

## <sup>1</sup>CAMBRIDGE SUITES HALIFAX

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**Paul Stackhouse** ran a successful hotel operation. He knew the world was opening up to become one global tourism marketplace, and that this change posed both opportunity and risk. Paul had worked at hotels in Halifax that once dominated the market, but that had lost their competitive position as the supply and demand characteristics of the marketplace changed. He felt new approaches and strategies had to be considered immediately, not when the hotel was in decline. He was aware that the service/product mix of a hotel had an intangible element to it and that customers literally came to where the product and service were made, unlike manufactured products. Guest room inventory that was not sold one night was lost completely which meant that this product was very finite and highly perishable. These characteristics made future success difficult to predict.

Paul had studied and believed in the principles of quality management, and had learned that the results from such change initiatives could take years to be fully realized. He was certain that such change initiatives were the means to new levels of productivity, profitability and service excellence that were needed to secure future success. The company he worked for was progressive and had made breakthroughs in areas such as human resource management; however, he had sincere doubts if the corporate office would support such a major initiative without some short term visible results. Paul wondered how he could implement a true quality management initiative that focused on longer term success, **and** also fulfill the corporate need for short term tangible results?’

### **The Suites**

Cambridge Suites Halifax had 200 guest suites in two basic styles. The major difference was the square footage and layout of the suites. The hotel also featured a small informal dining room and bar area, small capacity meeting and banquet rooms and a rooftop fitness center with large whirlpool, sauna and sun deck (Exhibit 1).

The hotel had 85 employees, four at the executive level, six at the department manager level, ten front line supervisors, and sixty-five other employees who were not unionized. Cambridge Suites Halifax opened for business in the summer of 1987 as the first “all suite” hotel property in the Halifax market area. The concept of larger guest rooms with increased amenities proved very attractive to many types of travelers. Market positioning slogans stated: *A suite for the price of a room; Breakfast on the house; and Stay longer, Pay less.*

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<sup>1</sup> This case was prepared by Greg Ross of G.B. Ross & Associates for the Acadia Institute of Case Studies as a basis for classroom discussion, and is not meant to illustrate either effective or ineffective management. The author gratefully acknowledges the assistance of Dr. Alex Wright of Acadia University.

The hotel developed the best occupancy levels in the metro market place with an average room rate among the the top five. In 1994, the hotel achieved an 85% occupancy rate, a property record, compared to a Halifax-Dartmouth combined occupancy in the area of 62% - 64%. This style of accommodation was especially attractive to those in town for multiple night stays. Almost 40% of the hotel's guests stayed seven nights or longer which greatly aided in building occupancy levels. The major markets which used the facility included those traveling on business from the private and public sectors, weekend and tourist families looking for larger more usable guest rooms, various weekend leisure travelers and meeting/convention attendees.

Cambridge Suites was very competitive in the Halifax market place in 1994, however, history shows that the Halifax hotel industry tended to grow in ten year cycles. Each new growth phase caused market adjustments and uncertainty in market share. From this perspective, Paul saw the shift to becoming a 'quality management company' as providing an opportunity to move his operation to a new level, by employing and instilling the principles of total quality management. Over time these principles would transform the corporate culture at the hotel. The change would be reflected in his people anticipating, meeting, and exceeding guest expectations with accuracy, speed, and consistency that competitors would find hard to match. This would be achieved through a sharp focus on their customers' changing expectations, and adjusting their work processes to meet these expectations via empowered employees. These empowered employees would be trusted to make decisions that avoided customer dissatisfaction, rather than respond to it.

### **The Manager**

Paul Stackhouse had managed the Cambridge Suites of Halifax for the past two years, and he had worked in the hotel industry for 17 years. He had worked within rigid top-down management structures for many years and in classic command and control environments. Paul Stackhouse believed that better quality of service and product could be achieved through a different approach, and that this would be required in the tourism industry of the future. As he studied and learned more about the principles of "quality management" he found philosophy and process that seemed to fit with his own beliefs.

