



## World-Class, Lean Performance Tutorials and Case Studies - Tutorial 02 world-class and third-class performance in the service industry or: employees can perform better than managers

I travel extensively. The Service Industry (Hotels, Restaurants, Banks....) is my favourite area for observation and identification of performance.

Here are two cases: similar in their nature, but totally opposite in their level of performance....

### CASE STUDY 1: WORLD-CLASS PERFORMANCE IN THE HOTEL INDUSTRY

#### The location

A primary hotel in Arusha, Tanzania (not far from the Kilimanjaro Nature Resort).

#### The case

I was recently in Arusha for a few days. It's Sunday early afternoon, and while relaxing in the garden/pool area I notice ferment and a lot of preparation works in an area of the garden: tables, chairs, tents and gazebos being erected, giant barbecues being filled with charcoal, decorations, colourful lights being hung here and there and, last but not least, a stage being constructed in wood with all possible speed.

So I ask one of the hotel attendants what is going on. Oh, he says, there is a wedding reception, tonight. A VIP in town is getting married.

Oh, I say, until what time will that be going on for?

Sir, he says, by 11:00 tonight it should be over.

Fine, I think, I can sleep..... (most of the hotel bedrooms face the garden/pool area).

In the late afternoon (about 6:00 pm) the reception starts, and I observe it from my room balcony: lots of people, ladies in gaudy dresses and gaily-coloured hats, all flowing into the reception area. A festive atmosphere throughout, music by a DJ, and a very good smell of grilled food all around.....

Then the bride and the groom arrive triumphantly, followed by a band (a real Dixieland band, with trumpets, clarinets and trombones.....) and welcomed by endless applause.

A very colourful scenario - I must admit - full of lively character and still African in its spirit....

I observe for a while: speeches one after the other with some Dixieland music in between - food and drinks flying all around endlessly - dances.... A very pleasant celebration.

Then the good barbecue smell convinces me that it's supper time.

I come back to my room at 10:00 pm. The same story. Music at 120 db, dances, speeches..... I carry on observing for a while, then I get ready to go to bed (tomorrow is Monday.....).

Eventually it's 11:00 pm. I am in bed reading something, longing for some sleep. Just now they should stop, I think.....

Now it's 11:40 pm, and things are still the same. I am getting a bit irritated, so I decide to phone the reception and find out what the story is.....

At my question, the night duty receptionist tells me that the celebration should stop in 5 minutes. OK, I say, 5 minutes more is not the end of the world....

Now it's midnight. Music still at full blast. I call the reception again. The night duty receptionist is a bit insecure now. She tells me that she has gone to the wedding area already a few times asking them to stop with the noise, but she had no luck so far....

Well, I say, I need to sleep - tomorrow is Monday - you must do something to stop this noise, and you must do it now!!

00:15 am. I am furious. I call the night duty receptionist. I ask for her name. Then I tell her my simple story: "Please listen, Ms xxxx, I need to sleep. I am staying in this hotel to sleep, and not to watch a wedding reception and hear the Dixie. Either you manage to stop this noise now, or I refuse to pay for my accommodation....."

She is very worried. Sir, I will try, she says....

00:30 am. No change. I call Ms xxxx. So, dear Ms xxxx, I say, I gave you my simple message earlier on. Nothing has happened. Will you kindly make a note in your night report that Mr Scodanibbio, of room yyy, is not prepared to pay for his accommodation bill for this night because of the impossibility to sleep. I will do so, Ms xxxx says.

I walk a bit around, and I wait. At 01:00 am the Dixie stops, but speeches still go on, with some DJ music in the background.

At 01:15 am, people start going home.... I try to have some sleep (very little).....

Morning comes, and I am rather irritated. If I don't sleep I don't perform well.

At 07:30 am I go to have my breakfast and on the way to the restaurant I talk to the Day Duty Manager. I ask her if she has seen the note left by Ms xxxx in her night report.

She has seen it, and she will refer to the General Manager as soon as she comes.

At 08:00 am I am back in my room, getting ready for the day. I receive a phone call. It's the General Manager. She is a lady. She introduces herself and she asks me to see her whenever I can.

I say I will see her in a few minutes, on my way out.

At 08:20 I am down and ask for the General Manager. She receives me straight away, and asks me if we can have a chat in the hotel lounge. Of course, I say.

The General Manager is a classy lady, very mature and professional in her approach. She asks me to give her my version of the story. Which I do, in detail.

Now she asks me why I am not prepared to pay for my accommodation for last night.

