BUSINESS DIAGNOSTIC INDICATOR FOR HOTELS

Diagnostic tools available for hotels have tended to focus upon individual aspects of business operations, or on a limited number of dimensions, and a holistic, analytical tool has not featured to date. Although this approach has proved successful, today's hyper-competitive business environment means that operators are now in need of solutions and supports which have a more business-wide focus; addressing single aspects of business performance alone is unlikely to respond adequately to the problems facing most enterprises.

Consequently, the time is now appropriate to develop a results focused and comprehensive business diagnostic, which will cover all important elements of hotel operations and provide a credible and effective tool to identify priority support areas within the business.

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Business Diagnostic Indicator

Introduction to the Business Diagnostic Indicator

Irish hotels continue to face significant challenges, both in achieving profitability in the current operating environment, and also in seeking to position themselves to respond to growth opportunities which will likely materialise as the projected recovery gains momentum in the years ahead. This has implications not only for the individual enterprises concerned, but also for the industry overall and providing targeted support for hotels will be a core feature in enhancing recovery prospects.

The Industry Services Division in Fáilte Ireland is charged with helping to raise sector and business competitiveness through the implementation of innovative solutions to defined challenges, and by encouraging hotel operators to implement proven excellence models and frameworks. A critical element in delivering on this remit will be to ensure that individual operator needs are accurately defined and appropriate responses provided.

This document provides the rationale for, and outline of, a comprehensive business diagnostic, which will be used by Client Services Team through the Key Account initiative and group and enterprise interventions. It does not have to be completed all at once, but can be completed as and when the various sections are deemed to be particularly appropriate to the business. A business may also choose to use this document for its own self-assessment, separate to any involvement with Fáilte Ireland.

Rationale for the Business Diagnostic Indicator

The provision of supports to individual businesses will be an important element in helping the industry overall to prepare for growth; but there are many challenges presented in delivering on this, not least of which is the volume and diversity of hotels involved. However, despite the challenges, for supports to make any real, and lasting, impact they must respond to clearly defined needs which naturally vary from business to business. Diagnostic tools available for hotels have tended to focus upon individual aspects of business operations, or on a limited number of dimensions, and a holistic analytical tool has not featured to date. Although this approach has proved successful, today's hyper-competitive business environment means that operators are now in need of solutions and supports which have a more business-wide focus; addressing single aspects of business performance alone is unlikely to respond adequately to the problems facing most enterprises.

Consequently, the time is now appropriate to develop a results focused and comprehensive business diagnostic, which will cover all important elements of hotel operations and provide a credible and effective tool to identify priority support areas within the business.

Objectives of the Business Diagnostic Indicator

It will:

- Pinpoint individual support needs for 3*, 4* and 5* hotels of different types, sizes and locations
- Be user-friendly and accessible yet credible in terms of its rigor and effectiveness
- Be holistic in nature, covering all key business dimensions, without being overly complex or cumbersome for users
- Provide a benchmark on a range of measures against which hotels can measure their performance
- Help provide a valuable needs analysis and an accurate assessment of a hotel's business support needs
- Be a support and guide for a management team as they self–assess their business performance at a particular point in time

This document is part of a suite of supports for businesses and is linked to and its completion and subsequent use is supported by a range of business tools that can be accessed on <u>our website</u>.

The remainder of this document outlines the key sections and questions in the Diagnostic Indicator.

Structure of the Business Diagnostic Indicator

The Diagnostic has four sections:

Section 1 – General Information
**Section 2** – Business Results
Section 3 – Performance Drivers
Section 4 – Diagnostic Summary and Priority Actions

In particular, there are strong linkages between sections 2 and 3, whereby in Section 2 a snapshot of a hotel's results is provided and Section 3 then focuses on exploring how effective the key drivers of those results within the business are currently managed and where support might be needed. **Elements of Section 2 can also be benchmarked against the Crowe Horwath annual Hotel Survey Results**.

Application of the Business Diagnostic Indicator

Clearly, the Diagnostic will form part of a wider support process and it is important to highlight how the overall process will operate and the role of the Diagnostic within it. Broadly, support for enterprises will comprise three distinct phases:

