Achieving customer delight through employee driven teams

Philip Guarno

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ACHIEVING CUSTOMER DELIGHT
THROUGH EMPLOYEE DRIVEN TEAMS

by
Philip A. Guarno

A project submitted to the
Faculty of the School of Food, Hotel and Travel Management
at
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in partial fulfillment of the requirements
for the degree
of
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41
ABSTRACT

This study shows the relationship between TQM and employee driven teams, and customer satisfaction and delight. The study explains the developmental stages of TQM leading up to self directed work teams in the U.S. The subjects for the study are the Food and Beverage department at IBM, Palisades. The property has been the recipient of several quality awards based upon the Malcolm Baldrige Award criteria. The study presents the training and tools utilized to implement the teams, a sample of the customer survey form and detailed analysis of data presented in the format of World Class, customer satisfaction and defect analysis.
ACKNOWLEDGMENTS

This study is dedicated to my daughter Melissa who, has conquered personal situations that make the complexities of the business world look like a children's Saturday afternoon lemonade stand.

I would also like to gratefully acknowledge Dr. Richard Marecki who, throughout the years, has been both a close advisor and a closer friend to me. Without him I would not have pursued this degree.

My family also deserves special thanks including; my wife, Jill; my parents, Beverly and Arthur Goldstein and Philip Guarno; my in-laws, Trudy and John Bernabo and to all others of my immediate and extended family for all the love and support that they have shown.

I also gratefully show my sincere appreciation to the management and staff at both Marriott and International Business Machines for allowing me the time, knowledge and understanding before, during and after this study. Special thank yous are extended to Vee Sutherland who taught me that goals should be pursued even when faced with almost certain demise; and to Dan Gassert and Ed Keyes whos' leadership allowed me to continue my research. Lastly, I would like to acknowledge Harvey Mayer because, without his data, my study would have been more challenging and quite possibly insurmountable.
TABLE OF CONTENTS

Chapter 1  Introduction  1

Problem/2
Background/2
Purpose/5
Significance/5
Methodology/6
Hypothesis/6
Definition of Terms/7
Assumptions/8
Scopes and Limitations/10
Variables/10
Long Range Consequences/11

Chapter 2  Review of the Literature  12

Introduction/12
Quality Circles/16
Employee Empowerment/16
Service Guarantees/18
Self Directed Teams/19
Sense and Respond Model/20
Multi Corporate vs. Single Unit Businesses/21
Systems Theory/26
Tools/27
Accountability and Commitment/28
Team Basics and Developmental Skills/29
Dialouge/29
Summary/30
Chapter 3  Procedures  

Measuring Employee Data/32  
Customer Data/32  
Establishing the Teams/33  
Advanced Team Training/34  
Team Processes/35

Chapter 4  Data Analysis  

Introduction/37  
Customer Satisfaction/39  
World Class/40  
Defects/41  
Customer Satisfaction Sub-Processes/43  
Defects Sub-Processes/43  
World Class Sub-Processes/44  
Shifting of Ratings; Sub-Processes/46  
Guest Satisfaction Ratings for Banquets/47  
Employee Satisfaction/48  
Other Results/54

Chapter 5  Conclusions  


# LIST OF TABLES AND CHARTS

<table>
<thead>
<tr>
<th>Table/Chart Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baldridge Award Applications- Chart A</td>
<td>13</td>
</tr>
<tr>
<td>Comparison of Japanese and American Cultures- Table 1</td>
<td>15</td>
</tr>
<tr>
<td>Organizational Orientation- Table 2</td>
<td>21</td>
</tr>
<tr>
<td>Terminology Comparisons Between Guest And Employee Surveys- Table 3</td>
<td>48</td>
</tr>
<tr>
<td><strong>Customer Satisfaction Data</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Surveys- Chart 1</td>
<td>37</td>
</tr>
<tr>
<td>Number of Questions Answered- Chart 2</td>
<td>38</td>
</tr>
<tr>
<td>Customer Satisfaction- Chart 3</td>
<td>40</td>
</tr>
<tr>
<td>World Class Ratings- Chart 4</td>
<td>41</td>
</tr>
<tr>
<td>Defects- Chart 5</td>
<td>42</td>
</tr>
<tr>
<td>Number of People Affecting Net Change in Defects-Chart 6</td>
<td>42</td>
</tr>
<tr>
<td>Food and Beverage Customer Satisfaction- Chart 7</td>
<td>43</td>
</tr>
<tr>
<td>Food and Beverage Defects- Chart 8</td>
<td>44</td>
</tr>
<tr>
<td>Food and Beverage World Class Ratings- Chart 9</td>
<td>45</td>
</tr>
<tr>
<td>Guest Satisfaction Ratings for Specialty Restaurant- Chart 10</td>
<td>46</td>
</tr>
<tr>
<td>Guest Satisfaction Ratings for Banquets- Chart 11</td>
<td>47</td>
</tr>
<tr>
<td><strong>Employee Satisfaction Data</strong></td>
<td></td>
</tr>
<tr>
<td>How satisfied are you with your job?- Chart 12</td>
<td>49</td>
</tr>
<tr>
<td>How do you rate the teamwork in Food and Beverage?- Chart 13</td>
<td>50</td>
</tr>
<tr>
<td>To what degree do you feel your ideas are acted upon?- Chart 14</td>
<td>51</td>
</tr>
<tr>
<td>Do you agree that we provide the best possible service to our guest?- Chart 15</td>
<td>52</td>
</tr>
<tr>
<td>Is there open and candid communication with the people you work with?- Chart 16</td>
<td>53</td>
</tr>
<tr>
<td>How responsive is management to your concerns?- Chart 17</td>
<td>54</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>Food cost- Chart 18</td>
<td>55</td>
</tr>
</tbody>
</table>
CHAPTER 1
INTRODUCTION

Quality. It surrounds us in every aspect of business in the 90's. It takes on different meanings to every organization and everyone is searching for the next best quality program to hit the bookshelf. Some call it TQM, some empowerment, and others reengineering. It manifests itself in process flow charts, customer satisfaction data, Paretto charts, service guarantees and in a slew of other data. Companies implement programs that empower everyone overnight and then switch direction as quickly as the next book hits the New York Times best seller list. With all of the information out there how does the manager in the typical hospitality organization sort through all of the data that is available to find the ideal fit. The answer: "DON'T." Let a team do it for you.

Try to imagine the team driven approach to quality as the Star Trek Enterprise that is able to achieve warp speeds. TQM is the vehicle that allows us to travel to the Moon and Team Driven Quality is the instrument that will allow us to navigate the galaxies of today's complex global business environment. It is the team approach that acts as the fuel to propel the organization to provide customer satisfaction and delight at the speed of light and beyond. It is the team that enables the organization to achieve phenomenal results. One of the premises of this study is that, while some individuals see the sum of 1+1=2, team thinking the sees the sum of 1+1=∞. Organizations that try to implement quality programs from a top down management generated position will reach a point that they will not be able to surpass, until they find the key that will open the door. It is the purpose of this study to provide that key, and the key is teams. The study will explore the process of implementing Team Driven Quality.
THE PROBLEM

Hospitality organizations focus their energies on satisfying customer expectations. No matter where a hospitality organization's customer satisfaction effort is, it will eventually reach a plateau and climb no higher. This is true for "World Class" organizations as well as for the company that is just starting its quality program. Unless some ongoing process is in place, these efforts will fall off as will customer satisfaction. Can employee driven teams overcome this cyclical process and break through the plateau to new levels of customer satisfaction? Specifically, the content of this study will focus on the customer satisfaction process in the Food and Beverage department at International Business Machines, Palisades (IBM Palisades).

BACKGROUND

IBM Palisades excelled in Total Quality Management since it opened in 1989. This is evidenced by the fact that it is the recipient of the IBM Silver and Bronze awards as well as a semi finalist in Rochester Institute of Technology's quality award. Palisades is a teaching institution that houses the American Business Institute. It is the responsibility of the faculty at Palisades to educate international business leaders on technology and styles of management. The later part of this education focuses on "The Adaptive Enterprise." These are classes that focus on systems thinking, quality management and measurements, as well as a full range of the latest theories in the business world. Classes are designed for industry, governmental and educational leaders. It is the mission of IBM Palisades to positively influence customers' buying decisions by providing these services. This is why total customer satisfaction is crucial to the operation of the facility.
Guest satisfaction is determined by having the guests fill out comment cards where they rate sixteen processes. The ratings are based upon a five point scale and the guest can respond as follows: Excellent, Very Good, Good, Fair or Poor. The survey takes approximately forty-five minutes to fill out and the rate of return is 25%-45% of the total population. There are three types of data analysis that the property focuses on; customer satisfaction, World Class and defect percentages. Customer satisfaction is based upon the number of guests who rate the facility Excellent, Very Good, or Good on their comment cards. Historically, the property has achieved overall customer satisfaction ratings of between 93.0%-99.8%, depending on the process. The second goal that results from the guest comments is the percentage of guests that rate the property World Class as defined by guests who score a category as Excellent. When a process is rated Excellent the guest is not merely satisfied but is delighted. Thus, "customer delight" is the terminology used to describe this situation. The number of guests rating a process as Excellent range from 34%-75%. In order to be considered World Class, the basis is 70% or above in percentage Excellent. The third type of analysis is the percentage of defects that is defined as a rating of Fair or Poor on a particular process. Defect percentages for the individual processes range from 0.2%-7.0%. It is the goal of all involved in the operation of IBM Palisades to increase World Class ratings while decreasing the number of defects.

