

Excellence in the Canadian Tourism Industry



"The rung of the ladder was never meant to rest upon, but only to hold a man's foot long enough to enable him to put the other somewhat higher" – Thomas Huxley

Dawn Ringrose & Associates Inc.
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Introduction

In cooperation with the Tourism Industry Association of Canada, Dawn Ringrose & Associates Inc. recently conducted a survey on excellence with the tourism industry.

The research was motivated by a desire to measure the level of excellence that exists in the Canadian tourism industry and identify what the industry is doing well, where it needs to improve, and suggest some targeted improvement areas.

This report shares the methodology, findings, conclusions and recommendations of this preliminary research.

Methodology

Two survey instruments were created, small organizations < 100 employees and large organizations 100+ employees.

Both instruments were based on the Canadian Framework for Excellence (National Quality Institute), a management model that depicts the principles and practices characteristic of high performing organizations throughout the world (Related Sources: Malcolm Baldrige in the United States, European Foundation for Quality Management, Standards Australia International).

Participants were asked to self-assess their organization on the extent to which these excellence practices were in place using the following rating scale:

- Nothing Being Done – no systematic approach, limited deployment, few or poor results
- Good Start – beginning of systematic approach, deployed in some major areas, some good results
- Doing Well – sound systematic approach, deployed across areas, good results
- High Performance – sound systematic approach, deployed across areas, good to excellent results compared to leaders in the industry
- World Class – sound systematic approach, deployed across areas, outstanding results compared to leaders in other sectors and countries

Findings

In total, 167 small organizations and 17 large organizations completed the respective surveys.

A summary of the findings is provided below. The findings identify industry strengths and opportunities for improvement. To expand and help industry capitalize on opportunities for improvement, several noteworthy industry examples have been provided.

Figure 1 shows the respondent breakdown by sector and reveals the vast majority of participants were from the accommodation and attraction sectors. Due to the limited sample size and varying representation across tourism sectors, few conclusions can be drawn on a sectoral basis, however, the degree of participation does provide a good start in evaluating the extent to which excellence practices are being used by industry in general.

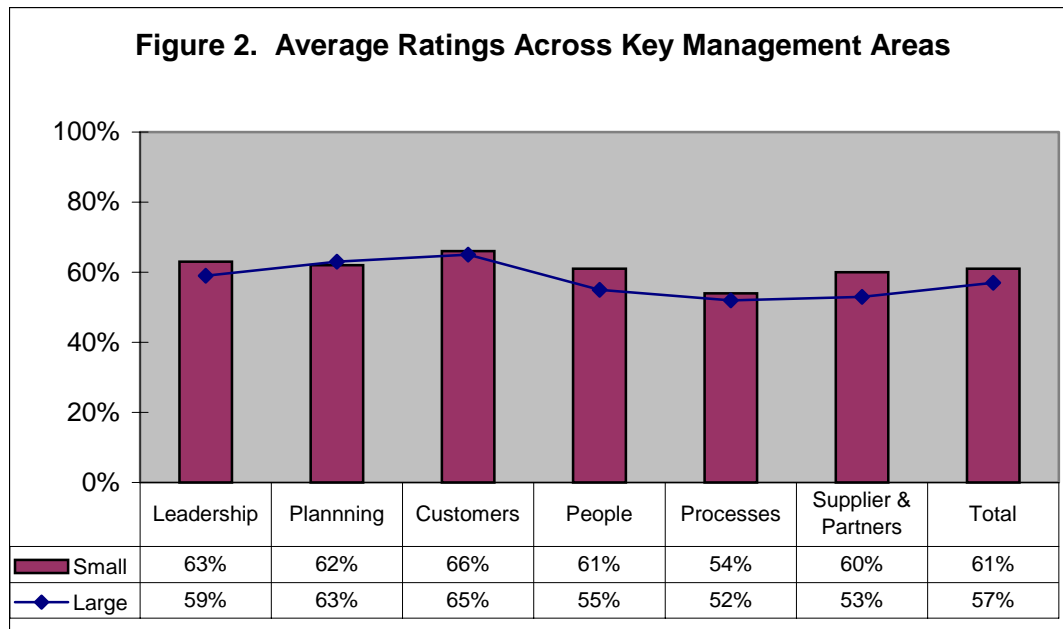
Figure 1. Survey Respondents By Tourism Sector

Tourism Sector	Small Organizations	Large Organizations
	#	#
Accommodation	50	5
Food service	13	0
Attraction	57	4
Event	6	2
Transportation	3	2
Tour	19	3
Character area	1	0
Tourism information center	3	0
Government	3	2
Association	13	0
Other	27	2

**In some instances, respondents indicated more than one category*

Figure 2 depicts the average ratings for small and large organizations across practices in each of the management areas and for the total framework. The average ratings indicate both **small and large organizations self-assessed business practices quite positively**. It was interesting that small organizations had a tendency to provide higher ratings across management areas with the exception of planning.

