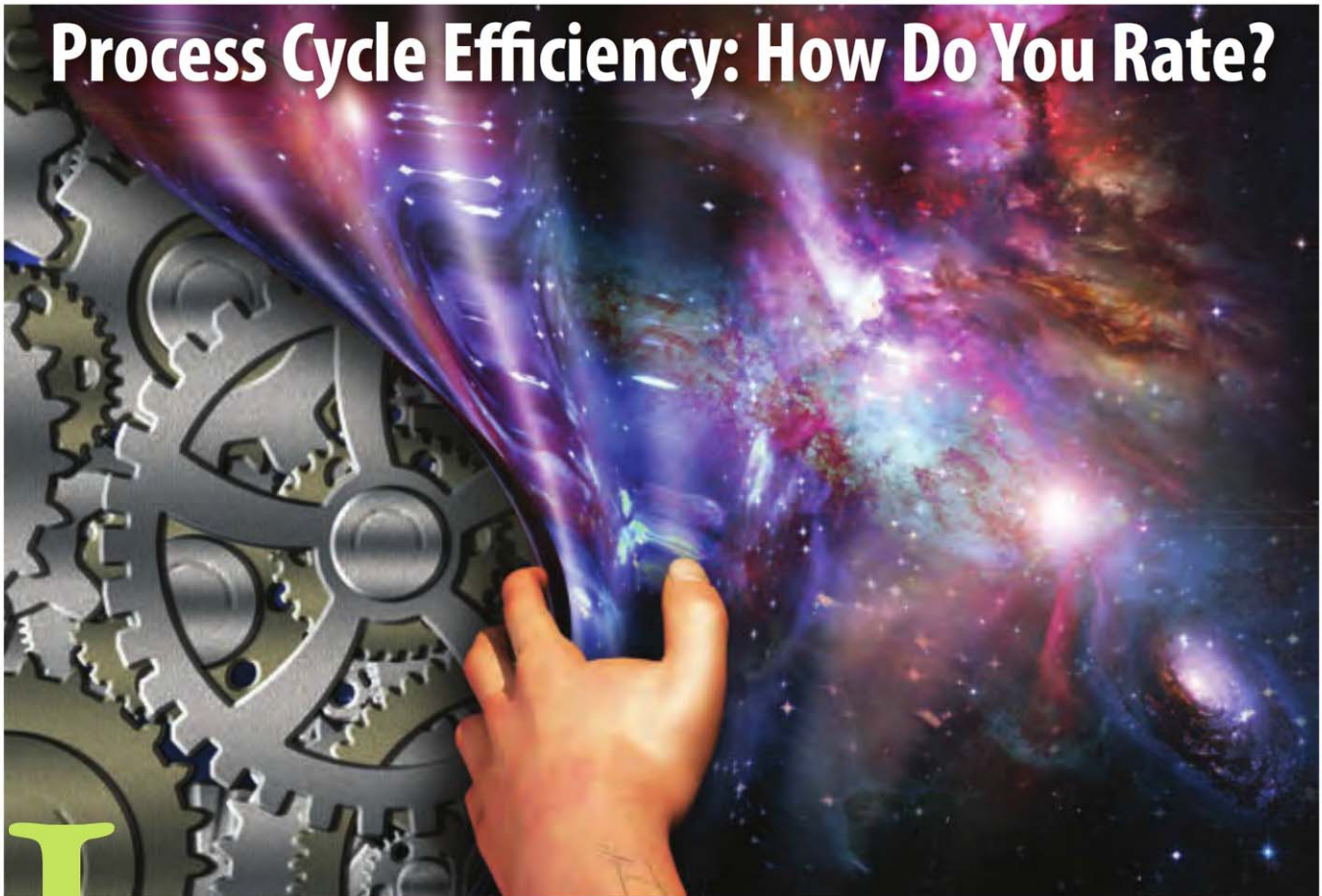


The POWER of PART 2 PROCESS IMPROVEMENT

BY JOE HESSION

Process Cycle Efficiency: How Do You Rate?



