

INSTRUCTOR'S MANUAL TO ACCOMPANY

**MANAGING QUALITY
SERVICE IN HOSPITALITY**

**HOW ORGANIZATIONS ACHIEVE
EXCELLENCE IN THE GUEST EXPERIENCE**

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Section 1

The Hospitality Service Strategy

Chapter 1

The Basics of Wow! The Guest Knows Best

REVIEW QUESTIONS

1. Consider the formula presented in the chapter: **service product + service environment + service delivery system = guest experience.**
 - A. Although all parts are important, do you think these three types of organization—a hotel, a restaurant, and an airline—would tend to place a different emphasis on the three parts in providing the total guest experience?

The emphasis on product versus environment versus delivery system can be different from one type of hospitality experience to another. Clearly, a hotel is mostly the environment and the delivery system, with less emphasis on the product itself. The hotel's basic product is a hotel room that may contain only a bed, a chair, a carpet, a TV set, a window, and a door. The quality of the hotel's service environment differentiates it from other hotels (which offer essentially the same product): the appearance of the lobby, the interior decoration of the room, and what amenities are associated with the specific hotel. The hotel's delivery system is crucially important. The quality of the people who serve—whether they are keyed into being guest-focused—will have a greater impact on differentiating among hotels.

The restaurant, of course, places a high emphasis on food, which is its service product. It places somewhat less emphasis on the service environment, and it

places a fairly strong emphasis on service delivery systems. The quality of the eating experience is driven by whether or not hot food is served hot and cold food is served cold, whether it is cooked properly, and whether it is of high quality.

Finally, an airline would focus strongly on the delivery system. The airline product is basically a commodity; the airline is selling transportation from one point to another point. All airports and airplanes tend to look alike inside. The differentiating factor is the delivery system: whether the plane arrives on time, the reservations are handled efficiently, the passenger loading process is done fairly, and the guest-contact employees are the high quality personnel guests would like to see.

So these three different types of organizations do emphasize different aspects of the guest experience.

B. If product + environment + delivery system = 100%, how would the hotel, restaurant, and airline divide up their emphasis? Or, how would these organization types rank the three parts of the guest experience in order of emphasis?

This question can be the basis of a great debate among the students as to which is which. The hotel might be 10-20 percent product, 30-40 percent environment, and 50 percent delivery system (especially the people part). The restaurant might be about 30-40 percent product, about 50 percent delivery system, and 10-20 percent environment, despite what many theme restaurant people think (this is why some of them are in trouble; while emphasizing the environment heavily, they have forgotten to provide a decent meal). Of course,

the airline would be very heavy on the delivery system and less heavy on the product and the environment; however, special circumstances could change the weights considerably. Students are going to debate the various percentages, and that in itself is the whole point of the question.

2. Imagine that a Rolex watch, a RadioShack watch, an Eagle Mirado #2 pencil, and a Cross fountain pen are sitting on a table in front of you. Which item is highest in quality, and which is lowest in quality?

This question is an opportunity to discuss the difference between an absolute standard of quality and the rather special way in which the hospitality industry defines quality. According to any reasonable absolute standards, the Rolex watch is of higher quality than the RadioShack watch, and the Cross fountain pen is a writing implement of higher quality than the Eagle Mirado #2 pencil. However, no answer book can tell which of these items is higher in quality because quality is defined as the difference between quality expected *by the customer* and quality received *by the customer*. No answer book can know the expectations with which a given customer enters a transaction for a watch or writing implement. If the RadioShack watch is better than you expected it to be, and the Rolex is only as good as you thought it would be, the RadioShack watch is of higher quality. The hospitality industry defines quality in this way to emphasize that *the only quality standard that matters is the one in the mind of the individual guest*. Students may argue that watches and pencils are not hospitality experiences, but expectations are also important to purchasers of watches and pencils. If you are a jogger and require a watch that enables you to time your runs to the second, as well as to time the laps that you run, a RadioShack jogger

watch will meet your expectations better than a Rolex watch, which merely tells time. No matter how much quality is built into the Rolex, it does not do you any good in this situation.

- 3. These standard rooms are available in your locality: the Ritz-Carlton Hotel (\$450 per night), a Holiday Inn (\$150), a No-Tell Motel (\$59.95), and a YMCA or YWCA (\$40). Which room is highest in quality, and which is lowest in quality?**

In terms of the hospitality industry's definition of quality, the discussion for this part of the question would be the same as the discussion for question 2. Whether it is watches, pencils, or motel rooms, customer or guest expectations determine the quality of the product or the experience.

- 4. Consider the examples in questions 2 and 3 in terms of value. Under what circumstances can quality be high and value low? Value high and quality low?**

If the value of a product or guest experience is equal to the quality of the experience *as determined by the customer or guest* divided by the cost, no instructor's manual can provide an answer. Each customer's or guest's determination of quality will be different, as may each customer's or guest's determination of relevant costs, remembering that costs can be of types different from financial.

Once again, it all starts with the individual guest's determination of quality and relevant costs. If quality is high but cost is also high, then value is low. If quality is low but cost is also low, then value is high. The discussion should bring out the different kinds of costs mentioned in the chapter in addition to financial costs. The instructor may also need to remind students that the "formulas" for quality and value

are not formulas in the strict sense. These formulas conveniently speak of quality as if it can be quantified, which, of course, it cannot. Nor can all possible “costs” to the guest be quantified. The formulas are just a way of conceptualizing the importance of the individual guest in the determination of quality. In the hospitality industry, quality is not absolute. It is relative and is always determined by the guest—the only person whose quality determination matters. These formulas remind us of that reality.

- 5. A guest experience is a service, and this chapter explained that services are largely intangible. Think of a somewhat expensive guest experience you have had. What tangibles did the organization use to make you feel that your intangible experience was worth the money you paid?**

Answers will vary. Students who have stayed in an upscale hotel can offer examples of how the hotel made the intangible tangible. All the hotel is really doing is providing a place for people to sleep; however, beautiful rugs on the floor, fresh flowers in the vases around the hotel, polished brass fixtures, and polished marble floors are tangible evidence of quality designed to enhance the intangible experience of sleeping in a room away from home. Walt Disney examples of high quality tangibles are sprinkled throughout this book. To add one more, Disney makes sure that the hedges at Disney World are kept trimmed to the same size all the time, from one guest visit to the next, so that people feel like they are revisiting the same place they remember, or the place they have pictures of from last year’s visit. Their photographs also remind them of the quality and freshness of the paint, and the spotlessness of the park. When they

return, the paint is still fresh and the park is still spotless. The intangible experience of having fun in a fantasy environment is enhanced (or at least not damaged) by the tangibles of the park's appearance. Students who have been to fine restaurants can talk about the presentation of the food on a plate. Even though the food may be the same as that served by a casual restaurant down the block, fine restaurants put showmanship into the actual display of the items on the plate in order to enhance the quality of the experience. By making the tangibles attractive and serving them elegantly or with a flourish, fine restaurants heighten the guest's dining experience rather than just dumping what might be excellent food on a plate and serving it.