The quality process at Palisades is generated and initiated by the management. The make up of the management should be noted at this point. Palisades is composed of different partners that provide the overall experience to the guest. They consist of the following: IBM: facilitates the teaching and general management; Marriott: runs the hotel and food and beverage operations; Johnson and Johnson: runs the health club; Tascor: provides the enrollment services;
Pitney Bowes: provides reproduction and mail services; Wackenhut: provides security. Together the upper management of all of the companies drive the quality program. This is done through a series of weekly meetings where data is analyzed. From this point the information is filtered down to middle level management and it eventually makes its way to the front line employees. When defects are analyzed and acted upon to rectify or eliminate the defect, it is through the direction of the senior manager in the individual discipline.

The Food and Beverage (F&B) department at Palisades is currently leading all other processes in World Class and defect elimination percentages. World Class ratings for the six processes that fall under the F&B department range from 63-69% Excellent compared to 38-70% for the rest of the property. Defect percentages are the lowest amongst all processes and range from 0.5%-2.2% compared to 0.6%-12.7% for the other processes. Of the top twenty World Class performers at IBM Palisades, F&B holds 12 of the slots which is significantly more that any other department at the property.

While all of this appears to be something that the staff can be very proud of, it does have its inherent problems. Palisades serves approximately 120,000 guests per year. When the statistics are applied to that number, a different scenario presents itself. Considering that, 63%-69% of the guests rate the F&B processes as Excellent, 31%-37% do not. Multiplying this by the number of guests establishes that 30,000 to 40,000 guests do not rate the service provided in Food and Beverage as Excellent. If the same analysis is performed on defects, 720-2600 guests per year assign ratings of Fair or Poor.

In any organization that strives to be World Class, these numbers are unacceptable and that is where the problem presents itself. Management has continued to implement changes to
eliminate defects and to make improvements to processes. Some of the changes have taken the form of service enhancements, changes to styles of service, equipment and technological changes. None of these changes have significantly affected the guest satisfaction data which has remained relatively constant for all of 1995. Upon studying the systems approach to organizations, it was determined that in order for Food and Beverage to strive for the ultimate goal of defect elimination and 100% World Class service, the power and ideas of teams was needed. The conclusion was made that no matter how experienced a director or manager was in a particular area, there had to be ideas that he/she was not capable of imagining and problems that he/she was incapable of seeing without the utilization of teams. When the goals of an organization shift from mere customer satisfaction to customer delight, the hierarchy and processes of the organization must shift also.

PURPOSE

It is the purpose of this study to monitor the implementation of a team approach to customer delight. This will be accomplished through a step by step process. The objective is for teams of employees to make the best decisions for the Food and Beverage department which will ultimately increase customer satisfaction to World Class levels. The study will be conducted for several purposes: to increase the knowledge of all in team philosophy, to increase customer delight, and, in turn, decrease defects and to increase employee satisfaction.

SIGNIFICANCE

Within the hospitality industry the concepts of TQM and empowerment are widely known and practiced. It is the intent of this study to provide the tools and the evidence that the
team approach is the natural bridge to close the gap between TQM and customer satisfaction. The study will provide data and information for others to use in expanding their individual quality efforts for system wide increases in customer satisfaction.

METHODOLOGY

This study will be conducted and presented in the present state of time. The initial steps will involve research on the following topics: team training, team examples, empowerment training, and systems thinking. When the initial research is complete, a series of employee meetings will take place. The purpose of the initial meetings is to initiate training the group on methods and styles relating to the team approach. The initial meetings and training will revolve around TeamPac modules, which are described in depth later in this study. When these meetings are complete, the team will begin to guide itself in regard to what it determines to be the pertinent issues. As the teams evolve, correlations will be established between team learning, customer satisfaction and employee satisfaction, utilizing statistical survey analysis. It is the desire of this study to be able to establish direct correlations within the first six months of implementation; however, because of the time it takes to develop team dynamics, the true benefits may not be apparent for several years.

HYPOTHESIS

Customer satisfaction will reach a plateau and climb no higher until employee driven teams are developed and empowered to make decisions on how to best serve the customer. This study will show that these teams will take the organization to the next level of customer and employee

6
satisfaction as measured by historical data. Teams will also increase the percentages of guests who rate the property Excellent (World Class) as opposed to Very Good and Good. It is also the purpose of this study to present a process of learning that can be utilized and implemented within any aspect of the hospitality industry. The null hypothesis states; Ho: Employee driven teams will have no effect on customer or employee satisfaction data.

DEFINITION OF TERMS

**Back of house employee**- An employee with no direct customer contact, i.e., cook.

**Customer Delight**- A customer who rates a process as Excellent on the guest comment card.

**Defect**- A rating of "Fair" or "Poor" on a particular question asked in the Guest Satisfaction Survey.

**Defect Percentage**- A cumulative average: the number of customers who assign a defect divided by the total number of respondents to a particular question.

**Employee**- Hourly, supervisory and management personnel.

**Empowerment**- Decision making ability without fear of repercussion.

**Front of the house employee**- An employee who is responsible for direct guest contact, i.e., server, hostess, bartender, restaurant manager.
**Guest Satisfaction Ratings**- A form of measurement: usually a survey, that is developed to accumulate data on the customer’s perception of the quality of service that is offered.

**Processes**- A specific area of service within the organization. Examples of processes include breakfast service, lunch service, and dinner service.

**Reengineering**- Redesigning work processes to fit a new model or desired outcome.

**TQM**- (Total Quality Management) A set of processes in which every employee within an organization is empowered to make the best decisions for the guest and the property as measured by statistical data.

**World Class**- A measurement based upon the percentage of customers that rate a particular process in an organization as Excellent. To be World Class at least seventy percent of the customers must rate the area Excellent.

**ASSUMPTIONS**

**IDEOLOGICAL**

It is an assumption that the percentage of defects and World Class ratings would not show any significant favorable change until the concept of Team Driven Quality is implemented. It is a further assumption that the initial implementation of the process will have its skeptics within the employee teams, but that they will have a very minor effect on the overall
implementation. It is also assumed that the management staff is not capable of initiating further improvements without the use of teams. It is anticipated that, in the start up phase, employee satisfaction levels will actually decrease because of the transformation to a team approach.

PROCEDURAL

To prevent bias in the interpretation of data, the measurements (customer and employee data) will not be refined or altered during the course of the study and analysis will focus on the percentage of defects and World Class service statistics. It is assumed that the correlation between the customer satisfaction data and the employee survey data will have a direct effect on each other. Written comments have also been allowed on the employee survey form so that the data will not mask employees possible dissatisfaction with the process. An outside facilitator will be utilized for team training throughout the period of research to minimize the effect of the researcher's opinions on the group. The researcher will not participate in team training and will remain an objective observer rather than an active participant to prevent bias. It is assumed that the initial splitting of the department into three major teams is in the best interest of the study. The categories that the teams will be separated into are banquet; front and back of the house, dinner; front and back of the house, and breakfast and lunch; front and back of the house employees. During this study there will be no alterations to any major factors that would effect or skew the data (i.e., staffing levels, menu changes, style of service). This is in an attempt to isolate the effects that the team approach will have on customer satisfaction.
SCOPE AND LIMITATIONS

The primary limitation of this study is that it will take place during the normal operation of the property which may provide distractions and obstacles to the timeliness of the implementation process. The study may also be affected by the predetermined notions of the existing work force. Other departments that are not participating in the survey may hamper the solutions that the teams generate if the decision crosses departmental boundaries. The teams may meet resistance to change if the suggested change affects other departments. Budgetary constraints could also delay or completely halt the process if something affected the financial well-being of the company. It is the researcher's opinion that this possibility is slight but worthy of mention. The initial success of the implementation process is based upon the effectiveness of the training tools that the facilitator has chosen.

**Independent variables**

Methods and processes by which the employees are trained, coached and facilitated on the team driven approach and how the teams develop within this structure.

**Dependent variables**

Increases in customer satisfaction ratings, World Class ratings and decreases in numbers of defects.

**Intervening variables**

The personalities, education level, and experience of the individuals on the teams will effect their results and direction in the initial stages. However the in-depth training on team building should counteract this concern. Outside influences from superiors and employees of other departments could have positive or negative effects on the teams if their decisions cross
departmental boundaries. Budgetary constraints could also affect the ability of a team to implement a decision.

