PART VII

Expert POM Practitioners’ Perspectives
POM FOR THE HOSPITALITY INDUSTRY

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1 POM for the Hospitality Industry

It is not magic that makes Walt Disney World® Resorts work. It’s the way that the resorts work that makes it magical. The way that Walt Disney World® staff works entails the application of detailed planning systems and well-developed operating standards used alongside production and operations management systems and procedures.

Since operations management is the management of processes and systems that produce or deliver goods and services, operations management systems and processes directly affect the quality of products and services as well as the speed of delivery and consistency in the hospitality industry. In this chapter, I will refer to my work and experiences at Hilton Hotels, Marriott International, and the Walt Disney Company in order to talk about what I learned about the importance of well-developed systems and processes for providing world-class products and service.

2 Mapping Customer Service—Managing Systems and Processes

You can create magic in your organization by mapping the customer service touch points and then developing measurable standards of performance and implementing effective and detailed Production and Operations Management systems and processes. Well thought-out systems and processes are a vital part of managing an individual function and organizations as a whole. They are especially critical in hospitality where systems and processes have an immediate impact on the Guest/customer experience unlike in manufacturing where the impact to the customer is often far downstream.

3 Management Is About Control

Management is an interesting word, one that is often not fully understood by those bearing the title of manager or even by those hoping to become managers. Consider the responses I get when I ask individuals to define management. I often hear responses like “It means I am the boss.” Other people say, “It means people who work in the organization have to do what I say” and so on. I have been teaching a time management course for over thirty-five years to help managers
and aspiring managers to fully understand what the role of a manager really is. When I speak in front of these crowds, I tell them that management is the act of controlling events. Their role is not about bossing people around. It is not about making more money or having better benefits like company cars, bonuses, and healthcare. Management is about control. Great managers keep whatever they are responsible for under control. If they are a project manager, their responsibility is to keep that project under control in the areas of safety, quality, cleanliness, budgets, deadlines for completion, etc. The only way to keep any undertaking under control is to have a systematic way of completing every step along the way. One caution is to keep the customer central to all of the processes and systems you put into place so you don’t over-process customer service to a point of creating hassles and aggravation.

4 Management Titles and POM Methods in the Hospitality Industry

As a function, operations management has changed significantly in recent years as a result of the increasing use of new technologies and detailed data now available in the hospitality industry. In the past, neither the term nor the title “operations management” were used very often in the hospitality business. In fact, in my entire forty-two-year career in hospitality, I had never heard operations management used as an approach to creating Production and Operations Management systems and processes. Most hospitality organizations use functional titles for each department such as front office manager, restaurant manager, executive chef, and housekeeping manager. Therefore, it is still true that in many organizations, the responsibility for developing effective systems and processes fall to these positions to create, monitor, maintain, and update as required.

In the early days of hospitality, checklists were one of the simplest operations management systems that managers found effective. Recipe cards, inventory, and production charts for culinary departments were other effective systems for controlling quality, cost, and consistency. The effectiveness of a clipboard with a detailed checklist shows that all operations management systems do not have to be complicated or require technology to be effective.

Operations management today is an area of management focused on designing and controlling processes, policies, procedures, rules, regulations, and guidelines to ensure the efficient delivery of goods and services to customers. Operations management focuses on productivity and continual improvement in order to ensure that just the right amount of resources are used to deliver customer expectations or to even exceed customer expectations the way that Walt Disney World® and other great brands do. Computers have dramatically improved the effectiveness and accuracy of data enabling organizations to put more efficient systems and processes into place.

5 Walt Disney World® Principles for Success

Walt Disney World® owes its success to six principles—all of which are based on well thought-out systems and processes to ensure effectiveness and consistency. These principles are:

1) Hiring and promoting excellent Cast Members (employees)
2) Training, testing, and enforcing training at every level
3) Creating measurable standards of performance and then developing and applying Production and Operations Management systems and processes throughout the organization to achieve those standards and to update them as required
4) World-class attention to detail with an attitude of “everything matters”
5) Effective storytelling and a high level of creativity
6) Creating a culture and environment where every Cast Member matters—and they know they matter.