6. Reflect on a recent, enjoyable guest experience and on a disappointing guest experience.

A. What were the significant events or the moments of truth during each experience?

These moments will be based on each student's own guest experiences. Students should, and probably will, focus on each point of contact between the guest and the organization's staff during the guest experience. A student who has been to a restaurant recently might comment on the valet parking, the overall impression of the entryway, the greeter at the hostess stand, the person seating the guests, the initial greeting of the server, and the presentation of the food itself. The moments of truth would be each time the guest received a reminder that she was having an interaction with an organization. These are key moments—the moments of truth—whose importance requires that they be managed very

specifically. Students might be asked to list each time that the guest had a specific encounter with an organization during the course of an entire hospitality experience, making a list for a restaurant, a hotel, a convention, a theme park, a cruise line, and an airline. These lists will be comprised of the moments of contact that remind guests of the fact that the organization is engaged in providing a service to them.

B. How did they contribute to your enjoyment or disappointment?

Answers will vary depending on student experiences. Students have probably had excellent food ruined by a server in a bad mood, average food enhanced by an enthusiastic and responsive server, and an average experience enhanced by a warm goodbye and invitation to return.

C. How do they relate to managing the guest experience in hospitality organizations?

This is going to be another great discussion point for the class. Each of these moments either helps or hinders the enjoyment of the total guest experience. This experience is often a complete cycle, beginning with the moment the guest sees the restaurant's sign and ending the moment guests leave the parking lot. The experience may be conceived of as even wider than that; for example, if the roads are always crowded on the way to a restaurant, guests may stop going there because the driving preliminary to the dining experience is so unpleasant. You might even consider the entire experience as beginning the moment when the guest thinks of this experience as something he wants to do and proceeds to do, and ending when the guest starts to experience a different thing—going home,

going back to work or school, going to a movie, or whatever. If the experience is considered so broadly, it will contain elements the organization cannot control. The main point is that the organization must manage as many of the elements from beginning to end as it can.

When guests call for a reservation, they should have a good experience. When they leave the parking lot, they should, if possible, have a positive experience. For example, clear directional signs should keep guests from being endangered, confused, or thrown into the wrong lane of traffic because a bad moment at this point can ruin an otherwise excellent experience. Everything from the reservation call to leaving the parking lot should be managed so as to be a positive moment. Although a restaurant reviewer must analyze the different aspects of a restaurant visit, the guest's judgment of the experience will probably be holistic. Each part of it contributes to the total feeling that the guest experience has been a good one or a bad one.

7. This chapter makes some general statements about how people form their expectations for guest experiences.

The “Guest Expectations” section in the chapter discusses how guests arrive with a set of expectations based on advertising, word-of-mouth recommendations, brand names, promotional information, and their own previous experiences. Repeat guests form their expectations mainly on their previous experiences, so organizations must ensure that guests have a good experience the first time around—and every subsequent time.

A. How do those statements match up with the way you personally form your expectations for a new upcoming experience?

Although student answers will vary, we hope the discussion in the chapter will match the experiences of real student-guests.

B. If you are going for a repeat experience, would your expectations be based totally on previous experiences?

Again, this is a discussion topic for the class, but the instructor might want to mention that in the interval between one experience and the next, people tend to forget pieces of the total experience, and this forgetting may be good or bad for the organization providing the experience. If people remember the bad and forget the good, they will never go back.

The importance of previous experiences also has a relationship to advertising; for example, if you have been to a theme park like Animal Kingdom and you had an experience of a certain quality, but now a new section of the total park is opened, your past experience will affect your expectation regarding your future experience. You might well say, “I remember what a good (or okay) time I had before, but it should be even better this time because they have added this new section with new attractions.”

Restaurants do the same thing by changing their menus and by advertising specials, trying to create the sense that things are even better now because the variety is greater than last time around, with new things to try. Organizations must realize that guests expect to be continually presented with new, interesting parts of the total guest experience that improve on their previous experiences.

Advertising can then build the expectations that these new experiences are available and they will be enjoyable.

C. If you were a hospitality manager, what level and type of expectations would you want to create in your guests, and how would you try to create them?

Again, there are a lot of different things to talk about here. Consider the expectations created by television ads. Look at any hospitality organization's service product, service environment, and delivery system to get a feel for the expectations that organization tries to create. For example, consider restaurant ads. Some will create expectations regarding the quality of their food. Others, like the Olive Garden, will stress their "When you're here, you're family" kind of environment and their delivery system, which communicates the sense that this is a warm, friendly place to be. Still other restaurants promote the environment explicitly; some of the theme restaurants stress the environment over everything else. In the context of hotels, expectations would be created in a different way.

Cruise lines emphasize different kinds of cruise experiences and price/quality relationships. Also, cruise lines tend to have different kinds of ads for different demographic categories: kids versus older adults, "artsy" people versus "party people." Expectation creation would be based on the answers to such questions as: What is it you are trying to achieve in the definition of your hospitality experience? Where is your market niche? Then, how can you best appeal to that niche, and how can you best create expectations for people who are in that market niche so that when they come, they find the experience they are having actually meets their expectations, plus a little bit more?

D. How would you take into account the fact that some guests are new, some are repeaters, and you may not know which are which?

