

RAISING YOUR GAME

AN OVERVIEW OF BEST PRACTICE IN TOURISM, HOSPITALITY AND LEISURE



American Express Establishment Services is pleased to support the work of the Best Practice Forum

BEST PRACTICE FORUM

**PROFIT THROUGH
PRODUCTIVITY**

TOURISM ■ HOSPITALITY ■ LEISURE



“The bottom 25 per cent of companies are achieving profit levels one tenth of those achieved by the top 25 per cent.”

Research Study, Small Business Service

This booklet is the first in a series produced by the Best Practice Forum designed to help businesses in the tourism, hospitality and leisure industry improve their quality, productivity and business performance.

This booklet is the first in a series based on research, commissioned by the Best Practice Forum for the Tourism, Hospitality and Leisure Industry, and undertaken by the Centre for Hospitality Industry Performance Research, School of Management, University of Surrey.

WRITTEN BY

Jeremy Logie OBE and Miles Quest
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The Best Practice Forum is a strategic alliance of key industry associations and partners working together to bring benefits to all businesses in the sector:

- Association of Leading Visitor Attractions
- British Association of Leisure Parks, Piers and Attractions
- British Beer and Pub Association
- British Holiday and Home Parks Association
- British Hospitality Association
- Business in Sport and Leisure
- Restaurant Association

SUPPORTED BY

Department of Trade and Industry, Department for Culture, Media and Sport and Caterer & Hotelkeeper.

The Forum's principal purpose is to encourage businesses to introduce new ideas and innovation by adopting or adapting best practice, so raising their efficiency and competitiveness to world-class levels.

The work of the Best Practice Forum and the Profit Through Productivity programme is managed by

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The Best Practice Forum's Profit Through Productivity programme leads businesses in the tourism, hospitality and leisure industry on a journey to world-class excellence.

A key element of the programme is the creation of a benchmarking scheme in which like-minded and like-type businesses can compare their key performance statistics on a confidential basis and identify critical performance gaps. Each step of the three-stage programme is specifically designed to boost a business's productivity and profits.

1 By measuring its performance confidentially with that of its competitors and with the best in the industry, a business will be able to benchmark its operating results. Following this 'health check', one-to-one advice from a business advisor is then available to devise an action plan which develops its strengths and addresses its weaknesses.

2 The Best Practice Club gives members exclusive access to a wide range of master classes, best practice visits, self-help kits, newsletters with case studies of best practice, business development programmes and helpline support, together with continuing one-to-one help and advice from accredited business advisors and business mentors. Master class subjects range from business planning to customer feedback, from winning and keeping customers to winning the war for talent.

The Best Practice Club gives regular updates to members on best practice ideas and business and competitor intelligence when needed. Helpline support is available with signposting for assistance and advice from an accredited business mentor. Confidential support can also be accessed through the Club's interactive website and benchmarking scheme.

3 The third step gives the opportunity to achieve significant milestones on a business's journey to excellence by, for example, becoming a best practice employer, by free entry into the Best Practice Forum's annual Business Excellence Awards, and through Business Excellence accreditation.





The Best Practice Forum commissioned the Centre for Hospitality Industry Performance Research, School of Management, University of Surrey to undertake a research project into best practice in the tourism, hospitality and leisure industry. The aim was to identify the key elements of best practice through desk and field research, with a view to informing the Profit Through Productivity programme. The research team concentrated on small and medium sized businesses primarily because the hospitality, tourism and leisure industry is largely made up of these establishments. Those chosen had won various awards or had been recommended by various authorities as well-regarded businesses in their own right. The team interviewed or surveyed over 1,000 owners, managers and employees in 89 small businesses throughout the UK and examined best practice overseas to produce eight reports, together with an overview which summarised key findings. This booklet is based on the overview and briefly identifies the seven key elements of best practice. Similar booklets, which draw on the individual reports in greater detail, will be published separately.

What influences best practice?

