6-2-2010

Cases in Innovative Practices in Hospitality and Related Services: Set 3

Cathy A. Enz Ph.D.
Cornell University, cae4@cornell.edu

Rohit Verma Ph.D.
Cornell University, rv54@cornell.edu

Kate Walsh Ph.D.
Cornell University, kmw33@cornell.edu

Sheryl E. Kimes Ph.D.
Cornell University, sek6@cornell.edu

Judy Siguaw D.B.A.

Cases in Innovative Practices in Hospitality and Related Services: Set 3

Abstract

Service innovation involves not only new ideas, but novel turns on existing concepts. Many innovations use the latest technology, but innovation does not require new technology, just new thinking. Regardless of the source of an innovation, the goal is to improve operations, guest service, and revenues. The ten innovators presented here are as follows: Cayuga Sustainable Hospitality, which has developed a sustainable management platform, starting in Costa Rica; Chic & Basic, which has developed hostels in Spain that feature hip design and unusual amenities; Jet Blue, which has adapted the net promoter scale, a customer measure, to its employees; Jumeirah Essex House, which hired a curator to work with the New York arts community to create an Artist in Residence program; The Ritz-Carlton Hotel Company, which has built an upgraded training program using its core company values; Runtriz, which has used a wifi-enabled touch screen application to allow guests to efficiently acquire upscale hotel services, Boston's Seaport Hotel, which has parlayed its harbor side location into a full-blown sustainability program; Thayer Lodging, which has implemented Pure Air guest rooms and meeting rooms, not only for guest comfort but for improved meeting results; Trip Television, which has wedded internet video technology with guest-focused information applications; and Xsense Experiential Design Consulting, which helps improve new properties by helping developers connect with the culture and history of their site.

Keywords

hospitality, innovation, Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, Xsense Experiential Design Consulting

Disciplines

Business | Hospitality Administration and Management

Comments

The Center for Hospitality Research

Hospitality Leadership Through Learning

Cases in Innovative Practices in Hospitality and Related Services

Set 3

Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, and Xsense Experiential Design Consultings

Cornell Hospitality Report

by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D., Sheryl E. Kimes, Ph.D., and Judy Siguaw, D.B.A.

**Cornell University
School of Hotel Administration**

The Robert A. and Jan M. Beck Center at Cornell University
Back cover photo by permission of *The Cornellian* and Jeff Wang.

The Center for Hospitality Research

Hospitality Leadership Through Learning

Thank you to our generous Corporate Members

Senior Partners

Hilton Worldwide
McDonald's USA
Philips Hospitality
STR
Taj Hotels Resorts and Palaces
TIG Global

Partners

Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
French Quarter Holdings, Inc.
FX Real Estate and Entertainment, Inc.
HVS
Hyatt
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Marriott International, Inc.
Marsh's Hospitality Practice
Maritz
PricewaterhouseCoopers
Proskauer
Sabre Hospitality Solutions
SAS
Schneider Electric
Southern Wine and Spirits of America
Thayer Lodging Group
Thompson Hotels
Travelport
WATG

Friends

American Tescor, LLC • Argyle Executive Forum • Berkshire Healthcare • Cody Kramer Imports • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel • 4Hoteliers.com • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and Technological Professionals • hospitalityInside.com • hospitalitynet.org • Hospitality Technology Magazine • Hotel Asia Pacific • Hotel China • HotelExecutive.com • Hotel Interactive • Hotel Resource • HotelWorld Network • International CHRIE • International Hotel Conference • International Society of Hospitality Consultants • iPerceptions • JDA Software Group, Inc. • The Lodging Conference • Lodging Hospitality • Lodging Magazine • LRA Worldwide, Inc. • Milestone Internet Marketing • MindFolio • Mindshare Technologies • Parasol • PhoCusWright Inc. • PKF Hospitality Research • RealShare Hotel Investment & Finance Summit • Resort and Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • TravelCLICK • UniFocus • USA Today • WageWatch, Inc. • The Wall Street Journal • WIWIH.COM
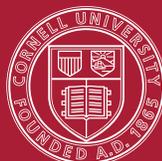
Cornell University
School of Hotel Administration

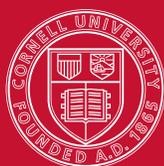# Cases in Innovative Practices in Hospitality and Related Services

Set 3: Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, and Xsense Experiential Design Consulting.

by Cathy A. Enz, Rohit Verma, Kate Walsh, Sheryl Kimes, and Judy A. Siguaw

EXECUTIVE SUMMARY

Service innovation involves not only new ideas, but novel turns on existing concepts. Many innovations use the latest technology, but innovation does not require new technology, just new thinking. Regardless of the source of an innovation, the goal is to improve operations, guest service, and revenues. The ten innovators presented here are as follows: Cayuga Sustainable Hospitality, which has developed a sustainable management platform, starting in Costa Rica; Chic & Basic, which has developed hostels in Spain that feature hip design and unusual amenities; Jet Blue, which has adapted the net promoter scale, a customer measure, to its employees; Jumeirah Essex House, which hired a curator to work with the New York arts community to create an Artist in Residence program; The Ritz-Carlton Hotel Company, which has built an upgraded training program using its core company values; Runtriz, which has used a wifi-enabled touch screen application to allow guests to efficiently acquire upscale hotel services, Boston's Seaport Hotel, which has parlayed its harbor side location into a full-blown sustainability program; Thayer Lodging, which has implemented Pure Air guest rooms and meeting rooms, not only for guest comfort but for improved meeting results; Trip Television, which has wedded internet video technology with guest-focused information applications; and Xsense Experiential Design Consulting, which helps improve new properties by helping developers connect with the culture and history of their site.

ABOUT THE AUTHORS

Enz   Verma   Walsh   Kimes   Siguaw

Cathy A. Enz, Ph.D., is the Lewis G. Schaeneman, Jr. Professor of Innovation and Dynamic Management and professor of strategy at the Cornell University School of Hotel Administration (cae4@cornell.edu).

Rohit Verma, Ph.D., is professor of operations management and executive director of the Center for Hospitality Management at the Cornell University School of Hotel Administration (rv54@cornell.edu).

Kate Walsh, Ph.D., is the Fred G. Peelen Professor of Global Hospitality Strategy and associate professor of management and organizational behavior at the Cornell Universary School of Hotel Administration (kmw33@cornell.edu).

Sheryl E. Kimes, Ph.D., is Singapore Tourism Board Distinguished Professor in Asian Hospitality Management and professor of service operations management at the Cornell University School of Hotel Administration (sek6@cornell.edu).

The founding dean of the Cornell Nanyang Institute of Hospitality Managemnt, **Judy A. Siguaw**, D.B.A., is dean of the College of Human Ecology at East Carolina University.

The authors acknowledges the contributions of their co-authors, as listed in the accompanying cases.

Cases in Innovative Practices in Hospitality and Related Services

Set 3: Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, and Xsense Experiential Design Consulting.

by Cathy A. Enz, Rohit Verma, Kate Walsh, Sheryl Kimes, and Judy A. Siguaw

Service innovation is the introduction of new or novel ideas that focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience.[1] Since the formulation of this definition at a Center for Hospitality Research roundtable, we have sought to identify innovative practices that focus on services.[2] In the cases to be presented here, we will feature organizations that illustrate distinctively service-focused innovations, whether they offer exemplary customer service delivery, build service cultures, introduce new service concepts or business models, refine implementation of new services (i.e., process innovation), or use technology to enable customer services.

---

[1] Rohit Verma, with Chris Anderson, Michael Dixon, Cathy Enz, Gary Thompson, and Liana Victorino, "Key Elements in Service Innovation: Insights for the Hospitality Industry," *Cornell Hospitality Roundtable Proceedings*, No. 1 (November 2008); Cornell Center for Hospitality Research.

[2] For example, see: Laurette Dubé, Cathy A. Enz, Leo M. Renaghan, and Judy Siguaw, "Best Practices in the U.S. Lodging Industry," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 40, No. 4 (August 1999), pp. 14–27.

This report presents the third set of ten case studies in this series. The cases are drawn from Costa Rica, Spain, and the United States. Sustainability is the theme for several of our innovators, including Cayuga Sustainable Hospitality and the Seaport Hotel. Using both large- and small-scale green initiatives, these firms have improved asset management, reduced costs, and improved community responsibility. Startup companies like Xsense Experiential Design Consulting and Trip Television offer new services, while Chic & Basic has devised a new hostel concept using key elements of cost management while offering distinctive amenities and design elements. The Ritz-Carlton Hotel Company uses its "Radar On—Antenna Up" program to improve service delivery through reinforcement of the company's core service precepts, while JetBlue has focused attention on the link between employee satisfaction and customer loyalty by adapting a customer performance metric to employees. Runtriz's mobile touch screen products for hospitality firms show how new services are often enabled through the use of technology. Taking advantage of its location in the heart of Manhattan, Jumeirah Essex House brings a comprehensive artist-in-residence program to life, while the Thayer Lodging case reveals the process for implementing a new service, (i.e., purified air in guestrooms). We hope you will enjoy and profit from the stories underlying these case studies in service innovation.

Cayuga Sustainable Hospitality

by Cathy A. Enz and Justin Sun

Description

The Practice: Cayuga Sustainable Hospitality offers development and management services for high-end sustainable ecolodges, resorts, and hotels in Latin America and the Caribbean. The company seeks to incorporate sustainability into every level of its operations to ensure that its philosophies and beliefs run throughout the organization. Its work in sustainability focuses on three main categories:

onsite sustainability and management, community development, and inspiration.

Within its onsite sustainability and management division, Cayuga Sustainable Hospitality focuses on the following functions:

- **Water use**: Making sure that properties use the world's most precious resource responsibly;

- **Wastewater management**: Ensuring that all water that leaves its properties keeps surrounding ecosystems healthy and functional;

- **Energy use**: Monitoring energy use and working diligently to lower each property's ecological footprint;

- **Solid waste reduction**: Working to reduce the amount of nonrecyclable waste that each property produces;

- **Natural and native plant landscaping**: Maintaining the natural characteristics of the local ecosystem;

- **Responsible consumption**: Purchasing products that are in line with the company's values and philosophies;

- **Promotion of local culture and flavor**: Ensuring that properties incorporate cultural elements from the surrounding community into their daily operations; and

- **Certification**: Working to achieve the highest levels of certification that award the company for its efforts in making sustainable tourism a reality.

Furthermore, Cayuga Sustainable Hospitality is involved with hotel associates and the communities in which the company's hotels operate. Within the immediate community, Cayuga Sustainable Hospitality focuses on the following activities:

- **Education**: Working with reimbursement plans that assist employees who wish to continue their studies;

- **Health**: Sponsoring activities and campaigns that promote the well being of associates; and

In addition to protecting their destinations, lodges operated by Cayuga Sustainable Hospitality report increased profitability from decreased operating costs and enhanced employee satisfaction.