### **The Continuous Quality Improvement Initiative**

Paul Stackhouse had pursued more forward thinking concepts in human resource management and development which led to his experience in the area generally known as Total Quality Management (TQM). When he transferred back to Halifax in 1992, he contemplated how this type of strategic management and direction might be applied to service-based operations, and how it might improve his hotel operation, the Cambridge Suites. He felt that the environment at the hotel was right, but was skeptical about corporate office commitment to such an initiative. Paul discussed his objective of starting a quality management project and his concerns with a local consultant. Together they identified a process and pilot project that might achieve two objectives:

1. Start an effective quality management project at the hotel.
2. Gain the kind of short term results Paul felt were essential to maintaining corporate interest and support for the project.

Believing that he needed outside resources to help manage his initiative and that some cost underwriting by government would help gain support for his project, Paul applied and attained \$30,000.00 in funding from the Regional Industrial Training Committee (RITC). The RITC was a federally funded agency which helped support industry identified training needs. With a plan calling for a pilot project which would have very focused “breakthrough teams,” Paul was successful in convincing the corporate office to support the implementation of a one-year pilot project in Continuous Quality Improvement (CQI). While senior management approved of the pilot, Paul felt they did not have the same level of knowledge about the process or commitment that he felt. For Cambridge Suites, this pilot project was to become phase one in their becoming a “quality company”. Exhibit 2 gives an overview of what Quality Management meant to the Cambridge Suites.

### **The Implementation Process at Cambridge Suites**

The process Paul Stackhouse decided to employ differed from other such efforts. The following section outlines that process, its results, and the experiences of the one year pilot. The 8-step implementation process began in January of 1993.

#### **The 8 - Step Implementation Process**

- Step 1** Executive team interviews
- Step 2** Strategic Planning and Executive Commitment to Quality Principles
- Step 3** Management Orientation and Commitment
- Step 4** Breakthrough Project Workshop
- Step 5** Breakthrough Project Work
- Step 6** Debriefing of Breakthrough Projects
- Step 7** Full Staff Role-out of CQI concepts
- Step 8** Planning for the Future

#### ***Step 1 - Executive Team Interviews***

Project consultants interviewed all members of the executive team individually to uncover their respective view points of the Cambridge Suites mission, vision, values and critical results. This information was synthesized and analyzed for feedback in Step 2. This was the starting point - a snap shot of where the hotel was at the time.

#### ***Step 2 - Strategic Planning and Executive Commitment to Quality Principles.***

The executive team was made-up of four members: the manager, his assistant, the controller and the director of sales. This step was scheduled to take two days with the main intent of getting *buy-in* from the other three members of the executive team. Paul's concern was that if any of these key people did not add their support to the pilot project, they could quietly and effectively try to derail its progress. This initiative could transform their roles in management if it succeeded, and some might question why, when they were already successful?

Paul felt that the executive must put forward the quality initiative as a team, and this meant agreement on key issues of mission, vision, values and critical results. This step also dealt with how they would work together as a team.

Sessions were facilitated by one of the consultants. The stated objectives of this session were:

1. To give an overview of the components of continuous quality improvement.
2. To develop a strategic framework.
3. To identify critical results for the organization.
4. To commit to quality management.

### ***Step 3- Management Orientation and Commitment***

In Step 3, the management group grew to ten - the four executive were joined by six department managers. The objectives for this session were:

1. To identify what Continuous Quality Improvement was and/or was not.
2. To list the components of CQI.
3. To describe the "look" of a CQI organization.
4. To explain the jargon and tools of CQI and where they "fit."
5. To identify the roots of CQI.
6. To assess the readiness of their organization to make the transition to CQI.
7. To identify initial breakthrough improvement projects and project team membership.

Paul and the executive reviewed the results of Step 2 and explained why they believed in the quality management direction. Again the intent was to achieve *buy-in* from the department managers and to lay the ground work for next steps. The same risk existed here for Paul; if this group did not join in the implementation, the effort could quickly become derailed.

The group created a list of potential projects that could be the focus for the breakthrough teams. From a short list of six, two projects were picked - energy consumption reduction, and administrative paper reduction. These two areas were selected because the group believed they could determine clear, attainable goals which could be measured for each project.

The management group also selected who would be on each team. Given the importance of success, Paul felt it better to select those individuals who were able to make positive contributions. Attempts were made to have representation from various departments and from various levels. Obvious selections, such as the appointment of the head of maintenance to the energy team, were made. In March of 1993, the breakthrough teams began their tasks.

