



WORK SMARTER

Business intelligence tools allow hotels & restaurants to track costs, identify customer trends and monitor performance across locations

Information has become the essential ingredient to success in the increasingly cut-throat hospitality industry. However, actionable data cannot be properly amassed — let alone leveraged — without the implementation of sophisticated business intelligence systems that enable enterprise-wide data gathering, storage, analysis and communication.

“In providing timely data, business intelligence tools enable management to sense and respond to changing business conditions, forestall potential business problems, outpace the competition, and give customers what they need and want,” explains Daniel J.

PICTURED ABOVE: Ruby Tuesday uses its business intelligence tools to identify customer ordering and visitation patterns, and offer targeted promotions based on those habits.

Connolly, Ph.D., associate professor of IT and electronic commerce at the School of Hotel, Restaurant and Tourism Management, University of Denver. "Simply put, they are competitive weapons that let management and staff 'work smarter, not harder.'"

Reaching customers

For some restaurant operators and hoteliers, business intelligence solutions now comprise the key to identifying opportunities for competitive positioning and new product, promotion and service offerings. Such is the case with Maryville, Tenn.-based restaurant chain Ruby Tuesday, which has just begun using Micros Systems (www.micros.com) tools to identify customer ordering and visitation patterns. With the system in place, the company can determine, for example, which members of its loyalty card program order both appetizers and entrees, which patrons order just one or the other, who purchases dessert and/or wine, and the like. Promotions can then be designed and targeted accordingly; for instance, the chain might use a two-for-one offer to entice an appetizer fan to give the entrees a try.

Business intelligence also allows Ruby Tuesday to pinpoint those program members who haven't recently visited one of its restaurants, and lure them back with a coupon good for a free appetizer or dessert. "By knowing where our customers spend their money and therefore what they want, we can truly maximize the 4 percent of sales we spend on marketing every year," asserts Nick Ibrahim, senior vice president and CIO.

Getting proactive

Other hospitality industry players utilize business intelligence systems as a linchpin for isolating and, in turn, proactively addressing business and customer relationship issues. In some cases, tools are being used to discern exactly why performance and/or cost metrics aren't being satisfied. For example, a hotel chain whose laundry expenditures appear out of kilter might enlist a business intelligence application to compare laundry chemical costs across multiple properties and create a



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Business intelligence software helps Konover Hotel Corp. analyze labor and other expense trends, both regionally and by property. The system generates analysis reporting that shows how these costs, as well as such factors as turn-aways and weather, affect the overall performance outlook at each of the company's 19 hotels.

ratio to occupied rooms to see the comparative cost-per-occupied room for this expense. Alternatively, it could employ the tool to establish a correlation between laundry facility staffing and chemical costs or to learn which if any hotels run too many half-loads through the laundry process.

Using business intelligence tools from UniFocus (www.unifocus.com), The Peabody Orlando in Orlando, Fla., zeros in on guests' specific rationales for noting, on comment cards, that they will never return to the hotel. Management then drills down to find the root cause of the problem.

"Suppose the system tells us the guest was upset about not being assigned the type of room he wanted," says Marshall Kelberman, director, rooms administration. "We see who assigned the room and whether it's a pattern for that employee, or if it's something else entirely. If it's an employee, we correct it with training. And in all cases, we go back to the customer and explain how we're preventing the problem from happening again." The latter, Kelberman states, permits the hotel to recover approximately \$10,000 per month in potential lost guest revenue.

Similarly, at Konover Hotel Corp., West Hartford, Ct., business intelligence

software from Aptech Computer Systems (www.aptech-inc.com) serves as an engine for analyzing labor and other expense trends both regionally and by property. The system generates analysis reporting that shows how these costs, as well as such factors as turn-aways and weather, affect the overall performance outlook at each of the company's 19 hotels. "We're assessing performance on a nearly real-time basis and, as such, can quickly make and implement informed decisions — whether it's adjusting staffing or implementing a program to recoup lost revenue," observes Peter H. Mason, CHA, executive vice president at Konover.

Streamlining the process

End-users are finding that truly reaping the benefits of business intelligence necessitates selecting tools that present "cause-and-effect" results rather than just static data. It also means resisting the temptation to produce so much data that real knowledge of critical issues is difficult to discern. "Pulling excessive amounts of data and getting sucked into over-analysis is one of the worst mistakes you can make with business intelligence and can put a huge crimp in your investment," Connolly warns.

Chevy Chase, Md.-based Ritz-Carlton Hotel Corp. avoids “analysis paralysis” by using an internal failure modes and effects analysis (FMEA) tool to analyze all of its business intelligence data together, rather than “analyzing each separately and looking for golden threads,” notes Sarah Santaella, corporate director, quality assurance. The FMEA pulls together defect data from all the company’s quality assurance sources, such as scores scanned from guest comment cards, mystery shopper feedback and a home-grown customer relationship management system.

Every month, a data cube created by UniFocus’ business intelligence tools takes approximately 15,000 pieces of data from Ritz-Carlton’s quality assurance sources and organizes them into the FMEA. Each reported defect has an assigned severity rank and a “detectability rating.” Based on these two factors and the frequency with which it appears in the data cube, the system calculates the risk to the company posed by that defect.

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“Determining what defects are occurring most frequently, what their impact is on guest loyalty, and how effective our problem detection systems are makes it easy to prioritize our efforts in eliminating the defects that put our hotels at the most risk,” Santaella says. Customer engagement scores have risen by seven points since 2004, when the system was first implemented.

Ensuring consistency of data from store to store or hotel to hotel is equally critical, points out Tom Matson, vice president of IT at the Shari’s restaurant chain in Beaverton, Oregon. Shari’s is currently rolling out Decision Logic’s (www.decisionlogic.com) business intelligence tools in all 99 of its stores; 14 units have gone live with the system to date. The chain uses the software to mine its POS data to determine the volume of ingredients it is using and to generate orders in accordance with pre-set levels.

“We look at this not as a tool for reducing our food costs, but for better managing them by identifying specific problems and keeping our food costs down despite a rise in commodity prices,” Matson observes. “For example, if we see that something is ‘off’ in one store’s use of cheddar cheese, we can tell store management to look at the cheddar cheese issue — not the dairy issue as a whole.” He notes that this would not be possible had Shari’s neglected to make certain that item numbers did not vary between its stores. **HT**