- **Job training and development**: Training associates to be more knowledgeable and skilled in their positions, so that they can learn and grow.

To support the communities in which the company operates, Cayuga Sustainable Hospitality has created a program that ensures that a certain percentage of revenues are allocated to the following programs for community development:

- **Nature**: Ensuring that the surrounding ecosystems stay healthy and sustainable;

- **Building of green and sustainable communities**: Supporting the concept and implementation of green and sustainable growth and development;

- **Education**: Improving the education of communities surrounding properties to create a better and more sustainable future; and

- **Culture**: Ensuring that local communities maintain their unique culture and sense of livelihood.

In addition, Cayuga Sustainable Hospitality seeks to inspire individuals to live more socially responsible and fulfilling lives. The company works with three main sectors to achieve this goal: hotel associates, hotel guests, and the global community.

Associates: To inspire associates, the company offers extensive training in issues related to sustainable development and supports sustainability committees (composed of employees) that meet periodically to discuss and guide sustainability initiatives. Periodic events are organized to foster community engagement and awareness, and incentives are provided to employees for demonstrating their interest in working towards greater social responsibility.

Guests: The organization believes that when guests visit their properties, an opportunity exists to convince them that sustainable development should become a reality. The company highlights and showcases sustainability on its properties through tours and promotional material and promotes participation in philanthropy projects endorsed by its hotel properties. Guests are encouraged to visit and support natural areas surrounding individual properties and to live greener and more sustainable lifestyles.

Global community: Cayuga Sustainable Hospitality seeks to share and inspire businesses, schools, and government agencies to take on similar steps towards sustainable development and management. The community is taught how to incorporate the concept of sustainability into tourism and other businesses, and participation in committees that strive towards sustainable development is promoted. The company also works with suppliers to provide the tools and materials needed to fulfill its vision.

Why the Practice Was Developed: Cayuga Sustainable Hospitality was inspired by Hans Pfister and Andrea Bonilla, two hospitality professionals who worked with the Lapa Rios Ecolodge in the Osa Peninsula of Costa Rica. After working with the property's owners, who implemented sustainable practices in the operation, Pfister and Bonilla decided to incorporate the philosophy of sustainable tourism into managing other hotels and lodges nearby. Through their marketing efforts, Pfister and Bonila were able to grow the concept by applying sustainable practices to various hotel management contracts throughout Costa Rica and Nicaragua.

Execution

The Approach to Implementation: The Lapa Rios Ecolodge is situated in a remote area, so the property must source its own electricity, water, supplies, and construction material from its surroundings. The lodge has developed a strong philosophy of sustainability to ensure that the natural surroundings and local communities of the lodge maintain their integrity and economic viability.

After several years of operating the Lapa Rios Ecolodge using sustainable practices, Pfister and Bonilla saw the need to hire a full-time coordinator who would spearhead and oversee sustainability initiatives that general management did not have the time to implement. The coordinators were selected from the local area to work on community projects and programs in environmental stewardship. Recruitment practices and policies were refined over time as sustainability coordinators were hired for other managed properties. In 2007, the organization hired its first sustainability coordi-

nator to oversee all sustainability projects managed by the company at the corporate level.

The owners of the lodge, John and Karen Lewis, and the Costa Rican Tourism Board were key players in the development of Cayuga Sustainable Hospitality. The owners provided advice on incorporating sustainability into a business model based on their own experiences, while the tourism board created a Certificate for Sustainable Tourism (CST) that provided specific guidelines for implementing sustainability initiatives and practices.

Since the 1970s, the Costa Rican Tourism Board has adopted several programs and policies to encourage sustainable tourism development. By creating a strong national park system and marketing itself to the public as an "ecotourism" destination, the board put Costa Rica on the map as a destination that would favor tourism that incorporates elements of sustainability into its lodging operations.

When launching the concept of Cayuga Sustainable Hospitality, Bonilla and Pfister experienced resistance from owners of small boutique hotels and travel agencies who disagreed with the notion of having an outside management company run these hotels. These individuals could not see how an outside company could effectively run a hotel while maintaining the distinct character of each property. Moreoever, many hotel operators did not take the practice of sustainability seriously, and they viewed the concept as more of a philanthropic effort rather than as a critical component of hotel operations.

Getting the staff of various hotels to buy into the concept of sustainability was also a challenge. To convey sustainable practices to its hotel staff, Cayuga Sustainable Hospitality organized multiple visits to the Lapa Rios Ecolodge, so that employees could see sustainability in action. Over the years, training programs have been implemented in individual hotels managed by the company to help employees gain a working knowledge of sustainability. Employees are taught how to communicate sustainability to both guests and other colleagues, and they are encouraged to practice sustainability not only in the workplace but also at home and in their personal lives.

To communicate sustainability to guests, Cayuga Sustainable Hospitality continues to provide tours of sustainable features at its properties, in addition to offering information through its websites, promotional materials, nature tours, and cultural activities. The concept of sustainability must be constantly tailored to fit individual hotel needs and images. Finally, the company continues to fine-tune its sustainability programs to fit different management structures.

Outcomes

Cayuga Sustainable Hospitality has been successful in distinguishing itself from other hotel management companies. The company measures its success using a number of measures, including customer loyalty, profitability, costs, and employee satisfaction and motivation levels. The Certificate for Sustainable Tourism created by the Costa Rica Tourism Board provides additional benchmarks for evaluating success.

A number of benefits have been generated for guests and hotel managers from Cayuga Sustainable Hospitality's practices. Guests have indicated that their personal and moral satisfaction has been enhanced through developing a strong attachment to the natural surroundings of the properties where they stay. The lodges report increased profitability from decreased operating costs and enhanced employee satisfaction. Each property continues to garner financial savings from lower operating costs coupled with improved morale of both its guests and employees.

The major costs for Cayuga Sustainable Hospitality are related to hiring full-time sustainability coordinators at the property and corporate levels and managing donations and community development. The organization must implement new technologies, such as solar panels and energy-efficient equipment, to keep its properties on the cutting edge of sustainability. Each of these items adds to the list of expenses for the company.

Customer perceptions of sustainability practices are continuously monitored through evaluations distributed to guests after their stays, and management has observed more customers becoming eager to participate in sustainability programs promoted by various properties. A study carried out by Stanford University has analyzed the environmental and socio-economic effects of the Lapa Rios Ecolodge's operations on the surrounding community. The study concluded that the overall effects and feedback of sustainability produced by Cayuga Sustainable Hospitality have been positive as they continue to grow the company's profile and improve the bottom line.

Insights

The key factors behind the success of Cayuga Sustainable Hospitality are the ability of the organization to differentiate its hotel properties from others and to create a large positive impact on the morale of employees and surrounding communities. The company has identified the need for a specific, go-to person who is in charge of implementing sustainability efforts throughout each of its properties. This individual must be able to effectively communicate the concept of sustainability to both customers and employees and serve as a major advocate for sustainability. Because the concept of sustainable management continues to change and re-shape the operations of its hotels, Cayuga Sustainable Hospitality must constantly reevaluate its programs to stay aligned with current trends.

Finally, as we noted above, to maintain its competitive edge, Cayuga Sustainable Hospitality must embrace innovation through drawing upon new resources, including technologies, ideas, sources of funding, and creativity. The field of environmental stewardship is constantly evolving, so responding to changes in the organizational environment is critical. As sustainable practices within the organization are modified, they must also be complemented by new means of monitoring success in specific and measurable ways.

Contact

Hans Pfister

PO Box 428-1260 Plaza Colonial, Escazu, Costa Rica

www.cayugaonline.com

hans@cayugaonline.com

Chic & Basic

by Mar Vila, with Cathy A. Enz and Justin Sun

Description

The Practice: Chic & Basic owns and operates hostels that offer guests an innovative lodging experience centered on design novelty, practicality of amenities, and sensitivity to personal needs, while still offering low cost lodging. The company's hostels in Madrid and Barcelona are differentiated from direct competitors through careful attention to design and amenities. By fusing design and functionality the company has upgraded the traditional dormitory style hostel concept. Chic & Basic's hostels offer practical amenities, such as city guides with recommended establishments and plasma screen TVs in guest rooms, as well as in-room toilet and shower accommodations. The rates for staying in their hostels are slightly higher than typical, and customers have some control over the price that they will pay based on the size of the room: XL (€80), L (€70), M (€60) and Individual (€50).

Why the Practice Was Developed: Chic & Basic was started by two hospitality professionals who had previous managerial experience in leading Spanish hotel chains and who sought to serve customers in the lower three- and four-star hotel and hostel categories. The vision of the founders was to move away from the traditional offerings of hotels and to provide a product that is modern, young at heart, and innovative.

Execution

The Approach to Implementation: Created in 2003 Chic & Basic was founded by Albert Montesinos and Hugo Bertrand when they decided to quit their hotel jobs to launch their own personal project, with a Catalan family office as a financial partner, UEACSA.

As Montesinos and Betrand began exploring their entrepreneurial idea, they tried to avoid the industry's "pre-established bad habits." Committed to their business idea, they set out to avoid the undifferentiated, impersonal, and conservative hostel concepts they felt were most common at the time.

Montesinos and Betrand discovered that the lower categories offered the greatest potential for innovation. The traditional hostel concept was unattractive to many clients due to the perception that hostels were low quality, poorly maintained, and offered few services. The partners purchased an old boarding house in Madrid's city center and redesigned it to become Chic & Basic Colors Madrid. The result was a colorful, modern hostel with each room painted a different color.

From the beginning, the Chic & Basic concept was to offer multiple amenities and charge a rate that is slightly higher than the typical hostel. In place of the common dormitory style accommodations, individual rooms are large, with full bathrooms, plasma screen TVs; on-demand music; and free internet access. Complimentary coffee, juice, and sandwiches are available in the common area, along with a free refrigerator and magazines. Thus, the hostel experience is both "basic" and "chic."

The Madrid hostel thrived, and in 2006 the partners opened a second unit in Barcelona: Chic & Basic Tallers. In addition to the Barcelona hostel, the company also has a three-star hotel and apartments in Barcelona and a three-star hotel in Amsterdam. These facilities are also built on the idea of combining a low-cost product with "chic" elements. The company continues to expand, with a new hotel expected to open soon in Berlin.

The founders believe that innovation is essential for maintaining their competitive advantage and the chain's image. Although a cost analysis is carried out for each innovation, most proposed changes cost little to implement. Few corporate functions are outsourced, with the overarching goal of keeping structural costs under control.

When identifying new locations for Chic & Basic hostels, the company seeks existing, centrally located establishments in big cities. After analyzing the associated costs of their investment—approximately €8,000 per room, on average—management decides on whether to design furniture, decorations, and services, or to buy them made-to-order. The founders oversee the chain's continuous improvement, but they also contract with external professionals.

With two full-time workers and one part-time position in each hostel, the employees constitute a key innovative element. Employees are carefully selected and given excellent opportunities to grow professionally. All new positions are filled by internal employees, who are expected to share the company's philosophy and provide superior guest service.