LONG RANGE CONSEQUENCES

Should the findings of this study agree with the hypothesis, the team development processes will be initiated in all other departments at Palisades. In addition, the processes may be introduced to other hotel and restaurant properties to assist them in their efforts to provide service excellence. Should the findings of this study disagree or are equivocal with the hypothesis further study is needed.
CHAPTER 2
REVIEW OF THE LITERATURE

The development and implementation of Total Quality Management (TQM) in the United States has evolved through many phases in an effort to obtain the results and effectiveness of the Japanese's methods. The current focus in both the service and the manufacturing sectors has been in the introduction of self directed work teams. The review of the literature will describe the development of TQM, leading to self directed teams in service related industries in the United States. This is particularly applicable when one considers that both the manufacturing and the service sectors of the economy are facing new challenges as they approach the year 2000.

As described in the article, "Now Quality Means Service Too" (Lewin, 1991), the assumption can be made that with the rapid advancement of technology, product quality will be virtually the same within any given industry. Further, the distinguishing factor that will separate companies will be the service that they provide. The service industry in the United States must seek ways to propel quality efforts to the next highest level of achievement.

This review will explore the development of the team driven approach in support of quality. It will concentrate on systems and process that have led up to the concept of self directed work teams in the United States. This review will specifically examine the evolution of quality circles and defect elimination, individual empowerment, service guarantees, self directed work teams and the sense and respond models of teams. The review will illustrate specific examples of successful teams and common elements that they share.

During the seventies and eighties American corporations began to preach and teach quality as the cure all for the business disorders and complexities that they were faced with. The simple steps and implementation of TQM did demonstrate some positive results. Rahul Jacobs
(1993) explains that as American corporations approached the more complex stages of quality improvement (i.e. Work teams), things began to derail. He states that in a recent survey of American managers, two-thirds stated that they believed that TQM has failed. Management began to lose the drive and commitment and the willingness to give up their control and power. This appears to be borne out in the following graph which shows the number of Malcolm Baldrige Award applications between 1988 and 1993.

Jacobs attributes the decline in the number of applications to the level of commitment that American business has in achieving quality standards.

The Malcolm Baldrige Award criteria (Baldrige, United States Government) for quality is divided into seven key areas for assessment: leadership, information and analysis, strategic quality planning, human resource development and management, management of process quality, quality and operational results, and customer focus and satisfaction. American corporations have been able to conquer and master all of these areas but seem to have difficulty with human resource development, specifically in turning control of the organizational processes over to the employees.
Although evidence of team work has always been present in the American work force, it is employee and team involvement that has had mixed results. No longer can companies rely on the wisdom of a few at the top according to authors Morris Graham and Melvin LeBaron (1994). They use the term "reengineering" to describe a "fundamental rethinking and redesign of business processes to achieve dramatic improvements in critical measures of performance...." They also use the term "horizontal teaming" to describe the process of employee driven work teams. They state that "the relationship between reengineering and teaming is analogous to both going on a diet and keeping the weight off." What they are illustrating is that the concept of going on a diet will only be successful if it is incorporated with changes in the behavior of the individual. The tools of TQM can only be successful with the basic change in the way that an organization conducts its business. There is no quick fix when the behavior of the organization must change.

To achieve a fundamental change, employee teams must be informed, trained and multi-skilled. Management must take on the responsibility as team leaders and coach and provide support to teams. It is crucial that management distribute information and resources to teams so the teams can effectively do their jobs. According to Carl Pegels (1994), TQM must empower teams of employees to solve problems and to develop a service so it can be provided both efficiently and effectively. As described by Reid (1994), organizations must be led and not managed. He explains that today's leaders must utilize vision, urgency, empowerment, trust and personal responsibility. Motivating employees through trust, accountability, innovation, leadership, interdependence and teamwork will be the key ingredients to success. In a 1994 ASQC Gallop poll (1994), managers were asked to rate the importance of employee involvement in their TQM efforts. They rated it in fifth and sixth place out of a total of six categories. Until
the focus and deployment of the TQM process is turned to employee involvement, corporations will continue to be discouraged with TQM as the answer.

Part of the resistance to teams and the TQM approach to management can be traced back to the United States trying to mimic the techniques and styles of the Japanese approach. In a report published in *The Academy of Management* (Aranda, E; Nahavandi, A; 1994) several references are made to why American corporations should not follow the same format and techniques used by their Japanese counterparts. The report maintains that organizations are so complex that no individual can possess enough knowledge to make a better decision than a team. But in attempts to implement teams, American corporations have lost sight of the vast cultural differences in the structure and beliefs between American and Japanese societies. These differences can be illustrated in the following table extrapolated from the report:

Table 1

<table>
<thead>
<tr>
<th><strong>Japanese Culture</strong></th>
<th><strong>American Culture</strong></th>
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<tbody>
<tr>
<td>Measurement of success=</td>
<td>Measurement of success=</td>
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<tr>
<td>Collectivism</td>
<td>Individualism</td>
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<tr>
<td>Interaction=</td>
<td>Interaction=</td>
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<tr>
<td>Conformity</td>
<td>Conflict</td>
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<tr>
<td>Culture=</td>
<td>Culture=</td>
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<tr>
<td>Homogeneous</td>
<td>Diversity</td>
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<tr>
<td>Time orientation=</td>
<td>Time orientation=</td>
</tr>
<tr>
<td>Future</td>
<td>Present</td>
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</table>

Source: Aranda, E; Nahavandi, A; 1994
For teams to be successful in the United States they must be structured to take into account the culture of American society. Teams must be established that encourage fluidity, dissent and a certain degree of tension to create innovative ideas as opposed to the harmony that the Japanese philosophy emphasizes.

**Quality Circles**

Early attempts to incorporate employees into the TQM process began with the implementation of Quality Circles in the seventies and eighties. These teams were relatively stable, reported to management and were involved in simple problem solving. As described in the MCB University Press (Pegels 1994) these teams were established to solve both product and production process problems. The goal, and to some extent the results, was to decrease the defects in the manufacturing sector by seeking ways to improve production and decrease the duplication of work efforts. As the Quality Circles developed, their efforts were frequently focused more on the productivity aspect because the teams were not trained or equipped to solve complex quality issues. Management and employees became discouraged with these teams in the eighties for several reasons. Meetings were generally required instead of being voluntary. They had very structured agendas which decreased motivation and creativity. The meetings also lacked any clear goals and therefore became more of a forum for employees to address their grievances that were not customer or productivity focused.

**Employee Empowerment**

A second focus that American management took on was managing the "Moments of Truth" in the organization through employee empowerment. This came into vogue with the book with the same title by Jan Carlzon. (Carlzon 1987). Carlzon's philosophy was that a customer encounters thousands of situations ("Moments of Truth") that shape his opinions about
the organization. The concept of "Moments of Truth" is that the front line employees who encounter the guests are the ones capable of turning these moments into positive or negative experiences. Extensive rules and regulations within an organization only serve to prevent individual employees from acting on these moments and satisfying the guests. Carlzon instead disseminated his power and commitment to empowerment throughout his organization and became the example for its concepts. However, when other companies began to roll out empowerment, they began doing so as a program and not as a fundamental philosophy. Employees would be brought together for a two to three day training session stressing that when the meeting was over they would be "empowered" to make decisions.

One of the biggest obstacles to empowerment's success was management's unwillingness to let go of their authority. Boundaries, rules and regulations to decision making were put in place which, in turn, stifled the message that empowerment was supposed to send. In reality instead of empowerment becoming a driving force to satisfy the customer at every moment of truth, it became another management program that was short lived. There are exceptions to this with a few companies in the service sector such as Nordstrums Department Stores and the Ritz Carlton hotel chain. However, in the vast majority of organizations, empowerment is simply a step to allow employees to do what they should have been doing all along and that is satisfying the customer. It took away the step of checking with management when making the immediate decisions that affect customer service. Missing still was an all encompassing process to fundamentally and radically change the organization to become truly customer focused.
Service Guarantees

Even with the implementation of empowerment, companies continued to face defects and customer dissatisfaction. It was then that management implemented service guarantees to run along side empowerment. If employees were not empowering themselves to satisfy the customer, the logical choice was to empower the customer. Phrases such as "Your satisfaction is 100% guaranteed," (Hampton Inns); "Breakfast in five minutes or it's free," (Marriott); and "Pizza delivered in thirty minutes or it's free," (Domino's); began to present themselves. If companies could not satisfy a guest initially they could always buy satisfaction. The only time that this type of guarantee is effective is when the organization tracks the number of times the guarantee is used and responds by eliminating the problem that caused the guarantee to be used (This concept of measurement will be explained later in this study).

