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Creating, sustaining, and growing the learning culture of a new luxury hotel

Andres F. Vargas
University of Nevada, Las Vegas

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CREATING, SUSTAINING, AND GROWING THE LEARNING CULTURE OF A
NEW LUXURY HOTEL

by

Andres F. Vargas

Bachelor of Science in Business Administration
Goldey-Beacom College
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University of Nevada, Las Vegas
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ABSTRACT

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Andres F. Vargas

Dr. Gary Potts, Committee Chair
Associate Professor of Hotel Management
University of Nevada, Las Vegas

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PART ONE

Introduction

This paper uses exploratory, qualitative research to study the development of an organizational learning culture at a new luxury hotel. In the service industry, human resources represent the most valuable asset in the organization. Simply put, employees embody the brand as they interact with guests at every touch point. Internal and external guests evolving expectations, global competition and product commoditization, have forced lodging companies to look for ways in which to remain competitive and appealing to all stakeholders.

A new property that joins a renowned hospitality management company, faces the challenge to deliver service that is up to its existing clientele expectations and consistent with its values, beliefs and principles. Hence, an organizational learning culture is pivotal to the success of new openings and future company growth.

Purpose

The purpose of this paper is to show how to design and implement a learning culture through the results of a learning needs analysis, by means of a case study at a single property. As Four Seasons Hotels and Resorts, a global hospitality company, seizes the opportunity to double its portfolio of 76 properties over the next decade, the importance of creating, sustaining and growing a learning culture at these new locations cannot be understated. Other companies such as Ritz-Carlton and Mandarin Oriental which are growing at an accelerated pace, face the same opportunities if they intend to survive in this competitive environment. Learning managers, acting as internal

consultants, play an important role in identifying learning needs, designing and implementing a learning strategy, and ultimately perpetuating the company's culture.

Statement of problem

It has been estimated that Four Seasons will grow its worldwide workforce by 25,000 new employees during this expansion phase. Nurturing and developing its human capital is a top priority for the organization; therefore the importance of implementing a learning culture at these new locations. The paper addresses this managerial challenge with a case study of The Four Seasons Hotel Westlake Village, after being in operation for one year. Through a learning needs analysis, factors such as employee career development plans, hotel performance indicators, and corporate talent needs were studied and used in planning and formulating a local learning culture initiative.

Justification

The need for a structured approach towards developing a learning culture at a new property is relevant and necessary at this point in Four Seasons history. If the company fails to invest on its people's growth and development, it will fall short on its service strategy. "Much of the firm's knowledge resides in its human capital. Therefore, the development and use of human capital can be used to create value for customers" (Gjelsvik, 2002, p.33). The results of this paper will assist those Learning Managers who will open new properties for the company over the next few years.

Constraints

This case study has been limited to the learning needs of the management team at a North American hotel without a residential or club component. The decision was made due to the researcher's limited ability to gain access to this confidential data. It is also

assumed that a learning culture is driven and influenced by management actions and behaviors. Addressing their learning needs is believed will have a multiplying effect in the rest of the employee population. It should be noted that most future openings will take place internationally and include either private residences or residence clubs as part of these hotel complexes. Previous research on the topic has focused on the creation of an organizational culture, but failed to contemplate the rapid change in employee demographics and company growth ratio.

Glossary

“The learning needs analysis establishes desired outcomes of the learning both in terms of individual changes in knowledge, skills and behaviour and organizational benefits” (Cook, 2005, p.65). The relationship among the following factors is studied: career development stages of managers, hotel performance indicators (people, product and profit) and corporate talent needs (succession planning), in generating a local learning culture initiative for the following year.

PART TWO

Literature Review

The foundation of this paper's research is an understanding of the underlying factors that create a learning organization. This comprehensive approach will assist learning managers in nurturing and developing a learning culture that is aligned with all stakeholders' strategic goals. "Within the culture of learning organizations, organizational members develop their skill and competence, are open to new ideas, challenge themselves and each other, are supportive of each other, and understand their role in relation to the overall work of the organization" (Kim, 2006, p.83). The benefits of organizational learning will be presented in the literature review and prove to be applicable to other industries beyond hospitality.