3. Impact   1. Analysis
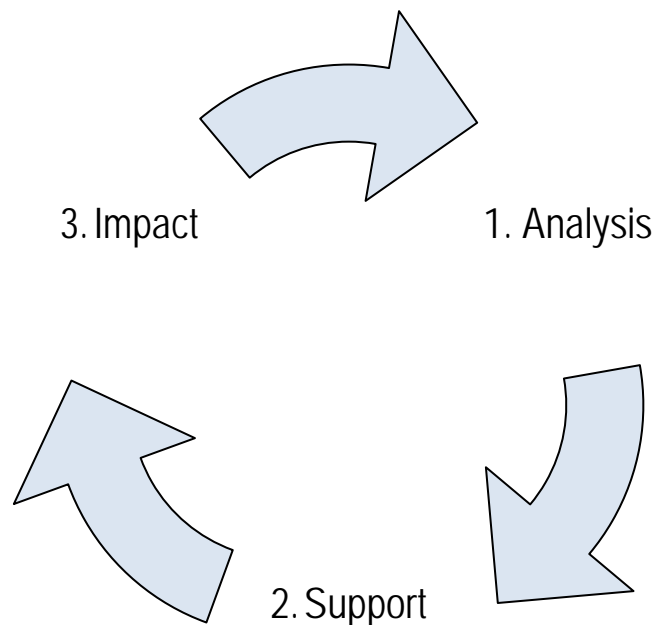
2. Support

Analysis

The Diagnostic will serve as the primary tool to help Fáilte Ireland and tourism operators to identify support needs within their tourism enterprises. It will form the basis at all times for discussions with operators at initial and subsequent meetings. At the outset, operators – either prior to meeting a key account manager or in conjunction with them - will complete the Diagnostic which in turn will help to identify a range of support needs. Through discussion and analysis of those needs, priorities will be agreed.

Support

In conjunction with the operator, the key account manager will help them to identify the next steps forward in terms of addressing the identified priorities and this will be formulated into a concrete action plan. The precise supports offered will naturally depend upon the needs identified but will include, individually or collectively, a suite of services such as:

- Mentoring
- Online Support Tools
- Training
- Seminars/Networking

Impact

After a given period of time, the operator can re-complete the Diagnostic to gauge progress against the initial assessment.

Guidelines for Completion

Focus on Hotels

- The Business Diagnostic Indicator has been developed for hoteliers, therefore the focus in the Introduction and the Business Results sections clearly is on these businesses. The Diagnostic will be adapted in time to so that it will be applicable to any tourism business.

Trends and Benchmarking

- As the name suggests, the Business Results section (Section 2) asks for '**hard' data – mostly in percentage terms if preferred** – relating primarily to finance and customers. This will give a snapshot of the business at a particular point in time and the basis for identification of trends and comparisons over time.

- Section 2 also asks for the **business's assessment of its fit in relation to external benchmarks** (that is, whether the business is *below*, *in line with* or *above* accepted industry averages in the past year), and elements of Section 2 can be benchmarked against the Crowe Horwath annual Hotel Survey Results. Some businesses may not be aware of how they compare in this regard, i.e., they may not have the information requested. The business may have some work to do in these areas in advance of completing the remainder of the Diagnostic, and/or this may indicate an area of need to be noted and prioritised in the action plan, as and where appropriate. This will also form the basis for measurement of progress over time.

Business Terms and Definitions

- Definitions of some of the commonly used terms are provided to ensure consistency in understanding, measurement and reporting:

  - **Size of business** (micro, small, medium and large)

Size of Business	No. of Employees (Full-Time Equivalent)
Large	> 249
medium	50 - 249
small	10 - 49
micro	< 10

  - **Full-time employee** – 30 hours or more per week

  - **Part-time employee** – Up to 29 hours per week

  - **Occupancy Rate –** Total occupied rooms divided by total available rooms

- **Average Daily Rate per Room (ADR) –** Total accommodation revenue divided by the total number of rooms occupied

- **Revenue Per Available Room (RevPAR) -** Total accommodation sales divided by the total number of rooms available for sale

- **Utility Costs -** Typically include electricity, fuel (oil, gas and coal), water and waste removal

- **Administrative and General Costs –** These are the expenses that an organisation incurs not directly tied to a specific function such as sales/manufacturing or production; they are related to the organisation as a whole as opposed to an individual department, and exclude payroll costs

- **Marketing and Franchise fees -** Marketing costs include related expenses for sales and marketing staff, direct sales expenses, advertising and promotions, travel expenses for sales staff and civic and community projects, and franchise fees relate to the fees that the franchisee pays to the franchisor; both costs exclude payroll

- **Property Operations and Maintenance Costs –** These include cost of maintenance supplies, cost of repairs and maintenance of the building, furniture, equipment and the grounds, and exclude payroll costs

- **Gross Operating Profit -** Total revenue less all departmental and undistributed operating expenses

- **Net Profit–** Net profit after all costs excluding tax, finance costs, rent and capital expenditure

- **Gross Margin -** Revenue less costs of sales (excluding payroll)

The 5 Ps – Promotions, Performance, Profitability, People and Processes

- Section 3 – Performance Drivers – contains 10 key questions under each of the five headings (and two 'sub-questions' under each question). The answer to each question is 'yes' or no', but clearly the purpose of the questions is to prompt a discussion on the relevant area. Businesses are also asked to indicate whether they are underperforming or not active, performing well, or excelling in relation to the area referred to in each key question; this gives a simple red, amber or green summary representation of where the business stands in relation to each. **Ultimately the purpose of the discussion is to determine whether a particular area is an area of excellence or an area of deficiency and needing attention.**

Business Diagnostic Indicator

Section 1 – General Information

Business Name: _____

Main Business Activity: _____

Your Name: _____

Telephone No: _____ Email: _____

How would you describe your business? *(please tick appropriate box)*

small, independently owned and operated	
medium size, independently owned and operated	
large, independently owned and operated	
medium size, part of a chain or network	
large business, part of a chain or network	

