

Totally "on" game

by Ron Higgins

IN THIS DAY AND age of professional sports, managing hockey operations, or the operations of any sports franchise, is a full-time, 12-month a year job. To be successful from a fan's perspective as well as a financial perspective, professional teams must be competitive and entertaining. Truly successful teams will consistently make the play-offs, often winning at least two to three post-season play-off rounds each year. As a result, the sports component of the business commands a significant amount of skilled resources, time, money and effort.

However, off-ice (or off-field/court) performance also plays a significant role in the success of a professional sports organization and can have a major impact on the business – both positively and negatively. Customer service excellence and community involvement have a large impact on the fan's experience, and the resulting level of financial commitment they have to supporting the team. Efficient, on target service delivery will be critical to customer satisfaction and retention – and the bottom-line.

Even with salary caps, the organization's operations and service delivery must be managed with focus and precision to cover the costs of both the sports operation and the support/service aspect of the operation. Like the sports operation, operations such as sales, marketing, accounting, information systems, food and beverage, souvenir concessions, facilities management, and human resources must also operate as a well-coached team – a team committed to working together to achieve a clearly articulated and well understood mission, vision and game plan.

The challenge for many professional sports organizations is how to maximize their business performance, without sacrificing the quality of their primary product – the team.

During the 10-month long lockout, many NHL teams laid off their management and coaches as a way of reducing costs during a season without revenues.

The Capital Sports Group of Companies (CSG), which owns and operates the Ottawa Senators Hockey Club, took a completely different approach. CSG's executive team, Eugene Melnyk (owner), Roy Mlakar (president and CEO) and Cyril Leeder (COO) decided to retain the majority of their management team and focus on improving their off-ice business performance.

Situation Analysis

According to Cyril Leeder, COO, Capital Sports Group (CSG), CSG had grown from 14 fulltime employees in 1990 to over 150 in 2004; we now have a total of 1,600 employees working on game days. In addition to building a competitive hockey team during that time, we had to deal with a number of important business issues including some very difficult financial situations. While our financial situation has stabilized under the ownership of Eugene Melnyk, our financial performance is still a critical indicator of our business performance and a priority for our executive team.

Naturally, hockey operations have always been the top priority of the Ottawa Senators; however, we realized that the business and market environments we operate within had been changing as quickly as the world of professional hockey. Fans and corporate sponsors were demanding more for their dollar, particularly as prices increased to support increasing player salaries. The focus on excellence across service industries was at an all time high. Perhaps most importantly, we knew we were going to need to be at the top of our game to not only win back the fan support we enjoyed prior to the lockout, but to also grow the fan base in order to provide the financial wherewithal and stability required to fund hockey operations in the new NHL.

While we did perform some strategic planning at the department or individual management level, it was not being con-

ducted in a consistent enterprise-wide approach. As a result, we found ourselves reacting to situations, not being proactive.

It also became apparent that communications was not as effective as it needed to be. The combination of limited internal communications, the lack of a comprehensive business game plan, and the day to day workload of operating a professional sports franchise negatively impacted employee morale. As a result, we were not delivering the fan experience we desired – nor were we delivering the financial results we expected.

The Ottawa Senators Hockey Club improves its business performance creating a totally professional organization off and on-ice

The timing was right – we had a management team that was committed to excellence, we had a strong desire to improve employee morale and, most importantly, we wanted to provide the best fan experience in professional sports and entertainment. The final piece of the puzzle came into place when we partnered with the Wren Group to guide us through a systematic approach to assessing, developing and implementing a performance management program tailored to CSG's requirements.



TM

TRADE-MARK OF CAPITAL SPORTS & ENTERTAINMENT INC. USED UNDER LICENSE.

Recommended Approach

The Wren Group recommended an enterprise-wide performance management program that would improve CSG's service delivery, productivity, employee morale, customer satisfaction and, ultimately, the bottom-line. Wren suggested implementing the National Quality Institutes Progressive Excellence Program (PEP) to allow for a third party assessment and recognition of their journey to excellence.

According to Ron Higgins, president of the Wren Group, "The first order of business was to assess the in-place management systems that are the foundation of truly successful businesses: leadership and planning, process management, customer focus, employee focus, supplier focus and quality. It was important to gain a clear understanding of the accountabilities and objectives of each department, as well as how they worked together to achieve the overall goals of the CSG."

