Five Actions that Increase Organizational Performance: Insights from Three Hospitality Leaders

By Taylor Peyton and Shanshan Bao

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Successful hospitality companies are masterful at caring for their guests, but do they sometimes fall short when it comes to caring for their own staff? People-related challenges to effective performance abound, particularly regarding attracting and retaining top talent. According to The Bureau of Labor Statistics, the leisure and hospitality industry’s annual total voluntary and involuntary turnover rate is over 73%, the highest of any other industry. Not only is the pool of skilled labor on the job market scarce for hospitality companies in need of employees, but many positions are temporary because they are seasonal. When a large percentage of a company’s workforce is a revolving door, it can be difficult to build a consistent and supportive environment where people feel connected to others at work, motivated to go above and beyond the call of duty, and invested in the organization’s success. Despite the inherent joy that service employees experience from exceeding customers’ expectations, many hospitality jobs can be stressful, high-pressure, and exhausting.

How can hospitality companies facing these kinds of workforce issues daily be effective and profitable in the long run? How can they attract and retain top talent? We interviewed three successful leaders in hospitality to identify what they do to combat common people-related challenges faced by the industry.

Strong Leadership—Beyond Strong Management—Can Help

Companies can keep employees around by providing attractive salaries, competitive benefits packages, and flexible work hours, but offering tangible rewards only goes so far. When positions are grueling, and require employees to work long hours seven days a week including holidays, something more than making a good buck is needed to inspire workers to remain engaged. Providing employees with the nuts and bolts to do
their jobs, and paying them enough to come back each day is the work of good management. However, is it possible to also create a workplace with a culture where people feel valued, connect authentically to their work and to each other, and are passionate about their job and the organization? Yes, and that is the work of good leadership.

Management differs from leadership. As business educator and scholar John Kotter (2001) pointed out, many companies in the U.S. spend a lot of time managing, and not enough time leading. “Management is about coping with complexity,” Kotter wrote, whereas “Leadership is about coping with change.”

Management skillfully builds efficient, organized, and routine-based bureaucracies and systems, views employees as resources, and emphasizes reliable task-execution and production output. Knowingly or unknowingly, managers who subscribe to this way of thinking may operate from the lens Gareth Morgan (2006) called Organizations as Machines. Under that paradigm, checklists abound to support staff to cover all bases while interacting with guests. Did the server smile? Check. Did the server use the guest’s name at least once? Check. Did the server deliver the order in a timely fashion? Check. For baseline performance, the checklists work. But for employee engagement and commitment to the organization, checklists do not work. Why? Because people are more than parts of a machine; they are humans. And humans are beautifully messy and complex creatures. So they need leadership.

While management is concerned with formalized systems and tasks, leadership is concerned with vision, inspiration, and employees as people. According to Kotter (2001), management deals with planning and budgeting, organizing and staffing, and controlling and problem solving; whereas leadership addresses setting a strategic direction from vision, aligning people by gaining buy-in and trust, and compellingly advocating for the deeper meaning of the mission.

Very often, the successful hospitality companies that lack leadership are doing a great job allocating their time and resources to ensure high-quality management, so that is how they survive. But surviving is different from thriving.

Hospitality companies in the Fortune 100 list of best places to work in 2019 include The Kimpton Hotels & Restaurants, Hilton, Hyatt, Marriott International, and The Cheesecake Factory. Many of these companies exhibit great management and great leadership, which are visible in employees’ effective and consistent behaviors, shared values, and the company’s smooth-running systems that influence the way business is done daily.

Strong leadership practices infuse meaning into the work people do, help people feel valued, and increase trust. According to empirical research by Taylor Peyton and Drea Zigarmi (2014) in the International Journal of Psychology, and research by Drea Zigarmi, Taylor Peyton, and Alan Randolph (2015) in Human Resource Development Quarterly, positive emotions in employees relate to employees’ personal intentions to
perform favorably for their organizations. And, employees who feel good about their jobs are less likely to voluntarily turnover. Furthermore, James Heskett and colleagues’ widely cited 1994 Harvard Business Review article on the service-profit chain explains how higher employee satisfaction, productivity, and retention ultimately enhance guests’ satisfaction and loyalty, and, in turn, firm profitability.