Overall, the **greatest area of strength was considered to be 'customers'**, while the **greatest opportunity for improvement was 'processes'**.



A management area often avoided by organizations, attention to the processes area usually results in significant improvement.



THE RITZ-CARLTON® Ritz Carlton provides a strong example in this regard. This hotel chain has dissected key processes to identify points at which problems may occur. To meet its goal of total elimination of problems, the hotel chain has determined there are 970 potential instances for a problem to arise during interactions with overnight guests and 1,071 such instances during interactions with meeting event planners. Information related to the prevention and correction of such problems has been entered into a database that is accessible to all hotels in the chain, enabling employees to anticipate the needs of guests and ensure a high quality experience. With this commitment to smooth running processes it should come as no surprise that more than 80% of meeting planners reported they were extremely satisfied with their overall experience and 99% said they were satisfied, 75% of overnight guests reported extreme satisfaction with their overall experience and 99% reported they were satisfied, and 75% of customers would not use a competitor regardless of the offer (1998).

Appendix 1 and 2 provide more detailed results for the two surveys. For individual statements in each of the management areas, a weighted average was calculated. These calculations suggest that industry should concentrate efforts in the following areas:

Improve 'performance measurement' in the management areas of leadership, planning, people, processes, suppliers & partners.

A balanced set of measures allows both the organization and industry to monitor and review progress and benchmark performance.

Of interest in this regard, measurement results reported by organizations using the Canadian Framework for Excellence (Canada Award of Excellence recipients, National Quality Institute) have indicated: 60% decrease in employee turnover, 215% in cost savings, 90% increase in customer satisfaction, 33% increase in employee satisfaction, 82% reduction in cycle time, and 57% decrease in injuries.



Delta Hotels is the only hotel company to receive the Canada Award for Excellence, for the quality category in 2000 and the healthy workplace category in 2004. The hotel chain uses a balance between employee, guest, and financial measures in assessing organizational performance. Examples of these measures include: guest satisfaction, employee satisfaction, occupancy, market share, average rate, new accounts, and account retention.

Globally, organizations implementing similar excellence models have been shown to significantly outperform their industry counterparts on investment growth - Canada 3.0 to 1.0, United States 4.8 to 1.0, Australia 3.5 to 1.0 (Sources: National Quality Institute, Malcolm Baldrige, Standards Australia International).

Work more closely with suppliers and partners to ‘discuss direction of the organization’ and ‘involve them in improvement initiatives’.

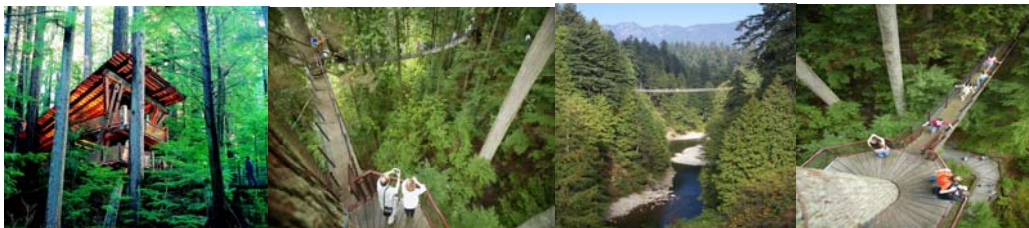


Fairmont Hotels has worked with suppliers and partners to conserve energy and reduce impact on the environment. In 2004, the Fairmont Winnipeg participated in the Manitoba Hydro Power Smart for Business program to retrofit light bulbs in the exit and service areas of the property. By switching from incandescent lighting to light emitting diodes, the hotel improved lighting quality, lowered electricity bills, and decreased replacement costs. It is estimated the change will reduce related power consumption by 90%, providing an annual savings on each light of \$11.04, and extending the life expectancy of each light to 10 years. In 1999, the Fairmont Chateau Lake Louise initiated a green power purchase agreement with Canadian Hydro Developers. Although more expensive (additional 10.5% of annual electricity budget), the agreement has provided a cleaner alternative to traditional power generation and diversified the energy structure. Initially accounting for 10% of the Chateau’s energy use, the hotel presently uses 40% of green power coming from a blend of wind and run-of-river hydro. As a result, greenhouse gas emissions between 1999 and 2004 were reduced by approximately 10,000 tonnes per year.



CHIP Hospitality provides another good example of environmental consciousness. Recently recognized by the Hotel Association of Canada with the Energy & Environment award for leadership in environmental management practices, CHIP was the first hotel management company in Canada to certify all properties under the Green Key eco-rating program. Their hard work reduced energy consumption 10% from 1999 to 2000 and resulted in \$1 million annual savings.