#### ***Step 4- Breakthrough Project Workshop***

Step 4 allowed for the organization and the beginning of the projects. The stated objectives for the workshop were:

1. To clearly define the project results.
2. To establish time frames, benchmarks and responsibilities, plus to determine the meeting schedule.
3. To define team roles and the group problem-solving process.
4. To confirm group membership.
5. To effectively facilitate teams and coach others in the guiding of teams.
6. To develop appropriate reporting procedures and communications vehicles.

Clearly identified roles were defined in these sessions that would guide the work of the breakthrough teams:

##### **Project Champion**

Was to provide the resources and support required by the team.

Was the communications link to the senior management team ensuring information, expectations and needs were flowing in both directions.

Removed barriers to success that were insurmountable by team members.

Always a member of the executive.

##### **Project Team Leader**

Ensured all breakthrough team members were clear on goals and sub-goals.

Developed a work plan in conjunction with team members.

Mobilized the necessary resources within the organization to accomplish the task.

Ensured that administrative tasks were accomplished, for example, compilation of notes and flip charts, meeting rooms and materials arranged, meeting schedules established.

Act as spokesperson for the group.

##### **Team Members**

Committed to achieving the project goal.

Established sub-goals and key milestones for the project.

Developed work plans to accomplish the goal - specifying individual

- accountabilities, and timeframes.
- Met to work on project, coordinated efforts and planned next steps.
- Acted as spokespeople for the breakthrough project with other people in the organization and particularly within their own functional area.
- Participated, with other team members, in presentations on the project.

Process facilitators were also developed. At first, the consultants played this role in keeping groups focused and moving towards their goals. This job was passed to one of the other team members who had been trained as a facilitator (management), and in group problem solving. The consultants acted as coach when needed, and helped facilitate the teams through problem issues. The facilitator's role was to focus on the process of the meetings allowing the team members to focus on the content. It was his/her job to keep the meetings running smoothly and on track.

### ***Step 5 -Breakthrough Project Work***

The teams spent 2 to 3 hours a week for 12 weeks on their project. Each team had 6 or 7 members, some members left and were replaced, while the projects were ongoing. These members either left the hotel for other work or took a transfer to another property in the company.

At first, junior staff felt somewhat intimidated about their appointment and participation on the teams, as well as sitting with senior management to problem solve and plan. Some did not understand why they were asked to participate because they were small consumers of paper or knew little about energy conservation. Paul saw the potential lack of front line employee buy-in as a major obstacle to success. These employees had never been involved at this level of decision making in the past, and showed some skepticism. Employees were paid to attend the meetings and some put in extra time on their project after regular work hours on their own time.

### **Paper Reduction Team**

The goal of this team was to reduce administrative paper consumption by 50% within three months. The team started meetings on April 20, 1993 and completed its task on June 13, 1993. The team champion was John Duggan, assistant manager. The team leader was Duncan MacDonald from accounting. Five other members completed the team.

The team determined that the hotel used 32,095 pieces of paper on a monthly basis and made it their goal to eliminate 16,048 pieces of paper from monthly consumption. The team employed various techniques such as surveys and interviews of paper users to help track flow and consumption. From this information they were able to start identifying ways to achieve their goal.

The survey clearly showed that the processes of reporting and report generation were very wasteful and offered great opportunity for improvement. This was the first effort in the hotel to systematically track such activity.

Through simple ideas like copying on both sides whenever possible, to more innovative ideas like a central report registry in the administration offices, the team exceeded their goal and made additional recommendations to boost paper reduction by 18,310 pages monthly. This represented 220,000 pieces of paper annually, saving money while being ecologically correct. The team did a presentation to all staff and corporate management on their process and results.

### **Energy Consumption Reduction Team**

This team's goal was to reduce power consumption by 10% on a annual bill of \$200,000.00 dollars. Paul Stackhouse, project champion; Paul Thorn, project leader and head of hotel maintenance, and four other team members worked over the next four months to achieve their goal.

The team examined the hotel area by area looking for opportunities for energy savings using a four-point criteria which was designed to:

1. Replace light bulbs with energy efficient bulbs in all areas of the hotel.
2. Reduce or completely remove all unnecessary light fixtures in the hotel.
3. Reduce the hours of usage of equipment by installing timers on various pieces of equipment.
4. Stagger the start-up times for large equipment in order to reduce the energy demand.

