Optimize BUSINESS with CO$T *Effective* OPERATIONS

Successful Hospitality organizations focus on the goals of meeting customer satisfaction and demand. Cost effective management of operations is crucial to achieving those goals and driving ROI.

Operations is tasked with delivering quality goods and services to customers. To achieve this objective, management must balance materials, manpower and machines in appropriate quantities to support the varying levels of customer demand.

Material and machine requirements can be managed in a rather straightforward fashion. The quantities of each are inventoried at the maximum level to be used, and replenished as needed.

Manpower, on the other hand, calls for a more dynamic approach to consistently deliver quality services. Varying levels of customer demand require an allocation of staff with the proper skill level, in conjunction with human constraints like shift duration and capacity to complete work. A set of productivity standards aids in delivering these services within a range of cost.

Why a range? Although more or less material and machine time can be allocated in a one-to-one relationship with volume, manpower demands may include a requirement for multiple personnel for short periods of time which may not match minimum shift durations. This can be further complicated when considering batch quantities in a kitchen. It can cost as much labor to prepare 30 meals as it does to prepare 100.

A few years ago, I encountered the following scenario. A cashier at a busy breakfast in an upscale property's lobby was asked, "Who's my server? It's been 15 minutes and no one has stopped by my table." "Sally will be with you soon" was the response. The customer left after another 10 minutes, telling other customers waiting in line "…don't #&*% bother waiting – they won't serve you anyway."

A little investigation determined that it was the last week of the month and the outlet manager routinely under-scheduled servers because he regularly used more labor than budgeted in the first few weeks of the period. Rather than submit to a grilling as to why he was over budget, he consistently short-staffed the last week of the month to "avoid

By Hal McClure

Sr. Implementation Director, UniFocus

972.512.5158

hmcclure@UniFocus.com

www.UniFocus.com

getting fired." No penalties were imposed for poor guest satisfaction by senior management. The only discomfort was the potential for being chewed out by guests, which was easily avoided by not working himself on those days when he consciously short staffed—compounding the guest experience problem.

To avoid this type of situation, short-term forecasts and labor standards can be used to create workloads which, in turn, provide the basis for dynamic schedules. Once the day has passed, the same standards can be used against the actual volume to indicate cost and service opportunities. A weekly routine, separate from budget or P&L reviews, that includes analysis of guest feedback, forecasted volumes, schedules, and performance against predetermined service and cost targets can be beneficial.

This process helps to nourish a culture of continuous improvement within the organization, and ensures that all aspects of the guest experience are open to re-interpretation. This can include elements as disparate as the toilet paper used in the guest room, and the suggested script to be used by bellmen rooming guests.

Labor Management Systems address these issues with a comprehensive tool set, comprising both data analysis and a management decision matrix to optimize performance.

UNIFOCUS

2455 McIver | Carrollton, TX | 75006
info@UniFocus.com | 972.512.5000 | www.UniFocus.com