



NOTES FROM BILL STAR RATING SYSTEMS

I welcome the debate over the star rating systems, I particularly welcome the comments of my colleague Rob Rush relative to the subject and I read with delight the recent Travel Weekly piece that basically slammed the present system and charged that these systems are really created for the benefit of the rating companies, rather than the industry or the consumer.

I have been anxious for some sort of debate on the lunatic systems/non systems we have for a while. Everyone it seems in the luxury segment wants the five star rating accolade, they are prepared to go to enormous lengths to get it. The fact that the consumer is generally unaware of what that means is of no consequence to the luxury segment itself or the rating companies, the luxury segment just want it and the ratings companies want to give it.

At **FreemanGroup**, we are asked all the time to inspect properties and consult on the results, with the ratings in mind. Please bear in mind that when we say ratings, we mean service performance on a one time annual basis against a generic checklist that has been designed and adapted, in the main, by individuals who have never worked in any hospitality environment. Sadly, the star rating systems, particularly the five star rating, have become a marketing trophy, the hospitality industry's equivalent of the Oscars, but are they a true reflection of how a hotel performs on a consistent basis day in, day out? I say no, the star ratings are a reflection of one analyst's opinion against a set of checklists that are subjective in nature and don't set a high enough bar for perfection over time, more of that later, what of the system we have?

The rating system, it seems to me, has arrived at the same spot in its life that the world of heavyweight boxing has. When I was a kid in the late 50's and 60's, we had one heavyweight champion of the world at a time: Floyd Patterson, Sonny Liston and of course Mohammed Ali each held just one belt. Today we have the WBC, WBO, IPF, WBA and all sorts of other organizations claiming champions (I am honestly not even sure what the letters mean). Ask yourself these questions: Who is the heavyweight champion in any of these designations at present? Do you believe that each organization's champion is truly World Champion? And, finally, do you care? Ask yourself another question: What happened to the integrity and commercial value of the heavyweight division? That one I know, it tanked. It tanked because the basic model turned from one of performance, where the best won, to a model of commercial opportunity for the promoters, who all got greedy. To be fair, it worked at first, but eventually the fans saw through it and everyone lost interest. Welcome to the world of hospitality star/diamond rating systems.

The first step in creating a rating system that is plausible and effective is for us all to agree that the present system is ineffective and confused; the fact that we are at least finally having somewhat of a public debate seems to indicate we are there, so now it may be time for the next step, a discussion that revisits the objective(s) of having a rating system at all.

The process has to be designed for the hospitality consumer, as part of his/her purchase decision, to distinguish the level of service performance he/she can expect when purchasing a stay in an available property. In other words, what level of physical, behavioral and technical areas of hospitality standards can that consumer expect? Right now, the consumer has no idea what any star rating means, because the actual standards are not available either to the consumer or to the property. Interestingly, at least one rating company now has a program that allows an individual property or company the choice of purchasing the checklist with the results of the official inspection and, if they so wish, the choice of purchasing further unofficial inspections and a training program that goes with it.....that, it seems to me, is a different business and leads the point of ratings even further away from the consumer and more to the checklist and the score. A marketing objective is in place, an objective to simply pass the inspection, to ensure that one guest is filling out the checklist that satisfies the rating desired on a one time basis.

Clearly then, if the rating is carried out impartially and from an independent source, this gives more proactive guidance to the consumer and the property in determining the price/expected value relationship. The more immediate question to be dealt with is: Who should decide those standards? I say the consumer should, along with input from a representative cross section of the industry, not the rating companies.

I have experience with these companies; the standards they use contain certain ones that are questionable, in that they tend to be vague, subjective and not entirely measurable, "Lobby provides comfortable seating area" who decides that? Presumably the analyst on a subjective basis..... "All staff encountered are pleasant and professional in their demeanor"..... Again, who decides that and how would that vary between London, New York and Montego Bay, Jamaica? In certain other cases, the standards almost tend to be irrelevant to a customer's stay..... "Enclosed Closets"clearly not possible to be five star if the closets don't have doors, and..... we receive so many complaints!