An example of the utilization of empowerment and service guarantees in the restaurant industry is in an article written by Timothy Firnstahl (1989). Firnstahl explains that he has empowered his employees to make decisions by giving them responsibility and authority. He illustrates that when he first tried to implement empowerment, he set it up with "Ten Tenets of Excellence" that was supposed to drive customer satisfaction. Then, when someone questioned him on what tenet number six was even he could not remember it. It was then that he decided to simplify the purpose or mission with the guarantee "Your enjoyment guaranteed always." This promise became the driving force of his organization. He set up a series of guidelines for what could be done in different situations of guest dissatisfaction. For example, if a guest had to wait ten minutes beyond their reservation time, a free drink was the prescription and at 20 minutes the entire meal would be free. By tracking the service guarantees that were given, Firnstahl would
analyze the problems and attempt to seek the root causes and ultimate solutions. One of the oversights of his approach is the problems that employees and customers encounter that may not be covered by a guarantee. An example of this might be that the busboy notices that on every table he clears, he throws away an excessive number of rolls and butter. Although the customer was satisfied, the potential profits for the restaurant were never realized. By concentrating solely on a service guarantee, other parts of the system are being overlooked. In addition to this, the problem solving aspect of service guarantees must be tied into a team effort of all employees that had a part in the delivery of the service and not by management trying to solve the perceived problem. This is one of the primary reasons that organizations began focusing on team efforts to explore every aspect of the business. Individual empowerment is a piece of the puzzle, but it is the team approach that creates the final picture.

**Self Directed Teams**

Self directed teams are presently the focus of a great deal of American corporations that are trying to stay competitive and proactive to quality in the 1990's. They are teams of employees that are empowered to make decisions to satisfy customer requirements and the teams operate with little or no supervision. These teams frequently carry out planning, controlling, coordinating and improvement functions normally performed by management. Jill George and Richard Wellins (1991) define a self directed team as "a small group of employees that are responsible for an entire work process or segment of it and that the role of the leader in the team is to teach the teams how to lead themselves." Corning Inc. CEO Jamie Houghton stated that "If you really believe in quality, when you cut through everything, it's empowering your people, and it's empowering people that leads to teams..." (Dumaine, 1990). The article further explains that teams are not for every situation and they are most beneficial in jobs that require a high level of
dependency between three or more people. It is this researcher's opinion that when people with different perspectives of the business work on a problem collectively, they can solve problems quickly and effectively. These teams are both useful and necessary in the complex environment in which large corporations are participating. In corporations that are in extremely volatile climates self directed teams are necessary for survival. Boards of Directors, CEOs and CFOs are often not even aware of problems until it is too late. Would it be possible for Louis Gertsner, CEO of IBM, to be able to sit back and solve every problem that IBM was faced with? The solution for corporate America is teams, and they are the only way to establish success and more importantly, survival.

**The Sense and Respond Model**

An important consideration when deciding how to implement any form of employee teams is that they must fit into the context of the purpose that they are to be utilized in. Steve Haeckel, Director of Strategic Studies for a division of IBM, has established "sense and respond models" for organizations (Haeckel, 1995). These models seek to remove the old style management of "command and control" with a form of "governance" that provides "context and coordination." He states "that in today's environment of discontinuous change long term planning and control by centralized corporate staffs has proven ineffective." He illustrates the changes in the fundamental philosophy of American business as we approach the new millennium in the following table.
Table 2

<table>
<thead>
<tr>
<th>MAKE AND SELL</th>
<th>TO</th>
<th>SENSE AND RESPOND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>MINDSET</td>
<td>Service</td>
</tr>
<tr>
<td>Embedded in Things</td>
<td>KNOW-HOW</td>
<td>Embedded in people and processes</td>
</tr>
<tr>
<td>Mass Production</td>
<td>PROCESS</td>
<td>Mass Customization</td>
</tr>
<tr>
<td>Efficiency and Predictability</td>
<td>ORGANIZATIONAL PRIORITY</td>
<td>Flexibility and Responsiveness</td>
</tr>
<tr>
<td>Margin and Scale</td>
<td>PROFIT</td>
<td>Return and Scope</td>
</tr>
</tbody>
</table>

Source: Haeckel, 1995

Haeckel's philosophy is that, in today's competitive business environment, mass customization of products and services is crucial to the success of a corporation. For a corporation to establish this they need to become a "modular, fluid and an organic organization." The framework of the organization must be relaxed but not eliminated. People and teams need to have the ability to make decisions freely within a set of "governing principles." For teams to respond efficiently and effectively to "non linear change," people must understand the primary reason that the organization exists and the principles and guidelines that they must adhere to when making decisions.

Multi-Corporate versus Single Unit Businesses

The principles of the sense and respond approach to self directed teams are as important for the individual entrepreneur as they are for the complex corporation. This is especially true in
the restaurant business since private entrepreneurs are in direct competition with their corporate counterparts. Both types of organizations need to be able to adapt to changing environments and conditions. This is a fundamental reason that large corporations must rely on teams at the individual property to be adaptive and respond quickly and precisely to ever changing business conditions. It is the context and utilization of teams that varies between the two types of structures.

A multi-unit restaurant corporation has to establish the governance that coordinates each unit with the principles of the corporation and allow the individual units to be able to set goals and direction within the context of its unique environment. The corporation also has to assure that these governing principles are flexible enough to allow each unit to respond to change quickly and efficiently without worrying about how the corporate bureaucracy will react. Goals for each business unit must be clear, obtainable and measurable so that the individual property teams can be held accountable to them. Accountability is crucial in the implementation of self direction. Teams must know the consequences of their failures and the rewards for their achievements. Some hotel and restaurant corporations employ a form of self-directed teams by allowing the management staff at each individual property to establish their operating principles and strategies as long as the strategic mission of the corporation is met (i.e. profits, standards etc.). In these cases there is flexibility, boundaries (governing principles) and high levels of accountability for the senior management on the property. Senior managers on the property level must pass accountability on to the middle managers and hourly associates to attain the concept of employee driven teams in the context of TQM. True team driven quality, as it relates to TQM, is not being utilized until all employees, management and hourly, are involved in the team
approach. In theory, the private entrepreneur has the advantage of being able to respond faster to change than the corporation, thus giving him a greater advantage. The private corporation should be seeking more elementary empowerment and team involvement through its employees because the business is less complex, and the owner is present to direct and lead the team. This is an advantage that the corporation does not have. In both cases, the business that utilizes the capabilities and knowledge of all of its human resources is the one that will prove victorious.

A Team Example

Since the majority of the literature on employee driven teams is on the large corporate level, how applicable is the approach for a smaller corporation? A good case in point is Johnsonville Sausage. (Strayer, 1990) This is a company that started its quest to redefine its business through employee driven teams in 1980. It is a textbook example of the initial frustrations and failures of the team approach and its eventual success. At that time Ralph Strayer was worried about his business even though growth and profit were showing positive trends. What concerned Strayer was the gap that he observed between potential and performance and he felt that if it was not addressed, it would only widen. He felt that people in his workforce did not seem to care. People were not intentionally making mistakes but accidents were frequent. It was in 1980 that he decided that he no longer could change the company from the CEO's perspective but that he had to get the front-line employees to care and take responsibility for their actions. He determined that establishing a goal was the key part to keeping his mission on line through the trials and tribulations of the startup of the program.
His goal was to have an organization where people took responsibility for their own work, for the product, and for the company as a whole. Strayer's initial insight was that the employees had no stake in the company and no power to make decisions or control their own work. His initial impulse and attempt to transfer authority was to announce that "From now on you're all responsible for making your own decisions." The first years of his redirection were in his words "disastrous." However, through all of the disappointing results he was still able to pursue his effort because he maintained the goal that he had initially established. Employees cannot just assume responsibility and decision making after years of having a manager do it for them.

One of his most important revelations was that he had to stop being the manager and act as more of a coach to his staff. In other words, he had to communicate his vision to his staff and support it through actions. When he realized this he began to release control. People became more involved and teams of employees started to solve problems and improve work processes.

Strayer's primary focus was in changing the systems and structures in the way his company did business. He also realized that any grand plan was going to be impossible to achieve because of all the variables that were involved. In order or start the process in the right direction, he knew he had to start somewhere and change one system that he had direct control over. In this case it was shifting the responsibility of taste testing the sausage from himself and his managers to the employees who made it. This action was so critical to his company that when he changed the process the employees truly knew that he was sincere in his efforts.

In the start up of TQM and employee teams, it is very important to try to make your first efforts succeed and for the action to be highly visible. His effort proved successful and today Johnsonville Sausage is a true leader in employee driven work processes. Strayer states, "to
make the changes that will lead to great performance, I recommend focusing on goals, expectations, contexts, actions and learning." Johnsonville Sausage is a very compelling example of a business that focused on employee teams to improve quality, reduce costs, and improve customer satisfaction.