During the research, it became clear that best practice does not vary by sector within industry (such as hotels, restaurants, pubs, visitor attractions) nor does it vary geographically. The need to introduce competitive conditions of employment, for example, is universal. However, best practice does vary by size of business – between ‘micro businesses’ and ‘small businesses’. This is largely because there are virtually no staff, other than the proprietor and his family in a micro business; the significance of good employment practices and the need for internal communications are vastly reduced.

In small businesses, proprietors are able to develop a close working relationship with their staff and have the luxury of far less bureaucracy than a larger business. This, in turn, makes it easier for them to explain and demonstrate their

“People who are good are good because they care. Every single business is about people. We’re not widgets. We’re not machines. We’re all busy. If you care, you’ll find the time to communicate. If there’s trust, then people are more supportive. But it can be emotionally draining and exhausting. You can get too touchy feely, so that business efficiency suffers because there are too many coffee chats and supportive coaching sessions.”

*Chris Webster, General Manager,
Woburn Abbey Wildlife Park,
Bedfordshire.*

business philosophy to their staff on a personal level. They will still need a business plan and need to think strategically, but, compared to managers of large businesses, they can adopt a flexible and less formal approach. They may also be able to react to changed business circumstances more rapidly than larger businesses, which may have to wait for the next board meeting or for someone to write a report.

Best practice also varies between urban and rural establishments; rural businesses have a different approach to networking and find different business partners to work with whereas urban establishments tend to network within the locality. Managing staff in more remote locations may also pose a different challenge to that faced by the urban business, where more staff are usually able to live near to their place of work.

Finally, the approach to best practice may be influenced by the place of the business in the development cycle – is the emphasis on maintaining existing standards or is the owner involved in changing the business? Communications and training are likely to play a more significant role in a business undergoing change because staff must understand the need for its new direction and acquire the appropriate skills.

So what is best practice?

Best practice is what it implies – those practices that have been shown, by example or by demonstration, to produce superior results in terms of operational efficiency, greater productivity or higher profits. Best practice for one business, however, may not be the same for another; it can be adopted but, more likely, it needs to be adapted to fit a particular organisation's needs and state of development. The key to best practice is to identify those areas that are essential to the organisation's business aims.

In the tourism, hospitality and leisure industry, the essential elements of best practice revolve around the total operation

“What we try to achieve here is a consensus about who we are, what we believe in, what our standards are and who we want to be. And we feel that our staff need to have the whole picture in order to achieve our standards. That’s why we have so many good and cost-effective suggestions from them.”

Sarah Irwin Davis,
Training and Volunteer Co-ordinator,
Harewood House, Yorkshire.



"It's just a feeling amongst ourselves that, if we can get the standards and the quality we want, then the guests will be happy and want to come back, and the guest comments will be very good."

Peter Smith, Human Resources
Director, The Vineyard at Stockcross,
Newbury.



but recruitment, employment and training issues are particularly important. The industry depends on its staff; it is both capital intensive and labour intensive. In hotels, labour costs comprise some 30 per cent of total revenue, and rising. Few industries rely so much on the face-to-face contact of staff with the customer, yet few industries have such a poor employment profile in the mind of potential recruits and face such difficulty in recruiting skilled workers.

The research undertaken by the University of Surrey sought to identify best practice in the most important areas of the operation. How can best practice be introduced to a business and how can it be sustained? What role do communications play? How critical is standard-setting? How can owners and managers encourage a greater commitment by staff to the business? How can they identify trends that influence their business? And, perhaps most important of all, what are the key factors in business success in the industry?

This research identified the seven core elements of best practice in the industry:

- Setting goals based around a customer focus
- Planning and controlling the operation
- Partnering and networking
- Having clear internal and external communication
- Setting and achieving consistent standards
- Managing the workforce effectively
- Performance management and benchmarking.

If businesses recognised these seven elements, and adopted or adapted their methods of work to take them into account, they would improve their standards of service and level of productivity, as well as level of profit. Clearly, some businesses would gain more than others depending on how far they had already absorbed best practice into their

management philosophy. As an example, introducing more careful induction, encouraging greater staff commitment and input, making jobs more relevant to the business's needs, introducing better communications and, ultimately, reducing labour turnover, would have a cumulative impact that would benefit every business in the industry, no matter how efficient it believes it may be. Even the best can continue to improve if the commitment is there – which is what makes them the best in the first place.