The main obstacles that the founding partners have experienced are financing establishments and the difficulties

involved with using innovative materials. Management also finds remodeling of certain locations a challenge.

To complement their low-cost rooms, Chic & Basic has produced the following innovations:

- a Barcelona city guide that varies from standard guide-books because the founders themselves have chosen the restaurants, shops, bars, and discos (without any compensation from the establishments that they recommend). Printed at a cost of just under €1 per copy, the guide is free for hostel guests;

- an unusual, space-saving cooler that is also an ottoman; and

- a radio station created especially for Chic & Basic guests.

Chic & Basic is considering the possibility of selling its decorative items and furniture. In addition to earning extra income, the management company is enhancing its brand image and making future renovations easier.

The company has also created a variety of price promotions that have helped to grow revenue:

- *Green Days*: We increased our generosity by lowering prices.

- *Sun Days*: Let us help you make your weekend last a little longer.

- *Early Days*: The early bird gets the worm. You don't need to be an actual bird, or even like worms.

Outcomes

Guest satisfaction surveys conducted by an external firm have received positive responses for some specific innovations, such as the design of the common areas, the use of technology, and the quality of service provided by the staff.

The chain's marketing campaigns are based on publicity: press releases, acknowledgments, participation in public events, and the company's webpage, which allows the company to reach targeted clients and allows direct reservations. Currently, 60 percent of Chic & Basic's sales are direct, and clients do not have to go through intermediaries.

The company aims to build client loyalty through its guest room design and guest newsletter. The type of client that currently stays at Chic & Basic properties continues to reflect the characteristics of the desired profile: young at heart (not necessarily in terms of age); staying a number of nights that is comparable to the industry average; modern; and using the bulk of services provided. Overall, the fourteen-room Chic & Basic Tallers hostel in Barcelona achieved an average nightly rate of €55 in 2008, and an 80-percent occupancy rate.

<div style="text-align:right">

Chic & Basic hostels in Spain have enjoyed strong occupancy and high guest satisfaction by offering hip design while still keeping costs low.

</div>

Insights

A key factor behind the success of Chic & Basic is the fact that its owners are both the originators of the idea and the individuals responsible for promoting innovation. The owners' personal alignment with the business philosophy of listening to the client is a key element to the company's success, as is its practice of contracting the best professionals when needed, so that the company does not become outdated. For example, partnerships are formed with the most innovative graffiti artists, musicians and industrial designers, and suppliers of distinct graphic material and amenities when the company seeks to foster innovation.

Management's concerns regarding the future include a fear that expanding too quickly may lead to losing the firm's original spirit and identity and the possible limitations from financial resources. In addition, the entry of new partners could slow the decision-making process. Since employees are such a critical part of the expansion process, it is also essential that they do not feel that expansion results in a loss of the concept's fundamental values and integrity.

Although they believe that elements of the idea are difficult to replicate, management also faces the risk of imitators. The company's innovations are often intangible and are constantly changing, making it more difficult to imitate. Innovations are aligned with the following characteristics:

- City-center establishments;

As a means of improving service, Jet Blue Airways adapted a guest-satisfaction measure—the Net Promoter Score—to gauge employee satisfaction.

- Design, functionality, and distinctiveness of the establishment, rooms, and décor;

- Proprietary and superior services compared to those offered by establishments in the same category;

- Room rates that are higher than those of direct competitors and slightly less than those of establishments in higher categories offering the same level of service; and

- Consistency between the brand image, communications, and products and services: Everything is Chic & Basic.

Contact
Albert Montesinos & Hugo Bertrand,
Calle Princesa, 50
08003 Barcelona
Tel.: (+34) 93 295 4652
Fax: (+34) 93 295 4653
http://www.chicandbasic.com

Mar Vila, PhD
Associate Professor, Department of Financial Management and Control
Director, Centre for Tourism Management
Tel: (+34) 93 495 2096
mar.vila@esade.edu
ESADE
Av. de Pedralbes, 60-62
E-08034 Barcelona
http://www.esade.edu

JetBlue Airways: Using Net Promoter Scores to Assess Employee Engagement

by Kate Walsh and Justin Sun

Description

The Practice: To assess the satisfaction of its employees in the workplace, JetBlue Airways has incorporated questions into its employee engagement surveys to determine a Net Promoter Score (NPS) for employees. The NPS is a customer-service metric developed in 2003 by Satmetriz, Bain & Company, and Fred Reichheld to help organizations measure and improve customer loyalty.[3] Using the NPS, JetBlue sought to gauge employee satisfaction, in part to improve employee retention efforts. The NPS for employees is obtained through a set of questions that assesses whether employees would recommend JetBlue as a favorable place to work. The NPS survey scores are made available to all employees within the company, including leaders, whose bonuses are contingent upon the company reaching its NPS goals. By segmenting surveys based on department, JetBlue is able to gain insight into which areas of the company have the highest and lowest areas of employee loyalty and satisfaction.

Why the Practice Was Developed: The NPS was implemented in the wake of an ice storm in 2007 that left thousands of JetBlue passengers angry and stranded in airports. After that incident, JetBlue's "People Department" (human resources) noted that employee satisfaction scores were beginning to drop. Seeking ways to improve employee satisfaction, the People Department adapted NPS for its employees. The NPS is one of multiple initiatives implemented by JetBlue to ensure that the company's delivery of superior service extends to not only customers but also employees.

Execution

The Approach to Implementation: Led by Julia Gomez, director of people planning and analysis, the People Department incorporated the NPS questions into employee engagement surveys. Before implementing the NPS, JetBlue had already begun to ask its staff members whether they were likely to recommend JetBlue as a good place to work, and had also been using the NPS to assess customer loyalty. After modifying these questions for employees, the People Department began to use the NPS in 2008 as an official metric for assessing employee engagement.

The questions ask employees (known as crewmembers) to identify whether they would recommend JetBlue as a favorable employer. In addition to inclusion in the

[3] R. Owen and L.L. Brooks, *Answering the Ultimate Question: How Net Promoter Can Transform Your Business* (San Francisco: Jossey-Bass, 2008).

annual crewmember engagement survey, the questions are administered to employees at various times to obtain a more complete view of employee satisfaction throughout the year.

In addition to the NPS questions, which are in the last part of the employee engagement survey, employees are asked to evaluate a wide array of topics related to their jobs. For instance, employees are invited to share their feedback in a confidential manner on their work environment, quality of feedback received from managers, and overall perceptions of JetBlue. The survey results help managers to identify how they can better lead employees by ensuring that expectations are clearly communicated and that employees receive the necessary training and experience to achieve their professional goals. JetBlue complements its surveys by sending monthly e-mails to employees to solicit feedback on ways in which the company can better support its human capital.

Outcomes

JetBlue differentiates itself from other airline companies through its commitment to delivering superior service to both customers and employees. The crewmember satisfaction surveys have helped to reinforce JetBlue's value of "caring," by ensuring that employees have an opportunity to share with management their concerns and suggestions for change. JetBlue has made its NPS a top priority, so that the scores are a component of JetBlue's four-pronged corporate measurement for success. Because employees understand that the NPSs are tied to corporate success, they are not hesitant to provide their feedback and ratings.

A company-wide employee NPS is calculated each month based on employees' answer to how likely they would be to recommend JetBlue to friends or family as a preferred place to work. Based on their responses, employees are categorized into one of three groups: those who provide a rating of 9 or 10 are considered "Promoters"; those rating JetBlue a 7 or 8 are considered "Passives"; and employees giving ratings of 0 to 6 are classified as "Detractors." The overall employee NPS is the total percentage of promoters, minus the percentage of detractors. Employees who are identified as promoters are likely to score high on such statements as: "I feel proud"; "JetBlue cares about me"; and "My growth is supported at work."

The NPS has motivated management to become more focused on improving systems and processes that make JetBlue a preferred employer. For instance, JetBlue has attempted to implement no-furlough days, so that employees are able to maintain steady income levels even when business levels are low. Management has further been encouraged to find creative ways to cut costs, so that employees are not affected.

Insights

The success of the employee NPS implementation largely stems from the company's goal of constantly improving customer service and the belief that employees are the key driver behind delivering superior customer service. In contrast to a focus on simply cutting costs, JetBlue makes unparalleled customer service a priority.

Executives' bonuses through meeting both customer and employee NPS goals have helped to strengthen commitment to administering the NPS and enacting change where needed. Using the feedback provided by crewmember engagement surveys and the NPS, JetBlue is able to make changes to systems and processes to try to improve its employee NPS. When management makes changes to work systems, they can identify what changes are most effective in driving employee loyalty—for example, offering more flexible work schedules. In closing, it's worth repeating that the NPS was not originally intended to be used for assessing employee engagement, but it has proven to be effective in identifying areas of improvement for management.

Contact:
Christopher J. McCloskey, ASQ-CQA
General Manager Inflight Performance and Quality
Inflight Service
JetBlue Airways
christopher.mccloskey@jetblue.com

The Artist in Residence Program at Jumeirah Essex House

by Cathy A. Enz and Justin Sun

Description

The Practice: As part of its commitment to stay in touch with the vibrant culture of Manhattan, the Jumeirah Essex House on New York's Central Park South hired a curator to develop an "Artist in Residence" program that showcases artists and connects with New York's cultural sector.

Why the Practice Was Developed: As part of the renovation and redesign of the hotel by Jumeirah Group in 2006, Katherine Gass, Jumeirah's curator, envisioned creating an art program that exemplified the hotel's proximity to Central Park and illustrated the hotel's historic 1931 tagline "Always In Touch with The Park, Never Out of Touch with The City." The result of this vision was the Artist in Residence program, which invited artists to stay in the hotel and create artworks that would be installed in the hotel's lobby. The goals of the residence program were to strengthen the historical connection between Central Park and Jumeirah Essex House—a member of the Historic Hotels of America—and to refresh the hotel's artwork in conjunction with the building's $90 million soft goods refurbishment. No other hotel in New York City had a curator on its staff at the time, so Jumeirah

Jumeirah Essex House reinvigorated its connection with New York City and augmented its renovation by hiring a curator for an Artist in Residence program that brought new installations into the hotel.

Essex House saw the perfect opportunity to use art as a means of enhancing the guest experience. Since its inception, the art program has collaborated with photographers, painters, sculptors, and filmmakers. The program also provided an opportunity to re-energize the pride and commitment of hotel colleagues as part of the hotel's heritage and character.

Execution

The Approach to Implementation: Gass and the hotel's management launched the Artist in Residence program in winter 2006, when the hotel lobby's renovation was completed. In collaboration with the Museum of The City of New York, Magnum Photos, and other cultural agencies she created an exhibition titled "The Heart of Central Park," using over 90 images of Central Park from 1858 to the present. On permanent display in the lobby corridor, the exhibition features wall labels describing the works on view, a brochure that is free for guests, in-room postcards, and information on the hotel's website. Interested colleagues became hotel "docents" who could give art tours to guests and travel agents. With Centralpark.com, the hotel created a year-long online public photography contest, which was juried by a panel of well known photography curators from museums around the city, as well as the creation of the now popular MP3 Walking Tours—free for guests and available from Jumeirah's website—that featured self guided walking tours of the art and architecture of Central Park.