According to Cyril Leeder, "The findings from the Wren Group's initial assessment were not a big surprise. It was the compilation of the results into a comprehensive improvement program that provided an opportunity to positively affect the fan experience and ultimately, our bottom-line, which was the real eye-opener. Each finding had a proposed solution that would provide a significant return on investment."

Implementation Comments

Year 1

1. Leadership and planning

Ron Higgins: In highly effective organizations, leaders need to implement strategic plans and align the organization to meet their strategic objectives. By implementing and effectively communicating the strategic plan, the leaders define the areas of accountability within the organization and measure the effectiveness of the organizational objectives to ensure business continuity and continual improvement.

The first step was to develop benchmarks for people morale, customer satisfaction and retention, sales, revenues, profits and process efficiency. These benchmarks would provide the basis to gauge improvement while progressing towards excellence.

Cyril Leeder: Once the corporate strategic plan was in place, we communicated the plan throughout the organization to ensure effective implementation of the key strategic objectives. Each department developed their own departmental objectives and

scorecards that aligned with the applicable strategic goals.

Our new annual planning process now includes a review of the corporate and departmental scorecard on a monthly basis to ensure an on-going commitment and focus on the strategic objectives.

2. Customer focus

Ron Higgins: The organization exists for customers, and as such, CSG needed to ensure that customer requirements were understood and included in the strategic planning process. Once the requirements were understood, key service and delivery processes were documented and imple-

mented to ensure customer satisfaction and loyalty.

In order to actually be responsive and deliver exceptional service, it is critical to have a clear understanding of what each customer group's needs and expectations are as well as their on-going satisfaction level for the delivery of those needs.

Cyril Leeder: We started by holding a number of customer focus groups to gain a clear understanding from our fans' perspective on their interfaces with the various service delivery components. Applicable service delivery processes were modified and improved processes developed across the organization.

YOUR organization

Totally "on" game

Why use a Quality Management System?

Key value that a Quality Management System brings to an organization includes:

1. Process Management
 - effective and efficient processes
 - avoid duplication
2. Central repository for documentation and records
 - common or consistent practices and methodology
 - identify and learn from best practices
 - allows for effective analysis of data and risk management
3. Training plans linked to objectives
4. Provide training throughout all locations – not centralized in one location
5. Succession planning program to ensure continuity
6. Cross functional deployment of initiatives linked to key strategies and objectives
 - share experiences and learning
 - consistent approach to solving issues
7. Clarify stakeholder requirements and implement improved working relationships

the organization's strategic planning process to ensure the suppliers understand the key business objectives of the organization. By doing so, organizations and suppliers can work together more effectively to create the necessary processes to meet the organization's business requirements.

Cyril Leeder: CSG is dependent on having excellent supplier relationships with their supply base. One of the key suppliers is Aramark, who supply the significant majority of food and beverage services at Scotiabank Place. Having high quality food and superb service is critical to the customer experience.

John Thomsen, Manager for Aramark Canada: The lean management assessment facilitated by the Wren Group allowed an Aramark cross-functional team to identify key areas for improvement in our end-to-end concessions service delivery process. We were able to modify and eliminate some of the steps in our process, thereby reducing service delivery timeframes. As a result, we have seen an improvement in customer satisfaction and an increase in concessions revenue.

4. Community focus

Ron Higgins: Excellent organizations work closely in and with the community as good corporate citizens. Working closely in and with the community is an effective way of being a good corporate citizen.

3. Quality

Ron Higgins: To perform at the top of its game, quality needs to be imbedded throughout the organization. The organization's departments need a process for continual improvement to ensure a high level of product and service quality. Adequate records need to be maintained to provide the opportunity to analyze history and trend data. One of the best ways to manage this is to implement an effective document and record management system. This will ensure the entire organization is working with current procedures, forms and other pertinent documents.

Cyril Leeder: During this phase, the Wren Group provided CSG with on the job "quality system" training to our cross functional team members to allow the knowledge from the Wren Group to be transferred to the CSG organization.