“You’ve got to know where you are going. You have to tell the troops where you are aiming for.”

Glen Davis,
Proprietor, Hazel Bank Hotel,
Rosthwaite, Cumbria.

1. Setting goals based around a customer focus

Effective businesses have a well-developed idea of what they want to provide and set appropriate personal, social, commercial and lifestyle goals. These goals produce a clear direction for the conduct of the business and enable management and staff to build the business together. Without this focus, a business is like a rudderless ship in which neither the management nor the staff have a clear idea of where they are going or how they are going to get there.

As part of this focus, a business needs to understand the market in which it operates as well as the other market segments that it may be able to exploit. It must then develop packages of benefits that appeal to each segment. These market segments form the basis of the planning, forecasting and control that the business needs.

This focus depends on a thorough understanding of customers and their needs, and how they want them to be provided. This is only achieved by monitoring their reaction to the product and service and listening and asking them questions with a view to continuous improvement. It also means communicating with them regularly to build up long-term relationships and customer loyalty. A critical element in setting goals is to know what competitors are up to, so that plans can be laid to meet the challenge and, even more important, to differentiate the business from the competition.



“We ideally have one method and one method only. There really will be one way to do it and staff obviously have to be flexible . . . we tend to find that the less variation you have, the easier it is. We have a clear objective of what we want to achieve and a clear idea of the standards that we want to set. At the end of the day, it has to come down to trust . . . by each person trusting that the other person is actually going to go and do the right thing.”

Christopher Murray,
Managing Director, Pennywell
Farm and Wildlife Centre, Devon.

“It’s important to share information. It’s important for the staff to know what the boss is going to be doing. It encourages open comment and communication from the staff because it’s no longer seen as just what the partners want, or what the partners see as best. It’s a sharing of opinions and ideas, no matter how small or how simple.”

*Gordon Sinclair, Managing Partner,
Atholl Hotel, Aberdeen.*

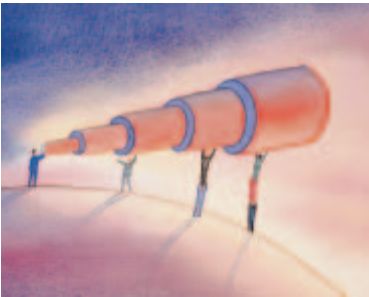
Whatever it is, every business needs a unique attraction – often difficult to define but usually a quality that no other business in the locality has in the same way or to the same extent. This unique quality – marketeers call it the Unique Selling Proposition (USP) – will initially entice customers through the door. Once sampled, it plays an important role in encouraging them to return.

Best practice here does not necessarily mean introducing ever-higher standards of product and service which unconsciously drifts the business out of its correct market; the wise business will recognise what its customers want and the price they are willing to pay and will provide the highest standard in that market. Moving a business into a higher market must be undertaken as a conscious decision and requires expert judgement and planning.

2. Planning and controlling the operation

A key element of good productivity is to forecast more accurately levels of business demand. Of course, this can never be entirely accurate, given the nature of the industry, where demand may be influenced by weather or external, unforeseen events. But staff are always expensive to employ; too many idle staff on duty makes them dissatisfied but too few creates undue pressures and service standards suffer. Forecasting demand is therefore good practice; some sectors of the industry (for example, fast food restaurants, event caterers, attraction operators) estimate precisely how many staff they need on duty at certain times of the week and even at certain times of the day. By better forecasting, and a closer analysis of demand patterns, it’s possible to have the right number of staff on duty to meet the varying levels of demand, hour by hour throughout the day. This leads to higher productivity.

This indicates that businesses could examine in greater detail their demand patterns – for example, one hotel, on



examination, decided to abandon formal lunch because of lack of demand, and thereby reduced its restaurant staff from 16 to 12. The introduction of ‘multi-skilling’, with flexible working practices so that staff work in more than one department in a single shift, is another development to be considered. Employing more part-time workers may be another answer as they are frequently easier to recruit than full-timers.

