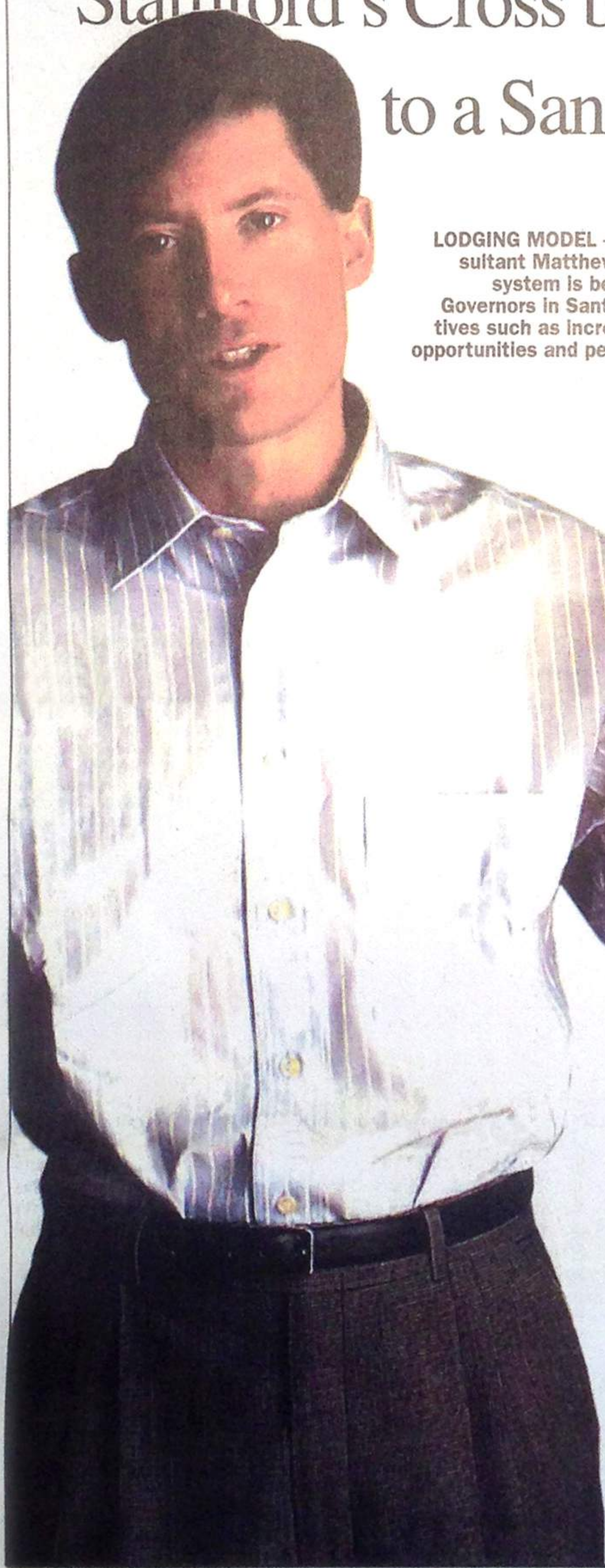


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BUSINESS

Deming's Disciple

Stamford's Cross brings modern management to a Santa Fe inn



LODGING MODEL — Stamford business consultant Matthew Cross' employee reward system is being used at the Inn of the Governors in Santa Fe, N.M. It offers incentives such as increased income, investment opportunities and personal growth workshops.

Contributed photos



By Rosalie Rayburn

Albuquerque Journal

SANTA FE, N.M. — An employment experiment is under way in the heart of Santa Fe, and the scientist in charge says he 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 and taught by Stamford business consultant Matthew Cross.

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 hotel, the El Rey Inn on Cerillos Road, has a profit-sharing program for employees. El Rey owner Terrell 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

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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 Wolk has gone a step further with his workplace experiment by adding an educational element to the program.
Vander Wolk also started a series of workshops led by Cross, founder and president of Leadership Alliance, an organization that helps companies set strategies for growth and transformation. Cross' 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 said he believed companies could boost business and employee morale by fostering teamwork. "If you treat staff as your No. 1 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 it isn't common practice in

the United States because of the prevailing obsession with short-term profits, Cross said.
Cross was a founding partner of American Credit Systems, a nationwide marketing firm that has generated more than \$250 million in revenues for clients including Sears, JCPenney, Discover Card and Visa.
Before forming Leadership Alliance, Cross was senior partner in a quality consulting consortium that worked with clients such as Sheraton and the Hawaiian Public Education System.
Vander Wolk said he 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," he 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 Wolk said.
"If 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 Wolk said.
Two hotel staff members 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.