Our quality manifests itself in our responsiveness to our fans and in turn, our renewal rate with our customers. Our renewal rates, since implementing our performance management enhancement program, have never been higher.

Year 2

1. Human resources

Ron Higgins: Employees are one of the most important resources an organization

has. To ensure continuity and to reduce costs, an organization needs to recruit and train employees to ensure the employees have the expertise to meet the organization's requirements. The organization needs to communicate with its employees to ensure they have input into the planning process, are satisfied with their jobs and remain loyal to the organization for the long term.

Cyril Leeder: We have a good recruiting program and recruit the best possible candidates for our workforce. A high level of training is performed on an annual basis for our employees, and we now have a wellness program in place to promote health and fitness and work-life balance. We implemented an employee satisfaction program and metrics are now in place to gauge the level of satisfaction in the workplace.

2. Process management

Ron Higgins: To ensure maximum efficiency and effectiveness within an organization, it needs to have effective process management in place. This starts with mapping and documenting all key operational processes. By having key processes documented there is now a methodology to continually facilitate process improvements, ensuring a high level of operational efficiency and effectiveness focussed on customer needs, satisfaction and loyalty. Finally, process mapping and documentation ensures consistent service delivery even when organizational changes take place.

Cyril Leeder: Process management was a new activity for CSG at the start of this business improvement program. Since then, the key operational processes that support our newly defined strategic goals and objectives have been identified, mapped and documented. As a result, all employees now know who is responsible for specific steps within a process, who the internal and external customers are, and what is required from others in the organization to ensure effective implementation of their process.

Each process now includes metrics to evaluate the efficiency and effectiveness of the process and to identify opportunities to further improve the process. The metrics are reviewed on a regular basis to ensure it continually supports the changing needs of the organization.

3. Supply management

Ron Higgins: Supply management includes having key suppliers involved in

Dave Ready, VP of the Senators Foundation: Although the foundation was already very involved with the community, clear vision, common goals and objectives, and the utilization of the corporate scorecard enabled the foundation to integrate and support the overall vision of the corporation. The end result benefits not only the community but our workplace as a whole, allowing for more efficiencies and productivity.

Year 3

1. Sustainability

Ron Higgins: To ensure ongoing success of the performance management program, regular assessments are performed to verify an organization's ability to sustain superior organizational performance and examine long term results and their impact on organizational accomplishments. To further verify the implementation we conducted a third party assessment by the National Quality Institute resulting in two progressive excellence awards.

Cyril Leeder: CSG has undergone a positive culture change and is now focused on the key business drivers and strategies. We have an effective planning process in place that is focused on customer satisfaction and continual business improvement. As a result, the appropriate measures are in place to allow us to be self-sufficient in managing this on-going performance program.

Results to Date

Ron Higgins: CSG is a good illustration of the benefits of taking a disciplined, systematic approach to assessing and improving the business side of the organization. Following three years of concerted effort, the implementation of a performance management program has resulted in across the board improvements in all of the key business metrics.

1. Customer satisfaction

Cyril Leeder: The Wren Group worked with the Aramark team to assist in the identification of opportunities for improvement, which resulted in reduced wait times at the concession stands and provided an increase in revenue due to the concessions' improved efficiency and productivity.

Follow-up surveys provided positive feedback from the customers:

- 10 percent improvement in fan and community perception of the team and organization
- 5 percent increase in customer retention (season ticket and corporate sponsors)

- 25 percent increase in season ticket holders

2. Financial improvement

Cyril Leeder: One of the foundational components of this program, the strategic planning process, has caused the leadership team to have a renewed focus on the strategy of "creating fans for life."

After conducting an environmental scan, we were able to identify and assess all of our revenue opportunities, including food and beverage and non-hockey events such as business meetings, conferences, and entertainment. As a result, CSG has experienced:

- 33 percent increase in ticket revenue,

- 29 percent increase in total enterprise revenue, and
- 200 percent increase in profitability.

3. Employee morale

Cyril Leeder: Since implementing the employee satisfaction surveys, in addition to the increase in satisfaction levels, many suggestions for improvement were identified. Employee morale has improved at CSG as follows:

- 5 percent increase in employee satisfaction levels, and
- 10 percent increase in employees' view of leadership. ❧❧

Ron Higgins is the President of Wren Group.