All of these initiatives will help a business match its complement of staff to its demand patterns, and so achieve higher productivity. Best practice here aims to enable staff to work smarter, not harder. To achieve this, good communications and training is essential. The reasons for change must be explained and training should give staff the skills and competencies they require. Just as important are reward packages that are understandable and seen to be fair. Although some of these measures incur additional costs, experience shows that these are largely covered by greater efficiencies and reduced labour turnover.

“We have Standard Operating Procedures (SOPs) that are very formal for every department and for every aspect of someone’s job. We really like to get feedback from staff in order to try to make these SOPs easier to understand, easier to work with and practical in every respect. We’re constantly trying to empower the staff more, so annual job descriptions do change a lot and, if anything, we’re adding more responsibilities.”

Stephen McClay, Assistant Manager, Channings Hotel, Edinburgh.

“The other development was the introduction of multi-skilled staff. I don’t believe that you can be truly productive unless you’ve tackled this one! We’ve introduced multi-skilling in the bar and lounge areas, portering and all ground floor activities, so that everyone can be switched from one section to another, according to the customer pressure. It’s taken time to achieve and it demands good training but it’s very effective and it has an added bonus. It encourages staff to gain an insight into other departments and gives them an appreciation of how each department fits into the overall operation. Staff work better, they are better motivated and are more willing to help when the pressure builds because they know that’s their job. It also means that customer care for guests is kept to a consistently high standard.”

Julie Baugh, General Manager, Thurlstone Hotel, Devon.

3. Partnering and networking

Working in isolation, without contact with colleagues, makes a business vulnerable. New ideas can pass it by. Emerging trends can escape its notice. New solutions to old problems may be overlooked. Networking enables a business to gather useful information to keep it up-to-date and to help it become more efficient; partnering with like-minded businesses (such as in a marketing and purchasing consortium) gives it added competitive muscle. Partnership marketing with complementary businesses is increasingly important. All



“When you are on your own and you are very small, you are very isolated. It’s quite lonely. Partnerships help combat that. That’s what they are all about – to share and find ways around problems.”

Martin Irons, Proprietor,
Martin’s Restaurant, Edinburgh.

“We’re always happy to listen to the staff after they’ve been here for a short time, when they can understand the way that we’re working. We’re always happy to talk about the way that we work and take on board their ideas, but not necessarily to adopt them. To evaluate them.”

Tony Bricknell Webb,
Managing Director, Percy’s Country House Hotel and Restaurant, Devon.

constitute best practice. They enable a business to understand better the market in which it operates. They might encourage new ideas to tackle old problems, or ideas for future expansion. They keep a business in touch with local and national affairs.

Local networks, such as Chambers of Commerce, Round Table, Rotary, local hotel associations, are often more social than professional but even these keep a business in touch with issues that may affect it – for example, decisions on local planning policies. In the hotel industry, a network in Cornwall run by an accountancy firm, exchanges operating information among hotels in the county. National trade associations provide other services, including helplines, reduced commission to credit card companies, and other discounted services, as well as keeping members up-to-date with new legislation. Membership of a regional tourist board gives a tourism business regional and national exposure. The Best Practice Club enables members to access a wide range of business support services including benchmarking.

Understanding industry trends and developments that are changing people’s buying habits must be the aim of every business. If owners and managers don’t keep themselves informed, they may wake up one day without any customers – and not even know why they have left.

“We’re not always right but we learn from other people – the way they do things.”
Steve Butler, Marketing Manager, Waterworld Aqua Park, Stoke-on-Trent.

4. Having clear internal and external communications

Good communication, both internally to staff and externally to customers, is one of the most critical elements of best practice. Internally, it creates a motivated workforce. Involving staff in the planning and organisation of the business, making sure they understand its aims and aspirations and encouraging feedback is the basis of two-way communication – from the workforce upwards and



management down. This is best practice at its most effective. The aim must be to introduce lines of communication that are as direct and as short as possible.

Staff should have a clear idea of what is expected of them and should be able to rely on a system in which they are able to give their views and opinions, both formally and informally. Good communications also enable staff to experience some ownership of the business, encouraging them to provide different solutions to operational problems. How communications can evolve in a business depends on its size and complexity. Communication with individual members of staff are commonplace for small businesses but even they can benefit from staff meetings with the owner or manager; in larger organisations, a more formal structure may be necessary.