5.1 Chain of Excellence at Walt Disney World®

Throughout this chapter, we’ll look at anecdotes that show how these six principles create a reputation for Disney World as the best customer service organization in the world. Yet, these six rules can only explain in part why Disney World is the number one vacation destination in the world. The critical and fundamental reason Disney is so successful is because of strong leadership. This is true at every level. Disney World has what is called the “Chain of Excellence.” As depicted in Figure 32.1, the chain starts at the top and is reflected on the bottom line (profit). In other words, great leaders create a positive and respectful environment so front-line employees wake up in the morning with the desire to serve and take care of the Guests/customers. This maximization of profits can only occur when employees have a positive attitude instead of just working for a paycheck. When this culture and environment of the “chain of excellence” is deeply rooted, operational excellence is achieved and strong profitability follows.

Great leaders always focus on others, not on themselves. They create a vision for excellence. They hire the right people, train and develop them, trust them, respect them, listen to them, and make sure to be there for them. As a result, these leaders get committed employees who work hard and give their best because they are involved with, appreciated for, and proud of the contributions they make within the organization. This kind of culture and environment yields immediate dividends in respect, cooperation, motivation, and productivity.

6 Great Leader Strategies at Walt Disney World®

The major contribution that I made at Disney was the development of Disney Great Leader Strategies (Cockerell 2008). In 1995, it became apparent that we were not moving quickly enough to implement the strong team focused leadership philosophy that we had communicated to the 7,000 managers at Disney the year before. We had been clear that management in the future would still need to get results but would instead be measured on how they got those results. They would need to move to a management style of leading that involved Cast Members at every level in decision making and implementation of work processes. In essence, managers would have to engage all Cast Members at every level by listening to them and taking seriously their recommendations on how to manage the business more effectively.

We had been very clear about the high involvement style of leadership that was expected going forward, but we were not making much progress in getting the managers to change their management style of command and control. At this point, we decided to make the expectations and basic concepts more clear. Drawing on everything that had been learned from triumphs and mistakes from bad, good, and great leaders, I took one year to define what came to be called Disney Great Leader Strategies (DGLS). This document became a sort of “bible” for teaching and helping
managers at all levels to become great leaders. These strategies also served as the foundation for the curriculum at the world-renowned Disney Institute (Kinni 2011), which conducts training and development programs for hundreds of organizations and hundreds of thousands of people a year around the world. Because these strategies were taught to all Cast Members, everyone from front-line Cast Members to upper management became fully committed to one common purpose.

7 The Disney World Purpose Statement

*While we all have different roles in the show we have only one purpose and that is to make sure that every Guest who comes to Disney World has the most fabulous time of their life.*

This simple statement communicates purpose clearly to everyone, and it emphasizes that it takes everyone doing an excellent job in order to ensure that the Guests have a world-class experience. When enacted, bottom-line results quickly followed: the percentage of returning Guests steadily increased, scores on leadership evaluations improved dramatically each year, and employee turnover dropped to the lowest level in the hospitality industry—which was a third of the industry average.

8 Creating Disney World Magic

The Disney Great Leader Strategies formed the basis of my first book, *Creating Disney Magic* . . . *10 Common Sense Leadership Strategies from A Life at Disney*. These leadership strategies do not apply just to theme parks and resorts, and they don’t work only for world-class brands like Disney. They can be effective in industries across the world, including restaurants, hospitals, airlines, bowling alleys, banks in London, or call centers in Bangalore.

I have taught these ten strategies to organizations around the world and never have found anyone who does not recognize their value once implemented. These ten strategies are:

1) Remember everyone is important (respect and inclusiveness).
2) Break the mold (organizational structure).
3) Make your people your brand (hiring and promoting the right people).
4) Create magic through training (training, testing, and enforcement).
5) Eliminate hassles (policies, procedures, and operating guidelines).
6) Learn the truth (know the facts).
7) Burn the free fuel (appreciation, recognition, and encouragement).
8) Stay ahead of the pack (stay relevant).
9) Be careful what you say and do (personal behavior).
10) Develop character (be honest, be trusted).

For this chapter, I want to focus on how the practice of the principles of operations management can move an organization from good to great (Collins 2001) or even from great to greater. To begin with, let us look at Strategy 5.

9 Eliminate Hassles (Policies, Procedures, and Operating Guidelines)

Strategy 5, which centers on eliminating hassles, gives many good examples of how operations management plays a key role in performance excellence. This strategy teaches the power of
having well thought-out standards, policies, procedures, and operating guidelines. Even well-trained employees in a great culture and environment can’t create magic without sound processes for getting the work done correctly and consistently. Effective processes make both routine (ordinary) events as well as extraordinary unpredictable events go smoothly. This frees employees up to do extra things with their time that help turn a good organization into a great organization that delivers world-class results.