Students could focus on the notion of layers of experience, in which you peel off one layer and see something new—the more often people come and experience whatever the organization happens to offer, the more they see. Disney is very proud that repeat guests find even more interesting details on subsequent visits as they dig into what is available. Consider the Casting Center doorknobs pictured on page 91. The first time you walk into the Casting Center and you grab a doorknob, you might say, “Ah, that’s cute; it’s a nose.” But if you go in there a second time or a third time or a fourth time, you might recognize that the two noses are on the faces of Tweedle Dum and Tweedle Dee out of *Alice in Wonderland*. On a subsequent visit, you might recall that these particular characters are famous for their phrase “One good turn deserves another”—certainly an appropriate phrase for two doorknobs. Only after several experiences of the doorknobs does the repeat visitor fully appreciate their subtlety. You would not notice all of these points on the first go-around because the whole experience is so overwhelming, but, as you keep returning, you would notice these layers and layers of subtlety that add quality to the repeat visits while, at the same time, delivering part of the quality, holistic context to first-time visitors.

Restaurants do the same thing with decorative materials on their walls. The first time you sit down, you look around and say, “Well, it’s just another restaurant that kind of looks like the inside of a bazaar or something.” But you do not pay much attention to it because you are thinking about eating, and you are focusing on where to go, where to sit, and what is on the menu. The second and third times you visit the restaurant, you are familiar with the overall layout and major features, so you will start looking around and noticing some of

the subtle details, the decorations, and how the whole package comes together into a coherent whole. The idea is that the really smart organizations not only do a good job of designing the guest experience so that it meets reasonable first-time expectations regarding the product, environment, and delivery system, but as you peel back the layers, you find more and more interesting things to keep you feeling good about the experience. Of course, the ultimate strategy is to enhance the relationship between the guest-contact employees and the guests themselves so that the warmth of the relationship is so good that guests think, “Even if the food isn’t always good, and I’m getting a little tired of the environment, these are great people and they do a great job and I’m going back.” In the final analysis, it is the employees of the organization who are usually going to determine whether first-time guests become repeaters. Review the “Just What Does the Guest Expect?” section. Discuss the expectations underlying the complaints listed.

8. You are probably familiar with the expression “too much of a good thing.” In the hospitality setting that would describe over-delivering the service guests have come to receive.

A. How much service is too much service? Have you ever experienced excessive service?

Answers will vary depending on individual student thresholds, but all students have probably received service beyond what they wanted, needed, or thought appropriate. Perhaps a waiter hovered nearby while students were trying to have a private, romantic conversation; perhaps a server snatched a plate away before a student was quite finished with a meal; perhaps at the very moment a student set a fork down, it was taken away. All this seems worse if the guest is paying for a leisurely, upscale dining experience. These are

“too much service” kinds of examples; instead of contributing to guest-experience quality, such server behaviors are counterproductive. Again, it goes back to what a guest expects. The instructor might want to keep repeating this phrase and variations of it to emphasize that everything we are teaching is driven by the guests. It all starts with the guest.

B. How does a hospitality manager ensure that guest expectations are met or exceeded without going overboard?

To find out if service levels are appropriate, *ask the guests*, survey the guests, continuously study the guests to find out what they want and how much of it they want, and make sure that you find a way to deliver what the guest expects, plus a little bit more, but not too much more.

9. From an article in a guest services magazine: “What brings hotel guests back?

A fluffy robe hanging on a padded hanger? Creamy chocolate reposing on the pillow? The jungle safari bedroom decor? Or plain vanilla, old-fashioned service?” What do you say?

Any organization can supply a fluffy robe or a chocolate on the pillow. These tangible enhancements are easy to duplicate. The service and the people delivering it make the difference.

The magazine article itself says, “All things being equal, service wins by a smile.”

10. How is *service quality* related to *guest satisfaction*?

The formula for service quality ought to be second nature to students by now. Service quality is defined as the difference between the service expected and the service received. If the service received is better than the service expected, quality is, by definition, positive, and the guest *ought* to be satisfied. But one guest might be

satisfied if service exceeds expectations by a little bit, and another guest might *not* be satisfied by the same degree of positive quality. Guests have different expectations, and guests have different requirements regarding what level of quality is satisfactory. It is not enough for the organization to hear the guest say “You exceeded my expectations.” The organization wants to hear the guest say, “You exceeded my expectations. I am quite satisfied. I am coming back to see you again.”

ETHICS IN BUSINESS

It may be useful to begin by defining *ethics*. Academics will typically tell you that ethics is the philosophical study of morality. Ethics is a branch of philosophy, and it is not associated with any specific religion, with religion in general, or any other predefined code of conduct. However, when people discuss what is “ethical,” this is not what they typically mean. The scenarios in Chapter 1 provide an opportunity to set up future discussions on ethics in general and specifically present the opportunity to discuss the differences between ethics, morals, and laws.

As typically used, the term *ethics* refers to views of what is right and wrong based on societal beliefs. Morals are views of what is right and wrong based on religious beliefs. While the two often overlap, particularly in societies where one religious view is predominant, they are not always the same. For example, religions do not have specific moral views on the role of companies during a merger. In the United States, there is no predominant ethical view of job rights during a merger, and it is generally not considered unethical for layoffs to occur after a merger of two companies is made (and, in fact, this is a common reason to have a merger in the United States). On the other hand, in France, employment is considered an ethical right; consequently, having layoffs after a merger is considered unethical in France, and, in fact, may be stopped if this was the purpose of the merger.

Laws are the codified rules created by a society and enforced by that society. While there is often overlap between ethics, morals, and laws, they are not always the same. Sometimes what may be considered ethical or moral is not legal, sometimes what

is considered ethical by some may not be moral to others, and sometimes actions some may consider unethical or immoral may be legal.

In the first scenario, what are the ethical, moral, and legal issues involved? Elicit a student discussion, or ask the following questions:

- *Is drug use immoral, unethical, neither, or both?* Drug use is a good example of where morals and ethics may diverge for a hotel organization.
- *What should the hotel do?* The hotel has no legal obligation to inform the police of the drug use although some may debate whether this is moral or ethical. At the same time, the guest should have no expectation of privacy because it is the hotel's room and he asked that it be cleaned.

In the second scenario, the law says you cannot serve an intoxicated patron.

- *What should the hotel do?* The moral issue here involves the act of drinking, and perhaps, more specifically, the act of drinking too much.
- *Does the guest have the right to make his own decisions?* Laws regarding drinking are largely related to dangers the person may pose to others such as through driving drunk. In this case, the person only wants one more drink, and it is clear the person is not driving. The law about serving intoxicated patrons is often not strongly or frequently enforced (mostly only in cases after a drunk patron is involved in a drunk driving accident).
- *Does the hotel's desire to foster long-term relationships change how one handles this situation?*

In the third case, there is no legal issue.