Hospitality is a field that attracts service professionals from various walks of life. Understanding their motivation and learning styles is essential for effective human resources management. As Sloman (2007, p.56) said, "what is important to recognize is that there is no evidence to suggest that learning styles are related to national culture". This hypothesis gives the case study universal applicability, as the vast majority of future Four Seasons openings will take place internationally. The company's intent at these locations is to supply the talent pipeline with local workers through sound recruitment practices. It has been said repeatedly that technical skill can be easily imparted to anyone who has the will to learn. Attitude, on the other hand, is ingrained in our personalities and character, and is subsequently hard to mold.

Once the workforce is in place, a systematic approach is needed to share company's values, beliefs and principles that will direct individual and collective

behavior, while developing core competencies. “A strong culture is one characterized by a series of facts that are consistent, noncontradictory, and generally known by members of the organization. The reinforcers are administered informally by members of the organization” (Bushman, Lambert, and Duhon, 2007, p.73). A firm’s organizational culture dictates the dynamic that the learning function plays within its operation.

Companies with a total quality management philosophy like Four Seasons, have processes in place that foster continuous learning. This practice serves multiple purposes; it allows for increased customer satisfaction, the pursuit of a zero defect product, and employees’ knowledge acquisition. As the pace of external change increases, individuals ought to learn and develop as quickly if not faster than their environment, should they want to keep up and remain relevant (Teare, 1997). On this information-based economy, a firm’s ability to gather, retain and apply organizational learning, may well predict its ability to survive in a fierce competitive environment.

“Organizations capture business improvement lessons by implementing one of four methods or approaches ... These four methods are Culture, Old Pros, Archives, and Processes” (Wellman, 2007, p.66). Four Seasons uses them all: a culture that is instilled at new properties by company transfers and management’s example. Old Pros represented in the group of General Managers who on average have more than 12 years of service with the company. Archives in the databases available to record guest experience information. Lastly, Processes that inspire a guest centered approach to the way Four Seasons conducts business.

“Organizations may be seen as entities with their own perceptions and memories of the market and the customers. From this perspective, managers need to facilitate and

support knowledge creation, rather than control and measure it directly” (Gjelsvik, 2002, p. 33). Learning takes a variety of forms to different people. The misconception that learning occurs for the most part in a classroom setting has been challenged by technology and just-in-time training. Employees are taking control of their learning experience and seek to find flexible training formats that will assist them when the need to perfect or acquire a new skill or knowledge arises. E-learning provides round the clock access and mobility for employees to fit in their busy schedules. As Clifford and Thorpe (2007, p.267) stated, “the key to achieving a competent and skilled staff group is to select the right learning method for the right person at the right time”.

Conclusion

The process of establishing a learning culture at a new luxury hotel, involves a comprehensive approach to organizational learning, knowledge acquisition and sharing, and internal processes and procedures that are conducive of this behavior. Through solid recruitment practices, individuals that are welcomed into the organization share similar values with the firm. This is the basis for sustaining a learning organization in the long run, as it is people who shape the company’s work environment. The case study to follow targets the above mentioned areas, as it will focus on the relationship among the following factors: career development stages of managers, hotel performance indicators (people, product and profit) and corporate talent needs (succession planning).

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PART THREE

Introduction

The case study at the Four Seasons Hotel Westlake Village is based on a learning needs analysis conducted on its 17th month of operation. The results will provide a road map on how to best align learning efforts and resources to our hotel and organizational strategic goals. At Four Seasons every new property, after its first year of operation, is considered a solid business unit with targeted people, product and profit goals to reach. The learning function as a value-added department, rather than a cost center, is responsible for supporting the management team in achieving the above mentioned key performance indicators.

Case Study

The learning needs analysis will concentrate on the relationship among the following factors: career development stages of managers, hotel performance indicators (people, product and profit) and corporate talent needs (succession planning). Assistant managers and above receive on a yearly basis a management development review that serves as a performance appraisal. The results of such are the foundation of that individual's career development plan. Managers may be rated as advancing, established or remedial. Consolidating the ratings of the management population assists in determining succession planning viability within the Hotel. Table A shows the career progression status of the 75-member management team, based on their management level tier.

Table A

Management Career Development Stages

Management Level	Advancing		Established		Remedial		Total	
Assistant Manager	16	21.3%	25	33.3%	3	4.0%	44	58.6%
Department Head	10	13.3%	12	16.0%	1	1.3%	23	30.6%
Planning Committee	2	2.7%	6	8.0%			8	10.7%
Total	28	37.3%	43	57.3%	4	7.0%	75	99.9%

The proportionate ratio between established and advancing managers represents a healthy distribution along the career development continuum. On the other hand, under hotel performance indicators, people constitute the most important asset in the hospitality industry. Customers and management team have been grouped under this category. Performance is measured through various sources of data, including comment cards, post-stay email surveys, and opinion letters. Table B shows consolidated results of Guest Comment Feedback received throughout 2007.