How much time do guests actually spend in the “fun zone” at your resort, and how much time does it actually take to provide them with that experience? A simple mathematical approach can help you identify where to add, subtract, and even work a little magic into your operational processes so your customers can have the great experiences they envisioned.

IN THE LAST ARTICLE on this topic, “The Power of Process Improvement – Part I,” (Fall 2014, pg. 32), we discussed how your resort can evaluate the effectiveness of its existing operations by engaging in a very useful exercise called Process Mapping. To refresh your memory, a Process Map is a graphical representation of every sequential step in a specific process, which allows you to get an objective view of how your resort operates (Figure 1).

Sometimes a general look at your process through this lens helps you identify strengths you can build on and not-so-obvious shortcomings you need to address. After you’ve reviewed a Process Map with your team, I recommend grabbing all the low-hanging fruit you can (i.e., the most apparent issues that need to be fixed), but don’t forget there is a whole tree of opportunity. This is the time for taking an even closer look at your operations and processes to uncover information that can lead to positive change—and possibly results you never imagined possible.

In this second article, we’ll analyze an actual process using tools that are implemented not only in the Terrain-Based Learning™ program at numerous resorts, but also by various experiential companies outside our industry. If you’re striving for transparency and awareness of any and all processes in your operations—which, I would argue, is imperative to the sustained success of any ski resort—engaging in a Process Improvement exercise is something you should do on an ongoing basis (at least once each season).

Bear in mind that Process Improvement is a vast topic, and these are not the only tools you can use to leverage that endeavor. That said, even if you use only a few of them, you should be able to recognize what is right or wrong in your process right away so you can get to work on a solution immediately.

After the Process Map, The Next Steps

So, now that we’ve done our Process Maps and uncovered all kinds of good information, it’s time to analyze and answer the ultimate question: How effective are our processes? Moreover, what metrics determine if our processes are effective? This is where design and evaluation become more complex. Remember, we’re talking about the specific ways in which we deliver an experience to the resort guest.

We all get a bit jaded at times, but if this all seems a little too much like naval-gazing, you may want to do what I do to remind myself of why we’re in this business: think of the mother or father working fulltime and dreaming of the weekend or their once-a-winter family vacation. Whether they’re planning a weekend or a weeklong family getaway, they’re daydreaming about spending time at YOUR resort. Your resort is their escape from reality, where they can have a great memorable experience with their family. Will your process live up to the expectation?

The answers to those questions are the metrics that determine an effective process. They’re the results that matter most. We have great tools such as Net Promoter Scores (NPS) that allow us to measure our guests’ perceived value of what we offer and their intent to recommend us—and along with our resort partners we use these tools all the time to great effect. But while the NPS is a valuable metric, it is a lagging indicator; it can show you how well you’ve done, but not how well you *could* do. It’s a measurement of the past, not the present or the future.

There is a tool that is proven to have a strong correlation of intent to recommend: Process Cycle Efficiency (PCE). This concept is the backbone of the Terrain Based Learning program and is used on experiential designs worldwide. In fact, “the most magical

Figure 1. High-Level Process Map: Adult Group Lessons





place on earth” might not be so magical without it (more on that later).

Process Cycle Efficiency

Process Cycle Efficiency is a method for rating and evaluating how your process performs based on a comparison of two critical factors: 1) the amount of time your guests spend having their ideal experience (referred to as Customer-Valued Added Time) and 2) the actual amount of time it takes to make that experience possible for them (known as Cycle Time).

These variables constitute a simple mathematical equation that can help us obtain the overall PCE rating of any given process. All we have to do is divide the Customer Value-Added Time by the Cycle Time:

$$\text{Process Cycle Efficiency} = \frac{\text{Customer Value-Added Time}}{\text{Cycle Time}}$$

As with Process Mapping, the PCE metric can be used to evaluate overarching as well as individual components of an operation. Before we can apply the equation to a process, though, we first need to identify the *value* of each and every step in that process. Here are some definitions to help us get started.

