Performance measurement in small motels in Australia

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Performance Measurement in Small Motels in Australia

Abstract

This research explores the measurement of performance in small motels. There are many challenges facing business performance management in small firms. Most of these challenges are due to resource shortages, lack of functional expertise and environmental instability. Of major importance to firm survival is the small enterprise owner-manager's ability to monitor the operations performance. Key components of the monitoring process include the ability to identify key performance indicators to track results as well as an understanding of the most suitable measures to use. Specifically, the study focuses on identifying the key constructs of performance for small firms which include the key components of drivers and results. The specific monitoring and measurement activities of small motel owner-operators were identified using a case research approach. The findings of the study indicate that those owner-managers who operate successful motels employ a balanced approach to performance measurement by utilising a small number of key measures to monitor results and to review management activities.

Key words – performance measurement, small tourism enterprises, small motels, performance management

Performance Measurement in Small Motels in Australia

INTRODUCTION

Business performance measurement has been viewed as a challenging task, particularly for small firms. Essentially, the difficulties relate to defining key performance dimensions (Hudson, Smart et al. 2001; Garengo, Biazzo et al. 2005). Over the years extensive research of business performance measurement in large firms has been undertaken and only recently has a greater focus been given to small enterprises. Although there is evidence to suggest that the key dimensions of performance are similar for large and small firms the role of management varies (Haber and Reichel 2005). The differences in the way small firms are managed are largely due to the structural and resource variations, as well as the motivations of the owner-manager for establishing the small business (Peacock 1999). These differences can impact on the way performance is measured.

BACKGROUND

Small tourism enterprises (STEs), which are defined as firms employing less than 20 workers, represent 91% of businesses in tourism related industries in Australia (Bolin and Greenwood, 2003). Their importance in terms of economic contribution and employment is widely recognised by both government and various industry bodies (Department of Industry Science and Tourism 2002) yet there is scant information about what drives good performance and how performance is measured. This lack of research is a concern because STEs have higher exit rates than are found in most other industries (Department of Industry Science and Tourism 2002). STEs operate across a diverse range of tourism related industries including accommodation, transport, attractions and hospitality. Given the view that performance is affected by the industry in which the enterprise operates (Porter 1991) it was considered essential to narrow the study to one sector in order to capture the specific performance related dimensions. Therefore, this study considered the accommodation sector with a specific focus on small motels.

Motels first emerged in Australia as a result of the increasing popularity of the motor-car, which created a demand for accommodation by those able to travel extensively due to the independence the car provided. The first motels were small and averaged around 25 rooms. They were usually owned by a husband and wife team and were situated along various highways (Richardson 1999). According to Richardson (1999) the term 'motel' is based on its link to the drive market and was an abbreviation of Motor-Hotel. Since the first motel opened in Australia in 1949 the number of these establishments has increased rapidly. At the end of the 1950s there was a total of 80 motels in Australia and by the mid 60s the number increased to 700 (Richardson, 1999). The growth rate has slowed since that time with the total number of motels being around 2,300 (Australian Bureau of Statistics 2001). Over time a number of associations and chains emerged to provide a common brand and marketing system. These chains included Motels of Australia Limited, Homestead Motor Inns (to be later affiliated with Best Western International), Flag Motels (rebranded to Choice Hotel) and the Budget Motels (Richardson, 1999).

The value of motels to the accommodation sector was a key driver of a project titled - '*Performance Measurement in Small Motels.* The study was undertaken in 2004-2005 in Australia to explore management activities and behaviours and was funded by the

Sustainable Tourism Co-operative Research Centre (STCRC). As motels in Australia can vary from the very small boutique type premises to the large enterprises that have over 50 rooms, issues regarding performance management were varied. In order to more clearly capture the dimensions of performance for one particular type of motel this study explored small motels having between 15 and 35 rooms.

AIM OF THE STUDY

The aim of this study was to better understand performance measurement in relation to small firms and specifically small motels. It was deemed that an examination of the performance measurement activities of owner-managers of high performing firms would help to better understand good performance management. Specifically the research gathered data about the key performance measures used to track the outcomes of high performing small motels.

A CRITICAL REVIEW OF PERFORMANCE MEASUREMENT

The performance outcomes of an organisation cannot be determined without some kind of measurement activity. Performance measurement is defined by Neely, Gregory and Platts (1995) as ‘the process of quantifying the efficiency and effectiveness of action’ (p. 80), whereas, a performance measure is the metric used in the measurement process. In early studies of performance, results were discussed and measured largely by the firm’s financial outcomes, however, in the last 25 years that there has been a revolution in performance management and measurement (Neely and Bourne 2000). Measurement approaches that relied solely on financial results are now being replaced by more integrated systems that combine financial and non-financial results.

Balance between Financial and Non-Financial Measures

Financial measures have been the traditional means of performance measurement. Business performance systems historically developed as a means of monitoring and maintaining organisational control. As already mentioned, business performance measurement in the past focused on the attainment of a set number of key financial and accounting measures. These measures focused on financial data such as, return on investment, return on sales, price variances, sales per employee, productivity and profit per unit of production (Ghalayini and Noble 1996). However, these measures alone are no longer relevant for today's managers. To remain competitive, firms now need to consider non-financial aspects, such as quality, flexibility and the implementation of new technologies. The limitations in using only financial measures of performance are that 'they are lagged indicators which are the result of management action and organisational performance and not the cause of it' (Brignall and Ballantine 1996 p. 6). The differences between traditional and non-traditional measures are shown in Table 1.