Also, effective organizational cultures not only retain employees well, but they attract new talent. When current employees are eager to endorse their company as a great place to work, they spread positive word-of-mouth and serve as invaluable brand ambassadors.

Our Approach

In this article, we highlight three hospitality organizations that are notably skillful in both management and leadership, to identify actions and perspectives they use effectively every day to achieve success. We interviewed Lisa Pavlides, Regional Director of Talent & Culture at Accor Hotels, who is based at Fairmont Copley Plaza in Boston. Fairmont Copley was recently named by The Boston Globe as a Top Place to Work in 2019. We also spoke to Francesco Bucci, Co-Founder of Pappalecco coffee shops in San Diego. Pappalecco’s four locations for the last twelve years have been inspired by Italian culture and cuisine, and Pappalecco is well-regarded by surrounding communities for how they treat employees and guests like family. Finally, we interviewed Kazu Handa, who is an assistant manager of a 2-star Michelin restaurant for a high-end resort hotel and casino which he preferred that we not explicitly name for this article. Kazu’s parent company of his restaurant is also widely regarded for their excellent treatment of their employees.
We asked the hospitality leaders above to describe helpful actions their groups use, to create high-performing organizational cultures characterized by positivity and trust. It was evident throughout our interviews, that skillful management and leadership were both required to establish, sustain, and promote excellent company practices.

So what kinds of actions enhance organizational performance, infuse positivity into the workplace, and make work meaningful to employees? Overall, our interviewees reported the following five themes.

1. **Invest in building a high-trust culture.**

One of the most critical elements of team performance is trust, and all three hospitality leaders we interviewed alluded to how their management and leadership teams operate with a mindset that prioritizes earning the trust of their employees. Note that this mindset contrasts sharply with autocratic styles of managing and leading, which assume that it is entirely the work of employees to earn their superiors’ trust. Our interviewees recognized that trust, ultimately, is a two-way street.

“When employees trust you as their manager, they more easily trust in the whole construction of the organization,” Francesco of Pappalecco said. He went on to describe how he initiates relationship-building with new hires, by being optimistic about their performance from the beginning. “I trust, and then wait and see. You have to disappoint me; initially, you don’t have to earn my trust,” Francesco explained.

Research shows that two kinds of trust exist: cognitive trust and affective trust. **Affective trust** is emotional by nature; people give their affective trust to someone who demonstrates accessibility, open-mindedness, personal connection, and care for others (McAllister, 1995). **Cognitive trust** is the kind of trust a person logically grants to someone who has shown reliability, predictability, and competency (McAllister, 1995).

**Affective Trust.** It is never too early to build affective trust. Infusing trust-building practices into formal onboarding procedures can help signal that leaders care about connecting meaningfully with new hires. Lisa described how she is involved in late-stage interview processes, because that immediately builds trust with likely candidates for hire. She values personally getting to know new hires early on, and The Fairmont Copley’s formal systems schedule check-in meetings with new hires 30 to 60 days post-hire to ensure they are thriving.

Affective trust can be cultivated through thoughtful word choice and through demonstrating care for others. The language Fairmont Copley uses to refer to their employees is “colleagues,” which signals the value they place in their people. Lisa reported on her group’s philosophy when she said, “Our core focus is to take care of the leaders, so they can take care of the colleagues, so they can take care of the guests.” Similarly, at Pappalecco, Francesco described how he listens to his heart while he builds trusting relationships with his employees, because he sees how caring deeply for his people helps encourage them to, in turn, offer guests reliable, authentic,
and beautiful smiles. Kazu also mentioned how, in his restaurant, helping others was encouraged as a core value of his group.

