

LRA

WORLDWIDE



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- ❖ Quality Assurance
- ❖ Performance Measurement
- ❖ Guest Satisfaction
- ❖ Information Services

For the Hospitality and Travel Industries

LRAWorldwide is the leading provider of quality assurance, performance measurement, customer-guest satisfaction data and information services to the global hospitality and travel industries. Based outside of Philadelphia, USA, the company provides products and services to clients on every continent. Targeted industries include lodging, gaming, timeshare, corporate housing, military housing, senior housing, assisted living, transportation, travel services, convention and visitor's bureaus (CVB's) and food service management.

LRAWORLDWIDE NEWS is a periodic newsletter published by LRAWorldwide, designed to update clients and contacts on various activities and events occurring at the company as well as the various industry sectors the company services.

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An Introduction to LRAWORLDWIDE NEWS

LRAWorldwide is pleased to present the inaugural issue of *LRAWORLDWIDE NEWS*, a periodic newsletter designed to present topical information regarding quality assurance, performance measurement, guest satisfaction and brand loyalty issues impacting the global hospitality and travel industries. In this issue, we feature an in-depth interview with Allison Barber, Vice President of Quality for the European Division of Starwood Hotels & Resorts Worldwide, Inc. and learn more from Starwood regarding this Division's innovative quality enhancement and guest satisfaction initiatives.

In addition, each issue of *LRAWORLDWIDE NEWS* will highlight the activities and continuing growth of LRAWorldwide as well as the accomplishments of our people. Over the past two decades, LRA has established itself as the leading provider of quality assurance, performance measurement, guest satisfaction/loyalty data and information services to the global hospitality and travel industries. Today, our Company provides prod-

ucts and services to many of the hospitality and travel industry's leading global brands.

As a result of our company's growth and increased client distribution in the lodging industry, LRA has developed a comprehensive database of lodging industry quality performance data. On a strictly non-identifying basis, this *QualTrac* database offers LRA the unique opportunity to provide clients with hotel quality benchmarking data, sorted by peer group (competitive set), and reported by product category, price tier and geographic location.

LRAWorldwide has also created a new lodging industry database product, which we call the **LRA Lodging Industry GuestSat Report**. This is an innovative initiative that provides lodging brands with the methodology to compare their hotel's guest satisfaction survey responses versus their competitors guest survey responses for a variety of critical guest satisfaction and loyalty attributes. A more in-depth review of the GuestSat Report is included in this newsletter.

In addition, LRA provides services to allied industry sectors including timeshare, gaming, transportation, senior housing, assisted living, corporate housing, convention and visitor's bureaus (CVB's) and food service management. Our company's mission is to help our clients better define, build, enhance and protect their brands. If you have colleagues that would like to be added to our mailing list in order to receive future issues of this newsletter or other company information, please send me an email at rmrush@lraworldwide.com.



Best regards,

Robert M. Rush
President & CEO

Spotlight on Starwood Hotels & Resorts Worldwide - Europe

P.R.O.G.R.E.S.S. Through People - An Innovative Quality Initiative for the Lodging Industry An interview with Allison Barber

Editors Note: In this issue of LRAWORLDWIDE NEWS, LRA spoke with Allison Barber, Vice President & Director of Quality for the European Division of Starwood Hotels & Resorts Worldwide, Inc. Ms. Barber, based in Brussels, Belgium, has responsibility for over eighty full-service hotels of varying brands throughout Europe. Ms. Barber is leading one of the lodging industries most innovative and productive quality and continuous improvement initiatives.



ALLISON BARBER

LRA Please describe your responsibilities for the various Starwood lodging brands that are the focus of your quality improvement efforts in Europe.

Barber My responsibilities are to oversee the quality initiatives in all of our hotels in Europe across the various brands - currently Four Points, Sheraton, Westin & The Luxury Collection/St. Regis brands; to ensure that we deliver consistently on each brand; and to maintain a laser focus on our customers. Our strategic areas of focus include:

- Operating core standards for each brand
- Core competencies and leadership development for our supervisors and managers
- Performance measurement and tracking
- The HotSpot - our intranet communication and learning tool

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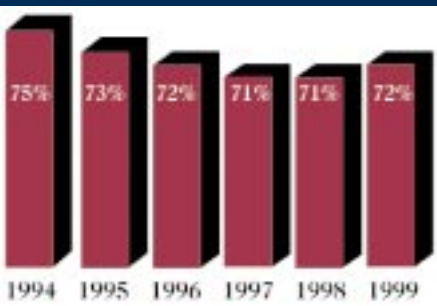
LRA What are your "Quality Principles" and how have they been adapted to the European Foundation for Quality (EFQM) model?