The next step is to look at the practical reality of what is almost always commonly proposed as the solution to the existing problem, a global system. I think the possibility of having any one of the existing ratings systems adapted globally is dead on arrival, simply because the standards are so differently applied and also because of the natural resistance of the rating companies in moving away from their particular business/ratings model. The five star Howard Johnson in China is possible, believe it or not, against any existing system we have. The problem is that existing checklists do not allow for flexibility when hotels within certain flags are set up differently from their business model norm. Further, we assume, perhaps correctly, that the consumer has difficulty associating certain brands with anything outside their norm, different part of the world or not. This could be, because the thresholds for five, four, three, two and one star properties are not known by the industry or the consumer, a flaw which needs fixing. A Five Star Howard Johnson property should be possible, as should a Three Star Ritz Carlton, both have tremendous appeal in the right market.

Expanding on that point, I would be willing to bet that the Burj al Arab in Dubai, with 202 suites and in excess of 1700 staff, far exceeds the five star rating criteria of all the rating companies. Self anointed or not, the Burj knew exactly what they were doing when they gave themselves seven stars. I am sure that they looked at the five star check lists available and determined that they had a huge service gap advantage over the five star level demanded by the rating companies and their own operational reality. Having visited that property, I can tell you that whatever your take on it, good, bad, ostentatious, tasteful or whatever, the property absolutely challenges the "we wouldn't be caught dead giving a sixth star" attitude and would have no trouble proving a two star difference against the subjectivity of existing lists.

To emphasize that point further and nearer to home, The Mansion at The MGM Grand in Las Vegas defies all present day rating systems, period; I have toured it and never seen anything like it in regards to the facility itself or the services offered. Historically, a strategic decision was made when The Mansion opened in 1999, not to allow an inspection for rating purposes. The logic of the decision was that in a business sense, the market that it caters to wouldn't care and in a marketing sense, no checklist in any present system would come close to the service bar that The Mansion sets. I have confirmed that the decision made then, holds true today. The rating companies may imply that seven star products don't exist, I say they do, primarily because the five star designation has been so grossly commercialized and devalued over the years. Six and Seven Star standards have never been measurably defined through a checklist, but there are a few properties (probably less than twenty worldwide) that would make it if we COULD define it: Now.... that would be a truly exclusive level to aim at.

Imagine if the airlines were star rated globally on a one to five rating using the present system. Let's assume that Singapore Airlines on a standard present day (adapted to the airlines) check list rated five star; where would that leave any US carrier? Try the reverse, let's assume that any US carrier was rated a two star, three star, or even four star, where would that leave Singapore Airlines? The gap in all facets of service between Singapore Airlines and any major US carrier is enormous in any class of service, much bigger than the difference between a one and a five if rated on present check lists; that difference should be recognized, and the consumer should know it.

I am not saying that a global rating isn't entirely possible between one and five, but certain economic conditions, business models as described previously and cultural differences defy existing ratings capabilities. Like it or not, that fact alone presents an uneven playing field. I can absolutely tell you that at **FreemanGroup**, we have worked with five star rated properties here in the United States that are not close to the quality of some four star rated properties we have worked with in Asia. If on one existing ratings check list (feel free to pick any one of them) any commonly known US flag in Dubai was rated against a sister flag almost anywhere in, lets say, the Caribbean, this would be a mismatch that would not be reflected, because of the inflexibility of the system to distinguish certain standards from others. "Public Doors always opened by members of staff and elevator buttons always pressed by a member of staff" does not appear on any ratings checklist I have seen anywhere.

Similarly, closer to home, The Rough Creek Lodge in Texas would not get credit for "All guests referred to by name, by all staff at all times"... you guessed itthat particular standard of performance does not appear on any check list I have ever seen. Under the present system, because the bar is lower, as long as an employee uses the name three times in one interaction, that qualifies as part of a five star performance, Rough Creek uses the name ALL THE TIME, EVERY TIME: that should be rated at a much higher level, but no such accommodation can be made, because the rating companies have not got the resource or skill to determine objectively a level higher than they have at present for all the standards.