On the other hand, ineffective processes create hassles, which can lead to alienated customers, frustrated employees, and a diminished bottom line. Without defined policies, procedures, and processes, effective systems training (which is vital to creating excellence) is impossible.

One of the main managerial responsibilities is to identify process problems and act quickly in order to fix them. Great leaders don’t wait for complaints: they look for ways to improve how things are accomplished every day. This outlook occurs because the thought process around “We’ve always done it that way” could mean you’ve been doing “it” wrong all along. Here are some tips that worked like a charm at Disney from Strategy 5:

- When a problem arises, look for the process failure, not for someone to blame.
- Train employees to identify processes that interfere with getting their jobs done and then ask employees what you need to fix.
- Ask customers what they like and don’t like about your business processes.
- Keep your processes up to date with the latest technology and relevant research.
- Check all new processes three to six months after introduction to see if they are working properly.
- Constantly ask, “Why do we do it that way?”
- Examine how well employees understand the processes you have in place. Check to determine if employees are able to explain the processes they use. If you can’t explain them, you don’t understand them.

10 Stay Ahead of the Pack

Another strategy that has special application to this chapter is Strategy 8, which focuses on staying ahead of the pack. In today’s ever-changing world, unless you keep up with the times, you can’t meet the responsibilities of leadership. That means constantly expanding your frame of reference in order to find new and better ways of doing things. Here are some ways to get ahead of the pack and stay there:

- Keep up with trends in your industry and in society as a whole.
- Be familiar with the most cutting-edge services and products.
- Go on “best practice trips” to learn from companies with great reputations.
- Go to the right meetings, read the right journals, and know the right people.
- Develop methods and surveys for learning what makes your customers tick.
- Ask your employees what your organization can do better.
- Ask your customers what your organization can do better.
- Encourage team members to keep their eyes and ears open in the workplace.
- Find out from team members as much as you can about the outside world.
- Check competitors’ websites frequently.
- Pay frequent visits to your competitors in order to look for new ideas.
- Experience your own products and services from the customer’s point of view.
It is essential to measure how well you are doing in “staying ahead of the pack.” There are various functions in hospitality that can be compared with the competition and with your own organization over time.

To begin with, you require quality standard benchmarks. For example, do marketing and sales keep occupancy high? How good are the arrival and departure experiences? How satisfactory are the transportation services? Similarly, we ask questions about parking; registration (checking in and out); luggage services; communications (phone, fax, Wi-Fi); housekeeping and custodial; laundry; landscaping; engineering services (maintenance); food production (culinary); food and beverage management (restaurants, bars, catering, room service); guest services/concierge; security; pest management; recreation; pools, spas, and retail shops; entertainment; finance/accounting; ticket/tour sales; and IT, legal, and other areas that depend on the specific operation. At Disney, another major focus of applying effective systems is for acceptable queuing since waiting times are one of the biggest complaints. Improved systems in this area provide dramatic improvement of customer satisfaction.

11 The Four Keys Model

Disney has a culture of living Strategies 5 and 8 in addition to the other eight strategies in the Disney Great Leader Strategies guide. Truly, Disney has some of the best thinkers and implementers in the world including one of the best engineering departments. This includes brilliant industrial engineers who continually find more efficient and effective ways to do everything from cleaning a bathroom to putting the maximum number of Guests through an attraction. Their focus falls on keeping the entire operation clean as a whistle yet promoting safety as the number one focus for Guests and Cast Members.

The Four Keys is a model that has been used at Disney since Disneyland opened in 1955. Disney Cast Members world-wide are trained to use this model in their decision-making process. It is a model which has stood the test of time and is relevant for any organization. The “Four Keys” are as follows:

1) Safety
2) Courtesy
3) Show
4) Efficiency

Safety is Number 1 of the Four Keys at Disney. Number 2 is courtesy. Number 3 is “show” (how the place looks and how people perform), and Number 4 is efficiency. There are measurable standards of quality for each of these attributes. Safety would allow for no defectives. Safety must be 100%. Customers trust that standard. In the same sense, there is no excuse for a lack of courtesy. Some customers will have been affected if that standard has been abused. Show should be as good as it can get. Any scrap of paper should be picked up by a Cast Member and disposed of in the trash. Efficiency is more difficult to define, but inefficiency is usually easy to spot.