Table B
2007 Guest Comment Card Statistical Analysis

Prior to your arrival	88.30%
Your Arrival and Departure	90.40%
Your Room	87.50%
Concierge	92.60%
Communications	90.40%
Fitness Centre	90.80%
Spa	92.70%
Pool Facilities	92.10%
Hampton's AM Restaurant	85.40%
Hampton's PM Restaurant	90.90%
Onyx - PM Restaurant	90.20%

The Bar - Lunch/Lobby Lounge	86.20%
The Bar - PM/Lobby Lounge	89.80%
In-Room Dining - AM	87.80%
In-Room Dining - Lunch	84.90%
In-Room Dining - PM	88.40%
<u>Meetings and Social Events</u>	<u>88.10%</u>
How satisfied were you overall with your stay?	95.30%
How likely would you be to recommend us to a friend or colleague?	96.50%

It is important to highlight that company research has found a strong correlation between the last two questions and guest engagement scores. An annual result above 95% on both areas is an indication that 9 out of 10 guests are either engaged or highly engaged with The Four Seasons Hotel Westlake Village.

Management's satisfaction and engagement is dictated by the results of the property's annual management opinion survey. Table C groups the results into main categories covered by different questions on the survey.

Table C

<u>2007 Management Opinion Survey Results</u>	
Leadership	4.24
Service Delivery	4.07
Learning & Development	3.89
Work Life Balance	3.78
Career Development	3.77
Compensation	3.35
The Work Itself	3.95
Communications	4.04
Morale	3.94

Overall Rating 3.94

An overall rating of 3.94 is the highest result that any domestic Four Seasons Hotel or Resort has received on its first year of operation. The managers' rating of 3.89 for Learning & Development is in line with the training emphasis that was placed on front line employees after opening in November 2006.

The property's service and product condition, as well as its impact on the guest experience is gauged by the 'glitch database' report. This database holds individual entries of defects that have occurred throughout the year. All 75 managers on property have access to this computer system and are encouraged to write a record on every problem a guest may experience. This procedure exists in an effort to continuously learn from service deficiencies and avoid making the same mistake with a guest on a future visit. Table D shows glitches grouped under three generic categories by operational department.

Table D

Glitch Database Recount - December 2007 YTD

Category	House-keeping	Front Office	Guest Services	Spa	F&B Outlet	Banquets	Total
Quality of Service	254	434	225	503	405	193	2014
Quality of Product	34	9	13	25	49	18	148
Quality of Policy/Procedure	13	18	6	21	18	11	87
Total	301	461	244	549	472	222	2249

The results portray an accurate representation of a new property's challenge during its first year of service. 89.6% of guest inconveniences were a result of lack of quality of service. Only 6.6% were triggered by lack of quality in product, which is to be expected from a new, state-of-the-art facility. Lastly, 3.9% were originated by lack of

quality in policy/procedure, which speaks to the ability that company standards have to meet consistently guest needs and expectations across the globe.

Profit results will be judged by the hotel's actual performance compared to budget, forecast, and one year of historical data. This category was not as relevant in 2007 as the ones previously discussed, as budgets and forecasts were set on educated guesses by Executive Committee Members during the hotel's first year of operation. Starting in 2008, the property now has a full year of historical data to better compare and contrast actual results with projections made during budget season and along the year.

Lastly, corporate talent needs arise as managers move along their career development plans and seek further growth opportunities. As a company, Four Seasons tackles this talent pipeline needs in different ways. Primarily, succession planning is done locally, nurturing talent from within. As Table A indicates, 28 out of 75 managers, have been rated as advancing on their career development plans. These individuals are prime candidates for either lateral moves or promotions within our hotel or sister properties. Nonetheless, during this aggressive expansion stage, a more proactive approach has been taken. Regional Vice-Presidents meet on a bi-annual basis, to discuss their managers' development status and future career steps. A stronger regional collaboration has been the subsequent result of this initiative. Simultaneously, a new applicant tracking system has been launched enterprise wide, in an effort to share qualified applicants that were not selected at a particular location, amongst other hotels.

