

Investment News

You can use restaurateur's secret sauce

Combining excellent service with caring hospitality can lead to more-satisfied clients and employees

By Libby Dubick

October 6, 2013

What can a financial adviser learn from a food magnate? As it turns out, quite a bit.

Danny Meyer is one of the most successful restaurateurs in the U.S. He presides over the Union Square Hospitality Group, which includes many of New York's top restaurants, such as Blue Smoke, Gramercy Tavern and Union Square Café.

Mr. Meyer and Susan Salgado, managing director of Hospitality Quotient, the consulting arm of his business, have studied why their restaurants regularly rank among diners' favorites. Now they are sharing the recipe.

The secret, they contend, is combining service with hospitality. At Hospitality Quotient, they define service as the technical delivery of a product or service.

Hospitality is how the transaction feels. When a company combines excellent service with caring hospitality (making the clients feel that you are on their side), it is a winning combination.

Although advisers might define it a little differently, providing clients with technical expertise in a caring way is also central to their success. Yet how to define and deliver this superior customer experience remains a challenge.

Hospitality Quotient has broken down the process, and offers presentations and classes in how to achieve it.

According to Hospitality Quotient, in order to create raves, a firm's employees need both technical capabilities (the skills required to get the job done) and emotional capabilities (their behavior on the job). Although both are important, the firm weighs the importance of technical capacities at 49% and emotional capabilities at 51%.

“A 51%er has the following characteristics: warm and friendly character, curious intelligence, caring empathy, strong work ethic, self-awareness and empathy,” Ms. Salgado said.

With these qualities, people have the potential to become agents for clients rather than gatekeepers. How do the two differ?

According to Hospitality Quotient, agents are on the client's side, are empathetic, look for creative alternative solutions and try to create dialogue.

Gatekeepers, meanwhile, keep the clients out, hoard information, hide behind policies, rules or supervisors and prefer a monologue.

“Both may be telling the client no,” Ms. Salgado said. “The difference lies in how it feels.”

How can advisers apply the Hospitality Quotient formula?

First, by recognizing how important emotional capabilities are in this business.

Too often, advisers focus exclusively on the product or service that they are selling and too little on the customer.

Instead, they should consider the following actions:

Hire 51%ers. Given a choice of hiring someone who has the technical skills to do the job or someone with the emotional capabilities that the job requires, Mr. Meyer's restaurants will hire the one with the emotional capabilities. Technical skills can be learned, but it is nearly impossible to train someone to care.

Nurture agent behavior. Advisers can develop the right behavior among their employees through leading by example, recognizing and rewarding agent behavior and creating what Hospitality Quotient calls “riverbanks.” Riverbanks are a company's rules and guidelines for people's behavior. “It still leaves the employee room to maneuver but never goes off in one direction,” Ms. Salgado said.

Empower your agents. Agents look for creative solutions, but they can't implement them unless you have empowered them to do so. Many advisers find it difficult to delegate, but allowing employees to resolve customer issues can result in more-satisfied clients and employees, and more time for the adviser.

Encourage dialogue. Most advisers know their client's stats — age, income, years to retirement — but not how they feel. An adviser may be helping a client save for retirement but have no idea if the client is looking forward to it or dreading it. Because we work in a technical and highly regulated industry, it is easy to fall into language that leaves the client out of the conversation.

A restaurant and financial services firm may seem worlds apart, but both have to attract and retain clients or they will be out of business. Although Hospitality Quotient's service may be tastier, the company has a recipe for success that can work for both.