



Plaza Athénée Paris: Service Innovation in a Luxury Hotel





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This case study was written by Michel Phan (ESSEC Business School).

This case study shows how the Plaza Athénée Paris, a French luxury hotel of the Dorchester Group, has emerged over the years as a reference in service innovation. Via the case, you will discover the successful innovation process used and the secrets of this success: strong management leadership, a shared corporate culture, an adapted organisational structure, and a family of highly-motivated employees. The key challenge for the hotel remains the maintenance of its leadership in terms of service innovation for the years to come without compromising its identity.

OVERVIEW OF THE CASE

"Once up on a time, the palace of tomorrow..."

The Plaza Athénée Paris is a French luxury hotel (also commonly called "a palace" in France) located at 25, Avenue Montaigne, one of the most prestigious addresses in Paris and synonymous with luxury at its best. Strolling along the Avenue Montaigne, luxury shoppers can find most of the well-known luxury brands in fashion, watches, leather goods and jewellery, from Gucci at one end of the avenue to Prada at the other end with Chanel, Dior, Louis Vuitton, Harry Winston or Bulgari in between. This case study relates to how the Plaza Athénée Paris has become a reference in the luxury hotel sector in terms of service innovations. The secrets of its success are: a corporate culture that encourages innovation and change, a strong management leadership, a perfectly adapted organisational structure and a 'family' of well-motivated employees.





▼ HISTORY OF THE DORCHESTER GROUP

The Plaza Athénée is one of the five properties that make up the Dorchester Group <http://www.dorchester-group.co.uk>. The other properties are the Dorchester Hotel in London <http://www.thedorchester.com>, the Beverly Hills Hotel in Los Angeles <http://www.beverlyhillshotel.com>, the Meurice Hotel in Paris <http://www.meuricehotel.com> and the Principe di Savoia in Milan <http://www.hotelprincipedisavoia.com>. Each property has its own character and style coupled with a strong brand identity acquired over the years.

► see "Video 1: François Delahaye" in the videos index

The Plaza Athénée Paris was built in 1911 and first opened its doors to guests in 1913. It has welcomed in its premises many well-known personalities such as Mata Hari, Alfred Hitchcock, Elizabeth Taylor, Richard Burton, Vivien Leigh, Ginger Rogers and Claudia Cardinale, to name a few. It was then bought by the Sultan of Brunei in 2002 from his own brother to be added to the Dorchester Group. The hotel has 145 rooms and 43 suites (junior, luxury, presidential, duplex with a private fitness room, a sauna and a rooftop terrace overlooking the Eiffel Tower and a 500m² royal suite). The first six floors of the hotel offer large rooms with Louis XVI and Regency-style furnishings that are complemented by the latest technology. The only Parisian hotel with two art deco floors, the hotel's two upper floors are entirely dedicated to the art deco movement and pay tribute to haute couture with original sketches by great fashion designers decorating the corridors and suites. It also has three restaurants – a three-Michelin-star fine-dining "Alain Ducasse" restaurant, the "Relais Plaza" and the "Galerie des Gobelins" restaurants. In the summertime the hotel also opens its "Cour Jardin" as an outdoor dining alternative. Please visit the hotel's website for more details: <http://www.plaza-Athénée-paris.com>. The Plaza Athénée is regarded as one of the finest hotels in Paris and one of the six Parisian "palaces", meaning "ultra luxurious" hotels. Like the other five palaces, it distinguishes itself through its unique location, heritage and exceptional service quality.



The five properties



▼ CORPORATE VALUES AND THE SPIRIT OF THE PLAZA ATHÉNÉE

The five corporate values of the Plaza Athénée are: family, innovation, generosity, aesthetics and service. These values encapsulate the spirit of the hotel and set the mood for interaction between employees and guests as well as among the employees themselves. The values resulted from a thorough consultation with all the hotel employees on the definition of the Plaza Athénée spirit.

"Listening to staff talk about the Plaza Athénée reveals a strong emotional attachment. They all share a passion for their hotel and insist on the constant attention they afford their customers, the service they provide, and the many things that ultimately transform their dedication into a spirit: the Plaza Athénée spirit."

► See "Video 2: Laurence Bloch, Hotel Director" in the videos index

▼ ROLE OF INNOVATION AT THE HOTEL

● At the strategic level

Innovation has always played an important role in shaping the identity of the hotel throughout the years, from changing the way it operates to how it plans for its future. The Plaza Athénée was the first hotel in France to be accredited ISO 9001 quality standards in May 2000.

► See "Video 3: Florence Pinçonnet, Assistant to Rooms Division Manager" in the videos index

● At the operational level

Innovation is also translated into the daily operational management of the hotel and all employees are directly or indirectly involved in developing and shaping the "innovative culture" at the hotel.

► See "Video 4: Sylviane Rives, Deputy Director of Human Resources" in the videos index

► See "Video 5: Julia Pelte, Guest Relations Director" in the videos index



▶ CREATIVITY WORKSHOPS ("ATELIERS DE CREATIVITE")

The Plaza Athénée has put in place a specific structure to manage the innovation process, from the gathering of new ideas to their transformation into real innovations. The first part of this structure is the "creativity workshops" where all employees are encouraged to participate. There is no penalty for not participating, but there are rewards for getting involved, such as contributing to changing the organisation over time and working on exciting projects with colleagues from various departments. The best reward remains seeing one's own idea become a successful innovation that will be implemented at the hotel for the improved benefit of the hotel guests.