**Teams in Restaurants**

Conceptually, restaurants are the ideal environment for teams. If one observes the operation of a restaurant objectively, it illustrates a classic example of natural teamwork. The hostess must realize that the server is her internal customer and assure even and smooth seating. The server's job becomes very ineffective if the bartender and the cook do not acknowledge her as an internal customer; and the tables would never get cleared without the assistance of the busboy. Frequent examples of the interdependence of jobs can be seen by everyone pitching in and helping when the pressure is on.

However, the approach that many restaurants take in day-to-day management discourages teamwork. Departmentalization exists in common terminology such as "back of the house" (kitchen) and "front of the house" (restaurant). Many businesses will have separate server meetings, cook meetings, and manager meetings, even though all of the jobs are 100% dependent on each other. The doors that lead into the kitchen are very symbolic of the very real wall that exists in operations. Cross-functional employee driven teams seek root cause analysis and solutions to a problem with the entire system in mind. Without teams the dining manager may seek to resolve poor service problems by increasing the staff thereby putting extra pressure on the kitchen. The chef strikes back by decreasing cooking times resulting in improper timing of the food and so on and so on. The servers and cooks could most likely solve the problem together, but there is no time. The restaurant of the future will not have dining room managers
and kitchen managers but an environment of coaching, leading, and working from a systems approach.

**Part Two- Theories and Tools of Implementation**

**Systems Theory**

Recent research seeks to put the philosophies of TQM into perspective by addressing the systems theory. The basic premise behind this theory is that to solve root problems and reengineer organizations you must explore the entire system of an organization and everything that affects it.

Peter Senge (1990) describes how to create this type of organization by concentrating on the five following principles; mental models, systems thinking, building shared vision, personal mastery and team learning. He stresses that all five areas must be worked on to become a quality organization; that is, each area is interdependent on the other. A business will be not be successful in its attempts to implement teams or even basic TQM principles unless the efforts are looked upon as interrelated. It is this systems way of thinking that attempts to analyze and correct the root causes of problems within an organization.

Senge's mental models are very similar to Joel Barker's paradigms (Barker, 1992). These theories are based upon the fact that our deeply ingrained assumptions and generalizations prevent us from seeing the truth. Senge also states as one of his laws, "Small changes can produce big results, but the areas of highest leverage are often the least obvious." In systems thinking it is determined that most obvious solutions do not work: Instead, they merely patch a symptom until the problem emerges again. So how does management find the least obvious problems and solve them? Considering the fact that each person's perception may or may not mirror reality it must be left to a team who can break through each individual's mental models.
This phenomenon will only occur within the true team environment. It is the purpose of teams to expand the limited focus of individuals and allow us to see situations differently.

His second premise, shared vision, is something that must be developed over time. Peoples' personal visions become translated into group vision. Many leaders dictate vision instead of allowing the individual, or team, to establish their own vision. An individual's vision should be similar to the leader's vision, but it has to be molded into the individual's values to have any true power. Personal mastery is Senge's way of describing the individual's basic values and commitments. These values play an important role in how the individual acts in a team environment.

Without exploring the previous four focal areas, team learning cannot take place. Senge states, "When teams are truly learning not only are they producing extraordinary results, but the individual members are growing more rapidly than could have occurred otherwise." This statement summarizes the desired result of effective team learning.

**Tools**

When a company begins its quest to the implementation of employee driven teams, it must first realize that there is no standard approach or recipe that can be followed. Each situation varies based upon the type of business, the stage that its quality process is in, the make-up of the individuals, and the context that the teams are desired to operate within. There is, however, a great deal of literature that provides a framework of guidelines that are beneficial to understand. In order to be successful in the team approach, the process must be long term and planned. It cannot be another program, but must adapt to the philosophy and reorganization of the management structure. Author Joel Katzenbach (1994) states three critical areas that must be
addressed in establishing teams. He says that in order for teams to perform they need to possess the following: accountability, commitment to team basics and developmental skills.

**Accountability and Commitment**

It is imperative in establishing a team environment that the team is accountable and committed to specific measurable performance goals. Commitment is critical to the success and effectiveness of a team and maintaining that commitment can be strenuous over the long haul. Johnson A. Edosomwan, CEO of Johnson and Johnson Associates, explains that the goals and objectives for continuous improvement must be understood across the organization and that individuals must take ownership for their own units' work goals. (Edosomwan, 1992). Goals should be set and agreed on by the members of the team that will be responsible for achieving them. In order to hold teams accountable for goals the goals must be specific and measurable. An effective measurement system must be in place to monitor the progress of the team in achieving their objective. Measurement systems should be focused on key processes that affect customer satisfaction and, or, profits. The feedback must be received in a timely manner to be effective. Corporations that poll customers and distribute the information on a quarterly, bi annually or annual basis loose the meaning of the data and the ability for the property to respond. Ideally, as part of a TQM effort, measurements for customer satisfaction should be analyzed monthly if not weekly. This data should be used in efforts to foster continuous improvement. Measurement systems should also be similar to other corporations within the industry. This enables the corporation to perform comparisons (benchmarking) in determining where they stand in their efforts. When the measurement system has the ability to directly assess the progress towards the goal, employees become focused in their attention, thus "goal driven."
Goals are the most effective when the teams establish them, are held accountable for the task, are able to learn from experiences, and are allowed to solve problems (Bobbin, 1993).

**Team Basics and Developmental Skills**

A team put together is merely a group of individuals until they can begin to think as a team and share ideas. Katezenbach (1994) asserts that effective teams must be small enough in numbers, possess adequate levels of complimentary skills, have a truly meaningful purpose, specific goals and a clear working approach. Teams should be the focus of organizational effectiveness. They combine managerial and non-managerial activities, they reward individual skill development and team performance.

**Dialogue**

Senge (1990) points out that "dialogue" is crucial for a successful team environment. Greek terminology of "dialogue" is "a free flowing of meaning through a group, allowing the group to discover insights not attainable individually." The corporate world is filled with hidden agendas, politics, and ulterior motives. Unless leaders create an open and fair playing field, people that are brought together as a team will merely be a group of individuals with no power and ability. Dialogue encourages open communication of ideas (as opposed to discussion which is a back and forth flow), a give and take, until a winner emerges. In order for this to happen, management must buy into the practice and not look out for their personal agendas. It is imperative that senior level management believe in the power of teams for them to be effective.
Summary

After researching the extensive literature that is available on teams in relation to TQM, it becomes apparent that there is no formula for their implementation. The reason being that the information often sites examples or illustrates theories, but there is not direct linkage to tie the two together. Every corporation has its own makeup of culture, individuals, priorities, goals and obstacles. Therefore, corporations should research the information that is available and tailor it to their own environment. However, during this research several common approaches became apparent. In order for a corporation to succeed in its desire to harness the power of teams, several basic conditions must be met. For instance, the corporation must have the desire to have employee teams and these teams must be supported and led starting at the highest level of the organization. Individuals must be trained in basic skills to work effectively as a team, and, further, the support by management must be continuous and not offset by changing sets of priorities. Teams should be organized only if they have direct control over the outcome and the goals. Measurements must be available, understandable, timely and accurate. These goals should be based upon customer satisfaction and/or profit/loss criteria. Additionally, the teams must have the authority to change processes without the approval of upper management. Finally, if ideas and implementation methods do not work, the leaders and the team members must not be afraid to admit it, learn from it, and continue on. Consider the literature that is available as a musical score for an orchestra. Every note is written down, as are the theories of team driven quality. However, each orchestra performs the same score differently within various degrees of precision and originality. If the piece of paper with the musical notes on it was all that the orchestra needed, the conductor would be unnecessary. When establishing teams management should assume the role of conductor, i.e., leader, and utilize their own style and uniqueness in
the composition of team driven quality. Just as the fine-tuned orchestra, team work only comes after years of practice, and successes and failures. As described in the review of the literature, the data analysis illustrates the successes and failures that this particular study encountered as it followed the format of implementation.
CHAPTER 3
PROCEDURES

Measuring Employee Data

Prior to implementation, initial employee surveys were given to measure employee satisfaction to establish a baseline from which comparison could be made. The survey was conducted twice during the initial six month implementation of employee driven teams. This was done to see if there was any effect on the level of employee satisfaction during this time period, either negative or positive. This was done so correlation's could be established if results varied by group.

Customer Data

The basis for customer service statistics was the cumulative percentages of defects, World Class and customer satisfaction ratings for each of the processes in the Food and Beverage department. The major teams were established by determining which employees had any effect on one of the processes. The time frame for the cumulation of customer basis measurement data was January 1, 1995 through June 30, 1995. These data were the basis to measure any statistical changes in the study period that was July 1, 1995 through March 31, 1996. The two sets of data were entered into the same format so comparative statistical analysis could be done as it relates to customer satisfaction, defects and World Class percentages. During the study, without first introducing it to the teams, no minor or major changes or decisions affecting customer service were made by management. This was to prevent introducing variables into the data. The data comparisons were the basis used to determine if the hypothesis was sound. Extrapolation of the data emphasized comparative analysis prior to, and at the conclusion
of the study. It was determined that the hypothesis was proven if the percentages of World Class ratings increased by two percentage points or more at the conclusion of the study as compared to the figures for the six months immediately preceding the study.

