

# Hotel Business Review

Best practices, insights & trends

## Renovation is a State of Mind

By Rob Rush, CEO, LRA Worldwide



Let's conduct a little experiment.

Go to the website of any hospitality industry trade publication – it could be this one or it could be the one for Fido Friendly Magazine: The Travel Magazine for you and Your Dog. (It exists – really.)

Type the word "renovate" into the search bar. Be overwhelmed at the results.

Hundreds upon hundreds of articles will bubble to the surface, documenting the overall financial health of the industry and the infusion of cash being reinvested back into properties for "renovations" of all flavors and sizes. Soft goods. Hard goods. Guest Rooms. Lobbies, spas, ice machines, pet-sitting facilities, you name it. (OK, so that last example may only show up in Fido Friendly, but let's not split hairs). Endless stories about facelift after facelift, all in the name of upgrading the guest experience. With enough cash, anything is possible, right?

So where are all of the stories about renovating the people required to upgrade the guest experience? It seems as if many operators look at an investment in the physical plant and surroundings as an end in and of itself, not as part of the equation of renovating the entire guest experience. Shouldn't a true renovation take into account the people?

According to the University of Michigan's American Customer Satisfaction Index

(ACSI), the composite satisfaction score for the hotel industry dropped to 71-percent for the first quarter of 2007, down from 75-percent for all of 2006. And this drop is concurrent with the influx of flat-screen plasma TVs, communal lobby gathering spaces that look like Starbucks and 1,200 Thread Count Egyptian cotton sheets for every Tom, Dick and Hampton.. I mean Harry.

So what's missing? How about a renovated state of mind? Sure, you can't sleep on it, drink a martini in it or gain wi-fi access through it, but a renovated attitude may arguably have far more impact on the guest experience. It's a tried and true maxim in the hospitality industry that when times are bad, the first budgets that are cut are those that invest in the people; apparently, when times are good, the "people renovation" takes a backseat as well, relatively speaking. After all, why provide your staff with the skills, confidence and know-how to deliver true hospitality when there are funky light fixtures to be had?

If you've ever read my columns before, you know I have a fondness for sports metaphors... and I'm going there again. If you follow sports at all, you've often heard the term "chemistry" used to describe what makes a winning team successful. Quite often, a team looks good on paper... but somehow the sum of the parts doesn't quite add up successfully. It's a chemistry problem...but not the kind that's easily solved with a Bunsen burner and test tube.

Take the Yankees, for example. In the 1990s they won four World Series with a mix of superstars and clutch role players; of late, they have tried to replicate that success by

sticking a high-priced "superstar" at every position, with less than spectacular results. It's the equivalent of pouring money into high-priced renovations without remembering what made your property or brand special in the first place – the genuine hospitality you were able to deliver.

Bobby Abreu in right field? That's an expensive and unneeded renovation.

Paul O'Neill in right field? As much as I am loathe to admit it as a bona fide Yankee-hater, he may not have gotten the headlines, but he helped the Yankees win four World Series titles. The hospitality industry equivalent: a property that eschews the urge to constantly renovate and instead boasts a workforce imbued with the "team chemistry" that inspires undying love and affection amongst its guests.

Full Disclosure: This article is being written in June with the Yankees safely 10 games out of first place. If they are in first place when this article is published in September, feel free to disregard my thoughts on a.) hotel renovation, b.) team chemistry and c.) baseball in general.)

According to USA Today, in 2006 the hotel industry spent a collective \$5.1 billion on renovations. This figure was a significant increase from the already hefty collective investment of \$4 billion the previous year (2005), and \$3.1 billion the year before that.

The spending on the "people renovation" equivalent – training – during that same span of time? It doesn't even register on the same radar screen. None of the biggies – Deloitte, Ernst & Young, Smith Travel Research, etc. – are even tracking it as a "trend" to keep an eye on.

The rationale that many will use is that today's hotel guest is becoming more sophisticated, with a set of expectations elevated constantly by each previous hotel experience. An eight-pillow configuration on the bed will never do once the guest has experienced the luxurious ten-pillow offering of Sid's Sleep Shack down the road! Invest! Renovate! More throw pillows!

In reality, this knee-jerk reaction is the equivalent of the political science theory of Mutually Assured Destruction (or, fittingly, MAD), which governed the US-USSR relationship during the Cold War. You build a missile silo... we'll build a missile silo! If you can destroy us (and the planet, for that matter) 45-times over, we'll make sure we have the capacity to destroy you (and the planet) 60 times! If you redecorate in muted earth tones, we'll redecorate in muted earth tones and natural woodwork!

The parallel arms race in the hotel industry is just raising the baseline table stakes for all involved. It costs more and more just to sit at the table, without any real impact on the personal interactions of the guest experience that drive true guest engagement and loyalty. If you were a hotel guest, what would be more likely to inspire long-term affection, an easily-duplicated granite countertop on the mini-bar... or the warmth and competence of a hotel staff that makes you feel that "everything's covered," regardless of situation or circumstance?

If you ask Doug Geoga, the former President of Global Hyatt Corporation, it's clearly the latter. In the Deloitte report titled Hospitality 2010 issued last year, Geoga suggested that "human interaction is often the key differentiator in virtually all aspects of hotel operations." Not exactly a groundbreaking notion in and of itself, but certainly of note when viewed through the filter of the gush of cash directed towards physical renovation projects and the trickle earmarked for "renovating" the people.

So why the disparity in investment and focus? Why isn't every hotelier obsessed with "renovating" his or her personnel into gracious hosts, empathetic caretakers and efficient enablers?

Because it's easier to strip wallpaper, blast open walls and order clock radios with an iPod dock than it is to strip out apathy, blast bad habits and order a renewed focus on the guest experience. The former takes money and the willingness to write (admittedly very big) checks. The latter requires money... and time, discipline and vision. Not to mention the willingness to

break some eggs to make an omelet... and replace those broken eggs with some that are better equipped to adapt to the renovated hotel environment.

While the present-day environment may make it difficult to slow down and remove oneself from the renovation arms race, participation will provide no lasting advantage. You may have a slight edge winning the "mind" of the guest... until the guy next door completes his renovation, and it's way cooler. If you launch a parallel arms race by attempting a renovation of the human touch points of the guest experience, however, you have an opportunity to win not only the mind, but the "heart" as well.

And even the centerfold of this month's Fido Friendly knows the heart of the guest is the key to a lasting advantage and a lasting

relationship. Of course, for your average Fido Friendly subject, the in-room porcelain water bowl, organic doggie snacks at high tea and turndown service on the Dalmatian-print dog bed don't hurt...

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