

RUSHMORE



## APPROACHES TO MANAGING YOUR BUSINESS

**As my company, HVS, heads into its 31st year,** I like to reflect on a few business methods and philosophies that have proven successful in creating our global organization. While my company is a professional service firm specializing in hotel consulting, I think these procedures apply to many types of service-oriented businesses such as hotels. Of course I've had my share of business failures, but we will go over those at some other time in another *Lodging Hospitality* column.

### Sell to the Client's Children

The best way to create a loyal and happy client is to take exceptional care of the client's children. A few years ago I had an experience that proved this concept. I was attending a benefit function when I saw across the room the CEO of a major hotel company I was trying to do more business with.

During the evening when our paths crossed he recognized me and came over to talk. We spent a few minutes discussing the current state of the industry and catching up on how his company was doing. Throughout our conversation I was looking for some type of activity we could do together, which would give us some one-on-one time.

A day of golf would have been perfect, but unfortunately I don't play golf. We could go out to lunch together, but that isn't exciting. I then hit on the idea of taking him fishing. Everyone likes to fish and what better way to have an in-depth conversation than to comfortably sit on a boat and wait for the fish to strike.

So I popped the big question: "If you are free this week I would love to take you out on my boat so we can do some fishing." To my surprise, he replied: "Thanks for the invitation, but I HATE to fish, it's boring and frustrating. However, my youngest son John is a fanatic fisherman and I am sure he would love to go in my place."

Well I wasn't sure that taking this guy's 11-year-old son fishing was the result I was looking for, but I had no other choices, so I replied: "I would love to take John fishing, have him meet me at the dock this Tuesday at 6 a.m."

The CEO arrived that morning and delivered John to me for a day of fishing. John turned out to be a highly intelligent, precocious child who knew almost as much about fishing as my fishing captain. They became best

friends during the day and I must admit we had a great time together. We caught lots of fish, told many fishing tales and really bonded.

At 5 p.m. when we returned to the dock, the CEO was waiting and thanked me profusely for taking John fishing for the day. From that point on, I had a very different relationship with this CEO and whenever I see, talk or e-mail him, I always ask how John's fishing is going and he knows and appreciates that I thought enough of him to take his son fishing.

Some hotels do an exceptional job taking care of their guests' children. They offer special amenities, activities, camps, outings, food service, game rooms, etc. Travelling with children can be a challenge, but if they are well taken care of and catered to at their hotel, the trip becomes a success and the parents are happy. Maybe hotels should offer fishing trips for their guests' children.

### Pay for Performance

I am a firm believer that the compensation of an employee should be tied directly to performance. One of the services we perform at HVS is hotel feasibility studies and appraisals. The associates who work on these assignments are paid a commission based on a percentage of the fee charged for the study. Therefore, the more assignments they perform, the more commissions they receive.

In addition, the percentage rate increases in a series of steps as an associate completes courses and seminars and writes articles for the firm's e-newsletter. Because associates can take on as many assignments as they can handle and can also increase their percentage rate at any time by completing the required course and article work, their compensation is tied directly to their performance.

Because our associates have total control over their level of compensation, I've never had an associate complain to me that they didn't make enough money. There are many opportunities for a hotel to incorporate pay for performance into their employee-compensation programs. Selling commissions, revenue management, up-selling, cleaning productivity and guest-comment scores are all vehicles for rewarding employee performance.

### Managing by Consensus

The structure of a business is a very important factor

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of motivation. Most of my business relationships are actually partnerships where I have a managing director who runs the day-to-day business and I am a partner with that managing director in the ownership entity. All

ownership decisions are made by consensus because each of the two partners has equal voting control. Neither partner can outvote the other so all major decisions have to be worked out so both partners agree.

This structure eliminates any bad feelings resulting when a partner utilizes his or her voting power over another. The HVS Board of Directors, which formulates policies for the entire organization, also utilizes consensus in its decision making. We have never taken a vote—we talk through all the issues until we find common ground where we have agreement from everyone. You don't always get everything that you want, but in the end, everyone is on board and supports the decision.

While these three business methods and philosophies are not major management breakthroughs, they seem to make sense and have worked for me. So now that we've turned the page on 2010, I wish you a prosperous 2011 and may all your business challenges be small ones.

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