

BILL RITTER (A)

Bill Ritter knew this was not going to be one of his best days. Since joining Superior Management, he had endeavored to improve his employees' performance. Ritter knew their work quality was not up to company standards or to those of its client. Staff morale also seemed to have hit a low point. He had called a meeting for this morning and could not see a happy face on any of the 80 people in the auditorium. It was only a month after he had assumed the position of director for Superior's contract at St. Mark Hospital. How could things have gone bad so fast?

Choosing the Right Firm

Ritter had graduated from Penn State University with a bachelor's degree in economics. He had not given much thought to his job search while in school and so returned home without a job, planning to take some time off. After three months, he decided it was time to get on with his life, move away from his family, and start looking for a job. Ritter made arrangements to stay with college friends and moved all of his belongings 300 miles to Philadelphia. He was confident that he would have no problem finding a job, though, and made the move without concern.

After four months of searching, however, Ritter still had not found a job that he liked. His money had run out, and he was paying bills on his credit card. Ritter knew he was very interested in working with people, preferably in a supervisory role. He also wanted to work in an environment where he felt there was a commitment to both quality and employees. So far, most of his job leads had been in banks and financial-service firms, organizations in which he was not particularly interested. But Ritter felt he might have to accept one of these positions if something else did not come up soon. Just as things were looking particularly grim, one of his college friends, Rob Kinsey, suggested that he talk with his employer, Superior Management.

Ritter decided to visit Kinsey at work the next week and see what Superior was all about. Much to his surprise, Ritter found a young, dynamic management team that had responsibility for managing all support services at a 1,000-bed nursing home. Kinsey explained that, for the most part, the company hired college graduates for supervisory positions and was interested in developing the

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supervisors for internal promotion. Kinsey arranged for Ritter to have an interview with the Health Care Division of Superior at the regional offices in Delaware. Ritter came away from the interview extremely excited: “Not only did I find a place where I could get hands on management experience, but the organization seemed genuinely committed to both its hourly and management employees.” When Ritter was offered a job two days later, he accepted, without any hesitation, on the phone.

Superior Management

Superior Management was a global organization with operations in over 30 countries, but the bulk of its revenue was generated in the United States. The firm had two main areas of business, hotels and service management, each providing 50 percent of revenues. The hotel operation was one of the original businesses of the firm and had developed a strong culture of customer service. The service-management operation was added later as an extension of the hotel operation when the firm, interested in expanding, sought out opportunities to provide service to other groups of people away from home. Superior Management began to diversify by offering food and cafeteria services to major corporations. Superior later added its Health Care Division, which offered expert management services to hospitals and nursing homes, after recognizing the special needs of the aging population.

The Health Care Division provided food services, housekeeping, grounds keeping, and maintenance. Superior focused on these services because they were only indirectly related to the delivery of patient care. Moreover, Superior believed that it had an advantage in delivering these services because of its experience in the hotel and hospitality industry.

Each of Superior’s client relationships was governed by a contract, in which Superior agreed to manage one or several of the departments in a health-care facility. The contracts, however, could take many different forms. In some cases, Superior would provide management to supervise the employees of the client. In other cases, more comprehensive contracts were structured so that Superior was allowed to hire employees to perform all of the service obligations. Superior had a history of hiring college graduates for supervisory positions. Superior believed this policy offered an advantage to clients, who often found it difficult to find qualified managers for their service departments. Superior also believed that it was building management skills in its own employees, which in turn increased their growth potential within the firm.

Superior built its Health Care Division through internal growth, as well as through the acquisition of several small, competing management-service firms. Just prior to hiring Ritter, Superior had acquired a major firm, National Service, whose contracts and management size exceeded Superior’s. Superior viewed the Health Care Division as having a large growth potential and believed that the National Service acquisition would help spread the Superior name quickly. Superior believed, of course, that the acquisition made sound economic sense, but recognized several differences between the firms.

While Superior's expertise and commitment to serving people was based on its tradition in hotels, National did not have such a culture. At the contract level, National's management differed from Superior's in that most of National's supervisors came from the ranks of hourly employees and were not versed in management techniques. Most of National's accounts relied on paper-based records and accounting systems, whereas Superior relied on electronic systems. National also relied on supervision by inspection, whereas Superior had a formal quality-control system. In general, National's management style seemed to be based on the old hierarchical command-and-control paradigm, while Superior's was more participatory and open.

Ritter's Early Experiences

Ritter's first assignment with Superior was as a management trainee at the facility where his friend Kinsey worked. The training regimen was designed so that Ritter would learn the methods used to deliver the services specified in Superior's contracts. This meant working alongside hourly employees, which Ritter enjoyed. He explained: "By working closely with the hourlies, I gained an appreciation for the lives they led. Some of them had families to support and lived from check to check. Even with the personal financial pressures, they seemed to really enjoy their work and helping the residents."

Ritter found that the Superior culture helped to make the work environment positive for the hourly employees: "We would recognize birthdays, have friendly competitions, and hold department parties. The supervisors also taught me that it was important to find the positive things employees were doing and praise them daily." As part of his training and orientation, Ritter also attended a Superior seminar in another city. There he was introduced to the history of Superior's tradition of hospitality and care delivery. He also studied the Superior mission and values statements. Ritter was particularly impressed that integrity, empowerment, and balance were among the six core values. "It demonstrated that they were really concerned about the employees and their quality of life," he said.