With reference to Fáilte Ireland approval, please indicate the classification/grade of your business, if appropriate:

Ungraded	
Approved	
1*	
2*	
3*	
4*	
5*	

Please indicate how long your business has been in operation: *(please tick appropriate box)*

< 2 years	
2-5 years	
6-10 years	
11-15 years	
16-20 years	
20+ years	

Please indicate how many employees are currently employed in the business:

Current number of employees	Full-Time 30 hours or more per week	Part-Time Up to 29 hours per week
0-5		
6-10		
11-15		
16-20		
21-25		
26-30		
31-35		
36-40		
41-45		
46-50		
50+		
Total		

Section 2 - Business Results

This section is intended to provide a snapshot of your performance across important business dimensions. The information you provide here is primarily based on percentages and not actual figures and will of course be treated in the strictest confidence. There are some important points to note in relation to providing data on your results:

Business Performance Snapshot – If you do not use a particular metric requested in this section please feel free to ignore that particular area. However, the more comprehensive the information you gather, the better your specific business requirements can be assessed.

Benchmarking your Results – for some measures only, you are requested to indicate how you perform against external benchmarks where appropriate. External benchmarking, where you compare your results to peers or national averages, is useful in helping to put your performance into context. The benchmarking column looks as follows:

Benchmarking Results		
In the past year how did your key results compare to accepted industry averages?		
Below Industry Averages 🔴	**In line with Industry Averages** 🟡	**Above Industry Averages** 🟢
Please tick appropriate box below for each key result area		

Some of your performance measures can be benchmarked against the Crowe Horwath annual Hotel Survey Results. To aid you in this, a separate Hotel Survey Results report sheet is available showing results for the current year. This include a wide range of results which are categorised according to **Region** (Dublin and Rest of Ireland), **Hotel Classification** (3, 4 and 5 star), and **Size** (1-49 rooms, 50-99 rooms, and 100+ rooms).

A number of additional performance indicators for which relevant industry benchmarks are not readily available (e.g., relating to human resources and quality management), are also important to tourism businesses, and some of these are referred to in Section 2. While you will not be able to compare your results in these areas with the Crowe Horwath Survey Results, they do help to provide a more comprehensive picture of your business and therefore help you with your business diagnosis and needs identification processes.

Business Results Questionnaire

Business Performance Snapshot	Benchmark your results		

1. Please enter your results data in the sections below

2. Then, if appropriate, please tick the relevant box in the 'Benchmarking' column to the right

Below Industry Averages	In line with Industry Averages	Above Industry Averages
🔴	🟡	🟢

a) Accommodation	Current Year	Please √ relevant box below		
		🔴	🟡	🟢
Occupancy Rate %				
Average Daily Rate Per Room €				
RevPAR €				
Number of Guests Per Room (average)				
Room Cost %				
Percentage of Repeat Business				
Average Length of Stay (days)				

b) Overall Revenue Breakdown %	Current Year	Please √ relevant box below		
		🔴	🟡	🟢
Rooms %				
Food %				
Beverage %				
Other %				

c) Expenses Data %	Current Year	Please √ relevant box below		
		🔴	🟡	🟢
Payroll %				
Utility Costs %				
Administrative and General (excl. payroll costs) %				
Marketing and Franchise Fees (excl. payroll costs) %				
Property and Ops. Maintenance (excl. payroll costs) %				

Business Performance Snapshot	Benchmark your results		

	Below Industry Averages 🔴	In line with Industry Averages 🟡	Above Industry Averages 🟢

4. Please enter your results data in the sections below

5. Then, if appropriate, please tick the relevant box in the 'Benchmarking' column to the right

d) Departmental Profit %	Current Year	Please √ relevant box below		
		🟥	🟧	🟩
Rooms %				
Food and Beverage %				
Other Departmental Profit %				

e) Net Profit %	Current Year	Please √ relevant box below		
		🟥	🟧	🟩
Net Profit %				

f) Gross Margin %	Current Year	Please √ relevant box below		
		🟥	🟧	🟩
Food %				
Beverage %				

g) Country of Origin %	Current Year	Please √ relevant box below		
		🟥	🟧	🟩
Republic of Ireland %				
Northern Ireland %				
Great Britain (i.e., United Kingdom excl. NI) %				
Other Europe %				
Canada and USA %				
Other %				

Business Performance Snapshot	11	Benchmark your results

7. Please enter your results data in the sections below

8. Then, if appropriate, please tick the relevant box in the 'Benchmarking' column to the right

Below Industry Averages	In line with Industry Averages	Above Industry Averages
🔴	🟡	🟢

h) Channel of Business %	Current Year	Please √ relevant box below		
		🔴	🟡	🟢
Direct Enquiry %				
Travel Agent %				
Tour Operator/Conference and Incentive Agent %				
Hotel Representative %				
Global Distribution System %				
Internet %				

i) Market Segment %	Current Year	Please √ relevant box below		
		🔴	🟡	🟢
Corporate %				
Domestic Tourists %				
Foreign Tourists %				
Tour Groups %				
Meeting Participants %				
Other %				