They also implemented a survey, and used other methods for data collection. The team consulted with Nova Scotia Power and also with the Centennial Hotel Group. This team was able to achieve 125% of its goal by making improvements that saved \$25,069.00 on the energy bill. Paul stated that to have the same impact on the bottom line via additional sales, the hotel would have to sell an additional \$400,000.00 worth of product. Considering that the hotel was currently running at record occupancy, it would have to achieve suite sales of almost 90% to accomplish this.

### ***Step 6 - Debriefing of Breakthrough Projects***

Participants in the breakthrough projects were debriefed about how the process worked for them, what improvements could be made, what they had learned, future involvement and other issues. This information was compiled and analyzed by management and the consultants to consider future strategies for implementation. The following quotations represent what some of the participants said of their CQI experience:

“The first couple of meetings were more of a feeling out process and becoming aware about the different aspects of energy reduction. Even with the new knowledge, I was skeptical that a houseman, a chef, two housekeepers and a general manager would be able to reduce the power bill by \$20,000.00. The only hope in my mind was that our maintenance supervisor would have to carry us through the whole project seeing that he deals with electricity on a daily basis. My doubts were erased as the weeks progressed and the ideas flowed from everyone. I was able to tell the group about some areas that were wasting energy and they were able to tell me about other areas they noticed. This brought up the level of awareness and we could move forward in trying to reduce the consumption of energy,” said team member Jay George.

Another team member, Don Beauchamp said, “It felt good being part of a team. It made you feel you have a place in the company.” Greg Thomson added, “The process itself was great because of the commitment of senior management to allow us to make decisions without the usual red tape. Also, the fact that the meetings had outside facilitators ensured all ranks were left at the door. It is truly amazing how in a mere 12 weeks, six people can reduce paper consumption by 50%.”

Two other members commented, “It felt rewarding to be involved in another activity, other than the front office. I received great satisfaction from getting involved with other areas outside my silo. I feel that my involvement and learning can only help me move up to another level in management..... and it allows me to be involved in interesting issues outside my office.....it allows me to feel like I am more than just a number.”

### ***Step 7 - Full Staff Role-Out of CQI Concepts***

The intent in the overall process was to involve all employees more deeply after the breakthrough teams were well into their tasks. Up to this point, the general staff population had received various pieces of information about CQI but no complete explanations or training. In hindsight, Paul felt this lack of inclusion was an error. This step was achieved through general staff meeting and education sessions.

### ***Step 8 - Planning for the Future***

As Paul reached the end of the two breakthrough projects, he had a number of issues to address in terms of the future of the initiative. He was pleased with the success of the breakthrough projects but felt strongly that his hotel had just begun the journey of transforming itself into a “quality company.” He was cautious in crediting any of the hotel’s current success in occupancy to CQI, as he felt it was too early to determine this because other significant factors were also involved.

First, up to this point Paul had been the drive and leadership behind the initiative. This limited the growth and spread of the initiative to his own sphere of control. He needed to decide how to grow beyond this point and maintain a strong focus.



Second, the breakthrough projects were hand picked for quick results and the ability to feedback success to corporate office, the funding agency and the staff. It would be difficult to view either as customer-driven, a founding principle of quality management. Paul realized he had a bigger problem in that the hotel had very little direct information on guest expectations. He knew the front line staff received a wealth of feedback from guests but he had not been able to tap this source to date.

Third, although the CQI pilot touched most staff in one way or another, relatively few front line employees had significant direct involvement, and there had been some turnover as well. Paul felt strongly that he must find the means/process to drive the initiative to the front lines where guests were constantly interacting with staff. This was essential for CQI to yield its greatest return and to change the culture of the organization.

Fourth, Paul was also concerned that his vision of all staff seeing the critical importance of their work and roles in the improvement process was far from reality. Some employees were still stuck at “what’s in it for me” or “this will pass” attitudes. He needed to get more buy-in from these key people.

