

# Hospitality & Entertainment

## Case Study



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# The Challenge

## Lean

*Customer value focused, systematic elimination of non-value adding process steps (i.e. “waste”) from the entire enterprise value stream.*

- Multi-site Hospitality & Entertainment Enterprise
- Top line declining and unstable due to economy
  - Even at high occupancy rates, room and gambling revenue per guest is down
- \$XXXM Cost Reduction through **Lean** process improvement required even after major top down cost out and restructuring actions taken
- Time is not our friend!



# Opportunity Areas Identified

Following an initial **Value Stream Mapping** Event, these were the areas identified for improvement potential.

## Value Stream Mapping (VSM)

*VSM Documents the Current & Desired Future State, Identifies Waste In A Value Stream and Determines the Quantified **Kaizen** Events and Projects That Will Eliminate the Waste*

### Kaizen

*Change for the better...  
continuous improvement*

- Hospitality
  - Guest Services
    - Valet
    - Bells
  - Front Desk
  - Housekeeping
  - Environmental Services
    - Maintenance and Cleaning
- Food and Beverage
  - Retail outlets
  - Buffet
  - Bars
- Entertainment
- Convention Services
  - Banquets / Conventions
- Finance and Marketing



# Approach

## Standard Work

*Design and implement processes to TAKT time (Total Daily Operating Time/Total Daily Requirements). Produce only what's needed, when it is needed, based on customer demand...the same way, every time.*

## Kaizen Events

*Typically week long, cross functional, continuous improvement events utilizing lean tools*

## TPI

*Lean methodology for Transactional Process Improvement*

## 5S/Visual Management

*A place for everything & everything in its' place! It's about achieving the Safety, Quality, Delivery, & Cost benefits of a visually managed workplace.*

- Assess Continuous Improvement to Date at Pilot Site, Agree to Plan w/Locals
- 6 Week Pilot Site Roll-Out as Proof of Concept
- Subsequent, 6 Week Regional Roll-Outs
  - (3-4) NLP Practitioners, at larger, host site
  - (15 +/-) Host site resources + 1 targeted SME candidate from other regional sites dedicated for 6 week roll-out (total 3-4)
  - Typical 6 Week Roll-Out
    - Wk 1 – VSMS (buffet, kitchen, laundry, housekeeping)
    - Wk 2 – (4-5) **Standard Work** (incl. **5S/VM**) **kaizen events**
    - Wk 3 – **TPI** (labor scheduling) + previous kaizen follow-up



## Lean Daily Management

**Daily “Gemba” Walks** - Learn to realize the power of cross functional review and buy-in for what happens on the floor every day (where the “truth” is...the “Gemba”)

**Area KPI Boards** - Capture and track information that truly reflects processing metrics, or the “Key Performance Indicators,” that are important to you and your customers, at the point-of-impact! Learn what to track, how to present the data and who provides the updates

**5S Patrols** - 5S levels and expectations should also be standardized. Learn how to institute the necessary controls ensuring accountability lies with those who control it

**Root Cause Problem Solving** – Get to true root cause(s) of problems through basic, practical problem solving techniques. Utilize lean/sigma tools to resolve and control to prevent recurrence

## TPM

**Total Productive Maintenance** - A process designed to completely eliminate unplanned downtime of equipment in the process, thus improving the predictability of safety, quality, delivery and productivity performance

## Pull Systems

Downstream processes pull from upstream processes only the amount of goods that are needed, when they are needed, typically employing a pull signal (kanban) .

# Approach (cont’d)

- Wk 4 – (5) Standard Work kaizens
- Wk 5 – **Lean Daily Management, Gemba walks, w/KPIs, Root Cause problem solving, 5S patrols**, etc...+ previous kaizen follow-up
- Wk 6 – Standard Work kaizens, **TPM** (dishwashers, slots, laundry) & **Pull Systems**
- SMEs return to home sites, w/(1) NLP Practitioner each to Roll-out there (key to continuity!)
- Additional Support Beyond Roll-Out Scheduled as needed



**NEXT LEVEL Partners®**, LLC, the leading Lean Enterprise transformation consulting firm, has been instrumental in bringing Continuous Improvement to a wide array of disciplines. This includes Hospitality and Entertainment companies such as Caesars, Six Flags, Cirque du Soleil, Norwegian Cruise Lines, Sands, Great Wolf, P.F. Chang's, and Chuck E. Cheese's.

**NEXT LEVEL Partners** helps Hospitality and Entertainment clients execute their cost and customer service goals through the execution of Lean Transformations....