Conclusions

Leadership development will be addressed in various ways. The Learning Manager will pilot and coordinate 360-degree evaluations with planning committee

members and senior department heads, and determine initial reaction and results before rolling out to all managers. At a lower level, one-on-one meetings will be regularly scheduled between all managers and their division heads, to enhance continuous feedback and coaching. Managers will also be encouraged to approach the Learning Manager if they would like to be assigned a hotel executive as their mentor. Lastly, a learning best practice will be instituted among all planning committee members to facilitate a minimum of eight hours of management training a year in their fields of expertise.

It was determined that most assistant manager openings were filled in with external transfers and outside-the-company hires, rather than internal promotions. The employee opinion survey feedback showed that line staff felt the absence of a venue for learning non-technical, supervisory skills necessary to make that transition, and lacked a clear understanding of what an assistant manager's responsibilities are. Through consultation with the planning committee, it was determined to design a job shadowing day aimed at providing this opportunity to high performing employees who wish to experience a specific person's position or department for a day. At the end of this activity, a debriefing session would help clarify any other questions or concerns that this group of hand selected employees may have.

A supervisory development program will also be offered twice a year, aimed at soon-to-be-promoted employees, new supervisors and managers, and leaders joining the company for the first time. Through various workshops, valuable supervisory skills will be covered, including but not limited to coaching skills, train the trainer, delivering a presentation, labor standards, discipline skills, soliciting feedback and the manager's role at Four Seasons.

Data results also proved a disconnect between corporate leadership vision regarding career progression and property level execution. To the former, a property's management team should be taking calculated risks, reflected in early promotions specifically, with employees that display high growth potential, global mobility, and a desire to make hospitality their career. To the latter, solid experience is still an important factor in their selection process. Plans are underway to design and facilitate a learning session with department heads that cover the steps of building a highly effective, self sustaining team in a fast pace environment, to better educate these leaders on how to nurture and develop talent within their own individual areas.

The data regarding service glitches allows for a 20/80 approach to address service deficiencies due to quality of service in the three most recurring departments: spa, front office, and F&B outlets. These areas also showed higher turnover results than the 27.9% hotel average, with 32%, 43%, and 29% respectively. A retraining session on core standards, sequence of service, and problem resolution policies and procedures will be conducted during their departmental meetings, and continuous learning will take place through standards energizers on a consistent basis. Departmental designated trainers will also participate in a case study session, focusing on identifying root causes and possible solutions to the top three defects that fall under quality of service category, and communicate the findings back to their peers at their departmental meetings or shift briefings.

Another proposed learning initiative which is expected to positively impact revenue flows is a new up-selling program to be offered to front-of-house, direct guest contact employees during orientation. In departments where up-selling programs were

instituted during 2007, a large standard deviation was seen among their employees' performance. Providing everyone with the tools, skill and knowledge to cross-sell or up-sell in their areas, should lead to increased and more consistent results within this employee population.

A learning needs analysis is a valuable tool for Learning Managers who seek to create a solid, well-rounded learning culture within their business unit. By identifying how the strengths of their current management team interrelate with the hotel's performance indicators, action steps may be taken to positively impact future business results. Simultaneously, investing on the development of the company's human capital will facilitate a smooth transition from 76 properties to 140 plus in less than a decade. Due to the comprehensive nature of the learning needs analysis, its applicability is universal within the hotel industry and beyond. Minor adjustments may be necessary if conducting a similar analysis in a different environment. At Four Seasons, success is measured by results on its service strategy, thus the three factors that are used: people, product and profit. Its relevance and validity lays in the inclusion of all stakeholders, its primary focus on employee development, and its collaborative approach with the management team, who is ultimately responsible for motivating front line employees to infuse value to the brand and deliver on the service promise made by Four Seasons to guests across the world.

Recommendations

Obtaining buy-in from the management team is crucial to the success of this learning initiative and sustaining a learning culture in the short and long term. Action plan goals should be tied to managers' annual reviews for accountability purposes. The

involvement of all key players in the stages of identifying possible root causes cannot be underestimated; particularly at a new location where minor hiccups in the operation are bound to occur. Leaving a person or department's say aside may not contribute to the creation of a positive, non-threatening learning environment. The Learning Manager's consultant role is vital as it gives perspective to these discussions and avoids simply throwing training at the problem, where in fact it could be a management, morale, equipment or systems issue. Ultimately, support from the hotel's executive committee is paramount in persuading managers' to turn this learning needs analysis into a top priority in their respective areas.