

ISLAND SHANGRI-LA, HONG KONG REPORT SUMMARY

The Quality Journey

Since Island Shangri-La Hong Kong's (ISL) opening in 1991, the Hotel has been committed to providing guests with the highest level of service possible. Our philosophy is "Asian Hospitality from Caring People." "Hospitality" because it is the core of our business; "caring" because success in our industry demands personal commitment to go the extra mile to satisfy customers; and "people" because it is employees who deliver customer service. We see ourselves as an Asian hotel offering Asian standards and style of hospitality and service. To a large extent, our reputation has been built upon this formula and is a point of difference.

All employees are constantly encouraged to embrace the company philosophy and the results are that customer satisfaction is becoming an obsession throughout the organization. Our various procedures, processes and ways of doing business are aligned with our philosophy. In 1991 ISL's vision was to become one of the leading deluxe hotels in Hong Kong. Senior management quickly realized, that in the highly competitive Hong Kong market, this vision could only be achieved by adopting quality principles. Market share has grown steadily since 1991, and in 1995 ISL determined that it had achieved its initial goal. It was time to raise the bar and set a higher, more challenging vision.

In order to engage employees support. ISL designed its quality improvement journey with their involvement in mind. The Hotel began by conducting an exhaustive internal audit in order to identify its strengths and weaknesses. The audit was structured around the seven quality criteria supported by HKMA. An employee team was established for each criterion and charged with assessing the Hotel and making recommendations for improvement. Involving employees in the initial audit had several advantages:

- It built an understanding around the need for change ;
- It continued educating the organization about quality at a deeper level; and
- Employees developed a sense of ownership for quality

The remainder of this summary will focus on some of the key activities that resulted from this audit and assisted ISL in achieving record breaking results in 1996.

Leadership

At the end of 1995, ISL established a new vision for the organization. This vision is supported by several strategic objectives and nine guiding principles. The principles are drawn from shared common values designed to provide employees with clear direction. The vision, objectives and principles alone are simply words on paper. The challenge was to give them meaning. To ensure that staff has a clear understanding and alignment were critical.

To achieve this end, employees were involved in a series of meetings where they examined each principle and its relationship to their work. Meetings about the Hotel's vision, strategy and principles were held almost every other month since the end of 1995. As a result of these discussions, the entire organization is aligned towards the same goal.

Information and Analysis

The Hotel uses measures of customer satisfaction, employee satisfaction, labour productivity, and financial results to assess its performance. Management believes strongly that it is vital to measure and manage all of these business drivers as achieving excellence in these areas will lead to superior financial performance. By looking at a broad range of measurements as well as benchmarking against competitors, ISL employs a “balanced scorecard” approach to tracking and managing performance.

Strategic Planning

At ISL, employee involvement is a critical component of strategic planning. It is leadership's job to set the direction for the Hotel, but managers must believe in this direction and be involved in determining how to get there. Each year the Hotel holds off-site meetings which involve the senior team and selected managers to address the following issues:

- What benefit must we provide to our target customers in order to lead within our chosen market segment?
- How should we be structured to provide this benefit?
- What skills and competencies do we need?
- What technology, human resource and production systems are required?

These questions are addressed for each of ISL's major business segments and specific strategies are developed for each functional area. As a result of the planning process, the functional strategies support each other and are congruent with the organization's vision.

In order to align the rest of the organization with the strategic goals set, staff's evaluations are based on the achievement of these goals which in turn ties in with salary increases. As a consequence, compensation becomes a motivator. In addition, employees are involved in developing, implementing and reviewing action plans designed to support the functional strategy that has been established for their respective departments.

Human Resources Planning and Evaluation

One of Human Resources' most important responsibilities is conducting the Annual Staff Opinion Survey which asks employees to rate the Company's performance along 13 dimensions. Each year senior management reviews the feedback with employees and establishes teams to respond to specific opportunities that have been identified. Consequently, employee retention has increased steadily over the past four years and in 1996, retention improved from 80 to 85 percent.

Process Management

In order to provide high quality services, it is necessary to assess customer requirements continuously and design innovative services around customers' needs. To develop new and improve existing processes, the Hotel uses the PDCA (Plan, Do, Check, Act) cycle, which is a systematic method for problem solving and continuous improvement.

Customer Focus and Satisfaction

Daily surveys are conducted in order to ensure that ISL understands how well it is meeting the expectations of guests. Periodic focus groups are organized to identify the relative importance of each expectation and to prioritize ideas for improvement. This information then feeds the strategic planning process.

Conclusion

The past five years have been rewarding for ISL as we have achieved impressive market share and financial results. 1995 and 1996 were critical years in the Hotel's continuous quality improvement journey. Significant accomplishments include implementing a structured process for involving employees in strategic planning, communicating our vision and principles at a grass roots level and using focus groups to get a more in-depth understanding of our customers' needs.

Despite the successes we have achieved, we cannot become complacent. We must continue to engage our employees in our improvement journey. As a result of the HKMA award process, we have uncovered numerous opportunities, in addition to the many shared by the Board of Examiners. Our plans for 1997 entail reviewing all of the identified suggestions and prioritizing them for action.

No matter how good our financial results may be and no matter what our customers may say, the only way we can maintain our market position is by constantly challenging everything we do in order to achieve even better performance in the future.