



JANUARY 2015

# MOVE FAST AND BREAK THINGS: HOW SILICON VALLEY THINKING CAN SHAKE UP TRADITIONAL HOTEL MANAGEMENT PRACTICES

**Mark C. Lynn**

*President – Asset Management &  
Advisory*



## MOVE FAST AND BREAK THINGS:

### How Silicon Valley Thinking Can Shake Up Traditional Hotel Management Practices

*Summary: Asset managers should encourage management to take risks to innovate.*

Constant questioning and challenging of hotel amenities, services, programs and management practices is critical to discover new ways of elevating the guest experience. Creativity and innovation should be driven by the premise that employees be permitted - and in fact encouraged - to challenge conventional thinking and the traditional methods of doing things. Building experimentation into a hotel's business culture will boost customer satisfaction and loyalty, and by extension, increase revenues.

#### The Asset Manager's Role in Encouraging Risk Taking

The hotel asset manager's role is, among many things, to oversee how a property is staffed and managed. They also continually evaluate and monitor management practices, initiatives, and programs focused on increasing revenues, containing operating expenses, and elevating the employee and guest experience in order to build asset value. It is rare to find in the conventional job description of an asset manager the directive to encourage management to take risks in order to find new and innovative ways to enhance the guest experience. This should change.

We suggest that it is not the manager's job to prevent risks associated with innovation, but that it is management's job to create a culture that allows for employees to take risks and to try new initiatives that they feel will enhance the guest experience. Take for example the creative cultures engrained in companies such as Apple, Facebook, Google, Pixar and other leading edge innovative organizations. These firms actively encourage (and in fact demand) that employees challenge management and current practices to find new and better ways of operating. As Ed Catmull, President and CEO of Pixar, points out: "If you create a fearless culture (or as fearless as human nature will allow), people will be much less hesitant to explore new ideas."<sup>1</sup>

The asset manager can play a key role in revolutionizing how a hotel is managed. First and foremost a hotel's owner must buy in to the concept that the employees of the management organization should be encouraged and allowed to continually try new things to improve a hotel's operations and profitability. Owners should be cognizant that continual change and improvement are vital to avoid stagnation and to assure the health of the business, long term. Given the acceptance and support of ownership, the asset manager should communicate this philosophy to the operating team on the ground and assist the operations team to establish interactive methods to question and challenge the status quo. Then the team can explore new ways of doing things and monitor their progress and results. With these practices, an asset manager can model mitigating the "risk" from risk-taking.

---

<sup>1</sup> Ed Catmull, *Creativity, Inc.*, (Random House, 2014), page 111.

## How Much Creativity Do You Encourage?

Ask yourself as an owner, an asset manager or an on-site manager the following questions to evaluate the current environment and to get a read on how open, flexible and creative you are in your approach to fostering a culture that encourages new thinking and innovative processes.

- 1) **Big Picture Thinking:** How would you develop an innovation strategy that reinforces your business strategy? Where does “value creation” exist in your organization?
- 2) **Make Business as Usual, Unusual:** Does the management team in its daily course of business have a vehicle and format to seek out creative thinking from all employees at all levels of the organization to improve and better current management practices?
- 3) **Institutionalize the Disruption:** Is there a structured vehicle or method to encourage challenges to current management and management practices?
- 4) **Create the Context:** How can you encourage “cross-fertilization” among employees to generate innovation? Is it in your hotel’s best interests to build a business platform that includes customers (and their passion about your hotel product) in the innovation process?
- 5) **Get Feedback:** If you asked 10 employees if they feel secure in their jobs and feel safe in openly making recommendations to improve a hotel’s operations and to challenge management in any of its practices, what would that answer be?

Encouraging innovation and risk taking in a hotel operation can take many faces. It can be as simple as assuring employees that their jobs are safe if they try innovative ways to improve operations. It can also mean that all employees can challenge management in its thinking about a particular way of doing business or a particular initiative. One of the most creative minds of our time, the late Steve Jobs of Apple fame, used to say that the customer (guest) in many cases does not know what they want until we make it or provide it for them. Only through trial and error and failure are we able to identify new methods to generate excitement in a hotel’s operations that elevates both the guest and employee experience. If we aren’t failing, we aren’t trying enough new things.

## Providing an Innovative Environment is Vital to Attracting Bright and Enthusiastic Employees

Creating an environment that nurtures new thinking will surface new services and ideas to enhance the guest experience. It is essential that management provide this environment to attract and retain employees who think differently than previous groups of the workforce. Employees at all levels of the organization should be encouraged to challenge and think differently regarding how they interact with each other and management as well as how they provide services and amenities to hotel guests. Facebook executive Don Faul mentions “At Facebook, you get zero credit for your title, it’s all about the quality of the work, the power of your conviction, and the ability to influence people.”<sup>2</sup>

---

<sup>2</sup> Don Faul quoted in Reed Albergotti, “At Facebook, Boss is a Dirty Word,” *Wall Street Journal*, December 26, 2014.