Additionally, high emotional intelligence is helpful for managing relationships with others, which is key for building affective trust. Lisa reported that Fairmont Copley evaluates candidates’ emotional intelligence in the interview process because emotionally intelligent new hires are more likely to fit their organization’s culture. This includes asking questions to see if candidates can embrace open communication, manage their emotions in difficult situations, deal effectively with stress, and build long-lasting relationships at work.

Cognitive Trust. Our hospitality leaders reported ensuring that their managers serve as role models for their people, and that clear practices for accountability are established. These kinds of actions help build cognitive trust in leader-employee relationships.

To build cognitive trust and to be good role models, managers must show that they are capable of doing the work they are asking their people to do. Both Kazu and Francesco described doing small jobs alongside their employees. Kazu reflected on how “Showing respect to your employees can help to build trust between managers and employees.” He encourages restaurant team leaders to clear dishes from tables, set tables, and pour water for guests, for example. Rather than standing off to the side and telling employees to work harder, in Kazu’s restaurant, managers join in on the work with front line employees. This signals that everyone is on the same team, sharing the credit or the blame together. At Pappalecco, Francesco will sometimes be behind the counter, lending a hand to prepare espresso for guests.

Accountability practices help foster cognitive trust, as they set standards for good performance and follow-through. Managers need to lead the charge by following the standards they require of others, otherwise, they lose credibility from their people, which damages cognitive trust. For instance, timely responsiveness is important for building cognitive trust. Francesco enjoys when his employees respond to him quickly via email and phone calls, so he models that kind of behavior with them himself.

Also, when managers pay attention to detail, that sets the tone that detail matters. Kazu reported that being strict and applying a reasonable amount of pressure is important for employees to listen and to know what top performance looks like, but he noted that there needs to be a healthy balance between friendliness and accountability. As employees respond to performance standards, they demonstrate their competence, and both Francesco and Kazu discussed how critical that was for building trust. Employees who respond to direction, reliably deliver, and perform well consistently are the kind of people that organizations want to hold onto; they build cognitive trust quickly and show others how work should be done.

Investing in building a high-trust culture also means remaining watchful of opportunities to mend trust between people when it is broken. Francesco commented that after
holding an initial heart-to-heart conversation about why a trust may be broken, the key to regain someone’s trust “is based on what real action is taken the next time around.” It takes courage to admit when trust has been broken and to take healing action. For more information on how to rebuild trust, see Dennis and Michelle Reina’s seven-step model, which provides a process that begins with observing and acknowledging what has happened, and ends with letting go so everyone can move on.

2. Train and develop people exceptionally well.

Top managers and leaders believe strongly in the value of training their people and developing them as professionals. This includes, but goes beyond, on-the-job skills required for a given position. Kazu reported that while his parent company’s trainings frequently quiz employees specifically on how to describe every dish they are serving, the company also develops employees more broadly by offering an English learning language course. Additionally, Kazu spoke to his company’s philosophy on training as “not only to train employees in the basic knowledge of the restaurant and the operation, but also in something they can use in the future.”

Developing people involves helping them acquire transferable skills they take with them for the rest of their lives, regardless of where their career paths take them. The assumption that excellent training and development is ideal to strive for, needs to be deeply rooted in a company’s culture. The value of learning needs to be supported by both management and leadership.

Fairmont Copley conducts formal reviews of its leaders and outlines projected development plans, to help with leaders’ professional growth. For employees in general, Lisa shared how Fairmont Copley works hard to promote people within their hotel, and to transfer them as needed between departments. At Fairmont Copley, cross-departmental training enables employees to better understand how operations work between groups. For instance, in F&B, an employee might train in Banquets, and also in their bar, to get the whole picture. Similarly, in his restaurant, Kazu mentioned opportunities for his employees to transfer throughout their parent company. That option provides a way of keeping an employee in the organization in the event that they are a poor fit for the restaurant, or if they discover they would prefer to work outside of F&B.

