

# Legacy in the Making

THE RITZ-CARLTON

Founded in 1983, The Ritz-Carlton Hotel Company is among the most esteemed names in the luxury, hotel and service categories. At the start, the brand's leadership team made the decision to benchmark against the best of those around them. Today, The Ritz-Carlton has become the benchmark from which others derive inspiration. The brand doesn't just influence near competitors, it teaches its method to many of the world's top brands across a range of categories at The Ritz-Carlton Leadership Center. Recently, The Legacy Lab spoke to [Herve Humler](#), founding member of The Ritz-Carlton Hotel Company and its current President and Chief Operations Officer, not only about the origins of his famous brand, but about how he, and all the Ladies and Gentlemen of The Ritz-Carlton, continue to create indelible marks in the world.



The Ritz-Carlton name, which was then for sale.

In order to buy the name, Monarch would also have to buy The Ritz-Carlton in Boston. So, a small group of us went to take a look. The Boston hotel was very dirty. There were a lot of old people. The food and beverage concepts were very old too. If you ordered a chicken salad, you would get half a pineapple, 75 percent mayonnaise and 25 percent chicken. We were very disappointed by what we saw. The negatives were clear. The hotel, as I said, was in disrepair. The P&L statement was a disaster. When we returned to our home office in Atlanta, we initially made the recommendation that we shouldn't buy.

Our chairman challenged the recommendation. We all reexamined things. The positives? The Ritz name was highly recognized and associated with a famous hotel, exceptional service and formal luxury. Every big social function, every big name, every president in America stayed at that Boston hotel. There was great history.

We asked ourselves if we could afford it and what we dreamed

## Can you tell us a little about the origins of The Ritz-Carlton Hotel Company?

■ It was scary in the beginning. I was just over 30 years old. I was invited to join a company called Monarch as a partner. The chair-

man of the company, Bill Johnson, was an owner of 150 Waffle House® restaurants. Prior to The Ritz-Carlton, Bill knew how to successfully open chains serving the many, but he had no real luxury brand experience. Meanwhile, his company was interested in buying

of doing with our investment over time—what new history we could make of it. The Ritz name was much more powerful than Monarch. What was Monarch? A brand of toothpaste? In 1983, we did acquire the name and the hotel. We formed The Ritz-Carlton Hotel Company. About six months later, we opened The Ritz-Carlton, Buckhead.

We dreamed about The Ritz-Carlton, and we made that dream real.

***“The Ritz name was highly recognized and associated with a famous hotel, exceptional service and formal luxury. Every big social function, every big name, every president in America stayed at that Boston hotel. There was great history.”***

**One of the hallmarks of The Ritz-Carlton is the language: ‘We are Ladies and Gentlemen serving Ladies and Gentlemen.’ Can you share a little about the origins of this brand-defining language?**

■ When we opened The Ritz-Carlton hotel in Buckhead in January 1984, it was the first new property for the brand new company. Hank Aaron,

the famous baseball player, was living in Atlanta, and when we told him about the opening, he asked to be invited to be a part of it. We held a rally at the hotel where Hank Aaron addressed the employees and said, ‘You’re totally ladies and you’re totally gentlemen. And I am sure you are going to serve customers who are also ladies and gentlemen.’ Horst Schulze, who was the President of our company, had used the expression before. But hearing Hank Aaron say it out loud was inspiring to us all. We took it and made it our motto: ‘We are Ladies and Gentlemen serving Ladies and Gentlemen.’

Culturally, it means that every employee of The Ritz-Carlton is a lady and gentleman just like every one of our guests. When you come to work here, you are going to have a clean uniform. Your shoes are going to be polished. You are going to talk like ladies and gentlemen. You are going to look our guests in the eyes—be warm, relaxed, refined—be yourself, and with a smile say, ‘Good morning, ladies and gentlemen. Welcome to your hotel.’ You are going to act, you are going to dress, just like those ladies and gentlemen who are our hotel guests.