Establishing The Teams

The subjects for the study were the employees of the Food and Beverage department at IBM, Palisades. The facilitator of the team learning exercises is the Director of Training at IBM Palisades, who assisted in the general guidance in the initial stages of this study. To facilitate the training, the entire Food and Beverage department was separated into three teams, each with a direct effect on a particular process as follows: banquets, breakfast and lunch staff, and dinner staff. These teams consisted of front and back of the house employees and included management and supervisors. To facilitate the initial training, because of the population size of the department, the employees had to be separated into these three major groups. It is important to note that deliberate attempts were made to incorporate both front and back of the house employees into each team. It was not predetermined on how the makeup of these teams would change, or what their specific agendas would be after the teams were established. It was imperative to this study that these agendas be team generated.

Actual decision making teams were not put into place until the group had gone through preliminary team training. This process began in August of 1995 and was completed in September of 1995. It consisted of three classroom sessions of four hours each. For each of the major teams, these sessions focused on a series of modules called TeamPac (Workforce Solutions) that were assembled by Workforce Solutions, a division of IBM. These modules are
designed to initiate team learning and direction. The facilitator of the study at IBM Palisades chose four out of 26 modules to start the process in Food and Beverage. They were as follows; Common Purpose, Code of Conduct, Appreciating Individual Differences and Achieving High Quality Decisions. The Common Purpose module of the TeamPac training addressed the need for individuals to have a stated reason for being, one on which they could agree and focus. It served to give the group a direction and guidance from which to base decisions. The next step in the process of training was to establish a Code of Conduct, establishing ground rules that the individuals and the teams would operate within. The third module, Appreciating Individual Differences uses the Myers Briggs Type Indicator—a personality-type assessment. The usefulness in determining the personality traits of the individuals within a group, is that it allows the group to work more effectively by understanding and appreciating individuals' opinions and actions. The Achieving High Quality Decisions module begins to address the purpose for establishing teams. The module trains the group to behave more as a team and teaches them how to reach mutual decisions. In this particular study, all the modules noted above were utilized.

Advanced Team Training

After September 1995, advanced team training took place monthly throughout the study, and continues at this time. The training, some of which was conducted by the Johnson and Johnson staff on property, consisted of team building exercises similar to Outward Bound programs. By creating a learning environment through physical activities, these exercises served to emphasis the value of teamwork outside of the traditional classroom setting. Besides these,
bi-monthly meetings were also held with the entire staff to discuss the successes and failures during the implementation phase.

Team Processes

After the initial training, the major teams decided to create a vehicle for communication by establishing a weekly meeting where any concerns or issues could be addressed. Since the size of the major groups prevented attendance by all, the teams decided to have one or two representatives from each of the major teams in attendance. During the meetings, discussions took place as to what problems the teams should be focusing on and how to go about addressing the problems. The teams met four times. It was then that they decided that any considerable problem or issue that they wanted to address could not effectively be done with the make-up of the group as it was. It was determined that the segmented group was beginning to resemble a quality circle process. This was because the group consisted of people who were outside of the process that was being addressed and actually had no decision making capabilities. This was, in part because the group was composed of a representative from each of the major groups and not a team of the actual employees experiencing the problem.

At this point, the major teams decided to reconvene and redirect their efforts by trying a new approach. Only after that did they decide to choose one particular problem in their individual areas that they could focus and address as a team. People from other processes would only be brought in if the problem, or solution to the problem, affected their area; or, if their expertise was needed. Following are examples of the initial problems that the teams addressed: the kitchen decided to address the food cost issue that they had been experiencing, and the restaurant and kitchen staff addressed the defects they had been receiving in dinner service. The
teams met weekly and there appeared to be a genuine concern and interest because the problems were ones that affected them on a daily basis. It was apparent that the major teams were reforming based upon the level of effect that a particular problem had on the individual.

Although the major teams decided to dismantle the cross process meetings in the inception, they began to naturally reform at the latter part of the study period. This occurred when the teams decided to address issues that were common to all processes. One such example was the dissatisfaction with the employee review process. The format of the reviews for hourly associates was generated from corporate headquarters. The employees thought that it was vague and not objective in the sense that their performance was being interpreted by only one individual. They also felt that their peers and their manager's superior should have a say in their performance. To accomplish the task of redesigning the reviews, the associates established a team composed of representatives from each of the processes within the Food and Beverage department. This team also consisted of management and experts from outside of the Food and Beverage arena, such as the Human Resource Director. The team met for eight weeks and accomplished the task of redesigning the review process which, incidentally, has met with excellent comments from the associates that have received the new review.
CHAPTER 4
DATA ANALYSIS

Customer Satisfaction

The data was analyzed in various ways to determine if any changes in customer satisfaction resulted during the nine months following the implementation of the employee driven teams program. The data was separated into two time periods; before (January 1995- June 1995) and after the change (July 1995- March 1996). The two time periods began January 1, 1995, and July 1, 1995, respectively. The two time periods began at the beginning of the month and ended at the end of the month. The analysis of data was extracted from guest surveys received during these time periods. The guest surveys were passed out on the last day of class for each group and were collected immediately afterwards. There was a 35% return rate on the surveys during the study. This return rate also included the basis period of January 1995- June 1995. The number of surveys returned is reflected in the graph below.

Chart 1

The survey forms include eight major processes and 48 sub-processes. For example, Food and Beverage is a major process and its sub processes include: Main Dining Room Breakfast, Coffee Breaks, Main Dining Room Lunch, Main Dining Room Dinner, Specialty Dinner and Banquets. These Food and Beverage (F&B) sub-processes are further broken down into sub-
sub-processes. An example of this is the sub-process of Main Dining Room Breakfast being made up of two categories; 1.) Quality of food and 2.) Service. For the purposes of this study the data has only been analyzed to the detail of a sub-process which is a cumulation of data for the categories that fall under a particular sub-process. It was not necessary to go into greater detail to see positive or negative trends for the purpose of this study.

Responses were counted as the number of times one particular question was answered. Therefore, the total responses for the major process of Food and Beverage and its sub-processes could be greater than the number of surveys that were completed. The number of responses for the major process for Food and Beverage would include the responses generated in each of the sub-processes; Coffee Service, Breakfast, Lunch, Dinner, Specialty Dinner, and Banquets. For example, the sub-process of Breakfast: January 1995- June 1995, had a total of 4008 responses. These consisted of questions that were answered under the categories of 1.) Quality of food and 2.) Service. The data presented on Chart 2 refers to the total number of times a particular question was answered during the survey period for each of the sub-processes. The data of F&B overall is a cumulative total of all the sub-processes that follow it on the legend in Chart 2.

**Chart 2**

**NUMBER OF QUESTIONS ANSWERED**

![Chart 2](image-url)
This study focused on three types of data analysis: customer satisfaction, customer excellence (World Class), and defect analysis. Customer satisfaction was determined by combining the rating of Excellent, Very Good or Good on a particular question. Defects were determined by combining the rating of Fair or Poor. Customer excellence (World Class) was determined by a rating of Excellent on a particular question. If ratings of Excellent reached or exceeded 70% of responses, it was deemed World Class. It was possible to have a particular process increase its customer satisfaction rating and decrease its World Class rating at the same time. This would be accomplished by more people rating a particular process as Very Good or Good as opposed to Excellent, Fair or Poor.

**Customer Satisfaction**

The first statistical comparison examined was the relationship of the major process of Food and Beverage compared to the cumulative total of all the other major hotel processes during the period in which employee driven teams were implemented. Other major processes are defined as categories on the survey form that are not related to Food and Beverage such as Check in, Housekeeping and Fitness Center. This comparison was performed to determine if there was any hotel wide positive or negative trend that could have affected the results of the Food and Beverage study that did not have a direct relationship to the implementation of employee driven teams. Examples of variables that were outside the scope and control of this study were changes in the customer mix, changes in customer expectations, and general trends which could not be explained. If the seven other major processes showed a decline or increase in ratings, it was determined that this would be the basis to measure Food and Beverage changes against. For example, if the other major processes declined in customer satisfaction by 10% and Food and Beverage only declined by 5%, the 5% difference would be attributed to the implementation of
employee driven teams. It is the intention of the next set of graphs to determine if the other major processes were affected by any variables and then to apply these changes to the Food and Beverage processes. All charts that have percentage information may not total to 100% or equal the number of responses due to rounding.