Business Performance Snapshot

While you may not be able to compare your results in the areas below with external industry benchmarks, performance measures in these areas do help to provide a more comprehensive picture of your business, so please do enter your data in the relevant sections to help you with your business diagnosis and needs identification processes

Place figures in the box that reflects the period to which your data refers

j) Performance Ratios — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Current Ratio				
Average Debtor Days				
Average Creditor Days				

k) Human Resources — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Employee Turnover %				
Absenteeism Rate %				
Training Days Per Employee				
Employee Satisfaction %				

l) Quality Management — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Customer Satisfaction %				
Overall Score in External Quality Audit				
Total Cost of Complaints €				

Business Performance Snapshot

Please enter your results data in the sections below

Place figures in the box that reflects the period to which your data refers

m) Environmental Performance — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Recycling Rate Total recycled (by weight) divided by total discarded (by weight) + recycled (by weight)				
Energy Costs %				
Water Costs %				
Waste Disposal Costs %				

n) Health and Safety — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Overall Score in External Safety Audit				
Overall Score in Environmental Health Audit				
Number of Recorded Accidents				

o) Innovation — Current Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of New Ideas Generated				
Number of New Projects Implemented				
Increased Revenue Due to Improvements €				
Reduced Costs Due to Improvements €				

Business Performance Snapshot

Please enter any other performance measures and results that are relevant to your business in the sections below

Place figures in the box that reflects the period to which your data refers

p) Performance Measure	Current Year			

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
……………………………………				
……………………………………				
……………………………………				

q) Performance Measure	Current Year			

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
……………………………………				
……………………………………				
……………………………………				

r) Performance Measure	Current Year			

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
……………………………………				
……………………………………				
……………………………………				

Section 3 – Performance Drivers

This section of the Diagnostic is focused on the critical business dimensions which drive the results in your business. The Diagnostic seeks to analyse current performance across five critical dimensions:

3.1 Promotions

How well do you currently implement your sales and marketing strategy and your customer relations management strategy?

3.2 Performance

How effective are your business planning efforts and how efficiently do you manage your key operational departments?

3.3 Profitability

How effective is your financial management system and how well do you monitor activity and results across all elements of the business?

3.4 People

How effectively do you manage, deploy and measure the impact of your human resources?

3.5 Processes

How well do you manage key supporting processes in your business?

Within each of these five areas, key questions are posed which seek to assess the overall effectiveness of that area in your business. For each key question, two sub-questions are provided to help you answer the key question. A simple three-point scale is used for 'scoring' the response to each key question, as follows:

We underperform or are not active in this area	We perform well in this area	We excel in this area
🔴	🟠	🟢

This gives a simple summary representation of where your business stands in relation to each area. **Ultimately the aim is to determine whether a particular area is an area of excellence or an area of deficiency and needing attention.**

Additional criteria or questions may also be posed by your team which can be considered and 'scored' in the same way.

3.1 Promotions Checklist

Sales and Marketing			
Sales and marketing is a critical driver of top-line growth and requires a structured, integrated and professional approach	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢

Criteria	Rating (Please tick as appropriate)		
Marketing Research			
1. Do you have the range and quality of information you need to guide the marketing decisions you take?	☐	☐	☐
• Are you clear on what information you need to professionally plan your marketing effort and do you use a wide range of internal and external sources to analyse the marketplace you operate in? • Do you analyse your competitors in a structured way by comparing how they perform in comparison to you under specific headings such as Pricing, Customer Service, Quality Standards, and so on?			
Marketing Mix			
2. When you prepare your marketing plan, do you consider the four P's — Price, Product, Place and Promotion?	☐	☐	☐
• Do you consider each of the Ps in detail as you plan your marketing effort to ensure, for example, that your pricing strategy is appropriate for the product you offer and vice-versa? • Do you know which promotional channels work best for each of your main customer segments?			
Marketing Planning			
3. Do you have a structured approach for planning your marketing efforts on an annual, quarterly and monthly basis?	☐	☐	☐
• Have you clearly defined the roles and responsibilities for marketing planning and do the people involved have the relevant skills and experience to plan your marketing effectively? • Do you allocate an appropriate marketing budget to implement your plan and to ensure the appropriate resources are available to achieve the goals you set for your marketing efforts?			
Marketing Promotions			
4. Are you using the appropriate promotions to deliver the results you want?	☐	☐	☐
• Do you use a suitable range of promotional channels such as print advertising, direct mail, sponsorship, etc., as well as the effective use of social media, or are you over-reliant on a few promotional channels? • Do you have a specific employee(s) who focuses on generating and following up on sales leads for your business? Are they delivering what you want?			
Marketing Effectiveness			
5. Do you know whether your efforts and spending on marketing are delivering the appropriate returns for your business?	☐	☐	☐
• Do you monitor the impact and reach of your individual marketing promotions and activities so that you can better target marketing spend in future for maximum impact? • Do you monitor the impact of your marketing promotions in terms of volume of business delivered by different channels of business (e.g., Direct Enquiry, Travel Agent, Internet, etc., as identified on page 12)?			

