READING

READING PASSAGE 1

You should spend about 20 minutes on ***Questions 1–13*** *which are based on Reading Passage 1 below.*

IMPLEMENTING THE CYCLE OF SUCCESS: A CASE STUDY

Within Australia, Australian Hotels Inc (AHI) operates nine hotels and employs over 2000 permanent full-time staff, 300 permanent part-time employees and 100 casual staff. One of its latest ventures, the Sydney Airport hotel (SAH), opened in March 1995. The hotel is the closest to Sydney Airport and is designed to provide the best available accommodation, food and beverage and meeting facilities in Sydney's southern suburbs. Similar to many international hotel chains, however, AHI has experienced difficulties in Australia in providing long-term profits for hotel owners, as a result of the country's high labour-cost structure. In order to develop an economically viable hotel organisation model, AHI decided to implement some new policies and practices at SAH.

The first of the initiatives was an organisational structure with only three levels of management – compared to the traditional seven. Partly as a result of this change, there are 25 per cent fewer management positions, enabling a significant saving. This change also has other implications. Communication, both up and down the organisation, has greatly improved. Decision-making has been forced down in many cases to front-line employees. As a result, guest requests are usually met without reference to a supervisor, improving both customer and employee satisfaction.

The hotel also recognised that it would need a different approach to selecting employees who would fit in with its new policies. In its advertisements, the hotel stated a preference for people with some 'service' experience in order to minimise traditional work practices being introduced into the hotel. Over 7000 applicants filled in application forms for the 120 jobs initially offered at SAH. The balance of the positions at the hotel (30 management and 40 shift leader positions) were predominantly filled by transfers from other AHI properties.

A series of tests and interviews were conducted with potential employees, which eventually left 280 applicants competing for the 120 advertised positions. After the final interview, potential recruits were divided into three categories. Category A was for applicants exhibiting strong leadership qualities, Category C was for applicants perceived to be followers, and Category B was for applicants with both leader and follower qualities. Department heads and shift leaders then composed prospective teams using a combination of people from all three categories. Once suitable teams were formed, offers of employment were made to team members.

Another major initiative by SAH was to adopt a totally multi-skilled workforce. Although there may be some limitations with highly technical jobs such as cooking or maintenance, wherever possible, employees at SAH are able to work in a wide variety of positions. A multi-skilled workforce provides far greater management

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flexibility during peak and quiet times to transfer employees to needed positions. For example, when office staff are away on holidays during quiet periods of the year, employees in either food or beverage or housekeeping departments can temporarily fill in.

The most crucial way, however, of improving the labour cost structure at SAH was to find better, more productive ways of providing customer service. SAH management concluded this would first require a process of 'benchmarking'. The prime objective of the benchmarking process was to compare a range of service delivery processes across a range of criteria using teams made up of employees from different departments within the hotel which interacted with each other. This process resulted in performance measures that greatly enhanced SAH's ability to improve productivity and quality.

The front office team discovered through this project that a high proportion of AHI Club member reservations were incomplete. As a result, the service provided to these guests was below the standard promised to them as part of their membership agreement. Reducing the number of incomplete reservations greatly improved guest perceptions of service.

In addition, a program modelled on an earlier project called 'Take Charge' was implemented. Essentially, Take Charge provides an effective feedback loop from both customers and employees. Customer comments, both positive and negative, are recorded by staff. These are collated regularly to identify opportunities for improvement. Just as importantly, employees are requested to note down their own suggestions for improvement. (AHI has set an expectation that employees will submit at least three suggestions for every one they receive from a customer.) Employee feedback is reviewed daily and suggestions are implemented within 48 hours, if possible, or a valid reason is given for non-implementation. If suggestions require analysis or data collection, the Take Charge team has 30 days in which to address the issue and come up with recommendations.

Although quantitative evidence of AHI's initiatives at SAH are limited at present, anecdotal evidence clearly suggests that these practices are working. Indeed AHI is progressively rolling out these initiatives in other hotels in Australia, whilst numerous overseas visitors have come to see how the program works.

This article has been adapted and condensed from the article by R. Carter (1996), 'Implementing the cycle of success: A case study of the Sheraton Pacific Division', *Asia Pacific Journal of Human Resources*, 34(3): 111–23. Names and other details have been changed and report findings may have been given a different emphasis from the original. We are grateful to the author and *Asia Pacific Journal of Human Resources* for allowing us to use the material in this way.

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Questions 1–5

*Choose the appropriate letters **A–D** and write them in boxes 1–5 on your answer sheet.*

1 The high costs of running AHI's hotels are related to their ...

A management.
B size.
C staff.
D policies.

2 SAH's new organisational structure requires ...

A 75% of the old management positions.
B 25% of the old management positions.
C 25% more management positions.
D 5% fewer management positions.

3 The SAH's approach to organisational structure required changing practices in ...

A industrial relations.
B firing staff.
C hiring staff.
D marketing.

4 The total number of jobs advertised at the SAH was ...

A 70.
B 120.
C 170.
D 280.

5 Categories A, B and C were used to select ...

A front office staff.
B new teams.
C department heads.
D new managers.

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Questions 6–13

*Complete the following summary of the last **four** paragraphs of Reading Passage 1 using **ONE OR TWO** words from the Reading Passage for each answer.*
Write your answers in boxes 6–13 on your answer sheet.

WHAT THEY DID AT SAH

Teams of employees were selected from different hotel departments to participate in a … **(6)** … exercise.

The information collected was used to compare … **(7)** … processes which, in turn, led to the development of … **(8)** … that would be used to increase the hotel's capacity to improve … **(9)** … as well as quality.

Also, an older program known as … **(10)** … was introduced at SAH. In this program, … **(11)** … is sought from customers and staff. Wherever possible … **(12)** … suggestions are implemented within 48 hours. Other suggestions are investigated for their feasibility for a period of up to … **(13)** … .

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