#### Summary of Typical 6 week Lean Rollout @ Host Site

- Savings of \$4.5M - \$5.9M (annually)
- 18 – 22 Practitioner Wks (~ \$300k investment) ~ 15 : 1 return

#### UPDATE

Total Engagement Results:  
\$117M associated savings  
\$7.1M investment  
(> 16 : 1 return)

## Typical Results – Host Site

### ● Hospitality / Environmental Services

- Labor ~ 18% to 23% reduction in staffing
- Inventory ~ \$15k – \$40k reduction in inventory

### ● Gaming

- Revenue Capture First event (1 pit) net increase of \$266k annually / game open-close process from ~ 28 minutes to < 3 minutes

### ● Food and Beverage

- Labor ~ 20% to 28% reduction in staffing
- Inventory ~ \$405k reduction in warehouse inventory

### ● Convention Services

- Labor ~ 20% to 24% reduction including use of steady extras (non-fulltime employees)



# Tools

**Hospitality & Entertainment engagements would not be limited to these Lean tools...these are simply the ones most widely employed at this case study.**

- VSM
- Standard Work has been the most widely used lean tool
  - Standard Work with TPI twist due to processes being service related vs. product
- TPM in Food and Beverage for dishwasher and kitchen equipment
- Lean Daily Management w/KPIs
- TPI in Banquets and Finance





# Challenges / Successes

- Successes

- Major opportunities in housekeeping and environmental services due to lack of standard processes
- Major opportunities in Food and Beverage due to large amounts of inventory and lack of standard processes
- Employee engagement for the most part very positive/receptive
- SME Development enthusiastically well received & leveraged

- Challenges

- Change in “past practice” from a union perspective
- Balancing customer expectations with “perception” of customer expectations

It appears past practice has been to throw people at process to resolve (mask) issues rather than solve root cause



# SME Certification Process

- > 30 SME's certified to date in Standard Work, TPM and/or TPI across the enterprise
- SME's are leading kaizen events without an NLP resource
- Key(s) to success:
  - Development of a robust SME process
  - Placing "hi-potentials" in lean positions and then rotate back into leadership roles
  - One-on-one coaching & mentoring
  - Changing the culture and allowing lean to lead



# Critical Success Factors

- Get Help
- Leaders' understanding that a Lean culture drives:
  - Continuous waste elimination
  - Greater customer focus/satisfaction
  - Productivity and Cash Flow improvements
  - Development of internal talent
- Communication with ALL employees
  - Need critical mindshare mass
  - Management embracing & leading new lean culture (most successful sites = top leader involvement)
- Clear Performance Objectives & Metrics
  - What gets measured...gets done!
  - Lean Daily Management
- Developing Lean/CI infrastructure to self sustain improvement
  - Dedicated VP/Director of OpEx (Lean/CI) reporting to COO or CEO
  - Dedicated regional &/or local leaders, depending on size & number of sites
  - "Dual-hatted" SMEs that can train & lead events
  - Commitment to kaizen culture & regimen (regular, monthly events scheduled)



# Hospitality/Entertainment/F & B

## OVERVIEW

Vertical/Industry	Functional Process Improvement Expertise	What We Normally Find &/ or Key Success Factors	Typical Results/Metrics	
Hotel Operations	<ul style="list-style-type: none"> <li>• Valet</li> <li>• Housekeeping</li> <li>• Staffing &amp; Scheduling</li> <li>• Engineering</li> <li>• Laundry</li> <li>• Front Desk</li> <li>• Marketing</li> <li>• Reservations</li> <li>• Finance</li> <li>• IT</li> <li>• HR</li> </ul>	<ul style="list-style-type: none"> <li>• Lot of waste walking back to forth to get supplies</li> <li>• Searching for items</li> <li>• Lack of right supplies</li> <li>• Lack of prioritization</li> <li>• Working batch operations</li> <li>• No system to measure efficiency</li> <li>• Different methods for the same job</li> <li>• No method to identify gaps and driving to root cause solutions</li> <li>• Lack of SOP's</li> <li>• Not engaging employees</li> </ul>	<ul style="list-style-type: none"> <li>❑ <b>30%</b> Reduction in Cleaning Room Cycle Time</li> <li>❑ <b>45%</b> Reduction in Inventory</li> <li>❑ <b>15%</b> Reduction in Wait Times</li> <li>❑ <b>20%</b> Improvement on Service Scores</li> <li>❑ <b>50%</b> Improvement on Rooms ready at Check-in</li> </ul>	<p><b><u>Major Hotel Resort Revenue of \$407M</u></b></p> <ul style="list-style-type: none"> <li>• <b>7,000 employees</b></li> <li>• <b>\$680,000 Investment</b></li> <li>• <b>18 Month Engagement</b></li> <li>• <b>\$10.5M Savings over 3 Years</b></li> <li>• <b>5% Increase in Service Scores</b></li> </ul>



