

CASE STUDY

The Ritz-Carlton Hotel Company

The company now known worldwide as The Ritz Carlton Hotel Company began with celebrated hotelier César Ritz' opening, in 1898, of the first Ritz Hotel in Paris. Ritz' philosophy of service and innovations redefined the luxury hotel experience in Europe. His policy of maintaining the privacy of his guests attracted the elite to his hotels. Guests now routinely expect nothing less than the finest service, food, and accommodations at every Ritz Carlton property.

Headquartered in Chevy Chase, Maryland, The Ritz Carlton Hotel Company, L.L.C., has 59 hotels worldwide (35 city hotels and 24 resorts), employing over 25,000 people. Its name is synonymous with luxury and excellent service. The company has expanded from luxury hotels to include such innovative new businesses as The Ritz Carlton Club for fractional home ownership, a Club and Golf Division, and The Residences at The Ritz Carlton.

César Ritz's vision of a great hotel was one with excellent personalized service that satisfied the most discerning guest. In order to ensure that every guest receives impeccable service, Horst Schulze, The Ritz Carlton's president and COO for nearly 20 years, believed it was necessary to establish standards to focus employees on the core company values. His focus was on creating a high performance environment through leadership systems and processes where passionate employees could take ownership of their work. Believing in the importance of system and process development, in the early 1980's he helped to create The Ritz Carlton Hotel Company's "Gold Standards."

The Gold Standards, the foundation of The Ritz Carlton Hotel Company, encompass the values and philosophy by which the company operates. These standards include The Credo, The Motto, The Three Steps of Service, The Basics, and The Employee Promise.* Together they create a culture of excellent service quality in every aspect of customer service at a Ritz Carlton property.

By living these standards in everything they do, Ritz Carlton employees walk and talk the company's culture of quality service to each other and to each guest they encounter.

THE CREDO

- The Ritz Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.
- We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambience.
- The Ritz Carlton experience enlivens the senses, instills wellbeing, and fulfils even the unexpressed wishes and needs of our guests.

Before opening a new property, a common procedure is to hold a job fair. Individuals who show up arrive first at a "Warm Welcome" station where they are greeted by several employees who wish them luck and escort them to a Registration Area. During this time it is common for the company to have musical entertainers, beverages, and snacks available while

a Ritz Carlton video is running. On the video will be current employees describing their experiences at the company.

THE MOTTO

We Are Ladies and Gentlemen Serving Ladies and Gentlemen.

Various screening levels must be met before someone is offered employment. Upon leaving, each individual will be personally escorted again to an area where he or she is thanked for applying, often given Ritz Carlton chocolates, and escorted out of the building.

Regardless of whether someone is hired or not, all applicants are treated equally well. Each is made to understand that he or she is valued as a person. This type of attitude permeates every part of the Ritz Carlton culture.

Once hired, employees come back for a Seven Day Countdown. The first two days of this Countdown are devoted entirely to orienting employees to The Ritz Carlton culture and values. The remaining days are devoted to specific skills training and trial runs of service delivery.

The first day of orientation can be likened to a pep rally for the company, its culture, and its values. Over and over the new employee is sincerely welcomed as a new member of The Ritz Carlton family by the scores of current employees and managers involved in the training. The new employees learn about the company's history, philosophy, and values.

THREE STEPS OF SERVICE

1. A warm and sincere greeting. Use the guest name, if and when possible.
2. Anticipation and compliance with guest needs.
3. Fond farewell. Give them a warm goodbye and use their names, if and when possible.

The company philosophy emphasizes that the employees are not servants. Their profession is service. As their motto states, they are all Ladies and Gentlemen, just as the guests are. Guests and employees alike should be respected as such. Each employee of The Ritz Carlton believes this motto deeply as a promise by the organization that everyone should be respected as a lady or gentleman. It is also a demand on all employees, especially managers and leaders, to believe and to live by the company's Employee Promise.

THE EMPLOYEE PROMISE

At The Ritz Carlton, our Ladies and Gentlemen are the most important resource in our service commitment to our guests.

By applying the principles of trust, honesty, respect, integrity, and commitment, we nurture and maximize talent to the benefit of each individual and the company.

The Ritz Carlton fosters a work environment where diversity is valued, quality of life is enhanced, individual aspirations are fulfilled, and The Ritz Carlton mystique is strengthened.

Once employees have been trained in the company culture and in specific job skills, they start their new jobs each day with the daily “line up.” Each day, at the beginning of each shift, at every RitzCarlton hotel around the world, staffers are supposed to discuss the same Ritz Carlton basic, one of the 20 key principles employees must follow. They do this together in each department with their managers. They discuss this same basic again 20 days later with the purpose being to keep the Ritz Carlton philosophy front and centre in each employee’s mind. At this gathering, they also discuss hotel goings on, particular guests’ likes and dislikes, special needs, and any of their own concerns.

By using identical training and orientation programs at every new hotel and with every new employee, The Ritz aims to maintain its high level of prestige as the epitome of luxury hotel accommodations internationally. At the same time, The Ritz Carlton is expanding into uncharted areas with some of its new innovations. One of these, The Residences at the Ritz Carlton, is promising to redefine the concept of an elegant lifestyle. In addition to spaciouly proportioned condominiums, owners will enjoy all the legendary amenities and service points that have been a hallmark of The Ritz Carlton from its beginning. These will include a dedicated concierge, gourmet dining, butler service, and the prestige of living at The Ritz Carlton.

The Residences are already available in many key Ritz Carlton destinations, including Berlin, Boston, Georgetown, New York, and Grand Cayman. They each have unique features to entice buyers to purchase. For example, The Residences in Boston offer spectacular one to four bedroom condominiums with incredible views, access to a 100,000 square foot sports and spa facility, and fronts Boston Common.

The Residences are a new service concept from operating a hotel property. The service challenges will be many and varied and not the same types Ritz Carlton employees have come to expect and to manage. They have the potential to erode the prestige of The Ritz Carlton or to enhance it. Only time will tell.

Questions:

1. How does the training of Ritz Carlton employees instil a culture of quality?
2. What is The Ritz Carlton really selling?
3. What unique challenges might the employees of a Ritz Carlton Residence experience? How will the service need to expand or change to meet the needs of owners versus guests?
4. How could less expensive hotels incorporate some of the Ritz Carlton Hotel Company’s quality standards into their company culture at a reasonable cost to their customers?
5. Does excellent service have to cost extra to the company or the customers?