFS scrapped its traditional training, replacing it with interactive, CD-based, multimedia training. Self-paced learning now



drives the lighthearted, 24-component training sequence. Property managers, who often do not hire large numbers of employees at any one time, are pleased with the more flexible approach and employees find the process more interesting.

The newly devised motivation program focuses on rewarding employees, not only for exceptional performance reflected in customer letters and surveys, but also for supervisor and peer nominations, completion of training modules, and continued self-directed efforts for personal development by employees. “We had had grandiose ideas of awarding big-ticket items like airline tickets to the vacation of a lifetime, but after listening to employees, we substituted certificates for shoes at FootLocker, lunch at Macaroni Grill, and free tanks of gas. We literally have hundreds of reward partners in the Personal Best program,” reveals Pigsley, “all related to the way our 31,000 employees spend their personal time.”

>Some Post- Research Results

By many standards the Personal Best initiative is a success.

- In the latest D. K. Shifflet service ratings, Ramada’s scores in the 8–10 range (good to exceptional) were up 30.5 percent, and its scores in the 1–4 range (unacceptable to poor) were down 24 percent.
- Employees are cashing in exceptional service points for a growing number of rewards each year.
- Personal Best is no longer just a human resources program but an overall strategic planning initiative. Employees’ stories of exceptional customer service are prominently reflected in Ramada’s advertising, and RFS has committed \$8 million over the past three years to sharing these stories.

“Ramada’s Personal Best hospitality advertising campaign (winner of the travel industry’s most prestigious advertising award: HSMIAI’s Best of Show) is a reflection of our commitment to the employee of Ramada franchises,” says Steve Belmonte, president and CEO of RFS, Inc. One spot’s closing line, “At Ramada, we throw ourselves into our work,” sums up the effort that Ramada is placing on customer satisfaction—an effort that won it the 1999 American Express “Best Practice” award.

>Discussion

- 1 Build the management-research question hierarchy for Ramada.
- 2 Apply the research process model to the Ramada research initiative.
 - a Explain the role and process of exploration in Ramada’s research.
 - b What role did secondary data play in the exploration phase of the research?
 - c What steps and phases in the process model can you match to the Ramada research?
 - d What research process decisions were made? (Remember to include research by outside suppliers.)
 - e What sampling methodology was used? Why was this appropriate for this study?



>**Discussion** (cont.)

- f Describe the research design and discuss its strengths and weaknesses.
 - g What role did property owners/managers play in the research design?
 - h Why did Ramada choose to conduct the research in a nontraditional, party-like atmosphere? What are some advantages and disadvantages of such an approach?
- 3 How are the research findings reflected in the ultimate management decisions?

>**Sources**

This case was developed from interviews with and material provided by Tim Pigsley, director of operations for Ramada Franchise Systems. Used with permission of Pamela S. Schindler and Donald R. Cooper, *Business Research Methods*, 7/e, Burr Ridge, IL: McGraw-Hill, © 2001.