

when they are well treated, appreciated. And the ability to unlock that potential is a competitive distinction. . . . It's their decisions, their actions, their attitude that really makes the difference between [us and] a company that has its employees just punching the clock and trying to get through the day."

But Aziz, like all managers, is under pressure to justify every cost. Although his hotel is still running 96 percent occupied, groups are canceling, and those that do come are spending much less per visit. That's forced Aziz to economize on some of these successful programs. He still does regular employee appreciation dinners for top performers, but he's spending about half as much this year as last. He's started recruiting managers from sister properties to attend his MGM Grand University as a way to defray the costs of training his own top managers. And he's put on hold one program training next-generation line managers.

Aziz shares with employees the challenges he's facing. Employees, the CEO says, were what got the hotel to the next level, and they are the key to pulling through hard times. "We will get through this, we will survive," says Aziz. "Once we get through this, the employees will be the ones who have gotten us through."

When Aziz arrived in 2001, he sought out rank-and-file insight into the hotel and how it could improve. A survey of the hotel's 10,000 employees made clear that very little was being communicated to the staff about the events going on in the hotel on a daily basis, including such basics as who was staying there, and what the hotel had to offer those particular guests. Employees sometimes didn't even know what conventions were at the hotel.

Aziz came up with a simple fix. There is a short meeting now at the start of every shift in which every employee is given a rundown of what's happening in the hotel that day. It's a simple concept, but rolled out across 10,000 employees a day, it's a major undertaking.

In his recent book *Closing the Engagement Gap*, Towers Perrin Managing Director Don Lowman highlights many

MGM programs, including the MGM Grand University that offers dozens of classes on an invitation-only basis for high achievers. The MGM Grand Leadership Institute is a 24-week program for executives. And REACH! is the hotel's six-month course on basic supervisory skills for ambitious hourly workers. This investment in the staff, along with recognition dinners and other rewards, have led to more than 90 percent of MGM Grand employees saying they are satisfied with the jobs, and 89 percent saying their work has special meaning.

In the book, Lowman cites a finding from the firm's survey of tens of thousands of employees in six countries: that the number-one thing that engages employees is senior management's interest in their well-being. Visiting the MGM Grand, Lowman says he found evidence of that connection in spades. Aziz was impressive, Lowman says, for his tendency to ask questions and listen to the answers.

SOURCE: Excerpted from Nanette Byrnes, "The Issue: Maintaining Employee Engagement," *BusinessWeek*, January 16, 2009, www.businessweek.com.

Questions

1. How did the MGM Grand use employee surveys to enhance employee engagement? Besides the applications described, how else could surveys support employee satisfaction and retention at the hotel/casino?
2. In meetings held at the beginning of each shift, employees receive information that helps them provide superior service because they know more about their guests. How could that information also contribute to employee satisfaction and retention?
3. Because of a decline in revenues, the MGM Grand scaled back spending on some employee recognition and development programs. Suggest a few less-costly ways the organization could strengthen employee retention in lean times.

Case: Texas Roadhouse Won't Skimp on Making Employees Happy

When demand falls, where management cuts spending says a lot about what drives success at a company. At the Texas Roadhouse restaurant chain, the economic downturn cut into sales, and the company responded by slowing the pace at which it opened new units. Spending to promote job involvement and organizational commitment remained intact.

That decision reflects priorities held and expressed at the top of the organization. CEO G. J. Hart has said, "If we take care of our employees, they will take care of our customers." Mark Simpson, an HR manager with the

unusual title Senior Director of Legendary People, makes the point in similar language: "We believe that if we love our employees, they're going to love our guests."

How does Texas Roadhouse show the love? The company looks for ways to recognize employees and bring them together to have fun: Before each shift, employees in a restaurant gather for an "alley rally" to get motivated. Competitions include a yearly chance for an employee to win \$20,000 for being the chain's best meat cutter. The company gives managers \$500 in "fun money" they use to host events such as barbecues or outings for employees.

One event that has drawn national attention is Texas Roadhouse's annual motivational conference. The company invites about a thousand employees, managers, and vendors to bring their spouses to a four-day conference as a way to recognize and reward its best people. While some companies were canceling their retreats during the recent recession, Texas Roadhouse employees were assembling at the Ritz Carlton in San Francisco, where a 25-foot inflatable armadillo outside the hotel advertised their presence. Activities combined team building, charity work, and fun.

The charitable aspect of the annual conference is more than an add-on. CEO Hart says the company typically devotes about a million dollars' worth of labor and materials to community service during each conference. At the San Francisco conference, participants worked on building Habitat for Humanity homes, stuffing USO care packages, and serving food at a community center. Besides demonstrating a commitment to its community, Texas Roadhouse includes these efforts because, the CEO says, "it changes people's hearts." This fits his vision that his restaurant chain should not merely be a place to serve meat but should be about "making a difference and creating a legacy."

A reporter for CNBC criticized Hart for wasting \$2 million on luxuries during lean times. Hart replied that the effort to inspire employees was precisely the kind of investment that enables his company to succeed. In fact, he later told another reporter, "During times like [this recession] when everyone is feeling the pinch, it is even more important to recognize and reward folks." The company had no plans to cancel its next retreat, to be held at New York City's Waldorf-Astoria.

The business results at Texas Roadhouse suggest that Hart may be on to something. For example, turnover among the company's on-site recruiters tumbled by two-thirds after the company put in place a program to recognize and reward these employees. Meat cutters are an important way the company differentiates itself in terms of quality by having steaks freshly cut on-site rather than being prepackaged and shipped to the restaurants.

SOURCES: Lisa Jennings, "A Happy Staff Can Soup Up Sales, Satisfy Customers," *Nation's Restaurant News*, September 21, 2009, pp. 1, 18; Gary M. Stern, "Closing Out Opulent Retreats," *Investor's Business Daily*, March 15, 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; and Rachel Eccles, "All Fired Up," *Corporate Meetings & Incentives*, September 1, 2009, Business & Company Resource Center, <http://galenet.galegroup.com> (interview with G. J. Hart).

Questions

1. Voluntary turnover is a significant challenge in the restaurant business. Why do you think restaurant employees might quit jobs more than employees in many other industries? Why would employee retention be an important advantage in the restaurant business?
2. According to this case, what methods does Texas Roadhouse use to promote employee retention? Suggest a few other methods the company might use and why they would be effective at Texas Roadhouse.
3. What is your response to criticism that companies shouldn't send employees on lavish retreats when the economy is slow? Under what conditions would a lavish retreat help a company, and when would it be harmful to the business? Under what conditions would the retreat be ethical or unethical? Based on your criteria, explain whether Texas Roadhouse seems to have made a good decision in conducting its motivational retreats.



www.mhhe.com/noefund4e is your source for Reviewing, Applying, and Practicing the concepts you learned about in Chapter 10.

Review

- Chapter learning objectives
- Test Your Knowledge: Styles of Handling Conflict

Application

- Manager's Hot Seat segment: "Whistle-Blowing: Code Red or Red Ink?"
- Video case and quiz: "Finding and Keeping the Best Employees at SAS"
- Self-Assessments: Take a sample employee survey and answer the assessment, "What Is Your Preferred Conflict Handling Style"
- Web exercise: Cyberspace and Employee Satisfaction
- Small-business case: Looking to Show Appreciation at Datotel

Practice

- Chapter quiz