Supporting people professionally helps keep high potential employees challenged and engaged with their work, appreciative of their organization for how it nurtures their career paths, and more invested in remaining with their organization. Fairmont Copley’s strong culture for promoting people and rich mentoring programs help recruit new talent, as early-career applicants see the hotel group’s college recruiting program that promises the possibility for future career advancement. Data collected by Payscale in 2012-2014 indicated that 72% of Millennials’ ideal job includes opportunities for career advancement as compared to 52% of Baby Boomers and 64% of Generation Xers.

Providing high-quality training and development opportunities requires time, money, and resources. Hiring a corporate training company to develop staff can cost money, but
the quality of instruction and learning transfer for desired outcomes is often worth the investment. Or, learning and development departments can curate training programs, e.g., in the form of e-learning modules, which can be easily accessible and relevant for employees of all levels. However, if a company is short on resources, a common trap is assuming that there is a need to reinvent the wheel by creating programs internally. Instead, remember that lower-cost online educational programs already exist. LinkedIn Learning (formerly Lynda.com) or massive open online courses (MOOCs) are excellent resources that are generally underutilized by companies. In this Harvard Business Review article, Can MOOCs solve your training problem? Monika Hamori cites that many companies are unaware that their workforce is interested in MOOCs, and companies fail to think of MOOCs as a substitute for formal programs.

3. Build visibility and connectedness among people and across departments.

Lots of opportunities exist for building a sense of real community within a company, and all three of our hospitality leaders mentioned effective practices for recognizing employees for jobs well done. Employee recognition awards that are challenging to earn, and that award winners with highly-respected visibility at all levels of a company, are superior to awards that seem like handouts and only end with the winner’s photo on a wall in a dark, low-traffic corner.

Kazu spoke of his parent company’s employee recognition award, whereby one person each month is selected for their achievements and motivation. Managers recommend candidates from their departments, and then managers meet with higher-up managers to advocate for why they voted for their candidate, based on how that reflects the company’s values. Then the higher-up managers vote on the winner, and the winner not only receives a large poster with their photo and stories highlighting their performance on a highly visible wall, but the winner also receives a monetary reward. Lisa described Fairmont Copley’s monthly employee recognition program, which is linked to Trip Advisor. When guests compliment an employee by name on Trip Advisor, that employee receives awards in the form of gift cards and in-person recognition from their HR team. Fairmont Copley also has daily newsletters which feature a new employee every time, for company-wide recognition. Practices that allow for employee-to-employee recognition invite the expression of gratitude to flow throughout the workplace, increase connectedness among people, and help people feel valued. Fairmont Copley’s system for this creatively leverages technology to easily communicate across organizational levels. AccorHotels’ Heart-to-Heart online system allows employees to send brief notes of praise to peers, and the system automatically copies the receiver’s manager, and other managers throughout the organization. Kazu’s system for employee-to-employee praise involves a paper thank you note, and a “Thanks Wall” within the organization where all notes are pinned. Recipients of notes receive a text message alerting them that “someone wrote about you on the Thanks Wall,” which encourages the recipient to walk over to the wall and find the note they can read in detail. Via the Thanks Wall, praise is exchanged between peers, and between peers and managers.
As a simple visual documenting who works in Kazu’s restaurant, there is a photo wall where all the employees in the restaurant are represented. This visible symbol adds to a sense of belonging, as employees see their photos posted up as part of the whole team.

Lisa insightfully commented, “Recognition means different things to different people.” She explained that some people enjoy the spotlight and grandeur of the recognition process, while others may find recognition more meaningful when it comes only from the few people they interact with most closely at work. Individual differences and preferences are important to consider in the process of building a sense of belonging; the key is that your managers and leaders are thoughtful and aware of how praise is given and received, to better the chances of cultivating true appreciation and authentic connection.

4. Gather feedback, decide what is critical, and quickly respond.

Effective leaders aim to discover moments of opportunity that are hidden within times of crisis, and the best opportunities must be acted upon quickly in order to drive positive change. Seeking valuable internal information and responding to it effectively requires both good management and good leadership. Some organizational challenges are within the managers’ and leaders’ control, while others are not. The key is to control what is possible, and to learn to let go of what is uncontrollable. Stephen Covey’s “circle of influence” principle posits that people need to shift their area of concern to be more proactive and realistic, such that they focus on the things in their life that are within their control. The same rules apply to organizations. Two areas our hospitality leaders mentioned that are usually ripe for internal feedback included employee engagement and employee turnover.