- *Is there a moral or ethical issue here? Both? Neither?* People under the age of 21 can consume alcohol if accompanied by a parent or guardian; however, particularly in the United States, many people disagree strongly about whether parents should serve their children alcohol.
- *How might this issue be interpreted differently in different countries?* This scenario would not be an issue in France, which has a different ethical stance about drinking than is often held in the United States. If students in your class come from different countries, have them discuss their perspectives were this to occur in their hometowns.
- *What should an employee do if that person is unsure whether something is allowed or not?* Employees may not know all the laws pertinent to situations they face. Ask students whether it is better for service workers to default to saying “no,” which avoids any risk of violating a law that may exist, or to assume the guest is right unless they know the law states otherwise.

CASE STUDY

EASTERN STATES AIR

1. What is the service product of the airline industry?

The service product of the airline industry is the safe transportation of passengers from one point to another.

2. What were Rooney's mistakes?

Rooney's big mistake was to offer two levels of service without regard for guest expectations. Guests were not expecting these particular price/quality relationships. When Rooney assumed the presidency, Eastern States Air passengers expected low prices and no frills; she gave them higher prices and frills. Once she had established that expectation, she changed the airline back to low prices and no frills. These mixed messages were totally confusing to passengers, who, like all guests, want to know what to expect.

3. How could these mistakes have been avoided?

These mistakes could have been avoided by better management of the guest expectations and the actual guest experience. If Eastern States wanted to retain the two niches and the two price structures, they could have made adjustments in the service product, service environment, or service delivery system to accommodate the two sets of expectations. A playful service staff that kids around with the people in the back about the "cattle-car express," winks when talking about the people in the first-class cabin, or some other communications strategy, would ensure that people in the back of the plane understand what a great deal they are getting in contrast to the "posh" accommodations in the

forward cabin for which the price is sky high. In other words, the problem is that people want everything they can get (maximum value), but when they realize what it costs to get what the first-class people have, they would not want to pay for it.

4. What now?

The airline must start doing a better job of showing each customer the price/value relationship and why it is a good deal. When customers start feeling that their expectations are not only being met, but are exceeded, by even a little bit, the airline will eliminate its problems. Eastern States Air must start with the guest.

TEST BANK

1. Internal customers are customers who are patronizing the business. (F) (Serving Internal Customers)
2. The tangible part of a service experience is called the service package. (F) (Service Product)
3. Guest experience = service setting + service delivery system + service product. (T) (Service Product)
4. Services tend to be tangible as well as produced and consumed and then paid for. (F) (The Nature of Services)
5. Guest-focused organizations should trace information and authority from the bottom up. (T) (The Nature of Services)
6. The organizational goal of a hospitality organization is to over-promise and over-deliver. (F) (Guest Expectations)
7. The quality of the entire guest experience is the difference between the quality that the guest expects and the quality that the guest gets. (T) (Quality)
8. Quality as perceived by the guest will be affected by changes in either guest expectations or organizational performance. (T) (Quality)
9. The guest experience usually has only one moment of truth. (F) (Service Encounters and Moments of Truth)
10. Service is largely or wholly intangible. (T) (Service)
11. Service quality is most reliably defined by managers, auditors, and rating organizations. (F) (Chapter Introduction)
12. The service delivery system frequently has a human part and an inanimate, physical part. (T) (The Service Delivery System)
13. The organizational employees and units that serve each other and depend on each other can be accurately considered as internal customers. (T) (Serving Internal Customers)
14. Basic business principles are the same, whether the organization is making products or serving customers. (F) (Chapter Introduction)
15. Guests usually accept the organization's definition of its service product. (F) (Service Product)
16. In the hospitality industry, the people part of the delivery system is the more important component. (T) (The Service Delivery System)
17. Every guest experience is unique. (T) (The Nature of Services)
18. In the hospitality industry, the service encounter is usually a manager-to-guest interaction. (F) (Service Encounters and Moments of Truth)
19. Hospitality organizations try to estimate guest expectations accurately, then meet them. (T) (Meeting Expectations)
20. The principles of guestology work better for serving guests than they do for serving customers of other kinds. (F) (Chapter Conclusion)
21. Most hospitality organizations can maintain sufficient inventory of the service products they sell. (F) (The Nature of Services)

22. The value of the guest experience equals the quality of the experience divided by the financial costs of the experience. (F) (The Nature of Services)
23. Providing a high-quality experience often costs the organization less than providing a low-quality experience. (T) (Cost of Quality)
24. When guests are wrong, find a way to let them be wrong with dignity. (T) (Who Defines Value and Quality?)
25. An excellent way to provide a wow experience for guests is to give them more than they say they want. (F) (Do Not Provide More Hospitality Than Guests Want)
26. The service product
- a. is always the physical part of the service experience.
 - b. is the service environment plus the tangible part of the service.
 - c. does not refer exclusively to the physical part of the service experience but may include it. * (Service Product)
 - d. is whatever the company says it is.
27. The first step in understanding how to manage the guest experience is
- a. defining the service product.
 - b. organizing the top management team.
 - c. hiring the right people.
 - d. understand the guests in the target market. * (Understanding the Guest)
28. KSAs stand for
- a. Keeping Service Alert.
 - b. Key Strategic Activities.
 - c. Knowing Service Actions.
 - d. Knowledge, Skills, and Abilities. * (Understanding the Guest)
29. We have transitioned from a service economy to a/an
- a. industrial economy.
 - b. information economy.
 - c. experience economy.* (Goods to Services to Experiences)
 - d. luxury economy.
30. A guestologist
- a. asks guests their opinion of the service experience.
 - b. plans for the expectations of a company's targeted customers.* (Meeting Customer Expectations)
 - c. is an experienced guest.
 - d. is someone who interacts with guests during the service experience.
31. The primary challenge to the hospitality service provider is the
- a. uniqueness of each guest experience.* (Unique, Yet Similar)
 - b. actions of the employees directly interacting with customers.
 - c. global nature of the industry.
 - d. successful collaboration of different departments of a company.
32. A major tool guestologists use is/are
- a. observation.
 - b. surveying.
 - c. theorizing.
 - d. probabilistic statistics.* (Unique, Yet Similar)
33. The major responsibility for fulfilling the expectations created by the marketing department