Barber A little history...In 1998, Starwood's European Quality Board clearly defined the mission and strategy for Quality in Europe through the development of the Ten Quality Principles. Ten principles may sound pretty basic, but there's a lot that supports each one.

- Create strategic customer driven focus
- Assure alignment
- Guarantee field funding and resources
- Lead by example
- Encourage innovation, sharing and implementation of skills, tools and best practices
- Communicate success and create recognition
- Create a learning culture

Customer Satisfaction with U.S. Lodging Industry Improving

According to the 1999 American Customer Satisfaction Index, customer satisfaction scores for the lodging industry increased for the first time since 1994 to 72%. The ACSI national index for all service industries is 71%; for 1999 the airline industry scored 63%, an all time low.



Source: *American Customer Satisfaction Index*

- Provide structure for process improvement
- Define future direction
- Measure value created

Every initiative must tie (and does!) into either one or several of these principles.

LRA Please discuss P.R.O.G.R.E.S.S. Through People, your Division's innovative and structured process improvement methodology.

Barber In 1996, we teamed up with the Forum Corporation, and launched the biggest change initiative in any hotel company in Europe - P.R.O.G.R.E.S.S. Through People. Our goal was to better deliver customer service (and to exceed our guest expectations) by using a consistent process and methodology throughout all of our hotels in Europe. P.R.O.G.R.E.S.S. is an eight-step customer focused methodology which helps to identify key gaps between our guest's expectations and our current performance, and then close those gaps through "Quick Hits" or through process improvement teams.

LRA To date, how many Starwood managers and staff members have participated in the P.R.O.G.R.E.S.S. program and in how many languages?

Barber To date, 10,000 associates have gone through a 2-day process improvement training program, and 4,000 managers (from department head level to the senior management team) have been trained in an extended 3.5 day program. The program is currently delivered in 13 different languages in over 19 countries. Additionally, 192 Change Agent were developed and we've run P.R.O.G.R.E.S.S. workshops for our controllers and our key pan-European suppliers. In 1997, Starwood's Africa, India & Middle East division rolled-out P.R.O.G.R.E.S.S. This training and our process improvement teams have result-

ed in a common language and culture in our division. This has been amazing to see!

LRA What is the role of the Change Agent and the Process Improvement Team?

Barber The Change Agent plays an extremely important role within the process. The Change Agent is the facilitator, internal consultant, guide, coach, and trainer. Our CA's range from key line employees, to supervisors, and department heads. They assist in the running of the planning meeting held annually at each hotel, the formation and facilitation of the teams, and the training of the eight-step methodology. There is a minimum of one CA per hotel, and currently 192 CA's are actively involved. Teams are another essential element to the process. They are usually formed as a result of planning meetings, and are focused on resolving a specific customer focused objective and/or to find ways to exceed customer expectations. Over 355 teams are currently in place.

LRA To track hotel performance for your European portfolio, what are your key quality measures?

Barber It is difficult if not impossible to improve our processes and to improve customer satisfaction and loyalty without any form of measurement! We track employee satisfaction, employee turnover, guest satisfaction and loyalty, property condition/cleanliness/standards, impressions, as well as the traditional financial measures.

LRA What role does LRAWorldwide play in your European quality initiative?

Barber LRA is an integral component of our quality and continuous improvement process in Europe. LRA performs periodic quality evaluations for our hotels with a specific focus on important

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*Update -
The LRAWorldwide GuestSat Report
(the National Hotel Guest Satisfaction Database)*

In September/October 1999, LRAWorldwide is expected to complete the Manhattan beta test of the LRA GuestSat Report, also referred to as the National Hotel Guest Satisfaction Database. As previously reported during 1999 in various lodging industry trade publications, LRA has invested two years research in developing the required methodology and first-ever report, which will allow lodging brands to compare their brand's guest satisfaction responses for a variety of attributes versus their direct competitors. LRA is beta testing the methodology using upscale, full-service hotel brands currently operating in Midtown Manhattan (New York City). Almost every major lodging brand within this product/price tier has agreed to participate in the test.

Today, any hotel or chain can easily obtain industry data regarding RevPAR, average daily rate, occupancy, market share and new development. However, no such industry database exists for guest (customer) satisfaction data. The objective of the LRA GuestSat Report is to allow

users to compare their brand's local and national guest satisfaction performance, which has been compiled through each brand's guest surveys, versus an appropriate peer group for a specific trade area. Currently, this information is available only within a particular hotel or brand. The database will allow comparisons between brands for such critical guest satisfaction drivers as "Likelihood to Return", "Value for Price Paid", "Staff Responsiveness", "Problem Resolution", "Satisfaction with Arrival/Departure Processes", "Satisfaction with the Guest Room" and more.

