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Continued Relevance of "Factors Driving Meeting Effectiveness"

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Continued Relevance of "Factors Driving Meeting Effectiveness"

Abstract

Recent history has only reinforced guests' preferences regarding meeting-space attributes. Tops is safety and security, followed by service, service, service.

Keywords

service, guest preferences, hotel industry, meeting space, safety, security

Disciplines

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Comments

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Continued Relevance of “Factors Driving Meeting Effectiveness”

Recent history has only reinforced guests' preferences regarding meeting-space attributes. Tops is safety and security, followed by service, service, service.

BY TIMOTHY R. HINKIN AND J. BRUCE TRACEY

In 1997 we were approached by the directors of the International Association of Conference Centers (IACC) who asked us to conduct a study to determine whether conference centers were better than hotels for conducting meetings and similar activities (e.g., formal training programs). We told IACC that we could not do this type of research, but would instead try to identify the key property attributes that contribute to meeting or program effectiveness. The association agreed with this approach and provided funding for the project.

The study coincided with the beginning of the substantial growth in the conference-center industry that continues today. For example, in 1998 ARAMARK Corporation managed about 30 conference centers located primarily in the mid-Atlantic states. Today, the Harrison Lodging division of ARAMARK manages over 100 conference centers through-

out North America, Europe, and Asia. At the time of our study the industry was diverse and fragmented in terms of facility size and condition, and IACC was in the process of developing standards for association membership. Thus, understanding the factors that led to successful meetings was of great interest to the association.

Anecdotally, we observed that a lot of attention seemed to be paid to building lavish facilities with lots of brass and marble, wood paneling, state-of-the-art AV technology, and extensive recreational facilities, while far less attention was being paid to selecting, training, and compensating employees who could provide service commensurate with the facili-

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ties. One example along this line was a resort that was spending \$20 million on new facilities, but was paying minimum wage for front-line positions and had 100-percent employee turnover in six months. It seemed to us that many owners and managers had misplaced priorities.

The results of our study surprised us in part, but also confirmed our suspicions. Overall, meeting planners and participants agreed on the two most important factors for meeting or program

same in terms of attribute importance. Indeed, a recent survey of hotel guests conducted by HotelShark.com had similar results to our original study.²

One thing we learned from our original study and subsequent research is that there are critical success factors, or “must haves,” required by guests at every lodging facility. These requirements change to some extent based on property type and price point, but they can be thought of as the fundamentals on which the guest experience is based. The important point is, the guest decides what these “must haves” are. In contrast, the “nice to have” features can differentiate one property from another, but those features contribute to higher costs and therefore to higher prices. As the price point increases, some “nice to have” features may become “must haves,” as illustrated by the arrow in Exhibit 1. When this occurs, the line separating “must have” from “nice to have” slides upward on the cost axis. Thus, owners and managers must be able to identify the critical success factors, or they may allocate resources to areas that are not particularly important to the guest. Exhibit 1 illustrates this point as it relates to lodging facilities. The chart is for demonstration purposes only, but it highlights the fact that when amenities and services are added to a lodging offering, the cost will increase. One must be sure that customers see added value in those added items, because they will surely see the added price. In essence, an operator must know whether offering a new feature would attract new customers or increase the satisfaction of current customers.

The three “must haves” that transcend all price points and types of properties are security, cleanliness, and courteous and knowledgeable staff. Security can be ensured by building design, lighting and landscaping, lock systems, surveillance cameras, and security staff. At most properties, these items would be defined as “facilities” factors. The cleanliness of guest rooms, meeting rooms, and public spaces is also affected by design and materials used in construction and finish work, but it is affected more by the staff mem-

Operators must know whether offering a new feature will attract new customers or increase the satisfaction of current customers.

success. Number one was safety and security, which was the surprise. This was over six years ago, long before the 9/11 tragedy. We think that this issue has undoubtedly remained a priority.¹