- and by the past experiences of repeat guests lies with the
- marketing department of the organization.
 - operations side of the organization.* (Meeting Expectations)
 - advertising department of the organization.
 - general manager of the organization.
- In the hospitality field, quality and value can be defined only by the
 - organization.
 - economy.
 - culture.
 - guest.* (Who Defines Quality and Value?)
 - The service experience consists of
 - the service product.
 - the service setting.
 - the service-delivery system.
 - all of the above.* (Product, Setting, and Delivery)
 - The service delivery system is customarily made up of
 - human components.
 - physical production processes.
 - organizational information systems.
 - all of the above.* (The Service Delivery System)
 - Guestology can be best defined as
 - stories about good experiences of hospitality guests.
 - the scientific study of how guests behave in hospitality organizations.* (Guestology: What is it?)
 - the art of treating customers like guests.
 - empowering guests to provide their own service.
 - The principles of guestology can be applied appropriately to
 - internal customers.
 - external customers.
 - both internal and external customers.* (Serving Internal Customers)
 - neither internal nor external customers.
 - The study of guests is important because
 - sometimes they do what you want and sometimes they don't.
 - managing guests is like making cars—you have to study them to understand them.
 - it all starts with the guest.* (Guestology: What is it?)
 - guest-focused organizations have higher employee morale.
 - Service can be rendered to people
 - directly by person-to-person service encounters.
 - directly by person-to-property service encounters.
 - indirectly by high-tech service devices.
 - all of the above.* (Service)

41. The service product is
- a. the entire bundle of tangibles and intangibles provided by the service organization.* (Service Product)
 - b. only the tangible part of the service experience.
 - c. only the intangible part of the service experience.
 - d. the same thing as the service experience.
42. The moment of truth refers to
- a. the term used at Walt Disney World when a security guard suspects a guest of stealing.
 - b. the moment when a chef receives a food order from a server.
 - c. one single moment during a variety of interactions between the guest and the organization.* (Service Encounters and Moments of Truth)
 - d. a term used by Bruce Laval to describe a phase of guestology.
43. Which is more important in the service experience?
- a. the service product
 - b. the service setting
 - c. the service delivery system
 - d. They all are important.* (In general)
44. The term *servicescape* refers to
- a. a Carnival Cruise Lines vacation package.
 - b. the service setting or environment.* (Service Setting)
 - c. a way to get out of a service experience.
 - d. the service product.
45. Who defines the quality and value of the hospitality experience?
- a. J. D. Powers
 - b. Consumer Reports
 - c. organizational managers, when they design the experience in the first place
 - d. the guest* (third paragraph of the chapter)
46. The challenge of hospitality is best explained as
- a. getting employees to smile at all guests.
 - b. finding employees with good experience in hospitality.
 - c. ensuring that employees always offer the high level of service the guest wants and expects every time, perfectly.* (second paragraph of the chapter)
 - d. providing a good product regardless of the setting or the service delivery system.
47. The characteristics of services include all the following EXCEPT:
- a. They are partly or wholly intangible.
 - b. They are consumed at the moment of production or delivery.
 - c. They require interaction between the service provider and the customer.
 - d. They meet the expectations of the typical first-time guest.* (The Nature of Services)
48. A organization knows it has met guest expectations when
- a. the service experience is delivered exactly the way the organization wanted it to be delivered.
 - b. guests report that their expectations have been met.* (Meeting Expectations)
 - c. the guest experience as advertised and as delivered are the same.
 - d. the employees report to management that guest expectations have been met.

49. The quality of the guest-service experience is defined as
- a. the difference between what the guest expected and what the guest actually got.*
(Quality, Value, and Cost Defined)
 - b. whatever the quality control department says is quality.
 - c. an objectively determined value that can be calculated by formula.
 - d. the counterpart to the cost.
50. The value of a guest experience is equal to the
- a. quality of the guest experience; they are the same.
 - b. quality of the experience divided by the costs of all kinds.* (Value)
 - c. dollar value of the experience to guests.
 - d. price charged for the experience.

Chapter 2

Meeting Guest Expectations through Planning

REVIEW QUESTIONS

- 1. You are about to start your own restaurant and need to articulate a strategic plan. Think of five key decisions you need to make, and tell how you will make them.**

Although students may think of others, here are five necessary decisions expressed in the form of questions:

Who is our customer? What segment of the market do we hope to serve?

What does that customer expect from the kind of guest experience we hope to provide?

What is the service product part of the guest experience, and how does it meet the customer's needs?

Within what kind of environment does the customer expect service to be provided?

What delivery system can best meet guest expectations regarding how the service product should be provided?

Essentially, what guests are we trying to serve (we cannot serve all guests, with their different expectations, satisfactorily), and what are the expectations of those guests regarding the service-product, environment, and delivery system?

- 2. List a few necessary core competencies for successfully operating a fast-food restaurant versus a fine-dining restaurant versus a casual-dining restaurant.**

One of the first core competencies is the ability to design or create a food product that can be served more quickly, more elegantly, or more casually—

three different kinds of food products for three different kinds of restaurants. The second core competency is the ability to create and sustain the environment or service setting appropriate to the service-product and the different expectations that guests bring to the three different types of restaurant. The people part of the delivery system will be different: Maybe no people for some fast-food situations, excellent and experienced waitstaff for fine dining experiences, and a competent, more casual waitstaff for casual restaurants. The fast-food restaurant that offers little or no service delivery by its employees must have excellent technology for preparing food and making it available quickly. The people part and the technology part of the delivery system designed to provide upscale, fine dining had better be outstanding, and the food must be prepared and cooked by excellent chefs. The casual dining area requires a mixture of people who have some degree of expertise cooking, but who can also make use of technology in executing standard recipes so that the food is standardized and consistently good without relying on highly trained people.

A. Why are these competencies *core*?

Since the service product, environment, and delivery system are the essential parts of the guest experience, the core competencies must be the ability to provide those aspects in a way that meets or exceeds guest expectations.

B. Why do they differ from one type of restaurant to another?

They differ in degree or emphasis, but not in kind. They differ in degree because restaurants have different clienteles with different expectations even

though all restaurants have a delivery system that provides food to guests within a service environment.