Lisa described how the Fairmont Copley conducts an employee engagement survey annually, but that the real work comes in when results are gathered, and decisions must be made about the best action plan forward given those results. She emphasized the importance of involving managers at all levels in implementing solutions to problems, and exhibiting high engagement themselves.

Sometimes employees voluntarily quit their job due to an underlying issue at work. In such cases, while good managers may fill a vacant position quickly before moving onto other priorities, the best leaders understand the importance of investigating the reason behind every instance of turnover, and taking proactive, courageous action for the future. Both Lisa at Fairmont Copley and Kazu mentioned the energy their teams dedicate to actively investigate why employees leave their companies. Exit surveys and informal conversations provide good avenues for collecting valuable turnover information. Francesco at Pappalecco described how even after an employee leaves his company, he often makes an effort to keep his personal relationship with them strong outside of work.
In a fast-paced world, the timeliness of an organization’s response to critical feedback is vital. Lisa mentioned the importance her hotel’s quick implementation of action in response to their engagement survey’s results; because should they wait too long to act, the information may no longer be relevant and looming problems could have hardened, becoming more difficult to solve later.

When Francesco assists an employee with solving an internal problem, he will follow-up with the employee a few days later to ensure that the problem remained resolved. That kind of thoroughness communicates that a smooth-running organization is worth sustaining, and the follow-up helps employees feel supported. “The key is addressing problems immediately,” Francesco said, “if it takes a while and sits too long, you can lose the opportunity to repair a conflict. Don’t let it sit for five days.”

5. Go the extra mile to surprise and delight not just guests, but also employees.

Hospitality companies love treating their guests well, but high-performing companies know that it is also critical to treat their employees well. As Angela Ahrendts, Senior Vice President of Retail at Apple said, “Everyone talks about building a relationship with your customer. I think you build one with your employees first.”

Doing special things for employees will help them feel valued and positive about work. As reported by Skift, Mark Hoplamazian, Hyatt CEO, has advocated for “bringing humanity back to hospitality,” for example, by renovating employees’ cafeterias to resemble restaurant quality.

Creating organic opportunities for employees to socialize goes a long way to build camaraderie, and to help people feel a sense of belongingness at work. Kazu described how each department receives funding from the parent company so managers of departments have the autonomy to choose what kind of gatherings their groups will plan. He described a celebrated “happy hour” event that invites all employees to taste the restaurant’s dishes and high-quality ingredients. When a luxury-level establishment allocates resources to enable employees to enjoy the same gourmet dishes as its high-paying guests, that sends the message that the company values its people.

At Pappalecco, Francesco attends birthday dinners of his employees outside of work, and takes time to get to know his people socially. He said, “Sometimes I surprise them with a cookie or with an espresso.” Small, considerate actions like these bring smiles to people’s faces.

The same goes for larger-scale events, such as the mid-day on-site Red Sox World Series Win Parade Party Lisa described that Fairmont Copley offered to its employees, so they could together watch the parade on TV and celebrate. Her group also hosted an extravagant apres-ski themed holiday party for its employees. “It was the ultimate guest experience for our colleagues,” Lisa recalled. “The philosophy is that our colleagues are treated the same as our guests.”
Just as high-performing lodging groups gather information about their guests’ preferences so they can better accommodate the same guests on future visits, groups that care about their employees will also often collect information about their employees’ preferences. So, for example, when a birthday comes up they know if the employee they are honoring prefers chocolate or vanilla cake. Lisa reported that Fairmont Copley has a database of information recording what each employee is passionate about, bringing to their employees the same personalized touch they regularly give to their guests.

