

Another Lesson Learned Along The Way: Never Ever Assume That You Already Know What Your Customers Want - By Nektaria Hamister

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Mark Hamister often talks about the importance of not straying too far from your present skill sets when entering a new business sector. Tackling the unknown is an energizing challenge, but it is crucial to choose an industry that you can understand well from your previous experience. There is one thing, however, that Hamister cautions entrepreneurs not to do after carefully selecting a new line of business: never assume that you know anything about your new customers until you ask them.

In the late 1980's insurance companies started looking for cheaper alternatives to the rehabilitation services traditionally provided by hospitals. Our skilled nursing and adult care company saw this development as an opportunity: it invested two million dollars to create rehabilitation units in four of its skilled nursing facilities. This was a risky move, but it turned out to be very profitable: it provided new options and challenges to staff and strengthened the financial value of the organization. By 1996, 20% of revenue was from sub-acute/rehabilitation care, enabling us to sell most of our company for an investment return exceeding 38%.

However, our company made a rookie mistake in the development of our first four sub-acute care wings: we pre-supposed knowledge of customer needs. Since the majority of sub-acute patients would be younger than our elderly residents, we assumed that they would want to have their own lounge. Our plans included a number of semi-private rooms because we thought that patients would enjoy the companionship of a room-mate. Each room was furnished like assisted living accommodations, with two arm chairs for visitors.

As the new sub-acute wings began to fill, staff noticed that their lounges were always empty: younger rehab residents had no desire to sit in them. They loved mingling with the seniors in the common areas of the assisted living facility. The older residents were thrilled to have new company and opportunities to share life experiences. Admissions directors started interviewing both senior and rehabilitation residents about their interests and paired them accordingly. For example, if a rehab patient was interested in WWII, staff introduced him to a WWII veteran. The program was a great success. Needless to say, the company did not build any more sub-acute lounges as it moved forward with unit conversions in other facilities.

Our first rehab patients were placed in semi-private rooms without a roommate. Less than a week after arrival they unanimously declared that they did not want the other bed filled. Since rehab customers were paying a very good rate, management decided that it had to comply with the request. We got rid of the extra bed and replaced it with two additional armchairs, solving yet another problem: not enough seating for visitors. Skilled nursing and assisted living visitors usually came one at a time or in couples, but our rehabilitation visitors were often arriving in groups of four or more. These customers obviously needed more space for guests.

None of these mistakes were tragic or difficult to fix, but the company would have saved some money if planning staff had spoken with potential customers before proceeding with building plans. Lounge space could have been replaced with another private room, increasing our revenue, and we would not have purchased unnecessary beds for semi-private rooms.

As a management company, Hamister learned a valuable lesson from its entry into the sub-acute care market: never, but never assume that you know what your customers want. Always ask customers open questions about what you can do to improve their quality of life. 'How can we make your stay better and homier?' 'What can we do for your visitors?' 'What can we do to make time with us more interesting and stimulating?'

The experience facilitated the company's entry into the hotel management business in 2004. Hamister management correctly guessed that our customers wanted a clean and comfortable room, but we did not want to make any other assumptions. Even though our properties were all franchises of major brands, which determine most aspects of hotel design, The Hamister Group was still determined to be inquisitive and innovative. We asked: 'what do you hate most about traveling?' 'What can we do to make your room more comfortable?' Guests responded that their biggest dislike about traveling was not seeing their families. We therefore installed free video conferencing systems in all of our hotels, to which we have had a warm and enthusiastic response.

Christopher Niemier, one of our general managers, found that asking customers about their concerns helped him to identify a significant problem: his guest Internet system was slow and outdated. Chris had no idea that the system was in need of improvement, since it operated perfectly well while he was working during the day. It was in the evening, however, during hours of peak guest use, that the connection became frustratingly slow. 'It was really amazing to me how few guests complained about this issue until we asked for their feedback,' Chris commented. 'It is almost as if many guests have problems that they would love to get off their chests, but they don't really express themselves until prompted by a staff member who cares and encourages them to share whatever they have on their mind.'

As a result, Chris squeezed the price of a new high-speed Internet system into his already tight renovation budget. 'The new system is lightning fast, and guests are raving about it,' says Chris. 'Clearly this was the right move for us even though it was expensive.'

Asking your customers what they want is not something that we must do only when entering a new business: it is a process that should never end. Just because you spoke with your customers last year does not mean that you know what they want today. Customer needs are constantly changing. If you lose communication with them, you will also lose your fresh approach.

With special thanks to Christopher Niemier for his thoughtful contribution to this article.

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