3. How does knowing key drivers help a manager meet guest expectations in a guest experience?

Key drivers are the reasons that guests return. These are the things that guests not only notice as part of their hospitality experience but that are so important to them they impact future guest behavior. If a company does not do at least a good job on the things its guests identify as key drivers, the guests not only will not return, they will be unlikely to tell others (word of mouth) that the experience was of high quality and great value. Thus, it is important to systematically ask (survey) guests about the various aspects of the guest experience in order to know which ones are key to their overall assessment of that experience. Companies cannot manage to meet guest expectations unless they know what these key drivers are and which parts of the service experience are critical for determining guest satisfaction. Finding out which are key drivers gives companies a way to identify where they should invest their time and money. This helps ensure a guest experience that meets or exceeds guest expectations by managing what guests really care about.

4. Think about kids in junior high school today; they will be part of tomorrow's workforce and customer base. What management and guest-service changes will hospitality organizations have to make if they want to succeed with these future employees and customers?

This is a speculative kind of question, but the chapter provides considerable information for discussing it in the Generations X and Y section and succeeding

sections. Students will probably pick out such influences in a more international or worldly sense because today's kids are more in tune to world news and exploring the World Wide Web is second nature to them. They are more technologically comfortable because they are used to playing with Xbox, Wii games, and other gadgetry that their parents do not understand. These kids may end up being less group-oriented because they spend so much time doing things on an individual basis instead of in a structured group environment. They may be less imaginative (though students will probably disagree) because they are not left to entertain themselves as earlier generations were. In addition, more and more schools are geared to personal development rather than competition. Kids are learning to value themselves rather than competing or comparing themselves to one another. This attitude may detract from organizational incentive programs, which are often designed to promote competition among employees. Another major trend is a decreasing sense of loyalty to a particular organization. People are looking for a chance to self-actualize regardless of who they work for and are less willing to put up with conditions and restrictions that a particular organization might place on them. If they do not like what is going on, they will move on to a different company. A strong job market will enable them to do so.

5. Think of a hospitality organization that you are familiar with.

A. What seem to be the key drivers of the guests in its target market?

Students can be all over the place on this one, but their responses should be grounded in the key drivers section, "Asking Customers What They Want."

Key drivers, of course, are those key determinants of a customer's

satisfaction with a particular service or hospitality organization. Drivers specified by students will vary according to the organizations they choose.

B. How do these key drivers influence how the organization operates?

Guest-focused organizations find out what these key drivers are, and they work hard to ensure they already have or soon develop the core competencies that enable them to provide and enhance those guest drivers.

C. How *should* they influence how that organization operates?

The service-product, environment, and the delivery systems all need to be focused on meeting the needs inherent in the key drivers. McDonald's customers are driven by a desire to receive a quick meal of consistent quality at a fair price. The organization must therefore make sure that all the systems are coordinated to provide that particular guest experience.

6. Think of a product, service, or brand to which you are loyal. Why are you loyal to that product, service, or brand? What did the organization do to acquire your loyalty, and what has it done to maintain it? Based on the reasons for your loyalty, what one piece of advice would you give to future hospitality managers?

This could be answered in a variety of ways. Many times, loyalty is a function of consistently and reliably receiving a high quality service at a fair price; you come to count on the organization's ability to meet or exceed your expectations just about every time. Like everybody else, students are loyal to those places that give them fair value for their money, consistently provide an experience of high quality, and have service personnel who are able to connect with them, to remember their names, to make them feel welcome, and to make them feel special. A good piece of advice for

future hospitality managers is to learn what guests expect, then to be sure to manage all elements of the guest experience in such a way as to exceed guest expectations in all respects—particularly the important respects. That is the way to achieve customer loyalty.

7. How do you define *service*? What are the components of good and bad service?

Which components of bad service are due to *not* getting something that you expected or wanted? What about *getting* something that you do not expect or want?

The instructor may want to review the “Nature of Services” section in Chapter 1. The different characteristics of service given there can lead to a discussion of the components of good or bad service. Good service meets or exceeds guest expectations; bad service does not. This could be broken down again into the three elements: service product, environment, delivery system. A failure to meet guest expectations can occur in any of the three, so they all have to be managed carefully. The rest of the question provides an opportunity to discuss which components of bad service are sins of commission and which are sins of omission.

8. If an organization like an airline uses yield-management techniques, guests end up paying different prices for what is essentially the same service. What are the implications of that difference, if any, for guest expectations, service quality, value, and guest satisfaction?

Airline guests usually expect to pay the same as other guests receiving the same service. If the prices are different, guests who know nothing about airline pricing and the reasons for it will react negatively. If you find out that you paid twice as much as the person in the seat next to you, you will not like it. However, guests who know the

system will have the positive expectation of receiving a better price if they make an earlier commitment. According to the text's definition of quality, the fact of different prices for the same service has no implication since quality is based on service received and service expected, not on the price paid for service. The implication of the difference for value is great. If "costs of all kinds" (the denominator of the value equation) are higher or lower for the same degree of service quality, then value will be higher or lower. The implication of differential pricing for the same service, with consequent differences in value received, will probably be direct; it is reasonable to conclude that guests who get better value are more satisfied guests. Same service, lesser value = less satisfied guest.

9. Consider the expression "Price, quality, speed—pick any two." Do you think a company strategic planner said it, or a customer? Is the expression fair and accurate in today's business world?

A customer probably said it. The experience of many customers is that you cannot have it all, so you pick what is most important to you. The company strategic planner probably feels that the company can deliver it all. On paper, maybe it can. Not included is the guest-contact person, who may have made the remark based on personal knowledge of how difficult it is to deliver all three.

Unfortunately, the comment is pretty accurate because the three goals are essentially in conflict. Although all three are important, no organization can do all three simultaneously and at an equally high level, even though every organization obviously tries. But the organization had better be able to deliver in two of these areas. Based on its core competencies and the expectations of its target customers, the organization decides where to focus its attention.

ETHICS IN BUSINESS

In this scenario, the ethical issue involves sharing information. By charging fees, and thus advertising a lower room rate, the hotel is knowingly anticipating getting more revenue than its advertised price suggests. Have students consider the following questions.

- Do you think the company's practice is ethical?
- Does it matter if other companies are doing the same thing or not?
- Does the principle of *caveat emptor* (i.e., let the buyer beware) apply here?

Should buyers realize that additional fees may be applied, and it is their responsibility to find them out to fully know the price of the rooms they are booking online? Alternatively, should the idea of *caveat venditor* (i.e., let the seller beware) apply here to Web sites that advertise hotel rooms? Do the Web sites have some ethical responsibility to make sure the price fully reflects the costs to the customer?