After completing the initial training program, Ritter took a permanent assignment as an evening supervisor in Wilmington. "I wasn't really interested in moving again," he said, "but the position was one step above the usual day supervisor entry assignment." Ritter found the assignment to be challenging, as he was supervising union employees. He noted, "I learned a lot about myself in that role—how to be patient. I wanted to move fast but the union made it virtually impossible to change systems. I did have the opportunity to work for an excellent manager. She taught me how to identify and seek out respected employees. With their support, almost anything became possible." Three months into the assignment, another position opened up in the Wilmington area. Ritter's manager urged him to take the assignment because of his difficulties with the union, and because the new job would represent a promotion. He did so.

Ritter's new position was assistant manager of Community Hospital, a relatively new two-year-old account with Superior. Just like Ritter, the rest of the management team was young and new to the company. The employees had also been formally introduced to Superior at the inception

of the contract and had been trained in the Superior set of customer service and hospitality skills. Ritter found the transition to his new job an easy one because the environment reminded him of the facility in Philadelphia where he had trained.

Ritter's new boss was a firm believer in empowering his subordinates. Ritter recalled, "I had complete freedom to experiment with procedures and systems in the department. As long as I could find a better way to do something, the decision to make the changes was mine." Ritter found the freedom to be very liberating, and he set out to improve on the delivery of service. "For once I had the time to take a deep look at the quality-control systems developed by the firm," he commented. "I was able to get the hourly employees to take an active role in the quality program rather than just telling them how they performed. We also increased customer service and procedure training." The end result was that the facility received better service, and Ritter was recognized for his efforts.

Then, almost three years after joining Superior, Ritter saw a major opportunity. A position was open for director of another account in Wilmington. Ritter was very interested in the opportunity but somewhat afraid that his lack of experience would prevent him from qualifying for the position. Nevertheless, he applied for the job and met with both the client's and Superior's senior management. After a long interview process, Ritter was surprised and excited to learn that he had been chosen for the position.

St. Mark Hospital

Like Superior's earlier relationship with Community Hospital, the St. Mark Hospital account was only two years old when Ritter joined it, but the similarities ended there. The account, which had actually existed for almost 20 years, was acquired in the merger with National Service. Although knowledgeable about the technical requirements of the services, the supervisory team at St. Mark was not very skilled managerially. They were all promoted from hourly positions and were not trained to supervise. The management team had access to a computer, but used it sparingly at most. The standard management practice was to lead by giving directions; the staff was seldom asked for input. Instead of being praised, most of the employees were constantly told what they were doing wrong. Many former National employees also had lingering resentment toward Superior for the health-care program they were forced to adopt. Although the health benefits in Superior's plan were generally better, employees resented having to change personal physicians. Moreover, Superior did not provide a pension plan like National's, but instead offered a more complex stock-purchase plan.

Ritter entered his new position fully expecting to build on what he had already learned and implement the systems he had developed in Philadelphia and at Community Hospital. His first action was to hold an employee meeting and explain how the concerns of employees would be his biggest concern. "I wanted to set a tone and let them know that they came first," he recalled. During the meeting, however, the employees were very quiet and did not ask any questions. Ritter then proceeded to meet with each employee individually to explore their concerns and get to know them better. Again, the employees were generally suspicious of these meetings, and Ritter felt that

they were hiding their opinions. He did receive a few complaints about the supervisors, the scheduling of assignments, and days off.

Ritter's next planned step was to bring the supervisors to a higher level of performance. He first implemented computerized quality-control and accounting systems. He urged the supervisors to offer more praise to the staff. But the supervisors felt uneasy with this new request. As a result, Ritter decided to tour the hospital with the supervisors so that they could watch him interact with the employees. He noted, "I felt the best way to teach them was to show them. I wanted them to see that I was committed to using positive reinforcement and hoped they would follow my example." As he visited the various service departments in the hospital, Ritter would also quietly point out to the supervisors things that needed improvement.

The first sign of trouble came from Mildred Myers, one of the employees who had earlier raised concerns about the scheduling. Ritter examined the schedule and asked Myers's supervisor, Sandy Williams, if it could be changed. After a few days, Ritter approached Williams and asked why the schedule had not been changed. Williams stated that she did not have the time, but would do it immediately. Satisfied that the situation had been resolved, Ritter forgot about the matter. About two weeks later, Ritter asked Myers to come and see him. Several days passed and she never came, so Ritter went to find her. When he found her, she gave the following response: "Thanks for nothing! I see you are the same as the others." Ritter did not understand the response, but his subsequent questions were met with silence. Ritter then asked Williams what had happened; Williams indicated that she had done what Ritter had asked her to do, and nothing else.

Myers's attitude seemed to spread slowly to other members of the staff. No matter how much praise Ritter gave, employees' attitudes seemed to grow gloomier. Then Ritter found out what was happening. After the tours, the supervisors were returning to the employees and telling them about the deficiencies Ritter had observed. As a result, the employees thought Ritter was only pretending to be nice, while leaving his real opinions for the supervisors to deliver. Ritter called the supervisors together; after a long discussion they revealed that the previous manager had expected them to be hard nosed and to deliver his requests firmly.

Ritter quickly realized that he had miscalculated the challenges of his new position. Not only had he underestimated the operational shortcomings, but he had also failed to understand the underlying culture. He told his supervisors that things would have to be different in the future, and called for an employee meeting first thing in the morning.