## Generation Y Employees and Guests are Different

Studies have shown that the view of the current group of Generation Y employees (also known as “millennials”) towards work and management and towards their place in the workplace is quite different than previous generations. (Generation Y workers are generally categorized as workers who were born after 1980. Generation X workers were born between 1967 and 1980.) Studies show millennials’ views are quite a departure from the previous attitudes of Generation X workers, and certainly different than the boomer generation (those workers born between 1948 and 1966). In his article about millennials in corporate workplaces, author Reed Albergotti states “Born after 1980, millennials are often thought of as entitled and clinging to the notion that work should be fun.”<sup>3</sup> A millennial himself, Jason Dorsey has become a keynote speaker (“The Gen Y Guy”) and expert on millennial habits. He notes “Further, they want to be empowered, have control over their time and have a flexible work environment.”<sup>4</sup>

Setting the stage for an empowering and trusting environment that allows and encourages employees across all levels of the organization to try new things outside of the traditional way of doing business is essential to both attracting and retaining younger employees who feel connected and that their voices are important.

## What Should an Innovative Environment Look Like?

Many hotels have a suggestion box that gives employees the opportunity to share ideas to improve the hotel’s operations, but this passive approach is not enough. Management must encourage new thinking by including discussion of diverse management practices at scheduled town halls and staff meetings to allow for the free flow of ideas and thought throughout all levels of the organization. If colleagues feel safe in an environment and culture where “no new idea is a bad idea,” creative ideas will naturally flow.

Attracting and retaining bright and quality-oriented employees in the age of the millennial requires that traditional ways of managing and doing business are tested and continually rethought to meet the needs of a younger workforce. How they think and what they expect from an employer are changing rapidly. Entrepreneur, designer, and author Scott Thorpe acknowledges “Different generations have very different ways of viewing things.”<sup>5</sup> Hotel managers must constantly evaluate how the business functions in the never-ending quest to provide new services that build customer good will and loyalty while concurrently providing an employment atmosphere that is conducive to maintaining engaged employees.

Additionally, new peer group thinking is essential for a hotel to meet the needs of the new wave of millennial guests who also have other opinions of what a hotel should provide in order to earn their business and loyalty. How a hotel approaches and attracts millennials to the workforce, and how these workers relate to the new wave of millennials who are guests, is vital to the long term financial success of a hotel in an ever and rapidly-changing industry. By having the courage to align its new workforce with its new guests, a hotel’s base of loyal customers can continue to expand.

---

<sup>3</sup> Reed Albergotti, “At Facebook, Boss is a Dirty Word”, *Wall Street Journal*, December 26, 2014.

<sup>4</sup> Jason Dorsey “The Gen Y Guy,” [jasondorsey.com](http://jasondorsey.com), 2013.

<sup>5</sup> Scott Thorpe, *How to Think Like Einstein: Simple Ways to Break the Rules and Discover Your Hidden Genius*, (Sourcebook, 2000).



## About HVS

**HVS** is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. [HVS.com](http://www.hvs.com)

**Superior Results through Unrivalled Hospitality Intelligence. *Everywhere.***

**HVS ASSET MANAGEMENT & ADVISORY** offers a comprehensive range of customized asset management and advisory services to help you maximize the profitability, value and potential of your hospitality organization. We serve every aspect of the industry with the highest quality strategic planning and asset management services available today. We are especially adept at maximizing return on human and invested capital by identifying opportunities to streamline operations and profitability. Find more info at <http://www.hvs.com/Services/AssetManagement>

## About the Author



Based in San Francisco, **Mark C. Lynn** oversees the wide range of hotel asset management, strategic planning, development and operational consulting services provided by the firm. Mr. Lynn has more than 30 years of hotel industry experience and has been involved in the development and management of more than 100 hotel projects with an asset value exceeding \$2 billion. Mr. Lynn holds a BSBA degree from Xavier University in Cincinnati, Ohio and is a member of HAMA (Hospitality Asset Managers Association).

Mr. Lynn can be contacted at:  
HVS — San Francisco  
100 Bush Street  
Suite 750  
San Francisco, CA 94104  
+1 (415) 268-0357 direct  
+1 (415) 869-0516 fax  
[mlynn@hvs.com](mailto:mlynn@hvs.com)