Chart 3

<table>
<thead>
<tr>
<th></th>
<th>Jan.95- June 95</th>
<th>Jul.95-Mar 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Processes</td>
<td>97.4%</td>
<td>97.15%</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>99.19%</td>
<td>98.93%</td>
</tr>
</tbody>
</table>

As illustrated above (CHART 3), there was very little increase in customer satisfaction in the other major hotel processes. This was also true in Food and Beverage processes when the two time periods were compared. However, since customer satisfaction was so high already, it would be very hard to show a meaningful increase. Especially when the existing rating was already above 98%.

World Class

In a comparison of World Class ratings (CHART 4) the other major hotel processes show an increase compared to Food and Beverage. However, F&B remains higher in percent excellent even though the process declined during the study period. If F&B was to follow the trend of the
other processes, it should have shown an increase of approximately 2.15% resulting in a score of 69.24%. Instead the rating dropped to 64.99% for a net difference of 4.25%.

Chart 4

![WORLD CLASS RATINGS (Excellent)]

<table>
<thead>
<tr>
<th>Jan.95- June 95</th>
<th>Jul.95-Mar.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>56.2%</td>
<td>58.35%</td>
</tr>
<tr>
<td>67.09%</td>
<td>64.99%</td>
</tr>
</tbody>
</table>

Defects

In the analysis of the percentage of defects during the study period compared to the delta period (CHART 5) F&B showed a .26% increase in the number of defects and the other processes showed a .09% decrease. If F&B had followed this trend the resulting defect percentage would have been .72% (.81 -.09) This net difference when measured against the other processes trend amounts to a .35% increase in F&B defects (1.07 -.72). The number of guests that this affected can be illustrated by taking the number of total responses for the major hotel processes excluding F&B and multiplying this number by the percentage decrease in number of defects (34,182 x .09%) resulting in a decrease of 30 defects. Using the same mathematics for F&B would result in an additional 83 defects during the study period (32,013 x .26%). These 83 defects in the major process of F&B are spread out over the sub-processes according to Chart 6.
This chart illustrates the additional number of people that attributed to the defect variance in each of the sub-processes. The increase in 83 defects for F&B overall is a total of all
the sub-processes above. It should be noted that some of the sub-processes had a decrease in numbers of defects and are illustrated by positive numbers.

Customer Satisfaction Sub-Processes

The next set of data that was analyzed was the sub-processes within the major process of Food and Beverage as they relate to customer satisfaction, World Class and defect percentages. Two of the sub-processes in Food Services had an increase in customer satisfaction during the study period while four sub-processes had a decline. (CHART 7) The largest decrease was in Dining Services.

Chart 7

<table>
<thead>
<tr>
<th></th>
<th>Breakfast</th>
<th>Coffee</th>
<th>Lunch</th>
<th>Dinner</th>
<th>Speciality</th>
<th>Banquets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.95-June 95</td>
<td>99.5%</td>
<td>99.4%</td>
<td>99.2%</td>
<td>99.1%</td>
<td>99.1%</td>
<td>99.5%</td>
</tr>
<tr>
<td>Jul.95-Mar.96</td>
<td>98.3%</td>
<td>98.4%</td>
<td>97.8%</td>
<td>98.8%</td>
<td>99.5%</td>
<td>99.8%</td>
</tr>
</tbody>
</table>

Defects: Sub-Processes

Satisfaction ratings are the inverse of Defect Ratings meaning that as more people rate a process as Excellent, Very Good or Good, the number of Fair and Poor responses will decline
and vice versa. A comparison of Chart 7 to Chart 8 illustrates this relationship. The processes that had decreased customer satisfaction scores had increased defect scores and vice versa.

Chart 8

**FOOD AND BEVERAGE DEFECTS**
*(Fair, Poor)*

<table>
<thead>
<tr>
<th></th>
<th>Jan.95- June95</th>
<th>Jun.95-Mar.96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>.50%</td>
<td>.48%</td>
</tr>
<tr>
<td>Coffee</td>
<td>.61%</td>
<td>.48%</td>
</tr>
<tr>
<td>Lunch</td>
<td>.90%</td>
<td>.57%</td>
</tr>
<tr>
<td>Dinner</td>
<td>.87%</td>
<td>.78%</td>
</tr>
<tr>
<td>Speciality</td>
<td>2.25%</td>
<td>1.72%</td>
</tr>
<tr>
<td>Banquets</td>
<td>1.25%</td>
<td>1.32%</td>
</tr>
</tbody>
</table>

**World Class: Sub- Processes**

World Class ratings are categorized by the number of customers who rate a process as Excellent and, therefore, they may or may not have a direct relationship to the percentage of customer satisfaction and defects responses. If a customer rates a process as Excellent as compared to Very Good or Good, then the customer satisfaction rating would remain constant since customer satisfaction is defined as a rating of Excellent, Very Good or Good. However, if a customer rated a process as Excellent as opposed to Fair or Poor, then the rating would have a direct effect on customer satisfaction and defects showing an increase and decrease respectively. The ideal situation would be to have a decrease in the number of defects and an increase in World Class ratings which would mean that less people were rating processes as Fair or Poor and more were rating the process as Excellent and not just Very Good or Good. It can not be assumed that a rating of Fair or Poor was now a rating of Excellent. Instead, it could be evidence
of a shift across the rating scale meaning that the people who were rating a process as Fair or Poor were now rating the process as Very Good or Good and that those rating the process of Very Good or Good were now rating the process as Excellent. If defects remained constant, any increase in World Class would be attributable to a shift; to an Excellent rating, in those previously rating a process as Very Good or Good. Furthermore, if customer satisfaction and World Class increased, this would have to be due to a decrease in defects. Another possible scenario is World Class declining, but defects remaining constant which could only be due to more ratings in the categories of Very Good and Good, instead of Excellent. Chart 9 represents the World Class ratings for each of the F&B sub processes during the study period.

Chart 9

FOOD AND BEVERAGE WORLD CLASS RATINGS

(Excellent)

World Class measurements are very important for several reasons. First, they are a measurement of true excellence and customer delight. For a customer to rate a process as Excellent as compared to Very Good or Good, their experience must have been outstanding.
Second, World Class takes on great importance as a goal to achieve when customer satisfaction goals have been achieved. As shown in Chart 6, customer satisfaction ratings were so high that the slight fluctuations in them are not meaningful. Every sub-process in F&B has a customer satisfaction rating of over 98%, and four out of six had a rating of over 99%. Graphing and talking about increases from 99% does not make for a challenging and exciting goal for employee teams to achieve. However, increasing a World Class Rating from the existing fifty to sixty percentile is both meaningful and easily illustrated. In essence by concentrating on World Class we are concentrating on moving the curve of ratings forward and striving for perfect customer service.

Shifting of Ratings: Sub-Processes

All of the sub-processes have shown a decline in the World Class Ratings, except for the sub-process Specialty Restaurant. Specialty Restaurant also showed an increase in customer satisfaction as well as a decrease in the number of defects. This is the ideal situation as it shows the curve in the ratings as moving forward. This shows a shift from the Fair and Poor ratings to the Very Good and Good ratings as well as a shift from Very Good and Good to Excellent as is demonstrated in Chart 10.

Chart 10

Guest Satisfaction Ratings for Specialty Restaurant
(Excellent, Very Good, Good)
During the study period, the sub-processes of Coffee Breaks, Breakfast, Lunch, and Dinner all showed decreases in customer satisfaction and excellence as well as increases in the number of defects. In these situations fewer customers were satisfied and more customers were dissatisfied with the services offered in these sub-processes.

Another phenomenon that presented itself during the study is a decrease in excellence and defects as well as an increase in customer satisfaction. This occurred in the sub-process of Banquets. This means that more people who had previously rated the process as Excellent, Fair or Poor were now rating the process as Very Good or Good. This situation has both its good and bad points. On one hand, fewer customers found fault with the Banquet sub-process as is evidenced by the lower percentages of Fair and Poor responses. However, fewer customers found the services offered to be Excellent which means an incomplete shifting of the curve as opposed to the one that was shown in Chart 10. Instead the curve falls short in moving towards World Class. (Chart 11)

**Chart 11**

**Guest Satisfaction Ratings for Banquets**
*(Excellent, Very Good, Good)*

![Guest Satisfaction Ratings for Banquets](image)
Employee Satisfaction

Employee satisfaction surveys were done at the beginning and end of the study period. These were conducted to determine how the employees felt about teamwork, management, customers and each other before and after the implementation of employee driven teams. The results of the survey were placed into the same format as the customer surveys; meaning that World Class, satisfaction and defect percentages were analyzed. This was accomplished by assigning a numerical value to the ratings with the number 5 being the highest score and 1 being the lowest. The table below illustrates the comparisons of the terminology with the guest and employee comments.

