

# IHOP and The Ritz-Carlton—In Competition for the Same Customers?

*- IHOP steps up its employee training with standards to rival The Ritz.*

By Alain J Roy

STAY AT THE RITZ, EAT AT IHOP and you might be hard-pressed to find a difference in the quality of employee-customer interaction. Are IHOP employees any less sincere, efficient, friendly or even stylish than their peers at The Ritz-Carlton? While you are evaluating this idea, see if you can find out what their customers have in common.

Although it's unlikely that IHOP and The Ritz-Carlton are competing for the same customer, IHOP has taken huge strides by engaging in a serious commitment toward its employee selection, recruitment and training practices. Akin to The Ritz-Carlton, IHOP has come to recognize the economic value of listening to its customers by way of superb employee-customer relations.

With its simple slogan: "Come hungry. Leave happy," IHOP takes pride in its now well-established reputation for superior and friendly working environments. The company demonstrably adheres to its personnel obligation and offers true leaders ("IHOP Super Performers") a chance to prove their abilities and cook up a truly tasty future. Although much has changed over the last 45 years that IHOP has been a family favorite, its latest improvement can be attributed in great part to an unfaltering commitment to the recruitment of enthusiastic and committed individuals, supported by customer satisfaction-oriented training practices and tremendous advancement potential.

As IHOP redefines its reputation to headline its friendly and engaging personnel, it may, in turn, attract The Ritz-Carlton's most discriminating customers. The Ritz-Carlton—one of the most revered luxury hotel names in the world and legendary for its superb customer service—treats its guests and employees with respect and dignity. Its motto: "We are ladies and gentlemen serving ladies and gentlemen." Analogous (in all due respect) to the IHOP employee-customer interaction values, the personnel selection and training principles are evidently based on trust, honesty, respect, integrity and commitment. In the end, of course, this serves to nurture and maximize talent to the benefit of each individual and customer, and ultimately, the company.

Take time to read The Ritz-Carlton's "Business Excellence Roadmap," and you will find its marvelous credo, which stipulates: "The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission. We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed, yet refined ambiance." Well-stated and well-executed to boot!

Now, take a look at IHOP's Business Excellence Roadmap (or "New Model," as they put it). In 2002, IHOP established a comprehensive approach to improving its operations. President and CEO Julia A. Stewart penned a vision to become number one in family dining. To achieve this vision, she and her team devised a comprehensive plan aimed at listening attentively to the input

from their guests and franchisees in order to improve operations, the quality and variety of food, employee training practices and marketing methods. Through this ongoing process, IHOP continues to be committed to excellence at every level, and it shows!

In its 2002 Annual Report, IHOP states that it intends to move toward world-class front-line employee training which will be benchmarked against some of the best companies in the hospitality industry. The new message, “Come hungry. Leave happy,” accurately identifies the experience guests have come to expect during a visit to IHOP. This message is reinforced through all communications and touch-points for guests and members of the IHOP family. It carries a strong call to action, coupled with a promise to provide a great meal and an excellent experience to each of its guests.

IHOP customers have begun to notice the transformation. Those “hungry” folks are now “happy” to confirm that IHOP delivers a uniquely warm and welcoming “home-away-from-home” experience, along with its tasty stacks of pancakes. Once again, analogous to The Ritz-Carlton experience (minus the pancakes)!

While stories about service-oriented organizations are synonymous with profit and growth, there is a surprising absence of systematic research that links superior employee-customer relations to growth and profitability. Observe some of the most compelling evidence from a recent survey conducted by J.D. Power and Kaznova Consultants comparing employee-customer satisfaction data between The Ritz-Carlton and service industry norms. Some of the key drivers to employee morale include: decision-making authority, constructive feedback, empowerment and verbal recognition for a job well done. Naturally, the survey results favor The Ritz-Carlton over industry norms ranging from 73 percent – 87 percent, as opposed to only 28 percent – 55 percent. (Source: The Ritz-Carlton Application Summary – further details available on their website.)

Still, this is not to suggest that IHOP and The Ritz-Carlton are performing for the same audience. But the obvious conclusion shows that: 1) growth and profit come from superior quality and service excellence, and 2) superior quality and service excellence can ONLY be delivered by a superior organization flanked by excellence-oriented employees.

It’s easy enough to understand, and yet so many inferior organizations continue to be run by indifferent and mediocrity-oriented personnel. The good news is that The Ritz-Carlton Hotel Company and the IHOP Corporation have both identified that business can be profitable and that a significant number of customers (with money to spend) are constantly looking for quality, friendliness and superior service. One can almost assume that they both aim to please the same customer...

To summarize, growth and profit come from superior quality and service excellence—a concept that is not only easy to understand, but can be summarized in just a few words: “If you offer a great product, service it surprising well through sincere, pleasant and memorable employee-customer interactions, you will find the practice of business to be very easy and extremely profitable.”

Side note from Alain J Roy:

The nature of my work provides numerous opportunities to visit hotels and restaurants in many regions. This allows me the freedom to explore new places and I'll often drive out of my way to find a friendly accommodation at The Ritz-Carlton Hotel or enjoy a *fine* dining experience at IHOP. Upon completion of this article, I decided to drop by my local IHOP restaurant (Del Mar Heights #0835 in San Diego, California) at the end of a long business day. The experience was fantastic! Before I even reached the entrance, Kaelin (a hostess) noticed that a customer was approaching. Just like a Ritz employee would do, she left her station to greet me as I entered, actually opening the door for me and delivering a sincere greeting with a smile. The next second, Erin (a server) rushed to meet us and together they led me to my table in a friendly and professional manner. Then, Monique (another "Super Performer") appeared over Erin's shoulder with a radiant smile and a few welcoming words. The rest of the dining experience was equally impressive. True to the IHOP motto, I came hungry and left extremely happy! Thanks to Kaelin, Monique, Erin, CEO Julia A. Stewart, and the entire IHOP team for reinforcing the observations presented in this article!

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