Before joining the Jumeirah Essex House, Gass had started the James Company Contemporary Arts Projects LLC and assumed leadership roles at the Whitney Museum of American Art, the Chase Manhattan Bank Art Collection,

Curt Marcus Gallery, and Aldrich Museum of Art, where she developed numerous exhibitions and best practices for showcasing artwork from the local community.

The Jumeirah program's first installations were works by Korean photographer Atta Kim and renowned American contemporary urban landscape painter Mark Innerst. During their stay at the hotel, both artists researched the historic and artistic connections between Jumeirah Essex House and Central Park. At the time of its installation, Innerst's landscape was his largest piece, and he created additional artwork for the hotel's Presidential Suite.

Other major projects that have been displayed in the hotel include hand-blown glass terrariums by artist Paula Hayes, installed early in 2009, in part to observe the arrival of spring that year. Hayes's project featured three glass sculptures with miniature landscapes that included live plantings, semi-precious stones, mirror shards, and colorful glass.

When identifying artwork to showcase in the hotel, Gass seeks to ensure that each exhibit builds upon the hotel's positioning slogan.

Outcomes

The program also fits with Jumeirah's own trademark slogan, "Stay Different." Jumeirah Essex House is the company's only North American property at this writing. Further demonstrating Jumeirah's commitment to the arts, the firm has also developed ongoing sponsorships of important international art fairs and non-profit arts organizations. Jumeirah is the lead sponsor for acclaimed art fairs such as The Armory Show in New York and Art Dubai in Dubai, and supports educational artist organizations that advance arts production, such as the artist in residence program at Maine's Skowhegan School for Painting and Sculpture.

Insights

A contributing factor to the success of the Artist in Residence program is that the hotel's makeover called for refreshing the artwork displayed throughout the hotel. The celebration of the hotel's 75th anniversary coupled with the reopening of its newly refurbished guest rooms created the perfect opportunity for the property to introduce this program.

Furthermore, the hotel's prominent location provides access to numerous tourists and local residents. Jumeirah Essex House projects have assumed many forms, such as the collaboration with the non-profit organization called Green Chimneys. This organization helps children from broken homes heal through a rehabilitation program with farm animals on its campus in upstate New York. Green Chimneys hosted a successful benefit at the hotel with its October 2009 "Celebrity Dogs Unleashed" contest, in which thirty life-size, fiberglass dogs were painted by major celebrities and were displayed in the windows of the hotel lobby. The dogs were

also featured on a float in New York City's Labor Day parade. The alignment of the Jumeirah Essex House's location with the local culture and brand proposition is a key element of the program's continued success.

The art program's success is attributed in part to the hotel's ability to showcase the best work of artists in numerous media—including photography, paint, film, and ceramics. For example, Jumeirah Essex House commissioned a work by prominent filmmakers Eve Sussman and Simon Lee, who created a hybrid film which tells a story about Jumeirah Essex House while re-interpreting Jumeirah's "Stay Different" brand promise.

The program has been so successful that it has served as a foundation for the expansion of Jumeirah Group's commitment to art and culture, as the brand now includes cultural programming as an integral part of operations in each of their properties worldwide. Most important, Jumeirah creates opportunities for its guests, colleagues, and communities to connect with different cultures, people, and ideas.

Contact
 Katherine Gass, Curator
Jumeirah Essex House
http://jumeirah.com

The Ritz-Carlton Hotel Company and its Mystique: Enhancing Culture through Training to Build Success

by Kate Walsh and Justin Sun

Description

The Practice: Building upon its culture of delivering legendary service to guests, The Ritz-Carlton Hotel Company designed a training program titled, "Radar On—Antenna Up." This program is a central component of employees' learning and development plan. The course teaches employees how to stay "in the moment" of guest interactions and discern the crucial difference between guests' stated needs and their unexpressed wishes. The goal is not to satisfy guests through just meeting their expectations, but rather it is to engage with them through an emotional connection. The company has found that engaged guests spend significantly more than simply satisfied ones. This program is part of Ritz-Carlton's core strategic initiatives, whereby the company works to create the mystique or "Wow" factor embedded in every guest experience.

Why the Practice Was Developed: The course, "Radar On—Antenna Up," was designed to ensure that employees are fully certified and prepared to deliver Ritz-Carlton's legendary anticipatory service to guests. Because Ritz-Carlton employees are viewed as the driving force behind the company's mystique, the education and development of both management and non-management employees are a top priority for the organization. The "Radar On—Antenna Up" workshop is one of many initiatives that help employees to discern the best ways to engage with guests at both an intuitive level and in a proactive manner.

Execution

The Approach to Implementation: The "Radar On—Antenna Up" workshop was designed for employees at all levels by members of the leadership center team: Diana Oreck, vice president, leadership center, Jill Guindon-Nasir, senior corporate director, global business development, and Brian Grubb and Jeff Hargett, corporate directors content and delivery. The goal was specifically to show employees how to deliver personalized service in such a way that guests become engaged with the Ritz-Carlton brand.

Throughout the course, employees learn how to deliver an authentic and unscripted style of service based on clues they read from interacting with the guests. For instance, guests who use formal phrases, such as "Good morning" or "Good evening" may be sending a cue to employees that they would like to be spoken to in a formal tone. This is different from guests who use more casual phrasing, such as "How's it going, dude?," which calls for a less formal style of communication from employees. In contrast to relying on scripted phrasing, employees are encouraged to respond to guests using words that cater to guests' personalities. More important, employees are trained how to read signals from guests to determine and meet a guest's unexpressed wishes. Employees are authorized to apply up to $2,000 in resources per day to meet these implicit wishes or to take care of a guest opportunity, although spending that money is viewed as a last resort and employees take pride in not spending those funds. Instead of financial recompense, they know that in the case of a service misstep, guests mostly want employees to take ownership of the situation and listen with genuine care. The goal is to make an emotional connection with guests, show heart in the service delivery process, and delight the guest. This concept is based on the idea that every employee holds The Ritz-Carlton Brand in his or her hands.

Using her knowledge of hospitality operations, Oreck shaped a results-oriented training course. Her strong background in total quality improvement and all facets of guest satisfaction helped her to craft the program, which is one among several other training courses. These courses are credited with helping significantly grow the company's base of loyal customers.

"Radar On—Antenna Up" proved to be so effective at improving customer satisfaction for The Ritz-Carlton that (at the urging of Guindon-Nasir), Oreck decided to make the course available to other organizations. She has presented the course to companies in such diverse industries as automotive, aviation, finance, food services, health care, retail, and transportation.

The Ritz-Carlton Hotel Company created a training program, known as Radar On—Antenna Up, to improve its legendary anticipatory service.

Gaining the support of top management for the program was not difficult, since the company has made learning and development a central part of its day-to-day operations, and the company's culture is woven through all of its tightly aligned business initiatives. During daily line-ups at both the corporate and property levels, managers review key values and service standards—focusing on a different standard each day. They also reiterate the concepts central to "Radar On—Antenna Up." Employees are reminded that by surpassing guests' expectations, they are enhancing The Ritz-Carlton mystique and in doing so, contributing to the organization's success and financial strength.

To help employees deliver superior service to guests, Ritz-Carlton creates an environment focused on teamwork and recognition. For example, the company provides all employees a stack of recognition cards called "First-Class" cards. On these cards they can write thank you notes to their colleagues for helping one another outside of their own required duties—and in doing to, to assist with delivering exemplary service to guests. A copy of the card is provided to the employee who is being recognized, and an additional copy is published in the company's Daily Line-Up packet for all colleagues to see.

Outcomes

The "Radar On—Antenna Up" program is one of several practices that have helped The Ritz-Carlton Hotel Company to be successful in distinguishing itself from other hotel firms. To determine customer perceptions of The Ritz-Carl-ton service experience, the company uses guest satisfaction surveys that evaluate multiple aspects of a guests' experiences on a 0 to 5 scale. Only guests who provide a score of 5 are considered to be truly engaged. Beyond that, the satisfaction scorecards provide a means by which The Ritz-Carlton can identify the areas for improvement through additional employee training and resources.

The company's training and development focus has generated numerous benefits for both guests and employees. Guests continue to tell stories about how they were emotionally touched by employees who went above and beyond expectations in exceeding their needs. Employees who see how their individual roles contribute to the company's mystique feel more valued and satisfied. The Ritz-Carlton also continues to experience financial gains from their highly engaged guests. This program is aimed at protecting the brand-value through these difficult economic times.

Finally, workshops such as "Radar On—Antenna Up" have helped The Ritz-Carlton to remain the only service company ever to have won the prestigious Malcolm Baldrige National Quality Award twice—in 1992 and in 1999.

Insights

A contributing factor to the success of the "Radar On—Antenna Up" course is The Ritz-Carlton's culture that makes the learning and development of employees a trademark of the company's daily operations. Training is woven into the workplace—in the daily-line ups, for instance, where employees are constantly encouraged to connect what they have learned in the classroom to their crucial guest interactions.

The high level of commitment to training from executive team members at Ritz-Carlton's properties has made the implementation of learning initiatives like "Radar On—Antenna Up" seamless. While many hospitality companies experience pressure to minimize expenses through reducing training, Ritz-Carlton makes the training investment a top priority, measuring the return on this investment and using it to protect its brand value.

Oreck argues that it is crucial to align training initiatives with a company's business strategy. All business units within a hotel—whether in the front or back of the house—should weave corporate service values into their daily operations. By constantly discussing service standards and referring to the strategic plan known as The Pyramid, managers can remind all The Ritz-Carlton ladies and gentlemen of the crucial roles that they play in reinforcing the company's culture and in carrying out its mission. It is up to managers to clearly make the distinction between an employee's function and purpose. An inspiring purpose motivates employees to "volunteer their best" every day. In essence, the "Radar On—Antenna Up" program is about achieving flawless execution of the basic service concepts.

About The Ritz-Carlton Leadership Center

Launched in 1999, The Ritz-Carlton Leadership Center has welcomed thousands of senior executives, managers, and line staff from numerous industries. The Leadership Center has flourished as a resource center for leading organizations interested in benchmarking many of the business practices that led to our becoming a two-time recipient of the Malcolm Baldrige National Quality Award.

In 2007 The Ritz-Carlton Hotel Company LLC and The Ritz-Carlton Leadership Center were ranked # 1 Global Training Company by *Training* magazine. In 2008 they were inducted into *Training* magazine's Top 10, *Training* Hall Of Fame.

The services of The Ritz-Carlton Leadership Center are ideal for organizations looking to create sustainable change, outperform the competition, and increase employee and customer loyalty. Participants receive knowledge and information that transcend all industries and levels of leadership. Information on course offerings and registration can be found at http://corporate.ritzcarlton.com/en/LeadershipCenter.