I explain: "Well, the primary, core service that I expect from an hotel is the possibility of sleeping. If this primary service lacks or is missing, there is no other service provided by the hotel that can compensate for the lack of the primary one. So: no primary service, no pay."

The General Manager now impresses me: "Well, you see Mr Scodanibbio, we actually had 3 complaints about last night's noise, and yours is definitely the strongest. But it is very much to the point.

You are giving us a message, a strong message. Obviously your claim of no payment for accommodation is fully accepted, because you are right. You will be our guest for your stay here. I shall make immediately the necessary arrangements.

Now we know that when we have similar receptions (which happens from time to time), we must enter a signed agreement with the sponsors/organisers by which they are bound to end their noise by 11:00 pm. And if they won't do it we shall instruct our night duty personnel to just go there and unplug everything: lights, amplifiers, etc.

This is a good lesson we received. Thank you Mr Scodanibbio, can we offer you a complimentary bottle of wine at tonight's supper, so that you will forgive us for this poor performance?"

Now I am really impressed. And I tell the General Manager: "Mrs zzzzz, obviously I was not bargaining for money. I was doing exactly what you said: I was giving a message. You see, mistakes can be made, and poor performance may happen even if it shouldn't. What is important is actually how the matter is rectified.

Your personal and the hotel overall performance, in this issue, has not been poor at all: it's been world-class.... thanks for understanding my message."

(Sparks of joy in her eyes....)

## CASE STUDY 2: THIRD-CLASS PERFORMANCE IN THE HOTEL INDUSTRY

### The location

Nicosia, Cyprus. A primary hotel in the central area.

## The case

Weddings in Cyprus are taken really seriously. Normally there is a reception in a hotel to which an average of 2000 - 3000 people intervene to greet the newly married couple and bring their wedding gift. Generally they stand in a long queue waiting for their turn to kiss the bride and shake hands with the groom. Then there are drinks, music, and the usual party atmosphere. The reception starts at about 6:00 pm (generally on a Sunday) and goes on until 9:00 pm, or so.

After which the bride and the groom relax for a while (to recover, respectively, from the few thousand kisses and the few thousand handshakes), then there is supper in the hotel restaurant (but only with 100 - 200 guests) and music, and dances.

So I watch this Sunday wedding reception from my hotel room balcony for a while, fascinated by the ceremony style, then I go out for supper.

I come back at about 10:00 pm; then I go to bed, read for a while, and finally fall asleep.

11:00 pm sharp. I wake up suddenly as a "metal" type of disco music breaks up the silence of the night at 150 db blast - the rhythmical big drum hits make the entire room shake and vibrate.

What the heck is happening, I say. Still confused by the sudden reveille I slowly realise that the music (music?) is coming from the hotel restaurant, two storeys below my bedroom. A quick walk to the balcony confirms what I suspect: the entire hotel seems to be shaking.....

Oh boy, oh boy, I think, and now what we do?

I try to continue sleeping by hiding my head under the bed sheet, but to no avail. And tomorrow I have a rather heavy day....

Mumbling and mourning I wait until midnight. Then I remember the Tanzania experience and decide to call the reception. I ask the night duty receptionist (Mr NDR) until what time this blasting music is supposed to go on, and if there is any chance to have the DJ volume turned down.

He tells me he is very sorry for the occurrence - that he has gone already to the restaurant asking to turn the volume down - and that he will go again.

00:40 am. No change. So I phone again Mr NDR and tell him that this issue is not acceptable. I need to sleep, and it's really time the blast stops. If he cannot manage in this respect, I will have no choice but refuse to pay for this night accommodation.

Mr Carlo (he calls me Mr Carlo - it's easier), he says, I am really sorry for you, I am ashamed, and I do not know what to do. I'll definitely try again to do something.

01:20 am. No change. After walking up and down in the room I decide to take a walk to the Reception. Mr NDR is really sympathetic. Mr Carlo, he says, I am so sorry for this story. You are right in complaining because this music is really loud (the Reception is at the same level as the restaurant), I really don't know what I can do.

Very simple, I say. Just write a remark in your night report about Mr Scodanibbio's complaint, and his request to refuse to pay for this night accommodation. That's all you can do.

Then I walk a bit around in the reception/lounge area. Then I go back to my room.

01:40 am. The telephone rings. It's Mr NDR that is proposing to change my room. Obviously he has been thinking of the matter, and has come up with this idea. He states he can give me a room on the 5th floor, and he is prepared to help me to move all my things from one room to the other.