Promotions cont'd

Customer Relationship Management			
Customer Relationship Management plays a vital role in building customer loyalty, generating repeat visits and spreading positive word of mouth and as such should be seen as part of the overall promotions effort	We underperform or are not active in this area 🔴	We perform well in this area 🟡	We excel in this area 🟢
Criteria	**Rating (Please tick as appropriate)**		
Identifying Customer Needs			
6. How well do you currently know your customer needs?	☐	☐	☐

- Have you defined key customer segments and do you take practical steps to learn what the specific needs in each segment are?
- For example, do you use mechanisms such as focus groups or other such approaches to identify their needs?

Managing Quality			
7. Do you have a quality assurance system in operation within your business?	☐	☐	☐

- Is the system you use comprehensive and structured and does it address issues such as handling complaints, delivering consistency in products and services, making improvements and measuring feedback?
- Do all managers and employees in your business have clear roles and responsibilities within your quality system?

Standards of Performance			
8. Do you have defined standards for all important customer-facing activities and tasks?	☐	☐	☐

- Have you defined the key service 'moments of truth' across your business? Have you identified all your obligations in terms of hygiene, health and safety and do you fully understand all relevant legislation affecting the business?
- For all above areas, have you then developed appropriate standards of performance which have been communicated, implemented and are continuously reviewed? Do you have a system for internal and external auditing of your standards of performance?

Customer Service Training			
9. Are you doing enough customer service training to give your business a real competitive advantage?	☐	☐	☐

- Do you provide business-wide customer service training during induction, and does this training include a complaint handling procedure component?
- Is there continuous on-the-job training provided to reinforce customer service principles and operational standards on a daily basis? Are your employees passionate about delivering excellent service?

Customer Feedback			
10. Do you know when your customers are satisfied or dissatisfied with what you offer?	☐	☐	☐

- Do you use a range of measures such as Surveys, Call-backs and Comment Cards, etc., to monitor customer feedback across all your segments? Do you target an appropriate percentage of customers in each segment to hear their feedback?
- Do you and your management team at all levels regularly review customer feedback and then identify ways to continuously improve the service experience as a result?

3.2 Performance Checklist

Business Planning			
Without comprehensive and effective planning, a business cannot maximise the use of available resources and lack of direction leads to greater inefficiencies and wasted effort	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢
Criteria	**Rating (Please tick as appropriate)**		
Guiding Principles			
11. Have you developed Vision, Mission and Value statements to guide your business planning and development?	☐	☐	☐
• Do these statements clearly demonstrate what your business is seeking to achieve in the medium/long term and are they widely communicated to all stakeholders? • Did you hold consultations with key stakeholders when developing the statements and were their views/needs integrated into the final versions agreed?			
Strategic Framework			
12. Have you developed clear and measurable strategic goals for the business which guide all development activities?	☐	☐	☐
• Have the strategic goals been derived from the vision and mission and do they include measures relating to all relevant stakeholders (owners/investors, employees, customers, local community, etc.)? • Are these goals widely communicated to relevant stakeholders and investors?			
Business Plan			
13. Have you prepared a business plan which focuses on the medium-term future?	☐	☐	☐
• Does the strategic plan broadly define how each of the agreed strategic goals will be achieved? • Did you undertake detailed analysis of the business environment to guide decisions around the preparation of the plan?			
Operations Plan			
14. Do you prepare an annual operations plan for the business to guide current year activities?	☐	☐	☐
• Does the annual plan, relevant to the size/nature of your business, include integrated proposals in all key functional areas such as marketing, finance, human resources, and operations? • Do you undertake a detailed review of past-year performance and the projected business environment in the year ahead to guide your decisions when preparing the annual plan?			
Measures and Impact			
15. Do you regularly review the effectiveness of your strategic and business planning processes?	☐	☐	☐
• Do you, for example, review your planning effectiveness at quarterly and annual intervals to see how effective you are at making projections? • Does this review of effectiveness lead to changes and improvements in the planning process itself, as required?			

Performance Cont'd

Operational Management

Managing the key operational departments as efficiently as possibly plays a vital role not only in delivering a memorable experience but in reducing costs and waste	We underperform or are not active in this area 🔴	We perform well in this area 🟡	We excel in this area 🟢

Criteria	Rating (Please tick as appropriate)		
Roles and Responsibilities			
16. Are roles and responsibilities for all key operational processes in your business clearly defined and agreed?	☐	☐	☐

- Have you allocated individual responsibility for key operational processes and have you communicated your expectations clearly to each individual manager concerned?

- Do the individuals who are charged with managing these key operational areas have the required skills and experience to deliver on your expectations?

Criteria			
Front Office Operations			
17. Are Front Office Operations consistently managed to a high standard and leading to maximum performance?	☐	☐	☐

- Are Reservations processes as efficient and effective as possible, whilst at the same time creating a positive impression for guests? Are all reception procedures consistently delivered according to agreed policies and standards and do they create a memorable experience for customers, which can be validated by on-going positive feedback?
- Have you defined systems and measures in place which help you to gauge and improve the productivity levels in this area?