Contact:

Diana Oreck Vice President,
Ritz-Carlton Leadership Center
4445 Willard Avenue, Suite 800
Chevy Chase, MD 20815
301-547-4871

With touchscreen technology, Runtriz has developed a way for luxury hotel guests to use mobile devices to order services, contact the concierge, and find information about a destination, thereby extending the hotel's service reach.

Runtriz: Enhancing the Guest Experience

by Rohit Verma and Bill Daviau

Description

Runtriz is a small software firm specializing in web design and interactive touch screens. The company operates under the principle of triz, a Russian acronym meaning the theory of inventive problem solving. Recently, Runtriz has developed Hotel Evolution, a mobile touch screen platform for the hospitality industry that allows guests to quickly and easily interact with staff via the web. The platform's applications are completely customizable for any hospitality venue. Hotel guests can use these touch screens to set wake up calls, play music, get information, and order room service. Restaurant or bar customers can use them to order food and beverages, play games, and even request a song from the DJ.

Hotel Evolution is primarily used in luxury hotels. The web-based platform is accessible both on or off the hotel premises, using any wi-fi mobile device, and the hotel will lend guests a complimentary iPod Touch if needed. Guests can use Hotel Evolution to send text messages to the hotel front desk, concierge, room service, and valet. They can also find detailed information about the destination, including images and videos of local hot spots, transportation services, and attractions.

Hotel Evolution benefits hotels by permitting improved customer service, not only providing guests with detailed information regarding hotel services and amenities, but al-lowing reservations for other family properties, spa services, and other hotel departments. This decreases bottlenecks at the hotel's concierge and upsells guests, as well as boosting revenues when local restaurants, clubs, and bars pay the hotel for priority placement on their system, similar to a listing service. Guests can instantly order anything they want, including room service and box seats at a baseball game, without ever picking up a phone or waiting in a line.

Since Hotel Evolution is completely customizable, hotel management determines all of the elements available to the guest and has complete control of screen design. Hotel Evolution even uploads song playlists to guests' iPods. Because Hotel Evolution records all guest touches, purchases, and actions on the touch screen, Runtriz can provide hotels with valuable guest information.

Despite its many features, most hotels agree that Hotel Evolution is not a replacement for a concierge, but instead enhances the concierge service. The luxury hotels that use Hotel Evolution want guests to have as much employee interaction as possible, so they must set a balance between guest-initiated actions through Hotel Evolution and services delivered by the staff. For example, although Hotel Evolution is capable of making an online dinner reservation through Open Table, hotels prefer that the concierge make the reservation. Concierges have embraced Hotel Evolution because it decreases time spent on the phone and allows them to spend more time interacting with guests.

Execution

No other application works like Hotel Evolution, because Runtriz developed it as an extension of hospitality industry services. It is the brainchild of Matthew Allard, president and founder, who worked a number of years in the hospitality industry. He understood that the hospitality industry had not fully grasped opportunities that modern technology provides and customers demand—especially given guests' expectation to be able to gain detailed information quickly from the web. He also noted the backups at the concierge desks during busy times, when one or two concierge representatives are working to support the requests of 500 to 1,000 guests. Allard determined that guests were not only frustrated when waiting in queues for a reservation, but they also preferred images, videos, and web descriptions over a concierge's description. Guests did not want to hear about a spa or restaurant; they wanted to see images of what it looked like, read what the menu had to offer, and check other users' comments and reviews.

The Hotel Evolution prototype, a large tablet with a touch screen, proved too costly, since the hotel had to be wired for the tablets which then had to be installed in each guestroom. A platform of mobile devices was less costly for the hotel and more efficient for guests, because they could use the application while they were sitting in restaurants, taxis, or other transportation services, as well as in the hotel.

Installing Hotel Evolution is just a matter of setting up the website and sending out a press release announcing the service. The installation cost for a standard 500-room hotel is approximately $5,000 with an ongoing monthly fee of $1,000. Since the platform is mobile and is web-based, no physical installation is required. Runtriz works with the hotel to customize the platform to suit the needs of the hotel and brand, test it with the staff, and finally go live. Although Runtriz prefers the hotels to have wifi capabilities, the platform will operate without wifi.

Outcomes

Hotel Evolution has been successful in all of its installations, as measured by direct revenue and customer service increases. Not only does the product increase revenues in-house, but it also brings more customers to the hotel and sparks free press and public relations.

Runtriz piloted its product at the Sky Hotel. While some hotels were skeptical to be the first to try the innovative product, others jumped at the opportunity. One significant early supporter was Alan Goldshneider, the general manager of the Malibu Beach Inn, in California. In its first 120 days of Hotel Evolution operation, the 47-room Malibu Beach Inn recorded a 25-percent increase in room-service revenues, with an increase of approximately $15 per check and a 30-percent increase in gift shop sales.

Beyond actual sales and revenue increases, Runtriz also views guests' overall use of Hotel Evolution as a gauge of success. The company can supply its clients with marketing information regarding what pages the guests have browsed. Hotels see this information as invaluable since they can better track customers' preferences and price sensitivity. For example, if a guest viewed massage prices on the website but did not make a purchase, the hotel may conclude that the guest is unwilling to purchase a massage for the listed price. Based on its revenue management algorithms, the hotel may decide to fill unused spa capacity by sending the guest a coupon for a discounted massage or other promotion.

As is the case with the concierge desk, Runtriz has also increased all employees' efficiency. Hotel Evolution tracks how long it takes employees to respond to guest requests made through the system. The hotel can set up the platform to alert managers when employees are not responding to requests on time. For example, the system can trigger an alert for the housekeeping manager if a housekeeper has not responded to a request to clean a room after 30 minutes. Then, after 60 minutes, the platform could alert the hotel's GM.

Runtriz adapts Hotel Evolution according to suggestions from its clients. The application is customized for every hotel. For example, guests at the Hyatt Monterey can use Hotel Evolution to order food and drinks by the pool. Other hotels have set up the platform to allow guests to directly communicate with the housekeeping and engineering department to more quickly respond to their guestroom needs, thus freeing up the front desk associates who ordinarily might have to field such a call.

Two groups of guests that particularly have embraced Hotel Evolution are VIPs and those with hearing issues. VIPs like being able to order whenever they want without employees constantly hovering around them. For people with hearing issues, Hotel Evolution's touch screen becomes an excellent communication mechanism, bypassing the challenges of aural communication.

Insights

Allard notes that the beta-version rollout using tablets was premature. Instead, he believes that the company should have waited to perfect the product before marketing it to hotels. After that initial learning experience, Allard wanted hotels to focus on the value of the software, not the cost of hardware. From that time, Hotel Evolution has been an evolving technology, hence the name. Although the application has come a long way since its conception three years ago, Allard nevertheless refers to the current version as Hotel Evolution 1.0.

Each hotel sees a slightly different use for Hotel Evolution. For example, an urban hotel may require an application which provides information regarding local restaurants and

bars, while a resort may see the guest as captive for seven days and requires applications for its extensive on-site amenities to maximize the guest purchasing. Allard's next goal is to enter sports and concert arenas with an application that would allow arena customers to order food without requiring a server's presence.

Contact:

Matthew Allard

Runtriz Founder and President

7033 W Sunset Blvd

Suite 225

Hollywood, CA 90028

310.625.6666

The Seaport Hotel: Differentiation with Green Innovation

by Rohit Verma and Bill Daviau

Description

The Seaport Hotel is a 428-room independently owned and operated luxury hotel located at Boston Harbor. The hotel, which sits on a 22-acre site, primarily serves groups and meetings (60- to 75-percent of the hotel's business), using its 270,000 square feet of meeting space. Recently, the hotel has been at the industry's forefront of green initiatives by developing Seaport Saves, an environmental program dedicated to increasing sustainability and conservation throughout the hotel. The Seaport Hotel has been recognized for its outstanding environmental innovations by a number of local and national organizations. The hotel has won the Boston Green Business Award three years in a row, beginning in 2007, and won the Massachusetts Lodging Association's Good Earthkeeping Award in 2008. Forbes Traveler recognized Seaport as one of America's Greenest Hotels in 2008.

The hotel's environmental commitment dates to 2005. The Seaport was the first hotel in Boston to provide in-room recycling services to guests and the first hotel in New England to implement the Bio EZ Waste to Water system. The hotel was also the first in the United States to use Grander Water Technologies, and was among the first five hotels in the United States to implement chemical-free cleaning developed by the Electrolyzer Corporation. Following is a list of the hotel's large-scale innovative green practices:

Bio EZ waste to water system: This is a fully automated system that uses microorganisms to breakdown organic waste and convert it into water which is pumped into the sewer for further treatment. In 2008, the Seaport Hotel diverted 53 tons of organic waste from the landfill.

Pure allergy friendly rooms: This system removes 98.5 percent of all airborne particles in a room. Guest rooms are also professionally treated to minimize irritants, contaminants, and odors to certify them as hypoallergenic. (See the Thayer Technology case for a more detailed explanation.)

Grander water technology: This stimulates beneficial bacteria growth and prevents the growth of harmful pathogens to reduce the guests' chemical consumption and provide a healthier pool experience. This technology reduces pool chlorine levels by 50 percent.

Electrolyzed water: The Seaport Hotel transforms tap water, salt, and electricity into a chemical-free, neutral disinfectant for all facets of housekeeping. The electrolyzed water costs pennies to manufacture and has a 60-day shelf life. Electrolyzed water is safe to work with and contributes zero indoor air pollutants.

Ozone laundry: The hotel uses an ozone laundry system that uses electricity to transform oxygen (O_2) into ozone (O_3). This system allows for a more efficient wash cycle that uses less water, less electricity, and fewer chemicals.

The Seaport Hotel has also implemented various small-scale green initiatives. The hotel provides in-room recycling and a sheet and towel reuse program. The hotel spent $400 for rubber coasters in the bar, an amount equivalent to the monthly cost of $400 for paper napkins. Seaport provides complimentary bikes for its guests to tour Boston or exercise. By installing a Smart Thermostat and retrofitting lights with compact fluorescent bulbs in each guestroom, the hotel saves 1.9 million kWh per year. Currently, the Seaport Hotel purchases enough renewable energy to offset all electricity used in guestrooms, corridors, and elevators.

Not only does the hotel's restaurant procure its produce locally, but it also supplements its purchasing needs with a garden full of herbs and vegetables. Most recently, Seaport has begun recycling its cooking oil by donating it to a cooperative called Wachusett Biomass. This company transforms the cooking oil into biodiesel fuel which Seaport buys back to fuel its laundry truck.

Execution

When the Seaport Hotel began its first green initiatives in 2005 the hotel had no long-term plans to implement additional green innovations. It developed its in-room recycling and towel reuse programs upon a request from an influential client who was looking for a venue that aligned with his own company's environmental philosophies. However, the Seaport quickly realized the benefits of differentiating with additional green innovations. At the time, few hotels in the area offered environmentally friendly initiatives, but since then the hotel has had to work hard to stay ahead of the competition as green trends have become more commonplace in hospitality.