We believe that information of this type will help hotel brands ultimately elevate their levels of guest satisfaction and help brands better target and validate expenditures for capital investment, marketing and staff training. LRAWorldwide has built-in stringent protection measures and firewalls necessary to protect the confidentiality and disclosure of the participants and data. ♦

LRAWorldwide Client Relationships

We are pleased to announce

Hilton Hotels Corporation

that these companies have selected LRAWorldwide

The Port Authority of New York & New Jersey

as their partner to provide various quality assurance,

Radisson Hotels Worldwide

performance measurement and customer-guest satisfaction services.

Wyndham Hotels & Resorts

Other LRA Worldwide Database Products in addition to the GuestSat Report:

The LRA Lodging Industry QualTrac Database

A comprehensive, proprietary database that tracks lodging industry quality assurance attributes and guest satisfaction drivers. Components archived and reported on include 1) cleanliness issues, 2) maintenance issues, 3) the condition of FF&E and softgoods, 4) brand standards compliance and 5) guest services and guest service delivery. On a strictly non-identifying basis, the LRA QualTrac database provides lodging companies with the opportunity to compare their brands' quality performance for these important brand components versus their competitors. The database includes in-depth, up-to-date quality information collected from over 1,500 hotels worldwide and in excess of 15,000 guestrooms. This information offers hotel brands a wonderful opportunity to track hotel performance, continuous improvement efforts as well as establish new performance benchmarks.

The LRA Lodging Industry "State of the Room" Report

Based upon information compiled through quality assurance inspections, interactions with hotel General Managers/Owners as well as market research, LRA Worldwide tracks a variety of issues that influence guest satisfaction with hotel rooms. LRA focuses on guestrooms because a preponderance of industry data and research indicates that satisfaction with the guestroom is, by far, the most important element in determining a guest's overall satisfaction with a particular hotel or hotel brand.

The State of the Room Report tracks and reports on 1) guestroom and bathroom amenities including the variety and type of offerings, 2) housekeeping issues including the major challenges with cleaning, staffing and training, 3) communication offerings including telephone/fax/internet type, cost, features, usability and access, 4) refurbishment/replacement schedules for carpeting, bedset, FF&E and softgoods, 5) TV (type, size, available free and premium channels, in-room entertainment provider), 6) HVAC type, usability, operation, 7) guest services available, 8) adequacy of guestroom work environment including desk size, chair comfort/type, lighting, access to telephone, outlet, computer jack, etc. and 9) renovation schedules for rooms and bathrooms.

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guest satisfaction drivers which include cleanliness, maintenance, condition and investment in FF&E and softgoods as well as compliance with Starwood's brand standards. Every six months, in conjunction with Starwood, LRA re-directs a portion of their evaluation to focus on critical guest service delivery issues. These hotel function areas have included sales and catering, reservation calls, handling of messages/mail, guest requests and in-room dining.

LRA On an ongoing basis, how do you communicate and share Best Practices and other quality improvement initiatives throughout your portfolio?

Barber In May of 1999, we launched "The HotSpot" (our European Intranet) to over 2,000 associates and managers. This is becoming our internal communications tool - organizational charts, HR guidelines and tools, marketing programs, supplier information, exchange rates, presentations, standards, and of course, a section dedicated entirely to Quality. Each of our Change Agents registers his/her teams on-line, and documents each of the P.R.O.G.R.E.S.S. steps via "The HotSpot". All the teams, best practices, and quick hits are easily and immediately accessible to all on line. Other communication methods include conference calls, area meetings, annual workshops, and a quarterly newsletter.

LRA Finally, what are your goals for the year 2000 and describe how you link quality improvement initiatives with value and shareholder returns?

Barber We have a busy year planned for 2000! We will continue to grow "The HotSpot", making it virtually impossible for us to work without logging in modules for our department heads and managers, as well as an on-line 360-degree performance appraisal system. A second phase of P.R.O.G.R.E.S.S. is currently under design, which we plan to launch the first quarter in 2000. Shortly we will be launching STAR Teams for the purpose of transferring best practices across the Starwood Europe Division. I truly believe that when you have strong leadership, performance improvement systems, standards, training, effective communications, and reliable measurement systems, customer loyalty increases resulting in much higher shareholder value. Quality improvement initiatives are a vital part in creating shareholder value. ❖