INSIDER: The New Gold Standard
By Steven Bell, MBA

Loyal staff, engaged clients, impressive brand recognition; these are adjectives that managers and leaders hope to ascribe to their business. In his book *The New Gold Standard*, Joseph Michelli explores the fundamental leadership principles that have helped The Ritz-Carlton Hotel Company achieve these aspirations. Through unrivaled customer service, Ritz-Carlton has become the gold standard for luxury in the hotel industry, winning such acclaimed awards as the Luxury Institute’s *Most Prestigious Luxury Brand Award* and the *Malcolm Baldrige National Quality Award*. The five principles that guided Ritz-Carlton to success also represent a powerful opportunity to create a new gold standard for your business and within the real estate industry.

**THINK POINT #1: Define and Refine**

The first step to developing a model of lasting excellence is to define the foundational standards and ideas of your business’ success. Ritz-Carlton established *The Credo*, *The Motto*, *The Three Steps of Service*, and *The 20 Basics* – the values that embody the essence of what has made their company great. These values are talked about every day in each of their hotels. Leadership’s commitment to emphasize the vision and values of Ritz-Carlton has enabled employees to turn that vision into reality. All employees actively participate in a daily routine of conversation about the values of the company, resulting in incredible buy-in. Keeping one eye on past successful practices, it is important to keep the other focused on the current customer; in short, be relevant. Once you have defined your standards of excellence you must be ready to refine them with changing customer preferences. Ritz-Carlton is committed to ‘evolution and not revolution’; being ready to slightly vary its standards, not do away with them. Continuing customer-focused refinement will keep your business offerings relevant in the marketplace. *As an agent, have you defined what are your gold standards of service? Can you repeat what those 3-20 steps or standards are without fail? Can your client identify your standards?*

**THINK POINT #2: Empower and Build Trust**

Ritz-Carlton empowers each employee to enhance his or her guests’ experience. Empowerment is rooted in trust; trust is built beginning with the employee selection process. Hiring can be a long process involving multiple interviews, careful definition of each position, and the search for innate service skills. Once a candidate is selected from Ritz-Carlton’s marathon recruitment
process (14 interviews for some positions), candidates feel special and valued. Combined with an in-depth orientation where culture is emphasized, ongoing training, mentoring from current employees, and enthusiastic celebration of employment milestones, Ritz-Carlton boasts an employee retention rate far superior to others in the industry. Leadership also makes responsible financial decisions that ensure company profits and sustainable employment for employees. Staff members are given tremendous autonomy in their jobs and are even empowered to spend $2,000 a day on each guest if necessary. All of these measures create an environment where employees feel valued and trust that their leaders believe in them. The result: employees work extremely hard for their company and the company benefits both through a strong culture and bottom line.

**How do you actively empower the people around you? In what ways can you make your team members or staff feel even more valued or trusted?**

**THINK POINT #3: It’s Not About You**

Ritz-Carlton’s success is largely due to an engaged workforce, who serves and helps establish an engaged customer base. The company believes that engagement is a prime quality of its employees – only engaged employees can provide exceptional experiences for guests. One great way Ritz-Carlton ensures employee engagement is that the managerial rewards and incentives structure is based on how engaged and happy the customer is; not on quotas or other metrics. To focus on others you must first listen to and understand them; Ritz-Carlton makes this a priority by employing customer surveys and by placing an emphasis on continual observation. Leadership then helps frontline staff act on the information gathered. The company implemented an extensive Customer Relationship Management (CRM) system to help record guest preferences – this information is made available for staff to use on a daily basis. Consider how engaged staff members can create leverage for you as an agent – customer-centered members of your team help you maintain a strong client experience, even when you may not be face-to-face with your client. What are 3-4 ways that you can encourage your frontline staff to enhance client relationships?

**THINK POINT #4: Deliver Wow!**

Research has shown that customers who are extremely satisfied with a business are two and a half times more likely to make a future purchase than just satisfied customers. Ritz-Carlton has ensured this extreme satisfaction with a commitment to Deliver Wow! A Wow experience is defined as an experience in which a customer has an emotional connection with a service; staff members are encouraged and trained to make this emotional connection every day. The company continually develops strategies to help staff remember guests’ names and needs, identify unmet needs, and resolve problems. One great example is the daily use of Wow Stories in every department to reinforce values and encourage future excellence. These are stories of Ritz-Carlton employees from around the world who have delivered Wow to a guest in a special way. There are also quarterly Five-Star awards banquets to reward deserving staff for exceptional service. If an employee is featured in a Wow Story or a banquet they will receive great peer recognition and
prizes ranging from $1000 to free airfare or even a week’s stay at a Ritz-Carlton property. What Wow Stories come to mind from your own past client experiences? How can you encourage a culture of sharing within your company by weaving Wow Stories into everyday discussions? How will you recognize or reward your team for delivering exceptional service to your clients?

**THINK POINT #5: Leave a Lasting Footprint**

To leave a meaningful legacy, companies must have processes in place that ensure the future development of employees, the passing on of core skills, and that the communities and environments in which they operate benefit from their presence. Ritz-Carlton understands this sentiment and applies it wholeheartedly. The company has set up the Ritz-Carlton Learning Center to pass on its best business practices to other companies. This training initiative also has an internal focus; employees are continually given opportunities to gain skills to enhance their careers. Ritz-Carlton has an admirable, committed approach to Corporate Social Responsibility (CSR) as well. Ritz-Carlton views CSR and volunteering as a teambuilding opportunity and a great chance to enliven the service values at the company’s core. The company even has a *Meaningful Meetings* program, which allows large groups to donate 10% of their room revenue to charity. This commitment to living its values has allowed Ritz-Carlton to attract, train, and retain the best employees in the industry and set the new gold standard for luxury.

As agents, remember that you are not just selling houses – you help create new homes. You leave a lasting footprint by pairing individuals and families with properties that provide security, comfort, utility and an environment to raise a family. You have the opportunity to make a difference in your community and in the real estate industry – decide how you will establish the new gold standard through your business.

**Recommended Reading**


**About the Author**

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Steven graduated from Baylor University’s MBA program in December of 2011 with an MBA degree with a concentration in entrepreneurship. Originally from Cuero, TX, Steven earned his BBA in general business from Texas A&M University – Corpus Christi.