To execute the green initiatives, the Seaport Hotel implemented a Green Team composed of environmentally conscious employees and managers. Led by Matthew Moore, director of rooms and environmental programs, the Green Team identifies opportunities to implement green initiatives

Boston's Seaport Hotel committed to sustainable operation before it became fashionable, thereby gaining a competitive advantage, reducing costs, and acquiring additional group business.

in all areas of the hotel's operations. Once problems are identified, the team searches for solutions. Vendors (e.g., Electrolyzed Water Systems) will often approach Moore with green solutions; however, the hotel has also implemented ideas from recent publications, news, and best practices from the Boston Green Tourism organization (a green hospitality organization with 50 members in the Boston area that disseminate information regarding green initiatives). Although Moore has taken the reigns of the various projects, any employee, manager, or guest has the opportunity to contribute green ideas to the team.

When implementing a green initiative, the Seaport Hotel is concerned with the costs of the initiative and the impact it will have on guests. The hotel will not implement a project unless Moore can demonstrate that it provides significant cost savings, gives a reasonable return on investment, and does not diminish guests' experience. The hotel often tests projects that affect guests on a small scale before rolling them out to the entire property. Before it installed low-flow showerheads, for example, the hotel tested them in five guest rooms. Guests disliked the lack of water pressure, and the hotel changed its plan.

Instead, the hotel decided to let the guests make the call. The hotel is testing a showerhead that allows guests to control water pressure at one of three settings (2.5 gallons per minute, 2 gallons per minute, and 1.5 gallons per minute). When the water is turned off, the showerhead reverts to the lowest setting. Since the existing showerheads operate at 2.5 gallons per minute, the new showerheads will not disappoint guests and should save water.

Every sustainability initiative requires additional employee training, for example, how to clean rooms with electrolyzed water. Also, managers monitor the recycling and composting levels in the hotel. When those levels begin to dip, managers must retrain the employees responsible to maintain the green programs.

Outcomes

The Seaport Hotel measures the success of its green initiatives through social benefits and cost savings. Fortunately, green initiatives often reduce costs and benefit the environment simultaneously. The hotel surveys guest satisfaction twice a month and has noted an increase in guest satisfaction as green initiatives have been implemented. Guests have offered supportive comments on the hotel's environmental programs. Seaport has also benefitted from the green initiatives by attracting business from over twenty groups that have included the need for recycling and composting in their written contracts. These contracts are worth several million dollars to Seaport.

Seaport's green initiatives have reduced the hotel's costs substantially. Moore, director of rooms & environmental programs, finances future green initiatives with the money that the hotel saved from past programs; therefore, the more the hotel can save from green initiatives, the greener the hotel will be in the future. Following is a list of the green initiatives' return on investment:

- Bio EZ waste to water system: five-year ROI due to reduced garbage disposal and hauling costs,

- Smart thermostats: fourteen-month ROI due to reduced electricity cost,

- Compact fluorescent lighting retrofit: 1.1-year ROI due to reduced electricity cost,

- Ozone laundry system: eight-month ROI due to reduced water and electricity costs, and

- Towel reuse program: two month return due to reduced laundry costs.

The Seaport Hotel has also received public support for the green projects, and with its many environmentally friendly awards the hotel has received a lot of free press. For example, the hotel recently set up a press release to cover the hotel's use of biodiesel in its linen truck.

Guests are involved with a number of the green initiatives including in-room recycling, sheet and towel reuse, and the smart thermostat. Most of the green initiatives, however, do not directly affect the guests. For example, guests never notice that their food scraps are composted or their bed linens are cleaned using ozone. To ensure that guests are aware of these programs, the hotel promotes its green innovations. For example, Seaport has a "Green Wall" in the hotel lobby displaying different awards and association memberships.

The hotel's closed-circuit television channel displays information about its green initiatives, in addition to the more typical listing of hotel amenities and local attractions. Finally, Seaport emails a newsletter every 5 to 6 weeks about its most recent green innovations.

Most of Seaport's employees enjoy being involved in an environmentally proactive business, although some fail to perceive the value in sustainability and are reluctant to change and retrain. In this case managers explain that the green initiatives keep the Seaport Hotel in business and the staff employed. Without the differentiating benefits of the green programs, the hotel could get lose a substantial amount of business to its competitors.

Insights

To build a sustainability program, Moore advises hotels to begin with small successes and not to tackle complicated issues immediately. For example, before the Seaport Hotel used electrolyzed water to clean guestrooms (large-scale implementation), it replaced its original chemical cleaners with green certified products (small-scale implementation). The hotel also focused on recycling and composting efforts before retrofitting guestroom lights and implementing a biodiesel initiative.

Hotels should always test an initiative before rolling it out to the entire property. Pilot tests minimize potential issues, such as negative guest feedback, and poorly directed investments, as in the case of the low-flow showerheads. That situation shows how hotels can find a balance between providing excellent service to guests and implementing green innovations. In this case the hotel is involving guests directly in determining how sustainably they wish the hotel to operate.

The showerhead incident also points out geographic and cultural differences. The northeastern U.S. has plentiful water resources, so water conservation can be considered a guest option. But Moore explained that southwestern and southeastern locations commonly experience droughts, and hotel guests there might well simply expect to find water conserving showers, with no flow option. Finally, hotel guests often show little concern with electricity or water use since they are not paying the utility bill. The Seaport Hotel not only plans to control these costs with additional green initiatives, but it also plans to place a meter displaying the hotel's water, gas, and electricity usage in the hotel lobby.

Contact:
Matthew V. Moore
The Seaport Hotel
Director of Rooms & Environmental Programs
1 Seaport Lane
Boston, MA 02210
617.385.4511; Cell: 617.593.8471; Fax: 617.385.4001

Thayer Lodging: Differentiating with Pure Air Solutions

by Rohit Verma and Bill Daviau

Description

Thayer Lodging is a privately held hotel investment company that focuses on acquiring and adding value to properties in all asset classes. Company strategies include extensive renovation and market repositioning. All but six of its properties are operated by third-party managers, such as Marriott and Starwood. The company employs approximately 2,000 people, and has annual revenues approaching $200 million. Thayer focuses on mostly corporate travelers and its executive meeting centers concept.

As a point of differentiation for the last two and half years, Thayer Lodging has been implementing Pure Air Solutions in its properties. This technology, developed by Pure Solutions, Inc., removes airborne contaminants, making the guestroom hypoallergenic. This technology is beneficial for all guests, but it's especially useful for those sensitive to air microorganisms such as dust, dander, and pollen.

Thayer Lodging hopes to target the traveling population that has asthma or allergies, and it also wants to reduce other airborne pathogens such as viruses and microbes. By offering Pure Air Solutions in the guestroom, the hotels alleviate guests' nasal irritations and clogged airways, which all greatly affect the guests' comfort level and ability to sleep.

Execution

Converting a guest room to Pure Air Solutions is a lengthy and involved process. The guestroom must first be stripped of all amenities and linens. After an initial cleaning, an ozone system is used to kill every organism in the room, and then an antimicrobial shield is sprayed on all solid surfaces to eliminate any remaining microbes and to prevent future growth. Mattresses and pillows are wrapped in microfiber encasements that interdict dust and dander. Petri oil filters, which kill 99 percent of microbes, are installed in the air conditioning coils, to eliminate microbes that might be transferred into the room. Finally, the hotel installs a medical-grade air purification system, which circulates the air in the room 8 to 10 times an hour. This technology is used for asthma patients, removing both bacteria and odors through negative ionization.

Thayer Lodging realized that it was not enough to only implement the Pure Air Solutions system in the guestrooms. The company decided to install the system in meeting spaces to ensure air quality there. Thayer Lodging determined that guests' subject matter retention is more effective with Pure Air.

Thayer Lodging ran a pilot test of Pure Air Solutions in 10 percent of its room inventory. After collecting guest and

Thayer Lodging has improved guests' satisfaction and productivity with its Pure Air Solutions rooms—both for guestrooms and meeting rooms.

employee feedback, assessing hotel demand, and reviewing how it affected operations, Thayer realized that the Pure Air Solutions implementation mostly influenced its marketing processes. The rooms were sold at a premium, so sales employees had to be retrained to understand the Pure Air Solution process to upsell the premium rooms and meeting space to guests. Each hotel adopted a Pure Champion manager who acts as liaison between the hotel and Pure Solutions, Inc.. The manager is responsible for ensuring the system is running properly, that it is making a substantial return on investment, and that the sales employees are being trained to sell the Pure Air Solutions rooms properly.

Thayer Lodging also implemented marketing initiatives to inform consumers of Pure Air Solutions rooms. Every guestroom with Pure Air Solutions is certified, so that the hotel can inform the guest that he or she is staying in a "Pure Room." The company website has a substantial amount of information regarding Pure, and each hotel that offers Pure provides relevant information to its guests. Pure Solutions, Inc., has also helped promote Thayer's rooms. The company's website has a video describing the Pure Process as well as a list of all of the hotels that use the product(including Boston's Seaport Hotel, as described above).

Outcomes

Thayer Lodging determined that Pure Air Solutions paid for itself within seven months of implementation—a strong return on investment. Consequently, after the pilot test, the company doubled the number of hotel rooms with Pure because it was so successful at increasing profits. The system costs $100 per guestroom per month; therefore, Thayer Lodging determined that the sales team had to sell a guestroom equipped with Pure Solutions only five times a month at their Pure premium to break even. Due to the strong success, Thayer Lodging is currently considering developing the first 100 percent Pure Hotel, in Atlanta, Georgia.

Although Thayer Lodging is certain that the rooms' ROI is strong, it is trying to improve its ROI measurability, by accounting not only for the additional revenue realized from selling Pure guestrooms, but also the additional meeting business attained. For example, a Miami property was able to gain a $47,000 piece of business over a competitor because the space booker had allergies.

Guests have embraced Pure Air Solutions, particularly noting their restful sleep due to the high air quality. Thayer Lodging also determined that guests have openly accepted paying a premium for Pure Rooms and say it is a small price to pay for a higher quality night's sleep. Guests have also written letters to the CEO stating that there is finally a company that understands what guests are looking for when traveling.

Employees have also embraced the differentiation of the product. From a sales perspective, Pure Air Solutions has provided a distinctive selling point. Thayer Lodging has also developed a sales incentive program that rewards front-line employees who upsell guests from a traditional room to a premium room with Pure Air Solutions.

Insights

Although the managing director of Thayer Lodging was focused on ways to differentiate his company, differentiation in the hotel industry is hard to maintain. The likelihood is great that Pure Solutions (or something like it) will eventually become an established industry practice, as has occurred with many other innovations. Although there are clear disadvantages for Pure to become an industry standard, it could also benefit the hotels with Pure, because customers will be more aware of its benefits. Pure Solutions has various applications beyond hotel rooms. Selim Soliman, VP of Thayer Lodging, sees Pure Solutions benefiting other industries, such as airlines, retirement homes, and daycare facilities.