When people do not do the right thing here, I do not want our managers to yell at them. Our managers are Ladies and Gentlemen. As leaders, you are going to respect all of our Ladies and Gentlemen. Demonstrating respect is an important part of our company motto, our credo and our gold standard. When you show respect, you receive it in return. At

the end of the day, at The Ritz-Carlton, all of our Ladies and Gentlemen have a genuine passion and a real respect for people.

*“Demonstrating respect is an important part of our company motto, our credo and our gold standard. When you show respect, you receive it in return. At the end of the day, at The Ritz-Carlton, **all of our Ladies and Gentlemen have a genuine passion and a real respect for people.**”*

**When you reflect upon the history you are making with The Ritz-Carlton, what has been one of the brand’s biggest successes so far, and what have you learned from it?**

■ We have a simple and great model. We defined for the Ladies and Gentlemen around the globe what the company is, what we stand for and believe in, and we made it core to our culture. Our 40,000 Ladies and Gentlemen not only embrace the culture that has been passed down, but they also contribute to growing the culture every day. The Ladies and Gentlemen of The Ritz-Carlton are ambassadors of the company in and out of the workplace. Our people own the future of their company.

We are constantly opening hotels around the world. No matter how beautiful a building might be, it never has heart or soul until we deploy our employees. Our Ladies and Gentlemen get highly engaged with our customers and communities. They anticipate needs and create lasting memories for all those we serve.

The way we talk about the brand in 2016 is the same as when we talked about it in the beginning. But the way we deliver is different because the tastes of customers have changed, the demands have changed, and we always want to stay on the pulse of the global luxury customer. So, I would say our biggest success has been in defining and embracing a culture that puts people at the heart of our brand—our own Ladies and Gentlemen plus the ones that we serve—while recognizing that people, like brands, must evolve so as to stay vital for generations to come.

*“The way we talk about the brand in 2016 is the same as when we talked about it in the beginning. But the way we deliver is different because the tastes of customers have changed, the demands have changed, and **we always want to stay on the pulse of the global luxury customer.**”*

**Under the heading of learning from the past to better the present and the future, what mistakes, if any, did The Ritz-Carlton make along the way? What did the brand learn in the process?**

■ In the early 1980s and 90s, we focused too literally on consistency. Quality was one important element in achieving great consistency. I still believe today that we did the right thing in the beginning to make all the hotels look the same. The front of The Ritz-Carlton hotels all looked the same. The inside of the hotels all looked the same. The bedrooms all looked the same. It was the sign of an iconic brand. For instance, if you look at the Starbucks® coffee shops or if you go to Louis Vuitton® stores, they do tend to look the same. But in keeping the focus on consistency and quality, we became much too predictable. We had to learn to evolve and adapt—we had to blow the dust off The Ritz-Carlton lion and crown to be more relevant to the changing tastes and needs of customers.

Beyond the overreliance on consistency in the appearance of our hotels, we were also too rigid about how we expected the ladies and gentlemen who visited our properties to dress. We were too formal and stuffy for some. A few years ago, when people would come to our hotel in jeans, we would say, ‘Hey, if you don’t have a coat and tie, you’re not going to have dinner with us.’ But now, when they come in with flip-flops, for example, we say, ‘Good

*“In keeping the focus on consistency and quality, we became much too predictable. We had to learn to evolve and adapt—we had to blow the dust off The Ritz-Carlton lion and crown to be more relevant to the changing tastes and needs of customers.”*

day and welcome.’ Interestingly, for some consumers in other parts of the world, such as China, formality matters as much as informality does in North America. This is why in cities where we have two hotels, you’re going to see that one of them is a little bit more conservative while the other one is a little more cutting-edge. As I said earlier, we are at our best when we let our cultural traits, versus our physical traits, define us. And brands do need to evolve their physical presentations to stay relevant and vital for generations to come.

**When you talk about the importance of brand culture, another one of the famous stories about The Ritz-Carlton that is often told relates to the ‘lineup’ that occurs each day. Can you share a little about this aspect of the brand’s culture?**

■ Traditionally, when it comes to reading employee surveys, there

are two areas where every company ranks the lowest. One area relates to pay—for what an individual contributes they never get paid enough. The second relates to communication—many feel that nobody communicates with them. Given our high focus on making people our priority, we spent a lot of time thinking about these areas.