Yet another interesting example of work with suppliers and partners is the Capilano Suspension Bridge in North Vancouver. Recently honored with the Outside of the Box tourism award (BC Tourism), this attraction worked with external specialists (bridge engineer, arborist, specialist contractor) to introduce an innovative new tourism product, Treetops Adventure. It is the first attraction of its kind in North America offering a series of elevated suspension bridges through the rainforest, some as high as 30 meters above the forest floor. Only 9 months into its operation, the attraction, along with the Capilano Suspension Bridge, enjoyed a 40% spike in attendance.



Small organizations should ‘use research to define and segment customers’.

Tourism research authorities across Canada (eg. Canadian Tourism Commission, Statistics Canada, provincial agencies, industry associations, private companies) provide a wealth of data that helps to define and segment domestic and international travelers. Such sources can be combined with primary research to better understand, anticipate, and meet customer requirements.

Recent research by Advanis Inc. (August 2004) provides an exciting new development in this respect. This firm has shown the existence of four distinct segments in western Canada that have varying preferences, needs, and interests to travel:

- Accomplishers - looking for new and unfamiliar places to visit and new things to do, want action and excitement
- Urban Explorers - seek to get away from daily routine and see new places, preferably exciting, city locations
- Comfort Seekers - have a strong preference for familiar and rural locations, seek relaxation and want to get away from the daily routine and strengthen family bonds
- Real Relaxers - look for tranquility, peace, and quiet, prefer to do nothing during their leisure trips

Armed with activity interests for each of these segments, Travel Alberta has transformed their website and is currently working with operators to aim product directly at each segment and fine tune promotional messages.



Note: this research parallels that of Stanley Plog, founder of Plog Research Company in the United States. Over the past 30 years, he has done considerable work in the area of psychographics as it relates to travel and tourism and has identified similar segments.

Large organizations should place more emphasis on people practices, in particular, 'improving employee understanding and commitment to the strategic plan and improvement goals', 'rewarding and recognizing performance of individuals and teams', and 'removing barriers to employee effectiveness'.

Recent research with small and medium size organizations across Canada has revealed that 32% of payroll is being spent on non-value adding activities – activities that do not contribute to the vision and/or mission of the organization (National Quality Institute). Examples of such activities include: errors, rework, duplication, customer dissatisfaction, and employee dissatisfaction. Successful implementation of the excellence model can reduce this cost to 2% of payroll and enable the organization to reallocate the resulting cost savings to high priority activities.

Progressive tourism organizations have conducted internal and external research to develop meaningful reward and recognition programs for employees. Today, common practices include: personal note from the leader, promotion to a position with greater responsibility and remuneration, on-site or off-site celebration, internal signage acknowledging the employee's contribution, time off, event tickets, charitable contribution on behalf of the employee, gift certificates, picture and article in corporate newsletter, special training program, and inclusion in company advertising.



WEST EDMONTON MALL In the quest to address barriers to employee effectiveness, management personnel at West Edmonton Mall are following the lead of the CEO from Southwest Airlines,

dedicating time each month to work in front-line positions. From operating amusement rides to selling passes to maintaining facilities and grounds, and so on, this experience allows managers to communicate with staff about the direction of the business and actively experience the work, helping to identify and remove barriers that get in the way of doing the job effectively and efficiently.

Conclusions

The journey to excellence in the tourism industry is not a quick fix. It is a never-ending climb up the ladder of continual improvement. Key steps along the way include ensuring that tourism organizations across the country are aware of the Excellence Framework, building on the good work of tourism organizations to date, and continuing to celebrate achievements.

Increase Awareness

All tourism operators should be aware of the Canadian Framework for Excellence. This can be accomplished by downloading a copy of the management model from the National Quality Institute website, www.nqi.ca and providing education and training programs for those that desire an overview of the Framework and an understanding of how to interpret and apply the principles and practices.

Additional training from a variety of sources might also be considered for targeted improvement areas such as performance measurement and process management, and in the case of small organizations, customer research, and large organizations, people focus.

Build on Work To Date

Industry should continue to build on the good work to date. Examples of such work include training programs, standards and certification, and best practices for specific sectors that have been developed by industry stakeholders.

To complement these efforts, it is suggested a database be developed that would assist operators with continual improvement. This would be accomplished by establishing a central clearinghouse to manage the database and encouraging operators to share practices that align with the Excellence Framework and have generated positive results in their organizations.

The clearinghouse might provide a way to share practices in other ways as well – identify authors to write articles and speakers to present at conferences, create excellence circles comprised of industry practitioners that wish to learn-share-brainstorm together, work with industry associations to merge best practices, and so on.

Continue to Celebrate Achievements

Provincial and national award programs recognize individuals and organizations for their outstanding contributions to the tourism industry in a variety of areas.