When implementing Pure Solutions, Soliman recommends being aggressive with the number of rooms equipped with the product. He said that, in retrospect, Thayer Lodging would have liked to begin with double the number of rooms that they actually converted. He says the more rooms installed with Pure, the more the hotel will have an opportunity to increase profits and have a larger point of differentiation. Companies should also consider implementing Pure Solutions across all asset classes, not only luxury hotels, since Thayer Lodging has discovered that Pure is most successful in its limited service properties.

Contact:
Selim Soliman, Vice President Thayer Lodging Group
Annapolis Exchange Pkwy #550
Annapolis, MD 21401
443-758-9013

Trip Television

by Rohit Verma and Bill Daviau

Description

More than just a production company, TripTelevision is an internet television platform that takes video content from a hotel, restaurant, spa, and almost any other travel destination business, and packages it into a customized sales experience. The goal of TripTelevision is to increase users' control over their video viewing while they are shopping for a specific travel experience.

To the user, TripTelevision functions much like a standard Adobe Media Flash Player that shows high-definition video clips from travel destinations The technology's real power is its innovative engine that presents information based on guests' preference input and also based on travel industry purveyors' wishes, as described below.

TripTelevision may be used by anybody who searches online for travel destinations. Its creators saw a need for online travel marketing at every point of the travel experience for all aspects of the industry. TripTelevision allows hoteliers to provide destination content on their own website so that potential customers don't have to navigate to multiple websites for the same information. All parties associated with the travel industry can use the service, including hoteliers, travel agents, wholesalers, and convention and visitors' bureaus (CVBs).

TripTelevision serves up 3- to 10-second video clips from a complete video. These "snackable" clips give the consumer a taste of different features within the hotel or travel destination. When a consumer clicks on the clip, TripTelevision launches the full video. All videos are meta-tagged and keyword searchable so that search engines can find them. In conjunction with the video, TripTelevision features a "buy it now" option, and flash imaging is available to provide additional information.

Another important aspect of TripTelevision for the hotelier or travel agent is its asset management tool which records where users have browsed and clicked. Thus, the merchant can tell which videos are viewed the most and by whom, even if the viewer doesn't make a purchase. This feature allows marketers to see which videos are the most popular and which videos may need to be changed or improved.

One feature allows marketers to prioritize views by applying percentage weights to selected video clips. If a travel agent wants to feature a product offered by preferred suppliers, the application can be set to make sure that the appropriate video clip is given a higher percentage weight in terms of the number of displays to the users. Although "snackable" clips remain random, the plays can be weighted in favor of a preferred clip.

Users can create a personal profile on TripTelevision based on travel preferences. The video "snacks" are then presented in connection with those preferences, allowing a personalized search and serving up advertising content relevant to the consumer's preferences. This product is able to capture the needed experience to sell a product, as well as provide practical information to the consumer.

Execution

Begun in 2007, TripTelevision fills an advertising void between print advertising and predetermined video advertising. It allows travel marketers to know who is looking at their advertisements and who is purchasing their products. It also permits a personalized online travel search. Although video was already available online, the advent of faster internet speeds to support high-speed quality video allowed the creators of TripTelevision to envision internet video as a medium for travel advertising.

Because TripTelevision uses existing web video technology, it already had proof of concept at the outset. Additionally TripTelevision had the advantage of industry experience along with an already built technology application. TripTelevision's role then was to build an infrastructure of the application to meet its customers' needs.

In partnership with a technology company Trip Television took only six months from idea conception to implementation. To test the technology, the creators shot video of hotel properties and set it to play. The trial runs helped determine a healthy balance between providing information and letting the video drag on for too long. The hotel shots not only provided content but also allowed practice on an appropriate production style.

TripTelevision productions are developed by eight staff members and 30 independent production consultants. The firm works with Streamside Productions to capture professional and high-definition footage.

Outcomes

At this writing, TripTelevision is still investing in its video content, and is not showing any revenues. While the technology is developed, the company is still shooting and producing videos. Just capturing the video for the hotels and resorts will be a cost for at least the next couple of years, and partnering with providers who already manage and distribute content is a costly relationship, though beneficial.

TripTelevision has been viewed favorably, because it is so different from previous marketing efforts. However, despite its potential sales power it remains a hard sell. The problem is that it touches on so many levels of the travel industry. When TripTelevision talked to hotels, for instance, it discovered a great demand for the product. The hotels, though, could not determine who would pay for the service

Trip Television has connected flash player technology with guest preference applications to improve promotion and sales for hotels and other destination businesses.

because it functions in so many different departments, including IT, marketing, and even the executive level.

Despite the initial challenges, TripTelevision foresees a great demand for the product. Every marketer who saw the application marveled at its functionality and quality, and marketers know that online video is coming to travel. Thus, the adoption rate of the technology should increase over the next few years. Adoption rates for the technology platform and the video capability are strong, but the video content and investment has so far slowed the growth of the product and company.

Perhaps the greatest barrier to adoption is the large costs incurred when the hotel adopts the technology, particularly for customization of features. TripTelevision is currently working on ways to make the player and its delivery more brand specific. For example, the needs of the player for a luxury hotel are much different than the needs for a CVB. Another potential barrier for adoption is the leasing fee, which is a pay-per-view charge. Currently, however, video production is the most significant ongoing cost.

Despite the cost barriers, the creators of TripTelevision know the technology is here to stay. They are counting on video advertising growing as the younger generation begins to spend more on travel. TripTelevision is one step ahead of the curve because it offers not only high quality video but an intelligent back-end functionality, which hasn't yet been seen in the travel industry.

Insights

The creators of TripTelevision have dealt with many complexities relating to video production. Early on, they discovered that a voice-over during the video plays was essential, because most viewers could not simultaneously read text descriptions and watch video. Video without description, however, was not powerful enough to push users to make

a purchase. Using voice-overs raised the issue of language, which added another huge component. The developers had to decide which languages to add as voice-overs and which to put in as subtitles.

As we indicated above, monetization of the product, promotion, and distribution has been a challenge. Distribution has been the largest issue because neither party—TripTelevision or the marketer—felt that they should be responsible for distribution costs. Thus, TripTelevision became responsible for establishing partnerships to push content for distribution, along with making sure the video component was the right size and had the right channels, as well as making it into something that consumers could easily use and understand. TripTelevision did not initially account for the responsibility for taking the pictures and then distributing the material to the many websites involved. However, with control over distribution TripTelevision has gained the considerable benefit of being able to push content out to sites where people are paying for their content to be placed and also to partners.

Given the obvious power of the video product, TripTelevision's developers thought the technology would essentially sell itself. However, the company did not reckon with the need to customize the videos for each aspect of the travel industry, since each has different and specific needs. Rather than customize the product early on, TripTelevision simply emphasized the player's sophistication. They soon learned that the sophistication and impact of the HD player alone weren't good enough. The market required customization.

TripTelevision is still looking for a way to launch into luxury hotels. Video can take what is beautiful and make it more beautiful, but it can also work against the brand if not perfectly done. Luxury properties are sufficiently different from each other that a video presentation seems to make good sense, but TripTelevision is currently seeking out well-known upscale and luxury brands to establish a proof of concept within the industry.

TripTelevision's developers are aware that they will have to stay ahead of the game by updating their player and adding more special features. They are already looking into ways to do this, by introducing GoogleMaps and offering a mobile app for iPhones. They are not counting on their three year jump-start to keep them ahead of every other company like them in the industry.

Contact:
Kulin Strimbu
TripTelevision President
9110 E Nichols Ave. Suite 100
Englewood, CO 80112
303-881-8178 - Direct
303-482-1707 x801 - Main
kulin@triptelevision.com

Xsense Experiential Design Consulting: Connecting Resorts to their Roots

by Rohit Verma and Bill Daviau

XSence helps tie developments to their physical and cultural location to add meaning and satisfaction to the guest experience.

Description

XSense Experiential Design Consulting is a small startup company that works with clients early in the development process to connect a property—typically, a resort—to its surrounding historical and cultural roots. Uta Birkmayer, "Xvisionnaire" and founder of XSense, saw that most modern developments, especially in the United States, failed to see the benefits of connecting the property to its local roots. To clearly understand the vision, Birkmayer likens her company to providing the same "feeling, roots, and seasoning" that historic towns in Europe and Asia already have. Although this "feeling" is difficult to quantify, Birkmayer says that it's the "feeling" that makes visiting a place truly memorable. For example, tourists visit Rome for its impressive sites such as the Roman Coliseum, Baths, and Pantheon, but what really makes visiting Rome so memorable is having an opportunity to feel connected to the deep history and culture developed over thousands of years.

XSense's goal is "to connect people and places by identifying sensory experiences that may be inspired by the history, geology, food, celebrations, indigenous traditions, health practices, music, and all the things that make up the authentic root of a place." The consulting firm works with and influences all development aspects such as architecture, design, marketing, and operations, as well as training property employees. For example, XSense creates a "cheat sheet" for employees to understand the story behind the property and its amenities that connect with the local history and culture. XSense uses a team of professionals to research authentic materials regarding the location. This diverse team includes historical, art, cultural, and political experts, including professors of local universities, who provide different perspectives on a particular topic.

Xsense's suggestions can involve lobby design, names for a spa or restaurant, and menu concepts, but the main purpose is to discover and articulate a core story that connects the property with the location. This helps employees and guests understand the meaning behind the property, which helps make the property memorable and keeps guests coming back. Following is an example of how Birkmayer developed a story to provide meaning for a plantation located in Belize City:

> In 1799, a sea merchant landed in the small ex-buccaneer-turned-logger colony of British Honduras, fell in love with a native girl, and embraced the charmingly relaxed lifestyle of what later became Belize, as did many other British and Scot-

tish men who followed in his footsteps. Just north of Belize City, Smuggler's Run Plantation harks back to that era, offering large British Colonial-style estates, rainforest adventure tours, and even a Scottish-style golf course. The combination of Scottish heritage and Mayan roots blend intriguingly together, making Smuggler's Run Plantation a dream destination only possible in Belize.

Execution

Birkmayer's vision is to create value without spending money on hardware. When she first explained her company's concept to developers, they liked the idea of providing a "feeling" to a property, but they were unsure of how she was going to do it. Birkmayer's first client, a luxury hotel developer with a reputation for discovering the next best thing, wanted to hire her but was unsure of how to pay for it—especially since the developer had no line in the budget for this kind of expense. Birkmayer's solution was to work free of charge to demonstrate the value of her services.

After working solo for three years (beginning in 2003), Birkmayer expanded to six office employees and ten to twelve contractors who were experts in different fields. At this point, the company was billing half a million dollars.