In the early days, when you start a company, you wear a lot of hats. You do everything. I was the General Manager for the company. As part of my duties, I would travel to each of our hotels before they were open and as they were starting out. When I would arrive at our hotels each morning, I would get a box full of reports and comments from each department about any incidents—the things that went wrong. It took hours to go through all the information. When someone was not happy, it was my job to follow up. Sometimes I would see the Executive Chef the same day to talk about the feedback, and sometimes I would see the Director of Sales to share the feedback, but sometimes I would not see them for a few days. You can't establish a winning team if you are not constantly communicating. You need to meet with your team for at least a few minutes, you have to huddle with them, every day. You need to say, 'Here are the priorities' so everyone has clear marching orders. So, I introduced a new behavior by saying, 'Let's have a 15-minute meeting each day at 8 a.m. in my office.' It was not with any special setup at a conference table. It was, instead,

just a group of us lined up in my office. That's how we started 'lineup.'

*"Today, we have a lineup at every property in the world three times a day.... Our corporate headquarters also has a lineup. We cover the priorities for the day as well as reinforce our values. We talk about how we aim to treat our guests. We also share a 'Wow' story—where we created a memory for someone that will last a lifetime."*

Beyond single properties, I expanded lineup to a region where I was responsible for roughly 15 hotels in America and overseas. It was productive. Eventually, we broadened the topics of conversation in lineup: to include ongoing issues, new processes, news of hotel openings happening around the world and so on. Today, we have a lineup at every property in the world three times a day: one in the morning as preparation for the morning shift, one in the afternoon and one at night. Our corporate headquarters also has a lineup. We cover the priorities for the day as well as reinforce our values. We talk about how we aim to treat our guests. We also share a 'Wow' story—where we created a memory

for someone that will last a lifetime. These days, I personally receive about 10 to 12 letters a day from guests sharing not complaints, but letters of joy, saying, 'Wow, I was in your hotel and this is what the employees did for me, Mr. Humler.' I still make the time to respond to all of our customers. It is so important that we all take the time to communicate with the Ladies and Gentlemen—the ones we employ and the ones we serve.

**You mentioned 'Wow' stories—creating memories that stay with your guests for a lifetime and creating a ritual, as part of lineup, celebrating those memories. Can you give an example of a 'Wow' story that is symbolic of how The Ritz-Carlton surprises and delights its guests?**

■ We take pride in creating 'Wow' stories every day for ladies and gentlemen all around the world. There are some very famous stories. Somebody says, 'I forgot my computer at your hotel. It has a presentation that I need, but you can't upload it or download it for me.' So, we put someone on a plane from San Francisco to Los Angeles, and two hours later they have their computer back. And somebody else says, 'I forgot my prescription. I don't know where to go. I don't have any doctors here.' Okay, let's go to my doctor and we will find it for you. There was a youth who was 14 years old who had never walked in his life. He arrived in Dubai and he looked at the beach and said, 'Man, I wish I could be swimming in that beautiful

ocean.' But between the hotel and the beach we have about 200 meters of sand, and you cannot push somebody in a wheelchair in that. The hotel engineer heard about the wish, and three hours later, he had built a wooden walkway to bring the wheelchair to the ocean. For the first time in his life, that 14-year-old went swimming.

*“What I’m proudest of is that it’s not about telling our employees they have to do it.... Instead, we have built a culture, and an ambience, in which employees want to do their job. **They are passionate about creating memories that last a lifetime so that our guests don’t just stay with us, but so that we can stay with them long past their stay.**”*

What I’m proudest of is that it’s not about telling our employees they have to do it. Nobody told our hotel engineer in Dubai that he had to build a walkway. Instead, we have built a culture, and an ambience, in which employees want to do their job. They are passionate about creating memories that last a lifetime so that our guests don’t just stay with us, but so that we can stay with them long past

their stay. And we, importantly, have empowered our people. Empowerment is a very powerful and meaningful ingredient. Especially when it comes to attracting and retaining the next generation of Ladies and Gentlemen, our people want to make an active, not passive, contribution to be a real part of making something memorable.