Looking back on the year, Paul Stackhouse was confronted with several issues. How applicable was TQM to the service-based industry? How successful had he really been with his pilot project to implement a continuous quality improvement program in the Cambridge Suites Hotel? From the beginning, the question he had asked himself was, “How can I implement a true quality management initiative which focuses on longer term success **and** which also fulfills the corporate need for short term tangible results?” Had he been able to satisfy both these objectives ?

#### **Exhibit 1      1994 Nova Scotia Travel Guide Listing**

##### **The Cambridge Suites Hotel**

3 1/2 stars rating

Paul Stackhouse. 1583 Brunswick St., Halifax, NS, B3J 3P5

**Open Year Round.** 200 A/C H units, full bath/shower, non smoking floors, CBTv, hairdryer, phone, radio. Indoor parking, guest laundry, in-house movies, mini-bars, microwaves, fridge. Complimentary continental breakfast. **Rates** STC mini-suites from \$92, 1-bedroom suites from \$ 110, F(18). Licensed dining room. Meeting and banquet facilities. Whirlpool, sauna, rooftop sundeck & exercise room. Special rates for extended stays.

Seniors' discount. No pets please. VS, MC, ER, AE, CB.

**420-0555; toll-free 1-800-565-1263. Fax 420-9379**

**Exhibit 2 - Cambridge Suites View of Quality Management (taken from presentation materials)**

**QUALITY MANAGEMENT**

*What is QUALITY MANAGEMENT? You have heard terms such as : Total Quality Management, Participative Management or Quality Assurance. Generally, they all refer to a style of management which involves a strong focus on the changing needs of customers and the utilization of teams to improve upon or develop processes which will satisfy those needs.*

*QUALITY MANAGEMENT is as much philosophy as it is a practice. The philosophy of quality management comes from a belief that people are driven to improve and that improvement itself lends meaning to work.*

*QUALITY MANAGEMENT is driven by the customer and requires a vigilant focus on the customer and a constant examination of the value that customers receive from every step in the process. The voice of the customer must be heard by everyone. Focus on the customer drives continuous improvement as customer needs and wants change. A continuous improvement mindset looks at deficiencies in process rather than the people as the starting point for improvement.*

*In a QUALITY MANAGEMENT environment we are urged to think about upstream process improvement, not downstream damage control.*

*QUALITY MANAGEMENT is a form of strategic management. A strategically managed organization has :*

- 1. A clearly understood Mission*
- 2. A widely shared Vision around which everyone can rally.*
- 3. Broadly shared Values, beliefs and principles.*
- 4. Specifically defined critical results.*
- 5. A long term strategy for achieving the mission.*

*The MISSION is the focus for what the organization exists to achieve.*

*The VISION/VALUES are the ways in which the organization goes about fulfilling its mission.*

*“Quality is not a destination, it’s a journey.” If we are to achieve organizational excellence, we need to make the customer the priority and take a critical look at the organization, its people, its processes, its culture and its management style. “Quality is never an accident, it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”*

### **Exhibit 3 Executive Summary - Paper Reduction Breakthrough Project**

This is the report on the weekly progress and achievements of the Paper Reduction Breakthrough Project which commenced on April 20, 1993 and concluded on July 13, 1993. The purpose of the project was to reduce the administrative consumption by 50%. Team members included:

John Duggan (Champion)  
Duncan MacDonald (Leader)  
Gregory Thomson  
Paulette Marriott  
Helen Mitchell  
David Burbridge  
Ken Hill ( Centennial Hotels)

In order for the team to determine the exact goal, the first step was to measure the amount of administrative paper being used before the breakthrough project began. It was determined, by checking invoices for the previous year, that 32,095 pages of paper were used on a monthly basis. Hence, the goal was to eliminate 16,048 pages. Following are the types of paper which were considered for reduction:

- bond paper (letter and legal size)
- computer paper
- guest registration cards
- folio paper ( used for guest invoices)

The team surveyed and interviewed all departments to calculate the number of pages of paper and computer reports received and generated to seek areas of reduction. From the survey it was discovered that individuals were not in the habit of sharing, they only single sided photo copies and they received countless reports which were not necessary. At this point real opportunities became apparent. Over the next few weeks a number of improvements were initiated which began to alter the hotel's mind set. Some of these improvements included:

- a central registry was set up to promote the sharing of reports which eliminated multiple copies
- circulating of meeting minutes, rather than multiple copies
- double sided photo copies
- elimination of individual fax activity reports

A central registry for common computer reports was implemented. In order to monitor the effectiveness of the central registry, a "Report Buck" was designed to be redeemed by individuals who felt they required their own copy of a specific report. In addition, the team surveyed all departments for their feedback on accessibility of reports, etc. The survey was positive and indicated that the central registry was an effective means of sharing reports.