Building codes, cultures, staff ratios to guests, the market, the research on guest expectations, the distribution systems used, the training systems in place, the reality of the standards imposed, the prices charged, the geography of the property and yes, even the political stability of the destination relative to security, all should have a place in a ratings system, alongside the existing service and facility standards. We, the industry, need to research our markets, agree the results and lay down those guidelines through a controlled and licensed system, perhaps through the creation of a 'ratings czar' organization as suggested by Rob. It is important though to understand that, with or without the czar, the process must be administered by an independent body and with the consumer in mind, for the rating to be credible. That is the bottom line of a successful system, credibility.

I believe that a global system can, and probably should, exist on a one to five star level, but only with an applied weighted scoring system that takes into account everything from the delivery of the anticipated services, to the price paid, and based on a much more comprehensive set of measurement criteria such as I mentioned in the previous paragraph, we have to get away from facility and service checklists only. The ratings for the criteria listed in the previous paragraph could be conducted on an announced basis. The service and facility ratings should be conducted anonymously and should be based on results from standard inspections with a 24hour overnight stay. That data should then be married BY AN INDEPENDENT ARBITRATOR with the other measurement criteria including price paid and also some aspect of guest feedback, perhaps along the lines of what is already provided through several search engines. The technology today could and should then provide an instrument that could be geared to a value score which could then be indexed to a star, pineapple, tree, galaxy or whatever rating. This would give the consumer the option of knowing that while a property may be rated at a three star experiential level, a five star value rating was given within that category. It would also allow for a five star experiential rated property to be given a three star value rating, thereby distinguishing between the elite properties; in short, it levels the playing field somewhat.

The scoring within the rating could be published to indicate what level of five star performance the hotel/resort achieved, in other words, did they squeak in (used guest name three times) or did they nail it (all staff used the name all the time)? The scores could then be reported something like this: (SF meaning Service and Facility)

HOTEL DUBAI	SF RATING:	*****	98.7%
	VALUE:	*****	94.8%
HOTEL NEW YORK	SF RATING:	*****	90.3%
	VALUE:	***	73.9%
HOTEL ANYWHERE	SF RATING:	**	61.4%
	VALUE:	****	82.7%

Transparency will be important, the results should be available online for both the consumers and the hoteliers and that brings into play the whole question of funding, which I have not figured out. I have played around with ideas, such as individual marketing budgets of tourism destinations interested in the hospitality sector being rated. Certainly when speaking to certain Ministers in certain parts of the world, there seems to be a play here. I do think though that the private sector should play it's part and that is where I get just a little bit stuck. I am trying to connect the dots with those companies that seem prepared to invest in the rating companies themselves for the training piece, but I need help here; so if you are laboring through this article, I would appreciate any input, because development of this system would not come cheap.

Clearly, the detail of how to get to the result criteria listed above will be difficult. Everyone needs to understand that for an effective system to be produced and administered, there is a massive amount of work to be done. It will require the combined resources of companies that truly have experience in the field of service performance enhancement; the design of the detail has to be done by such organizations. One of the problems with the present system is that the rating companies only have experience in rating from adapted generic checklists, with no real experience in assisting in the real challenges of service delivery in the 21st century. Further, most rating companies have simply backed into their present system through a market and technology environment that has changed so dramatically in recent years, it has forced a change in thinking for their own business environment and models. Simply put, they have had to change their approach and business model, simply to survive.

Organizations such as AHLA, CTO in the Caribbean, Tourism Companies both public and private, Consumer Groups, Hospitality Groups/Associations and private sector companies such as the outfits Rob and I head up, need to be involved in the development of the system. The goal has to be to produce a service performance evaluation model that works measurably at each ratings level. Once the measurement criteria have been agreed, an inspection system can then be built around it. Once the content of the data and the process of the inspection have both been completed, it should all be made available to the hospitality industry, to allow the industry to firstly, have access to the measurement criteria being employed at each star level and secondly, to have access to a guideline of how to approach the training of the quality standards at each level on a consistent daily basis. All this information would then need to be turned over to the independent administrator, for rating compliance under licensed inspections.

There it is then, a very broad approach, broadly explained. There may be others with ideas that have more merit, but whatever the outcome, it is important to recognize the major players to involve in solving the whole ratings mess: The customers themselves, who the system must be aimed at: The industry, who have to be engaged in the process, buy into it and support it, and finally an independent administration body that objectively administers it under license.

It will prove to be difficult and it will prove to be costly, it will not be proved to be impossible and it has already been proved to be necessary.