**Given that the culture of The Ritz-Carlton brand is so strong, was there ever a market where you thought the concept would not work? Where the brand culture would not be accepted?**

■ Yes. China. I thought that was maybe a country where this wouldn’t work. My first time there, to Shanghai, was more than 15 years ago when I went to a beat-up old hotel called The Portman. Previously, this hotel had been run by two prominent luxury companies. But while it had a luxury label, the employees were not, in The Ritz-Carlton view, in the hospitality business. The 1,100 Ladies and Gentlemen I would have to train were taught, out of respect, to never look at the customer. They always looked down. And they never said ‘Good morning.’ That wasn’t our way. In orientation, I explained, ‘When you stop by me, stop with your manager, stop with anybody in front of you, please say good morning and welcome and smile. Have fun.’ They were very, very resistant.

It was such an oligarchy. I remember going toward what you called at the time the back of the house, the area behind the front desk or in a base-

ment. The employee dining room was the pits. But then there was a nicer restaurant that was only for managers. Here, employees wearing tuxedos and white gloves would serve managers. It was not about an equal respect. It was a disaster. Quickly, we eliminated the manager restaurant. All the employees, all the Ladies and Gentlemen, ate together. The food for everyone, not just the managers, was wonderful. And suddenly, the employees realized that this brand cares about them. I made it clear that they mattered. I was in charge, but each of them was more important than me.

Today, The Portman Ritz-Carlton has among our highest employee satisfaction scores. Our success in China came from focusing on the Ladies and Gentlemen of the hotel. When we made them happy, they, in turn, made our guests happy. When we took pride in them, they, in turn, took pride in themselves.

**Today, how does The Ritz-Carlton’s impact go beyond the customers who stay at your hotels? What role does your brand play in culture and the world at large?**

■ We constantly create memorable experiences, wows, beyond our properties for the communities in which we operate and the world in which we live. The Ritz-Carlton partnered with the United Nations as the first founding partner of IMPACT 2030: The Global Initiative for the Advancement of Corporate Volunteering. In support of the UN’s

Sustainable Development Goals, and through our Community Footprints program run by Sue Stephenson, we contribute private-sector volunteering around hunger and poverty relief, child well-being and environmental responsibility. The UN has a limited number of workers around the globe to deliver on their ambition. But with the support of The Ritz-Carlton, IBM, UPS and a growing global group of Fortune 500 companies, we are able to help them make a larger impact. We do not require individual employees to participate, but it tends to be in their DNA, and in our company culture, to contribute and create wows for a world in need of more of them. Making a meaningful difference to issues of critical social importance—serving with purpose—is an important part of The Ritz-Carlton’s enduring legacy.

**As one of the world’s most famous service brands, where does The Ritz-Carlton draw inspiration from? And can you tell us about your commitment to pay it forward: to educate and inspire other brands to achieve a similar level of excellence?**

■ In the beginning, we had so much to learn. So, we worked to benchmark. I remember, for example, going to Memphis to spend a few days at the FedEx Corporate Office Headquarters. We learned a lot about how technology was used to deliver on a high standard. We were inspired by how precise they were with their service delivery.

In the early 1990s, we felt that we were not living up to our own standard. So, what did we do? We set an even higher goal: winning the Malcolm Baldrige National Quality Award. The Baldrige Award is the only formal recognition for performance excellence in the public and private sectors given by the President of the United States. When we looked at the application, it wasn’t really prepared for hospitality companies like ours. It was, initially, organized for manufacturing companies. To not only compete, but to win, would require us to make a major turn. We had to start thinking more specifically about our processes. We had to find ways to benchmark our process for service—to raise our level of performance—versus the very best processes in esteemed manufacturing companies. Eventually, The Ritz-Carlton didn’t just win once, we won twice: 1992 and 1997.

One of the practicalities of competing for the Baldrige Award is that you, in turn, wind up sharing your best practices. In part, that inspired us to open a corporate university called The Ritz-Carlton Leadership Center. Today, companies come from all over the world to learn about the way we do things. They come from a range of sectors: automotive, energy, finance, fitness, healthcare, human resources, insurance, legal, retail, transportation and technology. Brands come to benchmark against us. We opened in 1999, and we have welcomed thousands of senior executives,

managers and staff from leading companies far and wide. In fact, several leading brands known today for their customer experience, such as Apple®, attended our courses prior to creating their own legacy of legendary service.