- **Customer Value-Added (CVA) Time.** As mentioned, this is the perceived value your guest has within the experience. (One way of thinking about the perceived value is to ask, “Would the guest pay for this?") Remember that family on the weeklong vacation at your resort? Think back to them in their office when they were daydreaming about the visit: Did they envision this particular experience? Will this experience become a valuable, positive memory... something they'll talk about for years to come? We're not just dealing with the fun, glitz, and glamour of one particular moment. We're talking about the *entire* experience, from the parking lot to the parking

lot—which includes taking in the views, having fun with family and friends, and that euphoric feeling of skiing or snowboarding.

- **Business Value-Added (BVA) Time.** This is a process step that is not valuable to the customer, but it does provide value to the business and you. No guest has ever left a ski resort with the feeling that spending money was the highlight of the day. For the resort, however, the point of sale is critical. Any process step that is essential to the operation or needed for the business to survive is regarded as BVA. Other examples include obtaining liability waivers to help mitigate risk or checking lift tickets to make sure guests aren't stealing the resort's services.
- **Non Value-Added (NVA) Time.** These process steps do not have any value to the guest, nor do they have value to us or the resort. Seemingly, they are a complete waste of time! Ideally we would have none of these steps. But the truth is, a lot of NVA time is just plain necessary, as when guests move from one point to the next or have to wait in lift lines. Unfortunately, these are some of the necessary evils of resort operations—and those that really beg for critical observation so we can minimize NVA where possible.

It's important to note here that when assigning these terms to each step in the overall Process Map, be sure to use actual guest feedback when possible. If our team is doing this in, let's say, October—and therefore has to be somewhat speculative—we can still discover enlightening facts about our process. We just have to remember to challenge those assumptions and use real data when the season starts.

Based on the definitions provided above, we identify each step in the process as CVA, BVA, or NVA time, and ascertain the time spent in each. We then add these figures to arrive at the actual time it takes to move through the entire process, which brings us to our next definition:

- **Cycle Time (CT).** As noted in the Process Cycle Efficiency equation, this is the total interval from the beginning to the end of a process. Whenever I meet rental shop managers they usually offer up “Cycle Time” within the first few sentences of the conversation. This is great being that CT is essential to the overall efficiency of a rental shop, but remember, this is only half of the equation.

Once we've identified our CT, the next step is to identify the total time for all of the Customer Value Added elements within the process. We then plug both numbers into our mathematical equation to obtain the Process Cycle Efficiency rating ($PCE = CVA / CT$).

Finding Magic (or Not) In the Math

To better understand how using the PCE metric can impact the overall success or failure of a process, let's take a look at a mediocre guest experience and then compare it with a first-rate guest experience from that magical amusement park in Florida. Using a high-level Process Map, we'll focus on roller coasters (Figure 2).

In this example I've identified waiting in line as Non Value-Added time, and entering and exiting warning signs as Business Value-Added time, since they pertain to controlling overall park flow and risk management, respectively. This leaves boarding the coaster and riding the coaster as the Customer Value-Added time for a total of 5 minutes or so.

Have you ever waited an hour or longer for a 3-minute ride? It can be boring if not frustrating, and that customer frustration and waning interest can be calculated mathematically through Process Cycle Efficiency. Let's find this ride's PCE:

5 Minutes CVA / 67 Minutes CT = 7.4% PCE

A PCE rating of 7.4 percent is a rather low number; most world-class experiential operations have a goal of 50 percent PCE. Instead, the not-so-magical version of the ride offers up a mediocre 7.4 percent PCE, and rightfully so. Imagine an amusement park with no added aesthetics—just parking lot and pavement—on a hot summer day, with a long, winding steel queuing system, and lots and lots of people! Not exactly what lifelong family memories are made of, is it?

There is a solution. There are only two ways to increase Process Cycle Efficiency: 1) you can increase

capacity, therefore lowering the Cycle time, or 2) you can increase the Customer Value-Added time. As you might expect, roller coaster developers are constantly working to increase the capacity of the rides they manufacture—and rental shop managers have a similar focus: wanting more space and more staff. But truly “magical” operations also focus a lot of energy on the other half of the equation.