I thank him, but consider the logistics aspect: all my clothing and stuff to be moved, my work documents, laptop and accessories to be moved, etc. etc. and from a quick project scheduling I realise that it's going to take no less than three quarters of an hour to be really ready to sleep in the new room. A bit too much - I still hope this blasting music will stop, sooner or later....

So, I thank him very much for the initiative and decline his offer.

Mr NDR has another proposal: just leave all your stuff in this room, and simply go to another room for this night only.

Once again, I do my considerations: when I lose my sleep I really lose it, so let's rather wait until the music stops.

Coincidentally, it would seem that the volume has now been turned down a bit.....

01:50 am. The music volume is definitely lower. Good, I think, perhaps I can try to have some sleep now.....

02:00 am sharp. MIRACLE! The music stops completely!

Next morning I am not really "fresh and fit". I need my sleep, as I said.

After breakfast I go to the reception and have a talk with the Day Duty Manager (Mr DDM). Mr DDM greets me as usual: "Mr Scodanibbio, Buongiorno. I read the NDR report and noticed that you have been complaining about the music..."

Yes, I say, I am afraid it's not acceptable in an EU Country that an Hotel allows this kind of noise until early morning.

I understand it's the Hotel right to make business by organising wedding receptions and parties - but it's also my right to sleep, and that's the primary service I expect from a Hotel. If this service is missing, there is no service. That's why I told the Night Duty Receptionist that I was not prepared to pay for last night's accommodation.

Now I repeat my simple claim to you: I do not accept to pay for a no-service situation.

Mr DDM is very understanding: "Yes, Mr Scodanibbio, I understand what you say, I believe you are right in complaining about the loud music. With regard to the payment issue, this is not a decision I can make. I will refer it to the Hotel General Manager."

Obviously, I say, it's a General Management's decision. Please let me know about it when I come back this afternoon.

In the afternoon Mr DDM refers very synthetically about the Management decision: "Mr Scodanibbio, unfortunately our General Manager cannot accept your claim about accommodation payment".

Very well, I say, will it be possible to meet with your General Manager?

Not today, states Mr DDM, nor tomorrow, because he will not be here.

OK, I say, can you try to fix me an appointment for the late afternoon of the day after tomorrow (Wednesday)?

Yes, Mr DDM says, I will try and will let you know.

Tomorrow (Tuesday) I find a message to call a Mrs xxxx. I call the reception to find out who Mrs xxxx is, and they tell me that Mrs xxxx is the Assistant General Manager (Mrs AGM), and she would like to see me.

Very well, I say, and when could I see Mrs AGM?

We shall let you know as soon as she is available, the Receptionist says.

In the late afternoon I receive a call from Reception: Mrs AGM is now available to see me.

Very well, I say, I shall be down in a few minutes.

A few minutes later I am down in the reception, and Mrs AGM comes. We meet on the side of the front reception desk.

We introduce each other.

Then Mrs AGM says: so I believe you wanted to see me....

Well, I say, if this meeting is in connection with the issue of the loud music last Sunday night, I had actually asked to see the General Manager.....

You can tell me, I am the Assistant General Manager, Mrs AGM says.

I am a bit surprised and irritated: first of all Mrs AGM attitude is that of a very annoyed person, a person really bothered. Secondly, this meeting takes place in the reception front desk area, practically in the presence of two front-desk employees and of passing-by hotel guests.....

However I tell Mrs AGM my story, in brief, and conclude with the usual statement: "that level of noise after 11:00 pm is not acceptable in a Hotel in which guests are supposed to have a sleep.... - the primary service provided by a Hotel is actually the possibility of sleeping - if that lacks, the primary service lacks - hence my request for no payment....".

And I tell Mrs AGM about the recent experience I had in Tanzania.

Mrs AGM is more bothered than ever. Here is her argumentation:

"...in Cyprus that time limit is actually 12:00 pm and not 11:00 pm...."

"...you travel extensively but I also travel extensively, and if you go to London or New York things can be much worse...."

"...moreover, Mr NDR (the Night Duty Receptionist) told me that he offered you to change room and he also offered you to help you move your goodies from one room to another...."

"...in conclusion we did our best to try to help you, so your claim cannot be accepted...."

My argumentation:

"...Cyprus is now a member of EU, and should conform to international standards...."

"...the offer to change room came at 01:40 am, when the bulk of my sleeping night was already gone...."

Mrs AGM argumentation:

"....we had a similar reception the previous night - why didn't you complain then...?"

My argumentation:

"...the previous night I was out till late, because the following day I had no work to do and could sleep more - so I was not in the hotel. Whereas on Sunday night I was in the hotel, needing my sleep because the next day I had work to do...."

