

## **Introduction**

This report is prepared by HRConsultz (a fictional HR Consultant company) to highlight the role of employees of Portman Ritz-Carlton in its success and possible HR challenges that may arise in future. This report has been prepared on the insistence of the senior Management at Ritz-Carlton and is intended for their use only.

### **Human Resource at Portman Ritz-Carlton**

The employee centric approach at Portman Ritz-Carlton has been the hallmark of its success since 1998 when its present General Manager Mark DeCocinis took over. As reported in Financial Times (2007), Portman Ritz-Carlton prides on its unique value proposition of “Setting up its people for success”. To ensure high service standards, the Management takes great care in recruiting its employees and training and retaining them.

GM DeCocinis takes personal interest in recruitment process for front-end employee. The management looks for organizational culture-fit candidates who share similar values with the organization. This ensures that the employees work towards the goals of the organization and the team environment is conducive to superlative performance. For example, the manager looks for people who can smile naturally, which is a rare breed in a culture promoting reserved expressions. Such people can make the stay of guests truly memorable and thus enhancing the guest satisfaction rate. Moreover, employees who seek long term commitment are given preference to build a positive team environment which improves the employee satisfaction rate.

Apart from recruitment process, the management takes great care in training and retaining the employees. For example, during the 2003 SARS crisis, even though the occupancy

rates hit rock bottom, the management renewed the contracts of all employees and encouraged them to work in shifts (Financial Times, 2007). Such show of faith from the management boosts the confidence of the employees and motivates them to work towards the organizational growth.

These valuable and rare characteristics in human resources require a functioning support system and involvement of the top management. The high guest and employee satisfaction rates at Portman Ritz-Carlton has been possible only because of the necessary support system created by the management. The management has involved the employees in setting up goals and achieving them. For example, each employee is given goals for guest satisfaction and financial performance. The positive team dynamics visible among hotel employees is possible due to careful selection of employees by the management. The employees, in return, have shown the willingness to go the extra mile to achieve the organizational goals. For example, during the 2003 SARS crisis, the employees voluntarily took paid leaves to reduce organizational burden. The support system for the employees was visible during this period when the bachelor employees gave their shifts to married employees who had to support their families (Yeung, 2006). The human resources at Portman Ritz-Carlton is hard-to-imitate in this ultra-competitive marketplace where financial performance is the sole criterion to judge top management.

These human resource capabilities are embedded to the organization due to the transformational leadership provided by DeCocinis. Working under a transformational leader can be an uplifting experience for the employees (Bass, 1990). The job security provided by the management has reduced the work context related stress for the employees. The management has also provided task significance for every employees by involving them in goal setting process for the hotel. The leadership by DeCocinis and the support system by the top management has

resulted in development of high service standards at Portman Ritz-Carlton which are hard-to-imitate elsewhere.

### **Challenges Ahead**

The success of the employee centric approach has not gone unnoticed by the competitors. The competitors will respond by adopting more employee friendly policies of their own. They may aggressively pursue qualified and talented employees which may result in an increase in staff turnover rate at the hotel. To counter such an approach, the senior management must focus on skill variety and task significance of work provided to the hotel employees. Moreover, the focus should be on branding the hotel as “employee friendly”. This will ensure that the staff turnover is kept to a minimum.

The HR management practices employed at Portman Ritz-Carlton poses several challenges for the organization which can be exploited by its competitors. One of these is the subjectivity of the HR policies (such as recruitment process). The personal involvement of GM in the recruitment process allows him little time to keep track of the changes in market. This may mean that the hotel is slow to respond to market dynamics e.g. during holiday season. During holiday seasons, rival hotels may come up with innovative packages to lure away potential customers. GM needs a support team and documented HR policies (such as recruitment process) which will afford him more time for strategy formulation and growth of the organization.

A major reason for the success of Portman Ritz-Carlton is the transformational leadership provided by GM Mark DeCocinis. However, there appears to be little succession plan on the part of the senior management. This condition may be exploited by rival hotels as they may lure away the GM with additional perks and facilities. To avoid this situation, the senior management must

focus on developing a succession plan for the hotel so that the team environment is not compromised due to the changes in leadership.

### **Conclusion**

The purpose of this report was to highlight the role of employees of Portman Ritz-Carlton in its success and possible HR challenges that may arise in future. It was observed that employee motivation and involvement is the primary reason behind the success of the hotel. The hotel has been able to develop these rare and valuable characteristics due to the support system provided to the employees and the transformational leadership by GM DeCocinis. The high staff satisfaction leads to high guest satisfaction which ultimately leads to superlative financial performance. The HR challenges that may arise in future are staff turnover due to aggressive hiring by rivals. Moreover, aggressive marketing campaigns by rivals may lure away customers during highly profitable holiday seasons. These challenges are identified to enable the senior management at the Ritz-Carlton to take suitable actions.

### References

- Bass, B. M. (1990). From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*, (Winter) , pp. 19-31.
- Financial Times. (2007). The Portman Ritz-Carlton: Setting up our Ladies and Gentlemen for Success. *Financial Times* , pp. 1-9.
- Hunter, S. (2007, March 13). *The Core of Team Dynamics*. Retrieved April 7, 2010, from associatedcontent Web site:  
[http://www.associatedcontent.com/article/166775/the\\_core\\_of\\_team\\_dynamics\\_pg4.html?cat=4](http://www.associatedcontent.com/article/166775/the_core_of_team_dynamics_pg4.html?cat=4)
- The Ritz-Carlton. (2010). *Hotel Information*. Retrieved November 6, 2010, from Ritz-Carlton Web site: <http://www.ritzcarlton.com/en/Properties/Shanghai/Information/Default.htm>
- Yeung, A. (2006). Setting the people up for success: How the Portman Ritz-Carlton Hotel gets the best from its people. *Human Resource Management*, Vol. 45 (2) , 267-275.