*“Making a meaningful difference to issues of critical social importance, serving with purpose, is an important part of The Ritz-Carlton’s enduring legacy.”*

As an important aside, whenever I meet up with top executives who participated in learning at our center, I ask, ‘How’s everything going?’ In response, I often hear, ‘It was more difficult to put into practice than I thought.’ A lot of organizations have great mission statements, but if leaders don’t preach it, if they don’t make living it a priority every day, if they don’t believe in it, nobody’s going to believe in it. I really do feel that long-term success is the result of having a strong culture and a strong set of beliefs that are nurtured all the time, starting at the top. Here, we have our credo, our service values, our standards, our motto and deep engagement with our culture and beliefs. Others may be inspired by the things that

we do, but what they should really be inspired by is our belief in what we do. We have 40,000 Ladies and Gentlemen serving Ladies and Gentlemen, starting with me, who all believe in what we are doing here.

**You gave some good advice about not just saying what your company stands for, but believing in it and behaving that way too. What other advice would you give to anyone looking to build a successful brand legacy of their own?**

■ First, you have to find out who is best at delivering whatever your company is set up to do and then learn from them. If your company is in the service business, come learn from The Ritz-Carlton. If just-in-time delivery is a priority for your business, go learn from the brand that is best at it. As I said earlier, years ago, our team went to FedEx to learn from them. We believe in learning and benchmarking as a way of life.

Second, you need to have a clear, compelling and ambitious vision. Make sure the people who surround you understand the vision, talk about it daily and live it always. Inscribe your culture, your vision and your mission, and make it a part of everything you do. We remind people all the time what our philosophy is here. We remind them through rituals like lineup. If you don't inscribe these things, they will go away.

Finally, invest in people. Give them the tools they need to contribute

to your vision, mission and culture. Make the people around you the greatest evangelists of your brand. For me, creating an enduring brand success is rooted in creating a culture all about people. People make you successful. So, help people to succeed. Do not compromise on your philosophy, but be fair and firm with them. Be compassionate. Tell the people who work with you that you care about them. Never go to bed angry. Let them know that if we had an argument today it is because I care about you, otherwise I would have just moved on. We have a number of leaders at The Ritz-Carlton who started out as valets or as bellhops. Seeing our people grow is the best reward. Our people are the reason why, after more than 30 years, The Ritz-Carlton Hotel Company is still relevant and growing strong.

*“For me, creating an enduring brand success is rooted in creating a culture all about people.*

*People make you successful. So, help people to succeed.... **Our people are the reason why, after more than 30 years, The Ritz-Carlton Hotel Company is still relevant and growing strong.”***

*After 32 years, The Ritz-Carlton Hotel Company persists as not only a respected brand, but also a highly influential one across the luxury, hotel and service categories. Its enduring success is rooted in a culture that prioritizes creating indelible marks—making memories that last a lifetime—for all those who come to visit. Its ongoing success is also rooted in its ability to maintain the virtues of the past while giving itself permission to adapt to the times. The brand has reconciled that while consistency is important, it should never exist at the expense of appearing predictable, boring or routine. Furthermore, what keeps the brand vital is a commitment by the more than 40,000 Ladies and Gentlemen who make up the staff of The Ritz-Carlton to contribute to ‘Wow’ stories on a daily basis. And instead of keeping those wows a secret, the brand, including all the Ladies and Gentlemen of The Ritz-Carlton, share those ‘Wow’ stories with each other as part of a daily lineup, as well as with the leaders of other significant brands who come to be inspired at The Ritz-Carlton Leadership Center. In total, The Ritz-Carlton, once famous only for its past, is still a relevant brand that continues to write its history, not just read from the pages of it, every day.*

BY MARK MILLER

*Mark Miller is the Chief Strategy Officer at Team One, an ad agency with global expertise and proprietary research into premium categories and aspirational consumers.*