Mrs AGM argumentation:

"...obviously everyone has a different level of tolerance of noise.... then one might even complain about traffic noise... we are in a big city, and traffic noise can be very heavy at night time.... so would you complain also about that....?"

"...you have been the only hotel guest complaining about the loud music on Sunday night - and you were on the second floor... so what should the hotel guests on the first floor have said....?"

"...moreover the DJ had to lower the music level to such an extent that people attending the party didn't enjoy it any longer, and at 02:00 am everybody had to go home...."

Now my level of irritation really reaches high levels. When that happens unfortunately I may lose my temper.

With a raised level of voice I say: "Mrs AGM, in the year 2005 one customer complaining is as important as 100 customers complaining.... attention should be given to each individual customer as if they were 100...."

Mrs AGM: "Don't raise your voice!"

I watch the two front desk employees who seem to be very busy at whatever they are doing and prefer to ignore what is happening around them, then I say: "I beg your pardon, Mrs AGM - you are right - I shouldn't raise my voice.

From what I understand, it would seem that you have an opinion on this issue totally different from mine.

You keep your opinion, and I keep my opinion. I will use this story as an interesting case study. Be reassured I was not at all intending to bargain for money or discounts - my intention was simply to transmit a message. This is impossible. It has been a pleasure meeting you. Good-bye."

Mrs AGM: "Good-bye".

Two days later I check out. It's very early morning. The Night Duty Receptionist is there.

When he sees me, he tells me: "Mr Carlo, I still feel embarrassed about the other night's story. I really felt sorry for you. You were so right...."

I say: "Never mind, Mr NDR, you have really done your best under the circumstances, which I really appreciated. Your attention to the customer has been superb. Actually, I believe that your overall performance, in this story, has been much better than your management's...."

I can see sparks of life and joy in his eyes, when he says: " You really mean it? Thank you very much, Mr Carlo".....

## CONCLUSIONS

Two very similar cases. Two different outcomes.

There are a number of very interesting conclusions that can be extracted from the analysis of these 2 cases.

What are your conclusions?

## World-Class Performance Tutorials - Tutorial 02

### world-class and third-class performance in the service industry conclusions

**Analysis.** Let's compare the 2 cases:

- Management approach. In the first case, the General Manager feels it's her duty to intervene directly against a customer complaint. In the second case not, even after a customer invitation to a meeting.
- Management approach. In the first case the General Manager listens to the story in a quiet area of the lounge. In the second case the issue is dealt with in the front desk area, and in the presence of employees (excellent education) and of other passing-by guests.
- Management approach. In the first case there is an intention to understand a message and to listen to the reasons that have originated the complaint with genuine interest. In the second case the attitude is (or seems to be) annoyed and bothered: all argumentations brought up are in support of a label already attached to the customer (a fussy customer, who dares criticising local habits, who has sleeping problems, who has a low or anyhow abnormal levels of tolerance of noise..... a typical trouble-maker)  
Moreover, some argument is deviating and misleading, like that of the traffic noise: there is a huge difference between noise produced by the surrounding environment (uncontrollable by management) and that produced within the establishment (controllable by management).
- Management approach. In the first case a customer complaint is seen as an opportunity to improve for the future. In the second case the customer complaint is seen as a direct cause of the failure of a party which ended up too early, with possible negative repercussions on future, similar type of business....
- Employee approach. In the first case all involved employees have simply passed the problem to management. In the second case an employee has gone into the trouble of trying to find a solution there and then to the problem.

#### **FINAL CONSIDERATIONS**

Some final considerations on this case:

- One customer complaint should be always regarded as significant as 3 or 100 customers' complaints. Today's target is 0 defects. Waiting for complaints to pile up before some action is taken is a sure recipe for disaster.
- A complaint should always receive undivided attention at the right level: if high management levels are directly or indirectly involved high management levels should intervene to face it.
- Understanding poor performance at employee level, and empowering employees to rectify undesired situations of their own initiative are very important features of a world-class status, but not sufficient alone.
- Matching a good employee performance with an as good management performance is an even more important feature of a world-class enterprise.
- Good performance should always be rewarded there and then, even if good performance should be the norm. Unfortunately good performance is still rare in this world. When it happens to materialise, some form of reward should always be attached to it. Generally, a good word at the right time can do wonders (and generate sparks of joy.....).

Which leads to the conclusion: performance is not a matter of geography, of techniques, of skin colour or race - performance is a cultural issue.

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