Externally, best practice is based on the promotion of the business's own identity and its USP through established marketing and sales techniques. Part of this is to ensure that the business adapts to the customer's needs by being aware of the changing nature of the local and national competition. Good communications also involve taking advantage of all the networking opportunities provided in the locality including local organisations, regional tourist boards and industry events.

"The idea was – still is – that we try to increase trade with the help of the staff, by getting their ideas and putting our ideas to them, and throwing them around and seeing which one we think is best for the job. We've found out that the best way of doing this is actually one-to-one – talking directly to the staff concerned. We try to do it on a nice, friendly, non-formal basis rather than getting heavy handed and saying 'This is what we're going to do'. We try to compliment our staff so that they can feel part of the team . . . it's just to try to grow their confidence." **John Edwards**, Leaseholder, Crown and Anchor, Barnsley.

"Communication ensures that all staff understand what is expected of them, what is going on around them as well as what is changing and to provide feedback to staff on their performance. This ensures that everybody is pulling in the same direction, there is no duplication of effort and we are all trying to achieve the objectives laid down in the business plan."

Sarah Irwin Davis,
Training and Volunteer Co-ordinator,
Harewood House, Yorkshire.



“To achieve quality standards, the first thing that we do, of course, is to keep on investing in on-going training. We have our own standards set. We have things that we follow all the time – service procedures, for example. Standards of food are controlled. We have standardised, consistent quality systems in place so that the standards are maintained.”

Cyrus Todiwala, Co-proprietor,
Café Spice Namaste.

“The induction and initial training is done through the buddy system. An operating buddy system ensures that all new employees have a friendly and patient mentor at hand”

Paul Swing, General Manager,
Lamb Inn, Burford.

5. Managing the workforce effectively

One of the main findings of the research into best practice is that maintaining consistent standards depends on maintaining a committed workforce. Managing that workforce, therefore, is fundamentally important. Yet recruitment is the industry’s greatest management problem and solving it would save huge amounts of time and money, improve standards and raise productivity overnight. So best practice involves the whole employment cycle – from recruitment, through selection, to induction, training and development, not forgetting a clear and fair reward system.

Managing the workforce effectively demands the creation of a culture in which staff are so fairly rewarded, so fulfilled and so committed that they want to remain in employment. This culture is not necessarily about paying staff more, although competitive pay is crucially important and there must be a pay system that rewards staff fairly and discriminates in favour of outstanding work, significant commitment and longevity of service. The root of this culture is based on the fair treatment of staff, recognising their needs and equitably rewarding their efforts.

Research shows that job satisfaction, job variety, and good leadership are as important to staff as high wages. For some, benefits in kind, tips and gratuities are more important while, for others, the opportunity to undergo further training and promotion and career development prospects take priority. Appraisal schemes are essential. Best practice includes all these factors – and more. Good induction, for example, is more critical to retaining staff than many employers suppose because more recruits leave in the first few weeks of employment than at any other time. The cost of this staff turnover is rarely calculated and too often ignored. Just as important, involving staff in future plans and decisions makes them feel part of the business, which is one of the most important elements in managing the business effectively.



6. Setting and achieving consistent standards

The significance of establishing clearly defined standards in every aspect of a business's operation – of production, performance and delivery – lies in the fact that they define what the business is all about. They identify its place in the market. The success of every business depends on providing those standards consistently, though standard-setting should not be confused with high quality. A business may be successful even if it deliberately operates in a lower quality market. Its success will, however, depend on how consistently it interprets the standard of product and service that it offers.

Standards are essential because they allow the business to develop a reputation for consistency so that management and staff provide exactly what the customer wants, time and time again. Achieving consistent standards brings enormous benefit in terms of business success and growth.

Setting and achieving consistent standards depends on the staff knowing – and being able to interpret correctly – exactly what the business is aiming at and what is expected of them. Best practice means that staff help to set those standards. If this can be achieved, higher levels of performance, better productivity, better service, improved morale and teamwork, lower staff turnover and better staff relations will follow.