Criteria			
Food and Beverage Operations			
18. Are Food and Beverage operations consistently managed to a high standard and leading to maximum performance?	☐	☐	☐

- Are all food and beverage services consistently delivered according to agreed policies and standards and do they create a memorable experience for customers that can be validated by on-going positive feedback? Do these areas continually achieve all cost, revenue and profitability targets?
- Have you defined systems and measures in place which help you to gauge and improve the productivity levels in this area?

Criteria			
Accommodation Operations			
19. Are Accommodation Operations consistently managed to a high standard and leading to maximum performance?	☐	☐	☐

- Are all accommodation services consistently provided according to agreed policies and standards and do they create a memorable experience for customers which can be validated by on-going positive feedback? Do these areas continually achieve cost, revenue and profitability targets?
- Have you defined systems and measures in place which help you to gauge and improve the productivity levels in this area?

| Criteria			
Health, Spa and Leisure Operations			
20. Are Health, Spa and Leisure Operations consistently managed to a high standard and leading to maximum performance?	☐	☐	☐

- Are all services in these areas consistently provided according to agreed policies and standards and do they create a memorable experience for customers which can be validated by on-going positive feedback? Do these areas continually achieve cost, revenue and profitability targets?
- Have you defined systems and measures in place which help you to gauge and improve the productivity levels in these areas?

3.3 Profitability Checklist

Financial Management			
The effectiveness of your financial management system plays an important role in ensuring that profitability targets are achieved	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢
Criteria	**Rating (Please tick as appropriate)**		
Investing and Financing			
21. Have you defined your capital and operating financing requirements and are adequate sources of funding in place?	☐	☐	☐
• Have you developed a capital budget and are any proposed developments adequately funded at a sustainable level? • Do you continuously identify your working capital requirements and do you make appropriate provisions to support effective cash flow management in the business?			
Financial System			
22. Do you have an appropriate financial system fully implemented within your business?	☐	☐	☐
• Is there a comprehensive record, book-keeping and reporting system – appropriate to the size and type of your business - in place to keep track of all transactions and activities? • Do you prepare a full annual financial plan, incorporating but not limited to a budgeted profit and loss, cash flow and other budgets/projections as appropriate?			
Financial Controls			
23. Are all necessary control systems in place which ensure that revenues, costs and stocks are appropriately controlled?	☐	☐	☐
• Have you clearly defined the various roles and responsibilities for financial control and are the appropriate systems and procedures agreed and implemented? • Are the agreed control measures fully implemented and do you and your management team continually review outcomes and implement corrective actions where required?			
Financial Reporting			
24. Have the financial reporting requirements for your business been defined and implemented?	☐	☐	☐
• Are daily, weekly and monthly financial reports produced which support timely management decision-making? • Are annual financial reports prepared, in line with tax/legal obligations and best practice guidelines?			
Financial Management Effectiveness			
25. Do you continuously review your financial system for effectiveness?	☐	☐	☐
• Do you and your management team regularly review the continued appropriateness of your financial system to ensure it continues to meet the needs of the business? • Do you provide the required resources to ensure that your financial systems continue to meet the requirements of your business?			

Profitability cont'd

Results Management			
Successful businesses are those which have a 'dashboard' of measures which are used to constantly track progress and results that are used to guide future improvements	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟠	**We excel in this area** 🟢
Criteria	**Rating (Please tick as appropriate)**		
Definition of Measures			
26. Have you defined Key Performance Measures for your business?	☐	☐	☐
• As part of the strategic planning process, have you identified key performance measures (financial and non-financial) – relevant to your strategic goals – and are medium term targets established for each? • As part of the annual planning process, do you set short-term targets for each of the agreed key performance measures?			
Data Systems			
27. Do you have the appropriate systems in place to provide the performance data you require?	☐	☐	☐
• Are appropriate financial management and information systems in place to provide the data necessary to monitor performance against the financial targets? • Are systems agreed and implemented which support the gathering of data relevant to the non-financial key performance measures? For example, employee satisfaction and customer satisfaction?			
Communication of Results			
28. Is performance data collated and communicated at defined intervals as required?	☐	☐	☐
• Have you agreed a reporting schedule, and circulation list, for the range of financial and non-financial performance data and are those timeframes consistently adhered to? • Have your managers at all levels received the guidance and training necessary to assist them in analysing and acting upon the data they receive?			
Monitoring and Control			
29. Do you review performance in a structured way on a continuous basis?	☐	☐	☐
• Do you and your management team review the performance data and take appropriate corrective action where actual performance does not meet expected outcomes? • Does appropriate follow-up actually happen to ensure that agreed improvement actions are fully implemented?			
Benchmarking			
30. Are your Key Performance Measures externally benchmarked?	☐	☐	☐
• Are the results achieved against the Key Measures benchmarked externally to provide data on how your business is performing against peers and best practice companies? • Does this benchmarking process lead to the identification and application of areas for improvement in your business?			