CASE STUDIES

PROFIT? GROWTH? SURVIVAL? SERVICE? CUSTOMERS? ENVIRONMENT?

1. With whose position would the company's stockholders most likely agree?

The stockholders would obviously agree with Jim in that they hope the organization will make profits that can grow their return on investment, dividends, and stock price.

2. What do you think the CEO would say? The employees? The guests?

The CEO would probably agree with Will, who believes in the primacy of growth, since CEO success is often tied to continuing growth. Big is frequently viewed as better, and growth in size and profitability will increase the value of stock options and executive compensation. The CEO will be sympathetic to the other goals as well, and he may grant that good guest service will lead to growth. However growth is achieved, the CEO will want to achieve it.

The employees will probably agree with Sally, who believes that good guest service is the organization's proper goal, unless they have seen managers behave in ways that show profits are more important than customers. The outstanding hospitality organizations will agree with Sally in that they know that profit, growth, and survival all start with meeting and exceeding guest expectations. If the organization fails to provide guests with the hospitality experience expected, the organization will not survive. Some may argue that Betty is right as well, since sometimes guests will return because they need the service and have no choice other than "the only game in town." The only airline on an important route will do well until a competitor enters the market. Most guests would also agree with Sally.

3. Where do you stand on the issue? (Or do you have a different view?)

Students can take any stand that reflects their experience.

ECONOMY AIRLINES

1. What caused Economy's problems?

Success caused Economy's problems. It was doing so well in following its low-price strategy that it attracted competitors that could match its prices in its markets. Because of the success, Hamblin expanded quickly and grew rapidly. Success also led to extra benefits for the employees who participated in stock options, enjoyed rapid and numerous promotions, and had the excitement of being a part of a winner. Once the competition started, the growth slowed down, the promotions slowed down, and the stock price dropped, taking away some of the extra financial rewards that employees had come to expect. These all led to a morale problem, competitive challenges, and financial difficulties.

Note to the instructor: For a great illustration of how to overcome such problems, see the history of Southwest Airlines.

2. Do you see any way that Economy could have avoided those problems?

Economy should have grown more slowly and cautiously. If the airline had made sure it had a market well established before it expanded to another market, it would have been able to position itself and its brand better and, consequently, give itself some protection from competitors. It should also have thought through the stock ownership strategy better before implementing it. As every elementary finance student knows, stocks go up and stocks go down. If the idea was to link employees to profit and growth, then a stronger association should have been made. Employees

should feel that they contribute and, in this case, the external factors of competition hurt the company's stock incentive plan rather than anything they directly influenced.

3. What steps should Economy Airlines take now?

Economy could do the following. First, the stock options for the employees could be reset at a lower price to make the employees see that they can still enjoy financial rewards if the airline rebounds. Second, Economy should seek to differentiate itself in its low-price niche by clever commercials or unique branding in the marketplace. The customer has to see the airline as not only low in price, but as something else of value as well. Differentiation would be a reasonable strategy. Third, it should rethink its route structure carefully. Perhaps it could retrench and pull out of some routes where the competition is too strong and give itself time to rebuild its financial and personnel strength. Finally, it could consider moving from the free-form organization to a more professional one with the associated bureaucratic structure and controls. However, it should not lose its sense of participation and family-like culture, which distinguish it from other airlines.

THE DIAMONDBACK PLAZA HOTEL

1. Should Dwight Robinson take the consultant's advice?

Dwight might partially listen to the consultant's advice. The issue is yield management, and the concern is that once the hotel room is left empty for the night, that night's opportunity for income is gone forever. Consequently, if Dwight can sell the room for anything greater than his variable costs (the cost of cleaning the room and any other costs he can identify as directly associated with renting the room for

one night), he should do it because *any* contribution will add to the fixed-cost coverage. Furthermore, any other revenues that the guests might contribute to food and beverage expenditures, parking, gift shops, or whatever are revenues that would not be captured if the guest was not in the hotel in the first place.

Note to the instructor: This could be a good place to discuss yield management, REVPAR, or break-even analysis, depending upon the learning objectives.

TEST BANK

1. While a strong brand name is important to a business and can help the business in many ways, it cannot extend the company's reach into new markets. (F) (The Brand Image)
2. If any change is forecast, an organization has to reinvent itself and learn new core competencies. (F) (Reinventing the Industry)
3. A design day is used to decide which day of the year to assume when determining the design capacity of an attraction or facility. (T) (The Design Day)
4. Yield management is an important capacity-planning device for companies with capacity limitations and a non-perishable commodity. (F) (Yield Management)
5. Brainstorming is only an informal means of forecasting. (F) (Brainstorming)
6. Focus groups are most frequently used in assessing the quality of service already rendered and identifying customer key drivers. (F) (Focus Groups)
7. Successful managers need only management ability to be successful. (F) (Core Competencies)
8. The ability to imagine a future market opportunity that is currently unpopulated with competitors is the focus of a term called "Blue Ocean Strategy." (T) (The Vision Statement)
9. When evaluating an organization's core competencies, customers should not be consulted. (F) (Asking Customers What They Want)
10. An excellent service strategy has four characteristics: quality, value, service, and achievement. (T) (The Excellent Service Strategy)
11. The five key areas in which action plans should be established are management, sales, capacity utilization, finance, and marketing. (F) (Key Action-Plan Areas)
12. Good plans attempt to bring rationality and stability to the organization's operations and efforts. (T) (The Uncertain Future)
13. An excellent service strategy will emphasize providing value to guests above all; not far behind will be an emphasis on providing quality. (F) (Providing Superior Service Quality and Value)
14. The organization's mission statement articulates the organization's purpose. (T) (Vision and Mission Statements)
15. Because hospitality services are largely intangible, having a strong brand image is very important in the hospitality field. (T) (The Brand Image)
16. Differentiation means to scrap the old strategic plan and build a different one. (F) (A Different Product)
17. An example of finding a special niche would be to target a market by lowering the cost of the service product. (F) (A Special Niche)
18. Although strategic planning is traditionally viewed as a management prerogative, more and more hospitality organizations are including their employees in planning. (T) (Involving Employees in Planning)
19. According to Michael Porter, three generic service strategies are a lower price, a differentiated product, and finding a market niche. (T) (Three Generic Strategies)