Tourism organizations should also be encouraged to review the criteria and apply to be recognized at the Canada Awards of Excellence, a program that have honored outstanding Canadian organizations since 1984. Such recognition will not only be valuable to the organization being recognized, but also contribute positively to the image of the tourism industry in the Canadian marketplace.

Appendix 1 – Small Organizations

Leadership	%
Establish a clear purpose and direction for the business that reflects a commitment to service	65
Communicate the direction to employees and support changes necessary for continual improvement	61
Act in a socially and environmentally responsible manner	70
Measure performance on leadership	58
Planning	
Identify important issues that must be addressed by the organization in order to meet customer needs	65
Establish improvement goals to help meet customer needs	64
Measure performance on planning	56
Customers	
Use research to define and segment customers	54
Determine customer needs and expectations	64
Align employees on the importance of the customer	72
Make it easy for the customer to do business and provide feedback	69
Respond successfully to customer feedback	70
Measure performance with customers	65
People	
Recruit and select people for mutual success	62
Promote teamwork amongst employees	67
Determine training needs of employees and provide the necessary training	60
Measure performance with people	54
Processes	
Design and document work procedures and map key processes	54
Identify and correct root causes of problems and implement actions to prevent problems from recurring	57
Evaluate the effectiveness of improvements and changes made to work procedures to ensure a positive impact on the work environment	52
Measure performance on processes	55
Suppliers & Partners	
Work with dependable suppliers and partners	71
Develop win-win partnering arrangements	66
Meet with suppliers and partners to discuss direction of the business	58
Provide feedback to suppliers and partners about the quality of products and/or services provided	60
Involve suppliers and partners in improvement initiatives	53
Measure performance with suppliers and partners	51

Appendix 2 – Large Organizations

Leadership	%
Develop corporate statements that describe the desired future of the organization and the mandate of the organization	67
Communicate corporate statements to all levels in the organization	58
Identify factors that will contribute to organizational success eg. training	60
Develop a strategic plan with goals and objectives that will guide the organization toward it's vision	64
Monitor and review the strategic plan on a regular basis	58
Ensure senior management demonstrates a commitment to continuous improvement	67
Remove barriers to organizational effectiveness	53
Promote teamwork amongst employees	67
Communicate openly to employees about organizational performance	62
Share responsibility accountability and leadership throughout the organization	64
Link senior management rewards and recognition to organizational performance	51
Demonstrate responsibility to society and the environment	60
Learn from ideas and good practices and share them internally and with other organizations	64
Evaluate and improve the approach to leadership	49
Measure performance on leadership	36
Planning	
Use factual information to provide input to the business planning process	76
Create a business plan that identifies prioritizes and incorporates a balanced set of objectives measures and initiatives that support the strategic direction	73
Communicate and integrate the business plan internally and externally	60
Allocate resources to ensure effective implementation of the business plan	58
Monitor and review the business plan on a regular basis	62
Make changes to the business plan aimed at continual improvement	67
Evaluate and improve the approach to business planning	60
Measure performance on planning	49
Customers	
Use research to define and segment customers	64
Determine customer needs and expectations	62
Align employees on the importance of the customer	73
Train and empower employees to be advocates for the customer	62
Ensure positive customer experiences by identifying and managing customer contact points	64
Make it easy for the customer to do business and provide feedback	67
Respond successfully to customer feedback	67
Evaluate and improve the approach to customers	64
Measure performance with customers	64
People	
Undertake human resource planning that supports organization goals and objectives	58
Recruit and select people for mutual success	69
Ensure people understand and commit to the strategic direction and improvement goals	47
Get people involved with improvement initiatives	56
Encourage employees to share ideas and suggestions	60

Encourage employees to be innovative and take risks	56
Determine training needs of employees and provide the necessary training	60
Reward and recognize strong performance of both individuals and teams	44
Ensure a healthy workplace environment and involve people in addressing issues related to wellness and well-being	58
Remove barriers to employee effectiveness	44
Evaluate and improve the approach with people	56
Measure performance with people	56
 Processes	
Design and document key processes	53
Monitor and control processes to ensure service standards are met consistently	44
Take corrective action when problems occur	64
Prevent recurrence of problems by making changes to processes	56
Analyze processes on a regular basis and make changes aimed at continual improvement	51
Communicate changes in process to all employees that touch the process	58
Involve customers suppliers and/or partners in designing or analyzing processes	49
Use external data to compare performance to other organizations eg. benchmarks	49
Evaluate and improve the approach to processes	49
Measure performance on processes	51
 Suppliers & Partners	
Select suppliers and partners on the basis of criteria	58
Develop win-win partnering arrangements	62
Share information with suppliers and partners that links to strategic and business plans	47
Involve suppliers and partners in the development of new products and services	51
Evaluate and improve the approach to working with suppliers and partners	51
Measure performance with suppliers and partners	49