3.4 People Checklist

Management Effectiveness			
There is a very strong link between management team effectiveness and business achievements	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢

Criteria	Rating (Please tick as appropriate)		
Management Philosophy			
31. Have you clearly defined and communicated your expectations of managers at all levels in the business?	☐	☐	☐
• Have key management competences, appropriate to the size and nature of your business, been identified? • Upon joining the business, do all managers receive a comprehensive induction and are the expectations of them in terms of performance clearly communicated?			
Management Development			
32. Are management development needs assessed annually and addressed in a structured manner?	☐	☐	☐
• Does your business planning process include a credible approach to the identification of management development needs for the year ahead, in line with the competences you have identified as being vital for success? • Are appropriate resources allocated on an annual basis to address the identified management development needs?			
Management Visibility			
33. Is there a strong management presence within the business at all times?	☐	☐	☐
• Is the supervision of employee activities continuous and on-going and do all your managers monitor employee performance to the same degree and against the same performance criteria? • Are your 'duty managers', or equivalent, continuously accessible for customers during operating hours and is there a strong 'management-by-walking-around' philosophy in your business?			
Management Approachability			
34. Are manager-employee relations positive and effective within the business?	☐	☐	☐
• Are concrete steps taken to build a culture within your business which strengthens relationships between managers and employees and prevents a 'them-and-us' mentality developing? • Does each of your managers have set expectations of them in terms of how they manage and interact with their teams, so that a consistent approach is taken in the regard across the business?			
Management Effectiveness			
35. Is management effectiveness reviewed at regular and appropriate intervals within the business?	☐	☐	☐
• Do individual managers receive a structured annual appraisal which reviews their performance against each of the defined management competences? • Is overall management effectiveness assessed annually, based on business performance (achievement of targets) and via feedback from customers and employees?			

People Cont'd

Employee Effectiveness

Employees are at the heart of everything you do and research consistently shows that motivated and engaged employees deliver beyond-the-norm results	We underperform or are not active in this area 🔴	We perform well in this area 🟠	We excel in this area 🟢

Criteria	Rating (Please tick as appropriate)		
Strategic Human Resources			
36. Is Human Resources management seen as a strategic priority within the business?	☐	☐	☐

- Are all key activities in relation to human resource management and employee engagement such as recruitment, training and communication clearly defined?
- Has a senior manager been allocated direct responsibility for all human resource activities and is an appropriate level of resources devoted to this area, with all required records and administration systems maintained?

Recruitment			
37. Has the recruitment process been defined in the business and are procedures for each key phase agreed?	☐	☐	☐

- Are all supporting materials which contribute to successful recruitment such as job descriptions and employee profiles developed and are they consistently used?
- Do all those involved in the recruitment process, particularly at the interview phase, have the required skills and expertise and have they received the appropriate training to ensure full legal compliance in the process is achieved?

Training and Development			
38. Is training and development structured and adequately resourced in the business?	☐	☐	☐

- Is there a comprehensive and best practice induction programme in place (at hotel and departmental levels) and is it delivered in its entirety for all new employees?
- Have structured approaches to, and responsibilities for, both on- and of-the-job training been agreed and is training planned, delivered, and monitored on an on-going basis?

Communication			
39. Is communication with employees effective at all times?	☐	☐	☐

- Are defined mechanisms in place to facilitate effective communication between senior managers and employees to ensure that employees understand 'where the business is going'?
- Is day-to-day communication with employees structured and appropriate for the needs of your business and does that approach create an environment of openness and trust between managers and employees?

Employee Feedback			
40. Is there a comprehensive system in place to track and analyse employee feedback?	☐	☐	☐

- Is informal feedback from employees attained on a continuous basis and is action taken to address valid areas of concern raised?
- Is structured annual feedback attained from employees, through appraisals and a satisfaction survey, and do you and your management team analyse and then action the points raised?

3.5 Processes Checklist

Supporting Business Processes			
There is a range of supporting processes, including environmental management, which, if well managed, can help raise performance within your business and ultimately improve profitability levels	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢
Criteria	**Rating (Please tick as appropriate)**		
Commitments and Obligations			
41. Have you defined your commitments as a business to environmental management?	☐	☐	☐
• Are you committed to proactively conducting your business operations in a manner that reduces the negative impact on the environment? • Are your legal obligations in relation to environmental management fully defined and addressed?			
Planning			
42. Have practical plans been prepared with defined actions and targets in relation to environmental management?	☐	☐	☐
• Has an environmental management audit been undertaken to identify your strengths and weaknesses in relation to this area? • Have action plans, with precise targets, been developed across a range of related-activities such as energy saving, waste management and recycling?			
Communication			
43. Have your commitments and agreed actions on Environmental Management been communicated to stakeholders?	☐	☐	☐
• Are your external stakeholders continuously informed of your commitments, actions and achievements in relation to environmental management? • Do all your employees understand the company's commitments in this area and are they aware of their individual roles and responsibilities in supporting environmental management efforts?			
Implementation			
44. Are action plans implemented and reviewed on an on-going basis?	☐	☐	☐
• Have individual management responsibilities for all aspects of environmental management been allocated and does their performance in this regard form part of their annual evaluation? • Where appropriate, are team-based approaches applied to implementing agreed measures in order to harness employee involvement and support?			
Monitoring and Review			
45. Are your environmental management results continuously monitored and reviewed?	☐	☐	☐
• Do you and your management team regularly review the implementation and impact of environmental management initiatives and do you apply corrective actions where results fall below expectations? • Have you achieved external recognition for your efforts in this area (Green Award etc.) and are your environmental management results benchmarked externally?			