A Higher PCE, Magic, or Both?

In this next example, let's assume that “magical” operators own and operate the best roller coaster on the market. It boasts the highest capacity money can buy and has the perfect combination of twists, turns, speed, and excitement. Even though it is the Maserati of amusement park rides, on a busy day with lines leaking out of the steel queue I'd imagine the PCE of that amazing roller coaster would still be relatively low.

How can we increase the Customer Value-Added time? Could we add value in the line itself? These are the questions we should be asking ourselves when looking at our process, because they are the metrics that boost PCE *and* create worthwhile experiences.

Now, stick with me...we're going to get a little imaginative here. Picture the entrance of a ride, where the building is themed as a recording studio and the ride itself is indoors hidden from plain view. As you enter the building, a storyline slowly develops. You enter a lobby that looks as if it's right out of an edgy rock and roll hall of fame museum in Los Angeles, complete with historical artifacts at every turn. You and a select group of guests around you are told that “Today is your lucky day. There's a very famous band in the studio and *you* are invited to watch them jam!”

You enter the studio where the band is recording. It's Aerosmith. Seriously. Just as you settle in to watch, Aerosmith's tour manager appears to whisk the band away to a show across town. Not wanting to be rude,

Figure 2. Process Map for Mediocre Roller Coaster Ride



I like to think of the on-snow experience as the roller coaster, with everything else— from the parking lot to rentals— representing the line for the ride.

Steven Tyler himself personally invites you to the show, and has the band's tour manager arrange for a "very big car" to shuttle you and your group to the concert. Aerosmith's limousine speeds off and you follow the tour manager to the parking garage. Your car arrives and off you go. The *real* ride is actually just starting.

I think we can all agree, the second ride sounds more fun, and it's not because the roller coaster is longer or faster. It's because ride #2 turned Non Value-Added time into Customer Value-Added time—while ride #1 is serving up 60 minutes of boredom, frustration, and most likely sunburn. You can't eliminate NVA time altogether, but you can increase the overall CVA time, making your process and the guest experience more valuable (Figure 3). Waiting in line is unavoidable, but it doesn't have to feel like wasted time.

Let's take this a step further and use our Process Map to analyze the Process Cycle Efficiency of ride #2. The result makes it easy to see why this resort, Disney World, is widely considered to be the best amusement park in the world. It may be magical, but it also delivers a strong PCE.

**35 Minutes CVA / 67 Minutes CT = 52.2% PCE
(world class levels)**

It's easy to look at roller coasters and leaders of other industries as a case study for Process Mapping and Process Cycle Efficiency. There's no emotional connection. No bias. But if we're being fair to our industry, ourselves, and to our guests, we need to examine our process from parking lot to on-snow and back, and ask ourselves, What is *our* PCE?

Conclusion

In the Terrain Based Learning program we spend a lot of time looking at PCE. I like to think of the on-snow experience as the roller coaster, with everything else— from the parking lot to ticketing to rentals—representing the line for the ride.

On snow we have it easier in some ways: Our guests are outside in the fresh air, and engaged in a fun activity where they're moving around and learning skills. In that context there's no reason we can't see PCE numbers greater than 50 percent.

On the other hand, rental shops have it much harder: Their primary focus generally is to move guests through the rental process fast, focusing on Cycle Time. But as we've seen, those mundane aspects of the customer's experience do factor into the overall PCE, and we should take a look at how we can improve them, just as Disney did. The goal is to add value, if not magic, to every minute of our customer's experience wherever possible.

In the next installment, we'll review how the Conversion Cookbook, Terrain Based Learning, and highly effective rental designs result in a higher PCE, and how that correlates to guest conversion. Until then, try your hand at applying the Process Cycle Efficiency equation to any or all of your operations for an honest sense of how effective they are—and whether they add up to a fun, ideal, and valuable experience for your guests. As a wise person once said, the numbers don't lie. ■

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Figure 3. Process Map for Magical Roller Coaster Ride