The team continued to search for more improvements. In an effort to ensure that we did not overlook certain opportunities, individuals from various departments were invited to attend one of our weekly meetings to offer their input on possible areas to conserve. The results of our consistent efforts are outlined in the weekly Paper Usage Surveys .

In order to raise employee awareness about the project and to seek further areas to improve, two communiqués were posted for staff to read and a poster was also displayed in the lunch room indicating the breakthrough goal and savings to date.

On July 13, 1993, the Paper Reduction Team exceeded their goal by saving 16,123 pages of paper per month or 101% of their goal. In addition to these savings, the team also recommended future improvements which accounted for 2,187 pages of paper . When new improvements are implemented the new grand total will be 18,310 or 114% of the goal.

A presentation was made to all employees to highlight the progress and achievements of the team. In order to ensure that the savings of the Paper Reduction Team are maintained, standards were developed to promote employee adherence. Keeping in mind that the Paper Reduction Team was one of the first breakthrough projects at Cambridge Suites Hotel, the team has put forward suggested guidelines for future breakthrough teams.

All team members have included their personal comments and feedback regarding the Paper Reduction Project and the breakthrough process.

Source: Consultant's Report

#### **Exhibit 4 Executive Summary - Energy Reduction Team**

This summary reports on the weekly progress and achievements of the Energy Reduction Team which commenced on April 14, 1993 and concluded on August 25, 1993. The purpose of this project was to reduce energy consumption by 10% or \$20,000.00. Team members include:

Paul Stackhouse (Project Champion)  
Paul Thorn (Project Leader)  
Karen Ledrew  
Jay George  
Don Beauchamp  
Tanya Warnell

Byron Feener (who was consulted for additional information; also consulted were the housekeeping staff of Cambridge Suites and Power Smart personnel of the Nova Scotia Power Inc.)

The initial goal of energy reduction by 10% was suggested by Paul Thorn after reviewing the annual power bill of approximately \$200,000.00 from the previous year. It was felt by all team members that this goal was reasonable and attainable.

The process of energy reduction was to break the hotel down into different areas such as restaurant, fitness center, garage, guest suites, etc. And apply the following:

- a) Replacing light bulbs with energy efficient bulbs in all areas of the hotel.
- b) Reduction or complete removal of all un-necessary light fixtures in the hotel.
- c) Reduction in the hours of usage of equipment by installing timers on various pieces of equipment.
- d) Start up times of large equipment staggered in order to reduce the energy demand.

This process was determined by issuing a survey to members of the housekeeping staff, walking through the hotel property and other methods of data collection. Once setting a course of action, it was necessary to inform the other staff members of our intentions. This was done in the form of a communiqué which was distributed to all staff.

Progress and additional suggestions were voiced and recorded at the weekly meetings. In total, there were 16 meetings which lasted roughly two hours and there was an additional 56 hours spent on activities outside of the scheduled meeting time by the various team members.

Improvements in energy reduction occurred within the first week of implementation and was consistent throughout the whole project. Some improvements provided greater reduction than others, such as lighting in the garage (\$3,856.00), but all improvements were important to the final total - \$25,069.44. The team was able to attain 125.3% of the goal.

The 'C' in CQI means continuous and that is what the project was and has to be. Just because the last group meeting was on August 25, that does not mean the project is over. Energy reduction is an ongoing process and that can be seen in the training of new employees. New staff members are taught to turn out lights as they leave a room and all staff are constantly reminded of energy conservation by the posters located in the staff room. Even guests are reminded politely by placing "PowerSmart" stickers on all light switch plates in the suites.

The positive aspect of reaching the goal is that we were able to do it without sacrificing the quality that the guests expect and we were able to help the environment by using more efficient products. The members of the team are very proud of their accomplishments as expressed by their thoughts and comments.

Source: Consultant's Report