# Hospitality/Entertainment/F&B OVERVIEW

Vertical/Industry	Functional Process Improvement Expertise	What We Normally Find &/or Key Success Factors	Typical Results/Metrics	
Restaurants / Catering	<ul style="list-style-type: none"> <li>• FOH/BOH</li> <li>• Staffing/ Scheduling</li> <li>• Prep</li> <li>• Theoretical Food Cost</li> <li>• Ingredients Strategy</li> <li>• Floor Plan Design</li> <li>• Cashiers</li> <li>• Marketing</li> <li>• HR</li> </ul>	<ul style="list-style-type: none"> <li>• Lot of waste walking back to forth to get supplies</li> <li>• Searching for items</li> <li>• Lack of right supplies</li> <li>• Lack of prioritization</li> <li>• Working batch operations</li> <li>• No system to measure efficiency</li> <li>• Different methods for the same job</li> <li>• No method to identify gaps and driving to root cause solutions</li> <li>• Lack of SOP's</li> <li>• Not engaging employees</li> <li>• Working in Silos</li> </ul>	<ul style="list-style-type: none"> <li>❑ <b>30%</b> Reduction in Table Turn Times</li> <li>❑ <b>20 - 30%</b> Improvement in Productivity</li> <li>❑ <b>25%</b> Reduction in Wait Times</li> <li>❑ <b>10%</b> Improvement on Service Scores</li> <li>❑ <b>30%</b> Improvement in Theoretical Food Cost</li> <li>❑ <b>20%</b> Reduction in Food Cost</li> </ul>	<p><b><u>Large Food Restaurant with \$318M revenue</u></b></p> <ul style="list-style-type: none"> <li>• <b>1000 employees</b></li> <li>• <b>15 Month engagement</b></li> <li>• <b>12% annual improvement in Sales/ hour</b></li> </ul> <p><b><u>Small Fast Food Restaurant with \$17M revenue</u></b></p> <ul style="list-style-type: none"> <li>• <b>20 employees</b></li> <li>• <b>\$70K investment</b></li> <li>• <b>\$500K in annual expense reductions and Revenue Generation</b></li> <li>• <b>6 week engagement</b></li> <li>• <b>6 month timeframe</b></li> </ul>



# Hospitality/Entertainment/F&B OVERVIEW

Vertical/Industry	Functional Process Improvement Expertise	What We Normally Find &/or Key Success Factors	Typical Results/Metrics	
Gaming	<ul style="list-style-type: none"> <li>• Slots</li> <li>• Table Games</li> <li>• Beverage Servers</li> <li>• Staffing &amp; Scheduling</li> <li>• Finance &amp; Legal</li> <li>• Security</li> <li>• EVS</li> <li>• Marketing</li> <li>• Shows</li> <li>• Rewards Programs</li> <li>• IT</li> <li>• HR</li> </ul>	<ul style="list-style-type: none"> <li>• Lot of waste walking back to forth to get supplies</li> <li>• Searching for items</li> <li>• Lack of right supplies</li> <li>• Lack of prioritization</li> <li>• Working batch operations</li> <li>• No system to measure efficiency</li> <li>• Different methods for the same job</li> <li>• No method to identify gaps and driving to root cause solutions</li> <li>• Lack of SOP's</li> <li>• Not engaging employees</li> <li>• Working in Silos</li> </ul>	<ul style="list-style-type: none"> <li>❑ <b>20%</b> Productivity gains</li> <li>❑ <b>50%</b> Improvement in open/ close tables</li> <li>❑ <b>20 %</b> Improvement of Service Scores</li> <li>❑ <b>30%</b> Reduction in inventory</li> </ul>	<p><b><u>Major Casino Resort Revenue of \$437</u></b></p> <ul style="list-style-type: none"> <li>• <b>1440 employees</b></li> <li>• <b>\$520,000 Investment</b></li> <li>• <b>\$7.2M associated saving in 3 years</b></li> <li>• <b>11 week engagement</b></li> <li>• <b>9 months timeframe</b></li> </ul>