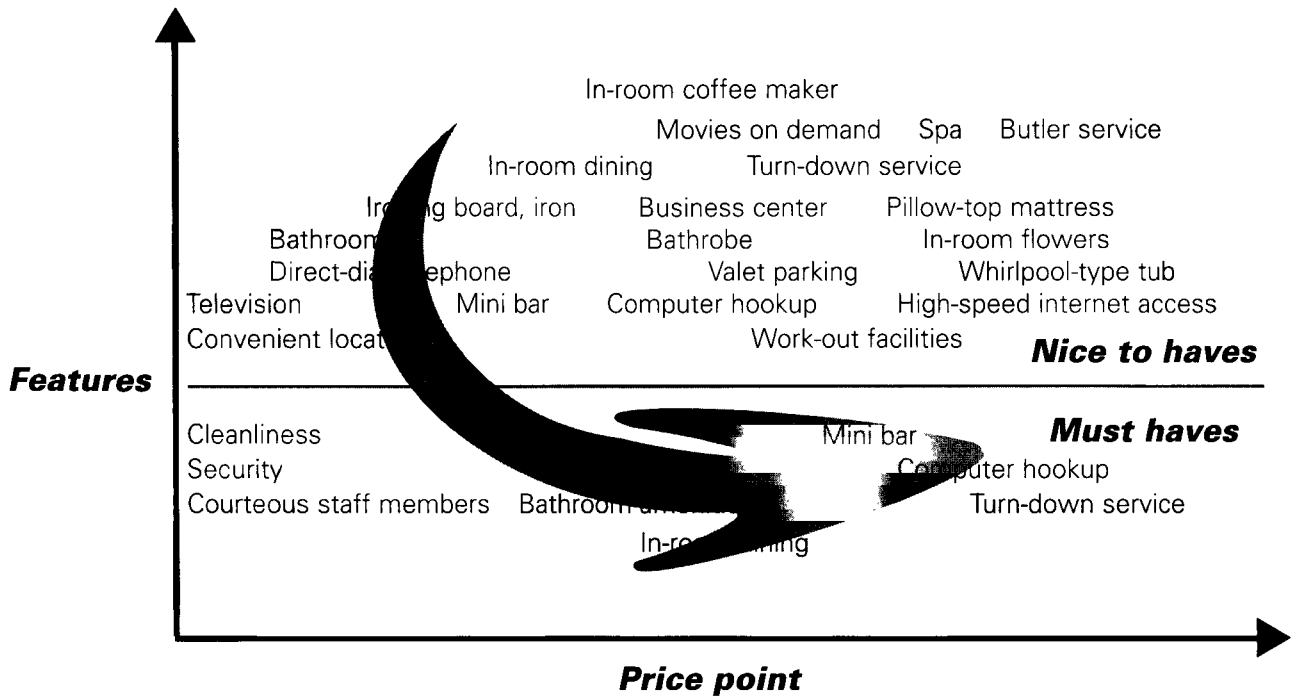
The second most important factor was having a knowledgeable and courteous staff. This was the finding that supported our concerns about misplaced priorities. From here the ranking of importance on various factors differed between the meeting planners and participants. Our comparison of hotels and conference centers was not included in the 1998 article, but we did indeed find that conference centers were rated more highly than were hotels on the majority of factors that respondents identified as important. That result pleased IACC tremendously, and our presentation at its annual conference received considerable exposure in the trade press. Of perhaps more importance, however, is that the message seemed to have gotten through that it is not only necessary to invest in facilities but also in people. Since our conference presentation, IACC has stressed this point to its members. It is our contention that if we conducted the study today, almost seven years later, the results would be the

¹ For example, the October 2002 special issue of *Cornell Hotel and Restaurant Administration Quarterly* includes a number of articles that address post-9/11 security issues.

² See: news@sharkpage.com (viewed on September 8, 2003).

EXHIBIT 1

Relative cost and importance of conference-center attributes



bers doing the cleaning, along with the equipment and supplies they are given. As such, we would categorize cleanliness as a “service” factor. Similarly, staff courtesy and knowledge are clearly service factors.

If you accept our premise so far, it should be obvious that the factors that are most important to the guest revolve around the staff. This finding is not unique to this study, as similar results have been found in other organizational contexts. One study conducted in a number of banks found that virtually all of the positive letters from customers were about interactions with employees, while the vast majority of letters of complaint had to do with technology or policies.³ From this,

³ C.A. Reeves, D.A. Bednar, and R.C. Lawrence, “Back to the Beginning: What Do Customers Care about in Service Firms,” *Quality Management Journal*, Vol. 3 (1995), pp. 56–72.

one might conclude that the factors most associated with satisfaction are based on “service” factors, while the “facility” factors tend to be most associated with dissatisfaction. The price point will to a great extent dictate the expectations for the facilities, and if they do not meet expectations the customer will be dissatisfied. A competent and friendly staff is necessary, however, at every price point.

We should emphasize that the service capabilities of a property’s staff can affect a number of important outcomes beyond customer satisfaction. For example, a forthcoming article by Bruce Tracey and Michael Tews shows that the service capabilities of managers, which reflect a wide range of knowledge and skills ranging from planning to staff development, were directly related to their unit’s employee turnover, which, in turn, influenced unit sales

growth.⁴ Thus, line staff and managers play an important role not only in providing a positive customer experience, but also in ensuring operational efficiency and financial performance—a finding which supports the theoretical propositions embedded within the service-profit chain.⁵

We are certainly not arguing against offering distinctive amusements, luxurious guestrooms, or championship golf courses as part of a conference center. Our point is that unless the fundamentals or “must haves” are performed well, offering the “nice to haves” will not result in guest satisfaction or improve other indices of success. The lodging industry has recently shown signs of recovery, as occupancies and room rates have both been on the increase in many markets.⁶ At

the same time, it is projected that the U.S. lodging industry will spend \$3 billion on renovations in 2004.⁷ Our article of seven years ago, in line with our thoughts today, suggest that this huge investment in facilities should accompany a substantial investment in human capital. Recent studies have found that guest expectations continue to escalate as more products and services enter the marketplace and that customers are now looking for an “experience” rather than simply service encounter.⁸ As offerings become more elaborate and delivery more complex, it will become even easier to overlook the basics. So what will be the key to success in the future? We think the answer is identifying and consistently providing the “must haves” for your guests, which will be made much easier by attracting and retaining the best employees. ■

⁴ J.B. Tracey & M.J. Tews, “An Empirical Relationship among Climate Capabilities and Firm Performance,” *Journal of Hospitality and Tourism Research* (forthcoming).

⁵ J.L. Heskett, W.E. Sasser, Jr., and L.A. Schlesinger, *The Service-profit Chain* (New York: The Free Press, 1997).

⁶ For statistics regarding the industry’s recovery, see: Randell Smith and John Lesure, “Barometer of Lodging Revenue,” elsewhere in this issue of the *Cornell Quarterly*.

⁷ www.hotel-online.com/News/PR2003_4th/Oct03_HotelRenovations.html

⁸ J. Pine and J. Gilmore, *The Experience Economy* (Cambridge, MA: Harvard Business School Press, 1999).



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