LODGING

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# Just-in-Time Performance Measurement

Over 50 years ago, when Quality Assurance (QA) approaches and concepts were introduced to the market, most work was done in the manufacturing sector. Manufacturing presents certain advantages regarding productivity management and improvement, one of the most significant being inventory. With inventory, the production process could be more controlled and systematized.

When the customer was ready to buy, you went to a shelf and gave the purchaser what they requested. Then as these QA concepts evolved, production moved to a just-in-time management approach for greater production optimization, with inventory still creating the buffer between production and purchaser. Parts were made available, just at the right time, to keep the production line flowing. Parts inventory was better managed and operating costs better controlled. Production performance was measured on total product per person hour and machine output per hour. Measurement could still be done in time frames such as weeks, as you could catch up production tomorrow if you fell short today or if you didn't meet your production goals on a specific day. Inventory was still the safety net. In essence, goods were produced at one point in time and the service was delivered at a future point in time.

Turn now to the hospitality industry, where just-in-time delivery is our operating norm, as prompt service is a very significant part of what the customer defines as the product they are purchasing. Service is also important when you buy a car, but that is not your key measure of whether you will buy another car of the same make and model. In the hospitality industry, service perception surely is key to a consumer's repurchase decision. One of the challenges the industry faces is that if production is missed on a specific day, in many cases, catch up cannot be done the next day. You can't check someone in Wednesday, who arrived Tuesday. You can't serve a customer in the restaurant at night when they want breakfast. You can't clean the checkout tomorrow if a guest is checking into the room tonight. There simply is no inventory buffer as there is in a manufacturing operation. Service by its nature necessitates processes where resources (human and product) are available at the exact time the buyer wants to purchase. That means production planning must account for the product delivery moment, where the product is a combination of goods and services bundled at the same time. In the hospitality world, a key part of production planning is the scheduling of one's human resources. And as importantly, measuring how effectively the resources are being used to maximize productivity, which generally means that one is comparing production to an established standard. Unlike manufacturing, where if you want to produce 100 widgets per hour and you can control that production to inventory, hospitality on the other hand requires a calculation of what demand will be and matching your means of production to that projection. In the end, production management requires real time assessment of your performance and measurement to an established target production rate.

What I have found interesting in the last few months of assessing performance for various clients and potential business "partners" is that performance measurement is still frequently evaluated on a weekly and/or monthly basis. While this approach can work in manufacturing, if you are not looking at your productivity every day, I believe you are missing key criteria by which to improve your business, either from a service delivery standpoint or a pure resource use perspective. As noted above, you can't catch up tomorrow for under production today (wasted hours) or for the service that wasn't provided to the guest in a timely manner. It's the same with forecasting. Over a week, on average you may be accurate, but if you are over 3 days, under 2, or just about right on 2 days, can you really be cost effective and meet your service delivery goals? After years of observation, the answer is no, you can't.

Whatever tools you are using for "production" planning and measurement, they must focus on daily results and in the best of cases, a part of day measure that enables the operation to meet specific delivery and production standards, JUST IN TIME. Because without this more micro-approach, you are playing Russian roulette with your service delivery. And especially in today's challenging operating environment, no one can afford to play that game!

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