Best practice depends on the determination of owners or managers to impose the standards they require, and on the commitment of their staff to achieve them. While the task of implementing these standards rests with the staff, the responsibility of monitoring them is a partnership between the staff and those who are running the business. Without that determination and commitment, there can be no consistent standard.

“The standards that we want to achieve are what we want to work to ourselves. Because we are there, hands-on, we are responsible for the quality. We work to the standards that we have and we try to keep them at that level. If we could improve, we would but we wouldn't go chasing high level standards just to achieve them . . . a lot of our customers wouldn't be expecting that sort of thing.”

Keith Wilson, Co-proprietor,
The Rob Roy Restaurant,
Berwick-on-Tweed.

“We send bar and waiting staff out on mystery customer visits. They'll be given some key questionnaires and visit four outlets. They'll mark questions on service, speed of service, and other areas that are important. Because they are marking it, it's quite fun for them but it also introduces them to the importance of being acknowledged when you walk into a pub.”

Mike Staniforth, Proprietor, Risley
Park, Derbyshire



“Am I achieving the growth in average spend, which drives the revenue and the covers, or am I just getting more average spend and fewer covers, which is masking a decline in volume? I can keep an eye on that because I have set the spot where I think the average spend and covers should be, so if they start to deviate a lot, I can pick that up.”

Nick Scade, Proprietor, New Mill Restaurant, Eversley, Hants.

“We have a weekly business meeting. Following that, we have a yield meeting which discusses where we can go to get extra business to meet the financial targets. Following that, we have a financial forecast meeting where we pull the results of the first two meetings together down into spreadsheets to work out how much our budget is going to be over or under. Then we forecast where we can make cost savings, as appropriate.”

Stephen Kyjak-Lane, General Manager, K-West Hotel, London.

7. Performance management and benchmarking

For some, the key driver of business performance is simple – for example, a full restaurant every night. If that is achieved, everything else falls into place. For others, it may be something more complex – a back-of-house system that tightly controls cash and revenue against budget.

For every business, however, managing its financial resources is critical. Without proper control, a business cannot pay its way without significant (and costly) bank borrowing. Being able to measure its performance provides even more valuable information about its financial control. This may be information that is impossible to obtain in any other way. This is why benchmarking is a key component of the Profit Through Productivity programme, and why the ability to measure their performance on-line is such a critical benefit for members of the Best Practice Club.

Measuring performance, both against budget and against other similar sized operations, provides instant information on management success or failure. Interpreting this information, and then acting upon it quickly, enables immediate remedial action to be taken which can have a real impact on results. The ability to tweak a business’s performance on a regular basis is a function of best practice. Management action thus taken can help steer the business to continuing success, avoiding both minor hiccups and major disasters.



The research by the University of Surrey indicates that these are the core elements of best practice in the tourism, hospitality and leisure industry. Clearly, there are others that are important - the need for constant re-investment, for leadership, for innovation, for continuous improvement, for maintaining customer relationships, for example - but, if properly adopted or adapted, these seven elements have the ability to transform an averagely performing business into a best practice business.

What will this achieve? It will bring significant benefits: a more contented and committed staff, better productivity (so effort is not wasted), improved standards of service, higher profits and better value for customers, staff and the business.

Through the Profit Through Productivity programme, and with the help of its specially trained business advisers, mentors and support systems, these benefits can be delivered to every participating business.



The Best Practice Forum is grateful for the support given to this project by American Express Establishment Services.

Key elements of best practice

The survival of many of our tourism and hospitality businesses is being threatened by growing numbers of competing destinations, many of which are investing heavily in product development and marketing

We have to match that innovation and investment

. . . Because traditional markets and customer expectations are changing fast.

We must ensure that our products and service meet new customer demands

. . . Because skill shortages have become an all-out war for talent.

We must make better use of the staff we already have

. . . Because traditional work practices are becoming too costly and too time-consuming.

We must harness new technology and encourage innovation

. . . Because that will make our businesses more efficient.

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Fit for the Future 
business learning from business

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