Birkmayer says that architects and designers typically understand XSense's role in a development, but developers, especially those with limited experience, have a difficult time understanding. She explained that mismatches have occurred, for example, when XSense has been hired by developers who thought the company was a marketing firm and never involved the designers and architects as they should have. Birkmayer also discovered that people who have not experienced different cultures may not understand how a property can be tied to the location's history and culture. Although property architects and designers appreciate Birkmayer's role in the development process, she says that her team has to be careful to inspire without overstepping their role and doing the work of a designer or architect.

Outcomes

XSense's business has struggled in the current economic downturn, in large part because development has slacked off

in the firm's chief market of large resorts. Even for properties in the pipeline, developers are reluctant to approve additional expenditures. Given the current circumstances, XSense continues to improve the product and understands that it will take time for the development companies to truly understand and realize its value.

XSense has become much more sophisticated since its origination. In particular, Birkmayer had to determine how to offer her vision as her firm expanded, since clients were worried that they would receive "diluted Uta." To alleviate concerns, Birkmayer hired a team of diverse individuals with specialized strengths that complemented her own, including historians and writers. That division of labor freed Birkmayer to provide her own vision to each project.

XSense hopes to expand to the European and Asian markets. Birkmayer would like to continue to consult for hotels and resorts but also move into other markets. For example, Birkmayer sees XSense assisting small towns that seek to preserve their historic value, whether to attract business or visitors. Tying a resort to its locality creates customer loyalty for that resort, in part by making the stay more memorable. Birkmayer says, "Guests will have learned about a unique place in a unique way."

In some cases, XSense has saved money for its clients. By using indigenous material, some properties have spent less on hard goods and marketing. Birkmayer believes in using local materials creatively, even from the development site itself. This distinctive approach reduces marketing expenses when the property gets free publicity from the "core story" attached to it. Birkmayer says, "People like to write about what's real." Birkmayer also believes that connection with the history of the site motivates the development team. Following is a story about how XSense influenced a resort development's use of materials.

Birkmayer was hired as a consultant for a resort development in the foothills of Mount Diablo in Contra Costa County, California. The site was covered with enormous boulders which the development team was demolishing. When Birkmayer asked why the team was eliminating the rocks, the developer said that they had long ago ordered rocks from Indonesia, before it even chose the development site. Common sense prevailed, and Birkmayer determined that the developer could not only save money by using the rocks on site but also create meaning for the property.

Xsense's research found that these rocks had a history of their own. They came from Mount Diablo, a mountain sacred to the Miwak nation, who believed that man was created on top of Mount Diablo. Birkmayer explained to the development team that the rocks were used by the Miwaks in sweat lodges. With Birkmayer's help, the development team determined to construct the spa's sauna with the rocks to create significance and further connect the resort to its

surroundings. The team also installed a water feature using a large boulder from Mount Diablo. With the help of local Native American language expert, the Xsense team discovered that rock was "sawa" in Miwak. Thus, they recommended the name Sawa Spa.

Furthermore, the Miwaks used the rocks to cook, using baskets rather than pots. The Miwaks heated the rocks in the fire and then cooked food in the baskets with the hot rocks. Birkmayer worked with the resort food and beverage team to use hot rocks to cook steaks and other food.

Insights

Through her experience, Uta Birkmayer discovered that most developers in the United States believe that the U.S.A. is too young to have much culture or history of its own. For example, Birkmayer encountered a number of developers, architects, and designers in California who copied Tuscan and English architecture because they thought California had no look of its own.[4] Birkmayer emphasizes the importance of discovering what makes any location unique. She understands that if a property is to be truly authentic and memorable, it must be rooted in its local history and culture.

XSense believes in using as many senses as possible to identify a place. Birkmayer strongly believes in phenomenology, which means finding meaning in everything. When Birkmayer coordinates the design of the resort, food concepts, spa features, and amenities, she attempts to relate everything to the property's core "feeling." For example, she consults with experts to find inspiring colors and scents, deeply rooted in the local culture, to implement in the resort.

If one were to create a company similar to XSense, Birkmayer recommends that the people involved should already have worked and developed a reputation in the hospitality industry. For example, to consult a resort, you must first understand the fundamentals of hotel operations. Birkmayer offers this advice based on her own experience of moving to a small town in California where she knew few people and had no reputation. Building a company based on reputation and knowledge was challenging until her demonstration project for the first developer. The company should also find a quick way to explain what it does. If the description is complicated, developers may not understand the value.

Contact:
Uta Birkmayer, Xvisionnaire & Founder
Xsense Experiential Design
Office: 981 Osos Street; Mail: 3940-7 Broad Street #109
San Luis Obispo, CA 93401
T805.549.9005; F805.549.9922
www.x-sense.biz

---

[4] See, for example: Karl Kalcher, "North America's New Town Centers: Time to Take Some Angst Out and Put More Soul In," *Cornell Hospitality Industry Perspectives*, No. 3 (2008).

The Executive Path

Hospitality Leadership Through Learning

The Office of Executive Education facilitates interactive learning opportunities where professionals from the global hospitality industry and world-class Cornell faculty explore, develop and apply ideas to advance business and personal success.

The Professional Development Program

The Professional Development Program (PDP) is a series of three-day courses offered in finance, foodservice, human-resources, operations, marketing, real estate, revenue, and strategic management. Participants agree that Cornell delivers the most reqarding experience available to hospitality professionals. Expert facutly and industry professionals lead a program that balances theory and real-world examples.

The General Managers Program

The General Managers Program (GMP) is a 10-day experience for hotel genearl managers and their immediate successors. In the past 25 years, the GMP has hosted more than 1,200 participants representing 78 countries. Participants gain an invaluable connection to an international network of elite hoteliers. GMP seeks to move an individual from being a day-to-day manager to a strategic thinker.

The Online Path

Online courses are offered for professionals who would like to enhance their knowledge or learn more about a new area of hospitality management, but are unable to get away from the demands of their job. Courses are authored and designed by Cornell University faculty, using the most current and relevant case studies, research and content.

The Custom Path

Many companies see an advantage to having a private program so that company-specific information, objectives, terminology nad methods can be addressed precisely. Custom programs are developed from existing curriculum or custom developed in a collaborative process. They are delivered on Cornell's campus or anywhere in the world.

Cornell University
School of Hotel Administration

Cornell Hospitality Reports
Index
www.chr.cornell.edu

2010 Reports

Vol. 10, No. 9 Building Customer Loyalty: Ten Principles for Designing an Effective Customer Reward Program, by Michael McCall, Ph.D., Clay Voorhees, Ph.D., and Roger Calantone, Ph.D.

Vol. 10, No. 8 Developing Measures for Environmental Sustainability in Hotels: An Exploratory Study, by Jie J. Zhang, Nitin Joglekar, Ph.D., and Rohit Verma, Ph.D.

Vol. 10, No. 7 Successful Tactics for Surviving an Economic Downturn: Results of an International Study, by Sheryl E. Kimes, Ph.D.

Vol. 10, No. 6 Integrating Self-service Kiosks in a Customer-service System, byTsz-Wai (Iris) Lui, Ph.D., and Gabriele Piccoli, Ph.D.

Vol. 10, No. 5 Strategic Pricing in European Hotels, 2006–2009, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol. 10, No. 4 Cases in Innovative Practices in Hospitality and Related Services, Set 2: Brewerkz, ComfortDelgro Taxi, DinnerBroker.com, Iggy's, Jumbo Seafood, OpenTable.com, PriceYourMeal.com, Sakae Sushi, Shangri-La Singapore, and Stevens Pass, by Sheryl E. Kimes, Ph.D., Cathy A. Enz, Ph.D., Judy A. Siguaw, D.B.A., Rohit Verma, Ph.D., and Kate Walsh, Ph.D.

Vol. 10, No. 3 Customer Preferences for Restaurant Brands, Cuisine, and Food Court Configurations in Shopping Centers, by Wayne J. Taylor and Rohit Verma, Ph.D.

Vol. 10, No. 2 How Hotel Guests Perceive the Fairness of Differential Room Pricing, by Wayne J. Taylor and Sheryl E. Kimes, Ph.D.

Vol. 10, No. 1 Compendium 2010

2010 Roundtable Retrospectives

Vol. 2, No. 1 Sustainability Roundtable 2009: The Hotel Industry Seeks the Elusive "Green Bullet."

2010 Industry Perspectives

No. 4 Hospitality Business Models Confront the Future of Meetings, by Howard Lock and James Macaulay

2009 Reports

Vol. 9, No. 18 Hospitality Managers and Communication Technologies: Challenges and Solutions, by Judi Brownell, Ph.D., and Amy Newman

Vol. 9, No. 17 Cases in Innovative Practices in Hospitality and Related Services, Set 1: Aqua by Grandstand, Brand Karma, Capella Hotels & Resorts, EnTrip, Hotels.com Visualiser, Luggage Club, Royal Plaza on Scotts, Tastings, Tune Hotels, and VisitBritain.com, by Judy A. Siguaw, D.B.A., Cathy A. Enz, Ph.D., Sheryl E. Kimes, Ph.D., Rohit Verma, Ph.D., and Kate Walsh, Ph.D

Vol 9 No 16 The Billboard Effect: Online Travel Agent Impact on Non-OTA Reservation Volume, by Chris K. Anderson, Ph.D.

Vol 9 No 15 Operational Hedging and Exchange Rate Risk: A Cross-sectional Examination of Canada's Hotel Industry, by Charles Chang, Ph.D., and Liya Ma

Vol 9 No 14 Product Tiers and ADR Clusters: Integrating Two Methods for Determining Hotel Competitive Sets, by Jin-Young Kim and Linda Canina, Ph.D.

Vol 9, No. 13 Safety and Security in U.S. Hotels, by Cathy A. Enz, Ph.D

Vol 9, No. 12 Hotel Revenue Management in an Economic Downturn: Results of an International Study, by Sheryl E. Kimes, Ph.D

Vol 9, No. 11 Wine-list Characteristics Associated with Greater Wine Sales, by Sybil S. Yang and Michael Lynn, Ph.D.

Vol 9, No. 10 Competitive Hotel Pricing in Uncertain Times, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol 9, No. 9 Managing a Wine Cellar Using a Spreadsheet, by Gary M. Thompson Ph.D.

Vol 9, No. 8 Effects of Menu-price Formats on Restaurant Checks, by Sybil S. Yang, Sheryl E. Kimes, Ph.D., and Mauro M. Sessarego

Vol 9, No. 7 Customer Preferences for Restaurant Technology Innovations, by Michael J. Dixon, Sheryl E. Kimes, Ph.D., and Rohit Verma, Ph.D.

Vol 9, No. 6 Fostering Service Excellence through Listening: What Hospitality Managers Need to Know, by Judi Brownell, Ph.D.

Vol 9, No. 5 How Restaurant Customers View Online Reservations, by Sheryl E. Kimes, Ph.D.

Vol 9, No. 4 Key Issues of Concern in the Hospitality Industry: What Worries Managers, by Cathy A. Enz, Ph.D.