Hotel rewards workers

*Inn of the Governors' employees and owner like the experiment*

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SANTA FE — An employment experiment is under way in the heart of Santa Fe and the scientist in charge believes the outcome will make his hotel a model for the industry.

Jeff Vander Wolk, owner of the Inn of the Governors, has made his Santa Fe hotel a laboratory for an employee reward system inspired by the management philosophy of W. Edwards Deming.

In November, Vander Wolk launched a profit-sharing program that offers employees incentives such as increased income, investment opportunities and personal growth workshops.

Key to the program was the decision to cap the amount of profit the hotel keeps and use any surplus to provide employee incentives.

About 70 percent of that surplus profit is shared as employee bonuses. The remaining 30 percent is set aside in a growth fund for future investment opportunities in which the staff will have an opportunity to participate.

At least one other Santa Fe
Inn tries a management experiment

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Hotel, the El Rey Inn on Cerillos Road, has a profit-sharing program for employees. El Rey owner Ferrell White launched the program about 20 years ago by investing a percentage of the hotel's total payroll in a fund that offered long-term growth. Now money is distributed to employees from the profits of that fund.

El Rey general manager Holly Kenny said the program has helped lower staff turnover, boost employee morale and improve customer service.

Art Bouffard, executive vice president of the New Mexico Lodging Association, which represents hotels and motels statewide, said the programs appear to create a good work environment in an industry that typically has high employee turnover.

"When an employee can share in the revenues of an organization, they will inevitably provide better service and stay in the job longer," Bouffard said.

But Vander Wolfs has gone a step further with his workplace experiment by adding an educational element to the program.

Vander Wolfs also started a series of workshops led by Connecticut-based Matthew Cross. The workshops teach employees how to make long-term financial plans and set career goals. Staff can attend workshops on company time and repeat them as often as they wish.

Cross based his workshops on Deming's philosophy about business management, which has been widely adopted in Japan and by some U.S. corporations such as Intel Corp. and Ford Motor Co.

Deming believed companies could boost business and employee morale by fostering teamwork. "If you treat staff as your Number One asset and help them in all areas of their lives, it helps the business," Cross said.

Deming's philosophy makes good business sense long term but isn't common practice in the U.S. because of the prevailing obsession with short-term profits, Cross said.

Vander Wolfs hopes that making education a part of the program will encourage employees to develop creative solutions to workplace problems.

"Our thinking is that if you add the education element you increase staff commitment," Vander Wolfs said.

The hotel also created an advisory council with members drawn from management and rank-and-file staff. The council meets every two weeks and helps set work force goals and solve operational problems. For example, if housekeeping costs rise, the council will seek ideas on how to do individual jobs more efficiently, Vander Wolfs said.

"It's half as successful as I think it's going to be, I think it will increase productivity and reduce waste," he said.

In the first six months, each employee has received a total of $1,988 in bonuses through the program, customers have remarked on the hotel's high standard of service, and occupancy rates are above the average for downtown Santa Fe, Vander Wolfs said.

Two hotel staff members the Journal interviewed said the program has fostered greater cooperation between employees in different departments.

"A lot of employees are more in tune with helping each other," said Michael Ryan, the hotel's concierge.

Ryan is a member of the advisory council that discusses how employees can reduce waste and boost their bonuses.

One cost-saving measure the council recently approved was to display a chart showing the cost of each piece of silverware. The chart helped staff realize how much it costs to throw away a fork by mistake, Ryan said.

"Improvements mean more money in everybody's pocket," said Carlos Gutierrez, a server in the hotel's Del Charro Saloon Bar.

Bonuses have helped Gutierrez pay for preschool for his 3-year-old daughter and make a down payment on a car for his wife.

About 90 percent of the hotel's 80-strong work force has attended a workshop that covers subjects such as how to identify opportunities, reduce waste and add value in the workplace.

Twenty-five rooms at the Inn of the Governors have recently been renovated. The hotel plans to renovate the other 75 rooms by mid-2005. This is the lobby.

Inn of the Governors concierge Michael Ryan says the hotel's management experiment has helped employees find ways to work smarter to cut operating costs.