12 Learn to Tell a Good Story

Storytelling is one of the best methods of communication and teaching because everyone remembers a good story. The following five story examples will illustrate how applying standards
and good Production and Operations Management methods creates world-class results in both products and services.

12.1 “Be Safe, Not Sorry!—Focused Attention Creates Positive Results”

Several years ago at Disney World, we started to put even more focus on Cast Member safety than we had in the past. We had always placed the maximum focus on Guest safety, but in some ways, we had come to believe that some accidents and incidents that Cast Members were involved in were not preventable. The lessons we learned here was that we should not get used to anything and that it is never too late to get better. There is no such thing as an accident, and truly, there are reasons and causes for everything we identify as an accident. Remove the cause, and you remove the accident/incident.

Over several months, we retrained all Cast Members on how to work safely in their own roles and how to be on the lookout for any safety issues they observed so that they could report them promptly to their manager. Also included in this modified version of training were clarifications for each Cast Member on how to work safely and how discipline (including potential terminations) would take place for not working safely. Managers were reminded that the most important part of their role was to make sure their team members were working safely, and they would be held responsible for injuries in their area of responsibility if they were not enforcing safe work practices.

As the head of operations, I implemented a process where I reviewed all injuries every morning and required the manager of the injured employee to contact me to explain in detail why the injury occurred and what was being done to make sure this kind of accident did not occur again. Accident and injury frequency declined by over 50% the first year. The new leadership, training, focus, clarity, and enforcement were all reasons why this new process was so effective. Focus and attention to detail are two of the most important talents of great managers in making improvements in processes and outcomes. There is a way to structure this situation: reflection (about the past) and anticipation (about the future) are two very powerful techniques anyone can use to first do it better the next time and second to avoid something altogether in the future.

12.2 “Quality over Quantity . . . Quality Always Wins Out!”

For many years, we let too many Guests into the parks on very busy days. As a result, we started to see declines in Guests’ intent to return scores on surveys we provided them with. With our teams of industrial engineers, our team from the Consumer Insights department, and the operating managers, we learned that there was a maximum number of Guests who could be let into a park before the overall enjoyable experience began to decline. We refined that number to the “right” level and began to limit entrance once the maximum was reached. We did this by redirecting Guests to another park until we could once again open admissions for additional Guests. This new process improved Guests’ experiences at the park enormously which in turn dramatically increased their intent to return.

As Walt Disney himself said, “Quality always wins out.”

12.3 “Messy and Not Clean Look the Same to Guests/Customers”

At Disney, we interview and survey hundreds of thousands of Guests each year at various opportunities. We interview them both when they check in to a resort and when it comes time for
them to check out. We also interview Guests in line for attractions and when they exit an attraction. We interview them as they enter a park and as they leave a park. We even interview them buying a turkey leg or an ice cream cone. And yes, we have even interviewed some Guests when they’ve come out of the bathroom.

After all, the bathroom is the one place in the parks where everyone that visits Disney goes for sure. This makes the bathroom a critical area to keep super clean. We learned from surveys that some Guests were rating a given fraction of our bathrooms as “dirty.” We saw this trend especially on busy days. As we got deeper into the statistics, we figured out that we had to clean certain bathrooms every fifteen minutes instead of upholding our standard at the time of every twenty-five minutes. Additionally, we learned that when a Guest said the bathroom was dirty, it was, in fact, more likely to be messy from paper towels landing on the floor because the trashcan overflowed. It turns out that “messy” was interpreted as “dirty” and that “messy” is not magical. Once again, we improved our process and so the positive ratings went back up.

12.4 “9/11 Was the Saddest and Proudest Day of My Career”

We at Disney had prepared for a 9/11-esque incident long before that fateful day came to pass. One of the best POM processes we have at Disney World is to anticipate and be prepared for any crisis and unexpected event. We began a process of conducting crisis event simulations at least twice a year. We hired a company to put us through two or three simulations a year. These simulation exercises came when we least expected them, sometimes in the middle of the day and sometimes at three in the morning. We set a standard of being able to open our Emergency Command Center within 30 minutes of being notified of a crisis and getting all of the satellite command centers open across the property in the parks and resorts and other operating areas within 45 minutes. We practiced everything from tornadoes to hurricane preparation.

