

CASE STUDY: Hospitality/Hotels



Stractics Group

Scenario: Underperforming hotel chain improves performance by \$4.1M through implementation of redesigned process and management routines

Organizational Context

38-unit hotel company with less than 5% brand recognition struggling to improve performance and profitability.

Critical Business Issue

- The chain had been underperforming financially because of poor image, quality and customer service
- Extremely low growth, and with the growth achieved emanating from significant price reductions with negative impacts on profitability
- Growth was slowing down

What We Found

- Customer satisfaction less than 60%
- Mis-aligned management team
- Three changes in President in less than one year
- Lack of cohesive and rigorous management system at both business and operational levels
- Labor costs not in control
- New projects largely unmanaged, loss-making, and non-strategic
- Sales-force almost completely unmanaged

What We Promised

- Substantial improvement in Operational Income
- Reduction of Direct and Indirect Labor Costs
- Significant improvement in Customer Satisfaction
- Reduction in Cost of Poor Quality

What The Client Said

"Stractics Group helped us drive metrics into the leadership team to make sure we are focused on the right things. They helped us realize that we need to challenge ourselves and work as a team. Where we previously operated mostly in survival mode, we now know how to get to our goals."

CEO

What the Client Achieved in 9 Months

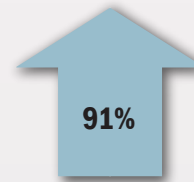
**Operating Income Improvement
\$4.1M against an investment of \$0.5M**



Improvement in
Labor Cost



Improvement in
Cost of Poor Quality



Improvement in
Customer Satisfaction



Improvement in
Operating Income

How We Worked With The Client

- Conducted a series of initial in depth organizational scans which identified more than 25% in potential performance improvements
- Established complete management alignment at all vertical layers of the organization
- Translated this alignment into meaningful goals for each employee
- Refocused organizational structure to support
- Designed and helped managers implement a comprehensive system for managing focusing on planning and staffing, workflow metrics and reporting and review processes
- Established sustainable Continuous Improvement Process focused on Barrier Identification, Root Cause Analysis and Problem and Process resolution