

People + Process + Product = Success

By Michael DiLeva, Unisys Hospitality Solutions,
and Edward F. Nesta, E. F. Nesta & Associates

Hotels have traditionally been slow to adopt new technologies, particularly when compared to their travel industry peers such as airlines and car rental companies. So it was particularly opportune in the 1990s when a myriad of venture-capital fueled Internet companies emerged to help the industry to meet travelers' demand for high-speed Internet access (HSIA). These companies installed and managed a complete turnkey HSIA solution free-of-charge and even offered properties a share of the revenues from guest usage. What seemed like a match made in heaven, however, quickly soured as guest utilization rates hovered in the low single digits and the HSIA providers, lacking the revenues to support their huge capital investments went bust – leaving hotels soured and guests unable to connect.

So what happened? Some pundits say it was a product with a poor value proposition. Others point at the overall business process, which had the solution operating as a stand-alone entity as opposed to an integrated offering or property amenity. And still others point to a hotel staff that had little training and little incentive to support or promote the solution. Who's right? Actually – all of them are correct. People, Process and Product are all required to create a positive guest experience and it's simple algebra to note that if you remove one of the variables, the entire equation no longer adds up. The introduction of HSIA in the hotel industry is an enlightening case study on the need to focus on all three of these key components.

Real-World Example

For example, following the demise of the majority of the leading in-room HSIA suppliers, it was theorized that hotels would be able to recognize the missteps of the past and refine their HSIA offerings. However, with the exception of a few chains, most hotels in the early days of the 21st century are still disappointed with their HSIA results and travelers are still grumbling over the lack of high-speed Web access to allow them to do things that they've accepted as commonplace, such as communicating with their office and clients via e-mail, conducting Net meetings, participating in web-based training, listening to their favorite music online and checking the current trading price of the stocks in their portfolio.

Why the continuing poor results? When you scratch the surface, you'll usually find that one of the three P's is missing. For example, the most-obvious thing in need of a fix was

product, so most hotels began turning to more established technology companies to supply the solution – resulting in a more stable product that provided guests with better service and functionality better suited to guests’ needs. But product alone is not a panacea. A new hotel in the Midwest, for example, contracted with a Fortune 300 company and installed a state-of-the-art solution but did little to market HSIA to their guests, nor did they train their employees – the people component – on how to promote the solution or how to recognize guests carrying laptop computers at check-in (who would be most interested in using in-room HSIA).

The theory of “if you build it, they will come,” may have worked for Kevin Costner in the film “Field of Dreams,” but for hotels a better theme may be “if a tree falls in the woods and no one is there to hear it, did it make a sound?” In other words, it makes perfect sense that guests are unlikely to order room service if a menu is missing from the room or if the operator answering the phone is unaware that the hotel has a kitchen. For successful HSIA deployment, as much time needs to be spent on employee training and guest marketing as is spent on provisioning high-speed data lines, establishing network monitoring of key infrastructure components or installing a broadband backbone.

Successful Strategies

So is this all just theory? Has anyone actually put it all together? For an example of a successful strategic deployment of HSIA throughout their properties, one need only look at Starwood Hotels and Resorts or Cendant’s Wingate Inns brand. Starwood, for example, took a methodical approach to HSIA, building a sound business model first, before jumping into the technology. They also spent countless months developing a compelling marketing message, creating collateral materials that delivered that message to the guest in a high-profile fashion and ensuring that employees were well versed on the availability of the solution and how to inform guests as to its availability. They’re already reaping the rewards of a focus on people, process and product.

Wingate Inns is another success story. Rather than inserting HSIA as a “bolt on” service like others in the industry, Wingate developed a strategy that integrated HSIA into their overall market positioning. It became a key amenity that was indistinguishable from any other component of their offering and the results are spectacular.

In the August, 2000 issue of Hotel Business Magazine, Wingate Inn Atlanta-Buckhead GM David Smith noted that “on weekdays, when we cater primarily to business travelers, the percentage of guests using our high-speed Internet access (at the Atlanta-Buckhead location) comes to roughly 75%. And once they do use this service, the guests have shown they’re likely to come back for another stay with us.” That article went on to note

that “Smith credited this high degree of guest satisfaction as one of the main reasons why the hotel’s occupancy has been running ahead of projections.” 1

So while some hotels languish with 2-5% HSIA utilization rates, Wingate has noted that “High-speed Internet usage increased at the brand’s properties to 12.7 percent in February 2001 from 7.75 percent in May 2000” 2 and the company recently projected that utilization will hit 25% in 2002.

The bottom line is that a single focus on people, product or process will not allow for success. After all, a tired old roadside motel with even the friendliest staff and the finest service can’t compete with a new, upscale four-star property. And the most luxurious new-build won’t succeed either if they have a staff that cares little about serving their guests. Whether it’s implementing a new guest technology like HSIA or examining how to adapt to the entry of a new competitor into your market, hoteliers need to focus on all three factors - People, Process and Product.

1 August 2000 “Technology Challenges” special edition of Hotel Business Magazine

2 May 7, 2000 issue of Hotel & Motel Management Magazine

Edward F. Nesta, president of independent consultant company E. F. Nesta & Associates, has extensive IT and project management expertise in international operations, business process management, strategic planning and change agent implementation and management as it relates to the travel industry