20. Scenario planning and the Delphi technique are quantitative or subjective forecasting techniques. (F) (Assessing the Environment: Qualitative Forecasting Tools)
21. The best of strategic plans may have to be changed, because the future is uncertain. (T) (The Uncertain Future)
22. Three important factors that will influence future hospitality organizations are changing technology, the entry of Generation Y into the workforce, and changes in social expectations. (T) (the several pages starting with Changing Demographics)
23. Some factors that will affect future hospitality organizations are predictable and simple, like estimating how many teenagers will be available for work in ten years. (T) (The Impact of Change on Strategic Premises)
24. The organization draws conclusions about the future, uses the conclusions to make assumptions called strategic plans, then bases its strategic premises on the strategic plans. (F) (The Impact of Change on Strategic Premises)
25. Today's forecasting tools are so powerful that they frequently replace managerial judgment. (F) (Lessons Learned)
26. Translating guest expectation into a service product requires
 - a. detailed planning.
 - b. forecasting.
 - c. sound intuitive judgment.
 - d. all of the above. * (First few pages of the chapter)
27. A strong brand promise
 - a. reduces customer uncertainty.
 - b. creates a brand preference.
 - c. increases customer loyalty.
 - d. all of the above. * (The Brand Image)
28. Action plans are derived from
 - a. the mission statement.
 - b. the vision statement.
 - c. the service strategy.
 - d. all of the above.* (Vision and Mission Statements)
29. The mission statement articulates everything EXCEPT the
 - a. reason the organization was founded.
 - b. organization's purpose.
 - c. organization's hopes and dreams.* (Vision and Mission Statements)
 - d. reason the organization continues to exist.
30. Qualitative forecasting techniques include all EXCEPT
 - a. scenario building.
 - b. pure guesswork.
 - c. statistical forecasting.* (Assessing the Environment)
 - d. the Delphi technique.
31. An example of a low-cost forecasting technique is
 - a. time-series models.
 - b. scenario development.* (Figure 2-3)
 - c. econometric models.
 - d. multiple regression.

32. An action plan includes
- appropriate metrics.
 - how the organization will operate.
 - what everyone needs to do over the next time period.
 - all of the above.* (Action Plans)
33. Building physical capacity based on selecting a lower percentile design day will have a negative impact on
- repeat visitation.
 - revenue.
 - long-term attendance growth.
 - all of the above.* (The Design Day)
34. Generation Y consists of those born from
- 1965 to 1976.
 - 1977 to 1997.* (Generations X, Y or the Millennials and the Next gens (or net-gens))
 - 1997 to present.
 - none of the above.
35. The internal audit tells the hospitality organization all EXCEPT
- where it stands now.
 - what weaknesses it must eliminate.
 - where it hopes to go.* (Core Competencies)
 - what new strengths it must develop.
36. Once an organization's service strategy has been defined, it provides the basis ensuring that the customers' key drivers are addressed by determining all of the following EXCEPT
- what the customers would like five years in the future.* (Supporting Strategies: Service Product, Environment, and Delivery System)
 - what the service environment in which the service product is provided should look and feel like.
 - what the organization's service product should be.
 - how the service delivery system makes the service product available to the guest.
37. When a fast-food operator offers unique menu compared to other fast-food operators, that restaurant is practicing which of the following strategies?
- high-price provider
 - differentiation* (A Different Product)
 - market niche
 - none of the above
38. The Delphi technique is best used for
- scenario building.
 - focus groups.
 - brainstorming.* (The Delphi Technique)
 - managing chaos.
39. Successful yield management is best described as
- the ability to minimize traffic problems at a tourist destination.
 - maximizing utilized restaurant food and minimizing wasted food.
 - managing the sale of capacity units to maximize their profitability.* (Yield Management)
 - making sure that every room in the hotel is sold at full price or rack rate.

40. A core competency is
- a. what the organization is really good at.* (Core Competencies)
 - b. a skill at peeling apples.
 - c. an important competitive threat.
 - d. the sum of organizational strengths and weaknesses.
41. A good example of a quantitative planning tool is
- a. scenario planning.
 - b. the Delphi technique.
 - c. brainstorming.
 - d. statistical forecasting.* (Assessing the Environment: Quantitative Forecasting Tools)
42. Forecasting techniques are based on the idea that
- a. the future is related somehow to the past.* (Assessing the Environment: Quantitative Forecasting Tools)
 - b. the future can be predicted accurately.
 - c. a wild guess about the future is better than no guess at all.
 - d. experts with the right tools can know the future with near certainty.
43. The design day concept is based on the idea that
- a. the organization has to decide how much capacity to have available.
 - b. guest demand is uncertain.
 - c. one day is better than another.
 - d. both a and b.* (Design Day)
44. Casual dining restaurants are a good example of
- a. a low-price provider strategy.
 - b. a differentiation strategy.
 - c. a market niche strategy.* (A Special Niche)
 - d. all of the above.
45. A strong brand image is important to an organization because
- a. it provides a competitive advantage.
 - b. it differentiates that organization from other organizations in a very clear way.
 - c. it adds value to the guest experience.
 - d. all of the above.* (The Brand Image)
46. When assessing future hospitality work, which statement is the MOST likely or accurate?
- a. The next generation pretty much resembles the current generation in work ethic.
 - b. The next generation will be more psychologically motivated than the current generation.
 - c. The next generation of employees will be more diverse than the current generation.* (Generation Y in the Workforce)
 - d. Baby boomers will have minimal effect on the available workforce.
47. In terms of the chapter's strategic planning model, strategic premises are developed on the basis of
- a. an environmental assessment.* (Strategic Premises)
 - b. an internal assessment.
 - c. the organization's most comprehensive vision.
 - d. key drivers.

- 48. In terms of the chapter's strategic planning model, the internal audit seeks to identify
 - a. the important competitors in the marketplace.
 - b. the organization's core competencies.* (Assessing the Organization Itself: The Internal Audit)
 - c. key drivers of the accounting department.
 - d. ambient conditions.
- 49. A key driver is
 - a. the most important part of the Disney transportation system.
 - b. any commercial company that produces locks for major hotel chains.
 - c. those things that the customer really values.* (Asking Customers What They Want)
 - d. major forces in the competitive environment.
- 50. Which one of the following is NOT a key area in which action plans should be set?
 - a. management
 - b. capacity utilization
 - c. finance
 - d. core competencies* (Action Plans)