▶ See "Video 6: Stéphane Sciortino, Stewarding Manager" in the videos index



Ice-skating rink in the middle of the courtyard

▶ DEVELOPMENT COMMITTEE ("CELLULE DE DEVELOPPEMENT")

A Development Committee has been set up with the main purpose of fostering innovation at the hotel. This objective can be achieved through its partnerships with external organisations such as specialised schools (e.g., design or luxury marketing schools) or experts in their fields (e.g., Lancôme for cosmetics). The committee also assists employees in transforming their new ideas into sound proposals for approval by Senior Management. Once the proposals have been approved, the employees will be leading the development of those innovative ideas from the beginning to the end.

▶ See "Video 7: Cellule, Stéphane Sciortino & Nicolas Grau" in the videos index



▶ SERVICE INNOVATION AS AN ADDED-VALUE AND DIFFERENTIATION STRATEGY

By their very nature, some innovations are more noticeable to hotel guests than others and consequently more appreciated by them, whether they are first-time guests or returning customers. Innovations have helped the Plaza Athénée differentiate itself from its competitors and provide a new source of added value to its guests' experiences. A new English guest recently wrote to Senior Management of the hotel after his visit:

"I have really enjoyed the last three days when I had the privilege of being your guest during my sales trip to Paris. Everything from the welcome to the departure was perfect and I was truly inspired by the attention to detail and the innovation everywhere at the hotel. I am very grateful for the experience... All of them added to making the Plaza Athénée an experience as opposed to just another five-star hotel."

Examples of innovations this guest remembered the most are the pastries which were given to departing non-residents of the hotel, small side tables for newspapers, and the "fireplace" and the jelly cocktails at the bar. Those innovations differ from what other luxury hotels may offer because:

"They became things that I remembered the Plaza Athénée by and in this world of so many corporate standards in so many hotels, they helped make my stay a special experience and not just one of many. I think creating a culture of continuously encouraging staff at all levels to come up with new ideas will be very important for the future success of the Plaza Athénée... No matter how crazy those ideas might be!"



Fashion Ice cocktail

- ▶ See "Video 8: Monique Bragard, Permanent Resident of the Hotel" in the videos index
- ▶ See "Video 9: Isabelle Maurin, Director of Communication" in the videos index



EXAMPLES OF SERVICE INNOVATIONS

Service innovations can be found at all levels of the hotel, whether at the accommodation department, the back-office or the food and beverage department. Innovations can be those requiring very little investment in terms of resources but yet adding a lot of value to hotel guests, to those which are costly but less noticeable to them. A typical example of "little investment-high impact" innovation is the systematic writing down of the taxi number plate by the doorman when a guest arrives so s/he may be able to retrieve the taxi later if need be. This innovation has recently permitted a hotel guest to retrieve his wallet containing several hundreds of euros left behind in a taxi. Needless to say that the guest was absolutely delighted by this service and it is very likely he will become loyal to the hotel.

- ▶ See "Video 10: Julia Pelte, Guest Relations Director" in the videos index
- ▶ See "Video 11: Thierry Hernandez, Director of the Bar" in the videos index
- ▶ See "Video 12: Majbritt Iaconis, Housekeeping Director and André Ertillard, Technical Director" in the videos index
- ▶ See "Video 13: Denis Courtiade, Restaurant Manager" in the videos index
- ▶ See "Video 14: Nicolas Grau, Purchasing Manager" in the videos index
- ▶ See "Video 15: Christophe Michalak, Pastry Chef - 2005 World Champion" in the videos index



A dining chair with a built-in shelf for the guest to put a bag on



The Berluti shoe polishing service for hotel guests



▼ FUTURE OUTLOOK

Under the current leadership of Francois Delahaye and Laurence Bloch, the Plaza Athénée has emerged as one of the leading luxury hotels in the world for its innovations and service quality. Their tremendous effort was not only acknowledged by French and international guests but also by their peers. For instance, a General Manager of a well-known luxury hotel in Hong Kong claimed that he truly appreciated the service quality at the Plaza Athénée during his Paris visit. In his mind, the noticeable difference between the service quality at the Parisian palace and other luxury hotels was the employees taking care of every single guest's query and trying to bring the answer to the guest themselves. Service innovation is as much a management philosophy and form of leadership as a daily practice by all employees of the hotel. Financial resources and support are equally necessary to allow those brilliant ideas become actual innovations to better serve the hotel guests. This is a win-win situation in which employees are happy to work at the hotel and guests are delighted to come and stay there!

► See "*Video 16: Laurence Bloch, Hotel Director*" in the videos index

▼ DISCUSSION QUESTIONS

1. Identify the strengths and weaknesses of the Plaza Athénée innovation process. How could Senior Management overcome those weaknesses?
2. Can the Plaza Athénée "innovation business model" be applied to any other luxury hotel? Why or why not?
3. What recommendations would you give Francois Delahaye and Laurence Bloch to maintain the Plaza Athénée ahead of the competition in terms of service innovations for the years to come?

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