By the time 9/11 arrived in 2001, we were well prepared. The first plane hit the World Trade Center at 8:45 AM. The call went out to open our command center at 9:45 AM after the third plane hit the Pentagon. At 10:15 AM, our command center was open and staffed with all of the appropriate management. We quickly decided to close down operations and had all of the parks evacuated by 11:45 AM with over 75,000 Guests safely out of the parks, either sending them on their way home or back into their resort. Additionally, we sent Cast Members who worked as characters and entertainers in the parks to the resorts to entertain the children and others. Disney’s very special use of resources to calm customers and their families when under crisis conditions is well known during hurricane episodes. It epitomizes the company’s concern for both customers and employees under stressful conditions. The value carries over, and there is a big lesson for practitioners in Disney’s success in such events.

During 9/11, we took extraordinary care of every Guest from giving them free meals to free rooms and free phone calls. Disney had systems in place for a crisis like this for years. We issued paper tickets to every Guest leaving the parks so they could return later when we reopened. All of these systems and preparation had taken place years before. It is not a matter of “if” you will have a crisis in your family or organization. It is a matter of “when” it will happen. Anticipate and plan now and you will be ready for whatever comes your way. While 9/11 was a sad and scary day, I was very proud of the great job every Cast Member did in looking after the safety and security of every single Guest and each other.
12.5 “How to Take the Wind Out of Hurricanes”

As many readers know (especially any Floridians), we experienced four major hurricanes in Florida in 2004 with three of them visiting Central Florida and Walt Disney World® Resorts. In fact, those hurricanes visited all of the businesses in Central Florida. Disney World leadership has known that it was not a question of “would another hurricane come to Orlando but when it would come.” Since that date was unknown Disney followed an important management operations principle which is to “be prepared.” The last major hurricane to affect Orlando was Hurricane Donna, back in the 1960s, long before Disney World came to Orlando.

When a large amount of time passes since the last crisis, most organizations and individuals become complacent. Anticipation is an important leadership behavior. I suggest leaders, including parents, sit down from time to time and anticipate what can happen to their systems. When you think about this, it is not difficult to come to a conclusion about most of the possibilities. If you schedule a group of your fellow team members to attend an “Anticipation Meeting,” you will be surprised at all the things that your team members think about that you alone would not. As Ken Blanchard says, “None of us is as smart as all of us” (Blanchard and Bowles 2000).

Over the years, we had developed and exercised a very detailed annual defensive plan. First, we cleaned up the entire property by removing objects which could fly through the air in a hurricane and cause damage or injury. We also did a practice run by opening the central Operations Command Center as well as all of the satellite command centers across the property.

We then went through a mock hurricane exercise to make sure we were completely ready. We inventoried all supplies and materials and reviewed all of our procedures so every Cast Member knew exactly what to do to prepare for a hurricane when the command was given to get ready. While the damage to Florida was in the billions, Walt Disney World®’s damage was minor and was mostly the result of downed signs and trees. No one was injured even though there were thousands of Guests and Cast Members at Disney World during the various hurricanes.

13 The Concept of POM: Find the Best Way to Do Everything and Then Do It That Way

Systems matter. Seeing the big picture and making it the best it can be, is a large part of what the practice of Production and Operations Management is all about. Our responsibility as leaders is to figure out the best way to do something, train everyone how to do it best, and then enforce that training. When you find a better way in the future, go back and train everyone on the new way. And remember, it is never too late to find the better way. Excellence and continual improvement are components of a state of mind and the main responsibility of effective leaders. Without strong systems and procedures, no organization can deliver consistency in products and services. Any organization that delivers consistency at world-class levels will thrive in all parts of their business. The organizations that ignore the principles of Production and Operations Management may not survive. I especially like a quote (attributed to Southwest Airlines) that states, “There is a best way to land an airplane so let’s all do it that way.” That pretty much explains the concept of efficient Production and Operations Management.

The formula for excellence in any organization includes following time tested Production and Operations Management principles in addition to hiring the right people; following a strict cycle of training, testing, and enforcing training; and last but not least, creating a culture of excellence where everybody in the organization matters and they know they matter. Do these things, and excellence will follow in employee commitment and customer retention while providing a robust bottom-line.
References and Bibliography