Processes Cont'd

Supporting Business Processes cont'd			
There is a range of supporting processes, including environmental management, which, if well managed, can help raise performance within your business and ultimately improve profitability levels	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟠	**We excel in this area** 🟢
Criteria	**Rating (Please tick as appropriate)**		
Innovation			
46. Are defined processes, with allocated responsibilities, in place to generate new ideas and improvement initiatives in the business?	☐	☐	☐
• Are internal procedures and platforms in place to generate ideas and suggestions from employees and are implementation teams widely used to develop and apply selected ideas? • Is an agreed approach in place to facilitate external process benchmarking and do a number of formal benchmarking trips take place annually where you can identify new and better ways of doing things?			
Hygiene, Health and Safety			
47. Are hygiene, health and safety functions allocated as a management responsibility?	☐	☐	☐
• Have your legal obligations in relation to hygiene, health and safety been defined and have appropriate responses been agreed and consistently applied? • Is a comprehensive safety and security plan, addressing all concerns from fire safety to fraud prevention devised and fully implemented? •			
Facilities Management			
48. Are facilities within the business maintained at a high standard to maximise the return on investment and to enhance the customer experience?	☐	☐	☐
• Are defined procedures in place for both routine and preventative maintenance and is validated feedback from customers indicating high satisfaction levels with your facilities? • Do your activities in this area include regular internal and external auditing, preparing and implementing improvement plans, monitoring performance and external benchmarking?			
Information and Communication Technology			
49. Is ICT seen as an important business driver and are the resources available appropriate for the size and nature of your business?	☐	☐	☐
• Have you and your management team identified how ICT can support business development and growth and have you made appropriate arrangements to ensure that needs in this regard are met? • Is the appropriate expertise available on- and off-site to ensure that problems with ICT can be quickly rectified, or that appropriate web supports are available to ensure that negative impact on employee performance and the customer experience due to ICT problems is minimised?			
Stakeholder Engagement			
50. Have you identified the key external (non-customer) stakeholders for your business and have you structured partnerships with them?	☐	☐	☐
• Are key suppliers identified and do regular consultations take place with them to ensure that they are supporting the business to deliver on its quality and profitability objectives? • Are links with the local community and other external partners broad and meaningful and do they produce benefits for the business and the stakeholders themselves?			

Section 4 – Summary and Actions

For each of the five areas in the Diagnostic, you have now rated ten key questions against the rating scale. Having done so, it would also be helpful to make a summary rating for each of the five areas overall. For example, under Promotions, out of the ten questions you might have scored three at 'underperforming', three at ' performing well', and four at 'excelling' – so you might conclude that your overall rating for Promotions would be 'well'. Do this also for the sub-criteria under each heading (e.g., Sales and Marketing, and Customer Relationship Management, under Promotions).

This is of course somewhat subjective but it is intended as a snapshot only.

Overall Snapshot of Your Business			
Please indicate where your business lies on the continuum on the right by ticking the relevant box	**We underperform or are not active in this area** 🔴	**We perform well in this area** 🟡	**We excel in this area** 🟢
1. Promotions			
Sales and Marketing			
Customer Relationship Management			
2. Performance			
Business Planning			
Operational Management			
3. Profitability			
Financial Management			
Results Management			
4. People			
Management Effectiveness			
Employee Effectiveness			
5. Processes			
Supporting Business Processes			

Priority Actions

Clearly, not all areas for improvement can be addressed at once, so it is a matter of prioritising what actions within the five areas will be taken in the short term to address priority challenges. Please outline those actions below:

Areas	Actions	Responsibility	Date for Completion
1. Promotions			
2. Performance			
3. Profitability			
4. People			
5. Processes			

Section 5 – Further Information and Useful Resources

Fáilte Ireland

Our dedicated Customer Support team is now in place to deal with all queries - please contact us on 1800 24 24 73 or by emailing: CustomerSupport@failteireland.ie

Fáilte Ireland Corporate Website

Fáilte Ireland Consumer Website

Business Tools

Business Tourism

Develop Your Business

Fáilte Ireland Contacts

Marketing Opportunities

Media Centre

Publications

Research and Insights

The Gathering 2013

Trade Promotions and Events

Training and Workshops

Tourism Ireland

Tourism Ireland Dublin
5th Floor, Bishop's Square Redmond's Hill, Dublin 2
Tel.: 01 476 3400

Tourism Ireland Corporate Website

Tourism Ireland Consumer Website

Consumer Insights

Industry Opportunities

Marketing Overseas

Additional Resources

This Business Diagnostic Indicator has been provided to you as part of Fáilte Ireland's suite of resources.

Please note that these resources are designed to provide guidance only. No responsibility for loss occasioned to any person acting, or refraining from action, as a result of the material in this publication can be accepted by Fáilte Ireland.

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