**Culture Lives in the Everyday**

While institutionalized rituals, events, and actions are important for building a positive organizational culture, the hospitality leaders we interviewed know that informal day-to-day interactions are just as important for helping people feel valued and supported. Lisa commented, “formal programs are great, but they’re not the be-all-end-all.” Formal and informal practices taken up by management and leadership are required to build the kind of workplace that attracts and retains top talent.

Many organizations today are talking more about how they can go beyond the idea of engagement and instead focus on improving the employee experience, which involves thinking about employees as customers (Arnold, SHRM, 2018). J.W. Marriott provided the “why” behind this philosophy when he said, “Take care of associates and they’ll take care of your customers” (for more statistics on the value of a positive employee experience, see Morgan, Forbes, 2018). General Electric has done effective work on that; they’ve named a “head of employee experience” in their company (Workday Podcast, 2019). They do not do this only because it sounds good; they do it because they understand the value of how people feel about their daily work.

When excellent and irreplaceable employees stick around, that translates to the bottom line. As Richard Branson, founder of Virgin Group, once said, “Train people well enough so they can leave, treat them well enough so they don’t want to.”

**Executive Summary**

We interviewed three hospitality leaders of high-performing organizational cultures to identify five common actions that enhance effectiveness, infuse positivity into the workplace, and make work meaningful to employees.

Management differs from leadership: management is mostly concerned with formalized systems and tasks (e.g., creating efficient procedures), while leadership is concerned with vision, inspiration, and people. Management and leadership are both important. Companies that view their establishments “as machines” but lack leadership tend to face difficulties building a highly motivated and committed workforce.
• **Action One: Invest in building a high-trust culture**

Trust is a critical element of team performance, it is a two-way street, and ideally, it should be mended when it is broken. There are two kinds of trust: affective and cognitive.

- **Affective trust** is emotional by nature. People give their affective trust to managers and leaders who demonstrate accessibility, open-mindedness, personal connection, and concern for others. Companies can build affective trust by infusing trust-building practices into formal onboarding processes, using thoughtful word choices, demonstrating care for others, and hiring people high in emotional intelligence.

- **Cognitive trust** is logical by nature. People grant their cognitive trust to managers and leaders who show reliability, predictability, and competency. Companies can build cognitive trust by ensuring that managers serve as role models for high-performance, and that clear practices for accountability exist.

• **Action Two: Train and develop people exceptionally well**

The value of learning needs to be supported by both managers and leaders. Developing employees as people and as professionals, above and beyond the technical training their jobs require, signals to employees that they are valued. Training and development also keeps high potential employees challenged and engaged with their work. Hiring a corporate training company to develop staff can cost money, but the quality of instruction and potential for effective learning is often worth the investment. Or, lower-cost online educational programs like LinkedIn Learning (formerly Lynda.com) or massive open online courses (MOOCs) are excellent resources to use.

• **Action Three: Build visibility and connectedness among people and across departments**

Effective employee recognition practices help employees feel valued, increase connectedness among employees, and encourage people to identify with the mission of the organization. Managers and leaders need to consider employees’ individual differences in how they prefer to be recognized, praised, and rewarded. Showing personalized care for employees can help cultivate authentic connections inside and outside of work.

• **Action Four: Gather feedback, decide what is critical, and quickly respond**

Effective leaders view times of crisis as moments of opportunity, and some opportunities must be acted upon quickly in order to drive positive change. Employee engagement surveys are especially useful when results are acted upon quickly by people across all levels of the organization. Investigating cases of voluntary turnover immediately can help guide future decision-making and refine future hiring processes.
• **Action Five: Go the extra mile to surprise and delight not just guests, but also employees**

Hotel companies should treat their employees well, in the same way they do their guests. Making investments like improving the quality of employees’ cafeterias will improve work conditions and morale. Creating organic and memorable opportunities for employees to socialize will help build camaraderie and belongingness. Managers and leaders can show care for their employees by taking note of employees’ preferences and translating that information into thoughtful, personalized gestures. Small considerations like these inspire employees to reciprocate with colleagues at work, as well as guests.

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