Table 3

<table>
<thead>
<tr>
<th>Rating</th>
<th>Guest and Employee survey</th>
<th>Employee Survey</th>
<th>Employee Survey</th>
<th>Employee Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Excellent</td>
<td>Extremely</td>
<td>Constantly</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>4</td>
<td>Very Good</td>
<td>Very</td>
<td>Usually</td>
<td>Agree</td>
</tr>
<tr>
<td>3</td>
<td>Good</td>
<td>Average</td>
<td>Sometimes</td>
<td>Sometimes Agree</td>
</tr>
<tr>
<td>2</td>
<td>Fair</td>
<td>Not</td>
<td>Hardly</td>
<td>Disagree</td>
</tr>
<tr>
<td>1</td>
<td>Poor</td>
<td>Very Dissatisfied</td>
<td>Never</td>
<td>Strongly Disagree</td>
</tr>
</tbody>
</table>

As an example, if an employee answered a question with Strongly Agree, this was equated to a response of Excellent on the guest survey and would be considered a World Class measurement. The accumulation of ratings Strongly Agree, Agree, or Sometimes Agree was considered as employee satisfaction just as ratings of Excellent, Very Good and Good were on the guest surveys. In turn, the responses Disagree and Strongly Disagree were considered defects. This allowed different terminology to be translated into common statistical data for analysis.
The data was particularly useful to determine if the team training and employee driven team concepts were having any effect on the employees outlook towards different aspects of their jobs.

The first question asked was "How satisfied are you with your job?". The employee could respond with an answer of Extremely, Very, Average, Not or Very Dissatisfied. A rating of Extremely was considered World Class. Ratings of Extremely, Very, and Average were considered as satisfaction. The responses Not and Very Dissatisfied were deemed defects.

The data is presented below on Chart 12.

Chart 12

**HOW SATISFIED ARE YOU WITH YOUR JOB?**

(World Class, Satisfaction, Defects)

World Class and defect ratings decreased and overall satisfaction increased meaning that more people were satisfied and less had strong positive or negative feelings about their job.

Another very important question was "How do you rate the teamwork in Food and Beverage?" The comparison of the results on the response to this question were very significant because it determined if the basic message of teamwork and if the approach taken in this study
was working. The employees were allowed to choose a response of Excellent, Very Good, Good, Fair or Poor. The determination of World Class, satisfaction and defects followed the same theory as the previously mentioned question. The results are illustrated on Chart 13.

Chart 13

**HOW DO YOU RATE THE TEAMWORK IN FOOD AND BEVERAGE?**

(World Class, Satisfaction, Defects)

<table>
<thead>
<tr>
<th></th>
<th>June 95</th>
<th>March 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Class</td>
<td>8.0%</td>
<td>15.8%</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>80.0%</td>
<td>81.6%</td>
</tr>
<tr>
<td>Defects</td>
<td>20.0%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

Both World Class Ratings and overall satisfaction showed increases which meant that the employees felt that teamwork in the department had improved.

Just as important was if the employees felt that their ideas were being listened to and acted upon. In order for the employee teams to be successful, they had to create ideas and put them into action. When asked, "To what degree do you feel your ideas are acted upon?" employees could respond Constantly, Usually, Sometimes, Hardly or Never. The comparative results of the two time periods were in support of the employee teams as shown on Chart 14.
Employees were asked "Do we provide the best possible service to our guest?" This question was asked to determine the employees' perceptions about the level of service that they provided. The allowable responses were Strongly Agree, Agree, Sometimes Agree, Disagree and Strongly Disagree. If this question had a large number of defects, (Disagree and Strongly Disagree), then the employee teams should have had many items to work on to increase the perceived level of customer service. As is illustrated on Chart 15 this was not the case. The employees believed that they did provide the best possible service, so much so, that satisfaction was 100% at the end of the study period. This increase could be attributable to the efforts of the employee team's pride to achieve this perceived level of customer service. In reality, customer satisfaction increased in just two out of the six processes during the study period. The results
could be looked at as an increase in the level of pride that the associates had in their job because of their increased decision making capabilities.

Chart 15

DO WE PROVIDE THE BEST POSSIBLE SERVICE TO OUR GUEST?
(World Class, Satisfaction, Defect)

Employees were asked "Is there open and candid communication with the people that you work with?" This question was asked to determine if the ideas of all employees were being heard and acted upon in an open forum with appropriate positive feedback and idea sharing. The employees were able to answer Constantly, Usually, Sometimes, Hardly or Never and the results of the responses are illustrated on Chart 16. Although overall satisfaction dropped slightly the number of people whose response was Constantly increased. One possible explanation for the occurrence of both is that the teams gave a venue to the people who had always wanted to be outspoken but also silenced the quieter introverts to a frustrating level.
The question "How responsive do you feel management is to your concerns?" asked employees to rate on a scale that included Extremely, Very, Average, Fair and Poor as possible responses. This is the only question that reported drops in both World Class and satisfaction ratings and increases in defects (Chart 17). This could possibly be due to the very existence of the team approach. During the study, employees began to generate some ideas and solutions that were impossible to implement due to budgetary and other constraints. Because the teams were still in their infancy, they were unable to see the whole picture in some situations and management had to steer the project in another direction. It could have been this perception that led the employees to believe that management was not being responsive.
Chart 17

HOW RESPONSIVE IS MANAGEMENT TO YOUR CONCERNS?
(World Class, Satisfaction, Defects)

<table>
<thead>
<tr>
<th></th>
<th>June 95</th>
<th>March 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Class</td>
<td>14.6%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>77.1%</td>
<td>75.7%</td>
</tr>
<tr>
<td>Defects</td>
<td>22.1%</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

Summary

On the basis of the data presented in the preceding six charts, the conclusion can be made that the level of employee satisfaction did increase during the study period. The conclusion can be made that this was a direct result of the employee teams since there were no other known variables affecting satisfaction during this period.

Other Results

One of the problems that the employee driven teams took on was that of the food cost. The kitchen employees set up an employee team to try to solve a budgeted food cost problem in the kitchen. Approximately 10,000 customers were served every month in the restaurants. During the second quarter of 1995, the food cost began to rise significantly. The original budgeted food cost per customer was $8.50. In May and June it skyrocketed to over $9.10 per cover. This was a significant number because even a fifty cent increase in the food cost per customer over budget results in unrealized profits of $5,000 per month (10,000 customers x .50 per customer). The following graph illustrates the food cost for the six months proceeding the
implementation of the teams and six months while the team were working on the issues to lower the food cost. A direct effect can be seen when the employees began work on and finding solutions to the problems in September (Chart 18). At the end of the study the food cost per customer had dropped to and all time low of $6.95 per customer. This is $1.55 under budget and translates into monthly savings of $15,500.00 ($1.55 x 10,000 customers). The interesting point about this phenomenon is that these savings alone paid for all the money that was invested in the initial training of the employee teams.

Chart 18

FOOD COST PER CUSTOMER
(Dollars)

Other projects that the teams worked on should be noted at the conclusion of this chapter. These were projects that the employees took on and ones that have no concrete statistics that can be applied to them. They include; the restructuring of the employee review process, involvement in the hiring process, involvement in the disciplinary process including terminations, cross training in other disciplines, and restructuring menus and themes in the restaurants.
CHAPTER 5
CONCLUSIONS

The data that has been reported neither supports or disproves the hypothesis that was made at the beginning of the study.

The customer satisfaction data that was presented shows increases in the levels of World Class and satisfaction ratings in two out of six processes. Since all the employee teams were put through the same training process, increases or decreases in customer satisfaction would have had to be consistent to support or disprove the hypothesis. The differences in the statistical data are not significant enough to either support or disprove the hypothesis. Positive and negative changes were to small to show any direct relation to the implementation of employee teams and could have been due to unknown variables.

Levels of employee satisfaction did increase during the study period. This seems to suggest that the implementation of employee teams was effective in the way that the employees perceived their jobs. This point could prove very beneficial in the future continuation of this study.

Another major result in support of employee driven teams was the reduction in food cost. Although this did not have any impact on customer satisfaction, it was an area that focused the teams concentration and delivered considerable results. This could be evidence that the teams were successful when brought together for a purpose and, had that purpose been customer satisfaction, the results might have been similar.

Other positive factors appeared as a result of the employee driven teams. These factors were outside of the scope of this study and had nothing to do with the original hypothesis. Teams eliminated duplicate and unnecessary steps in several work processes which resulted in savings. They were also responsible for the reengineering of the interviewing and review processes.
In conclusion it is the researcher's opinion that further study is needed on the implementation of employee driven teams. The study period was too short to see noticeable increases in customer satisfaction. This is largely because team training was the primary focus during the six months of this study. By the time that the employees were trained to solve customer related issues the study was in its final stages and, therefore, not translated in the statistics. Most reflective of this was the positive trends in employee satisfaction and how the team efforts were moving in the right direction. A six month period was determined to be too short of a time to see broad, across process, improvement because of the complexity and time consuming nature of employee team implementation. However, the early results of this study indicate that the concept should be continued and reassessed over the next year.
REFERENCES


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