<insert Table 1 about here>

The importance of non-financial measures emerged as it was acknowledged that the traditional performance measures could not provide information for the development of strategy. It became apparent that improvement efforts cannot be quantified in dollar terms particularly if they relate to customer satisfaction and product or service quality (Ghalayini and Noble 1996). The *non – financial or operational results* are measured by product and service output. These results are explained via terms such as quality, quantity, volume, time, ease of use and money (cost, price and value).

Both financial and non-financial results can be identified via both external and internal measures. The role of the stakeholders in providing measurement data is important. Internal measures relate to employees and customers. Key customer measures may include - number of existing customers versus number of new customers; number of bookings per enquiry; or number of complaints. Employee measures may study staff attitude, feedback and turnover. External measures refer to data gathered from external sources/stakeholders. Examples of these measures include, market share relative to competitors; and own prices and products compared to competitors' prices and product ranges. Mechanisms for these measures include internal and industry reports, computerised booking systems, surveys, and benchmarking resources.

Finally, it is important to understand that as strategy varies from firm to firm the most appropriate type of measures will also vary. As suggested by Haber and Reichel (2005), a firm with investor input may be more focused on financial measures to evaluate business performance whereas the specific and most often personal goals of the lifestyle family–owned businesses may place greater emphasis on non-financial measures including, employee and owner satisfaction.

Results and Measures

In studying business performance measurement it is essential to identify the key dimensions to be measured. Although a number of models exist for large business which are aimed identifying these key dimensions many are too complex for small firms (Neely, Gregory et al. 1995; Kaplan and Norton 2001; Neely, Adams et al. 2001). Brown (1996) described the process of performance management using an input-output model. The performance results in this model were represented by *outputs*, *outcomes* and *goals*. The *outputs* are the products and services of the business, whereas *outcomes* are stakeholder satisfaction. The main *goals* of an enterprise may vary from firm to firm but in most cases they are usually the bottom-line results such as revenue, profit and Return on Investment (ROI). According to Neely, Adams et al. (2001), the key outcomes of a business need to balance *stakeholder satisfaction* with the needs of the business, as satisfaction alone may not provide sustainable outcomes. An example of how the input-output model is used to illustrate management of the goal of ‘repeat business’ is presented in Figure 1.

<insert Figure 1 about here>

Although it is the inputs (or business drivers) and how they are managed that determine stakeholder satisfaction it is also the value that key stakeholders bring to the business. For example, having satisfied employees may not necessarily provide the business with the needed skills and knowledge. It is therefore the satisfaction levels of the employees, customers and society together with the satisfaction of the business’s needs and wants that drive the business results. Overall, it is the measure and attainment of both the business’s wants and needs and the stakeholders wants and needs that indicate the success of the business at any one point in time. Consequently, with ongoing review of the outputs and outcomes (via their related measures) managers can determine if the attainment of the set goal is sustainable and whether the core organisational strategies are appropriate.

Although the input-output model helps explain the performance process in a very simple linear way, researchers in this area know that the interactions between inputs and outputs are much more complex. This study was undertaken in order to better understand the dimensions of performance measurement in small motels.

RESEARCH APPROACH

In order to capture the elements of performance measurement in small motels a two staged approach was employed. In the first stage, in-depth interviews were conducted with an Expert Reference Panel to refine the researchers' understanding of the performance measurement activities of small motels. The subsequent refinement process considered constructs in relation to 'meaning' and 'terminology', as used by experts in the small business and hospitality field. Furthermore, the refinement process sought to identify the attributes within each construct as understood and/or applied by experts in the fields. The gathering of data was given further context by limiting the discussion to small motels as identified in this paper.

The expert reference panel comprised eight domain experts who were drawn from motel and hotel industry organisations; tourism government agencies; small motel operators; academia; tourism consultancies and accounting and financial services

After the interviews with the experts, case research was undertaken. As this research was interested in the activities and behaviours of small motel owner-operators the selection of case firms managed by operators considered to be exemplary was important. To assist in this process AAATourism provided advice and details of operators they believed to be commendable. Advice regarding this phase of the research was sought from AAATourism as they are the national tourism body responsible for managing the star-rating scheme for accommodation and who have an intimate knowledge of the operators and their products. In seeking referrals form AAATourism it was also requested that the operators needed for this research currently manage small enterprises that generally meet the characteristics as set out in the definition. As a result the contact details of a total of 10 small motels were provided to the researcher and seven interviews were undertaken. The case studies enabled the researchers to confirm, reject or modify details gathered from the expert panel about the measurement practices employed by operators for monitoring and improving performance.

Profiles of the small motel operators

Of the seven operators interviewed, two were located in metropolitan Melbourne and five in regional Victoria. The motels fit the small motel definition, as described earlier. A profile of the motels is set out in Table 2.

<Insert Table 2 about here>

In viewing the profiles it is apparent that the larger of the small motels have greater numbers of casual staff as opposed to full-time staff. The operators indicated that this arrangement gives them more flexibility in rostering during low and peak periods. There is also a range of business structures. Three of the motels are owned by the families operating them, four are leased and one is managed for the owners.

Additionally, affiliations with marketing groups or chains vary across the motels. Although not shown in the table, information was also gathered from the owner-managers about the strategy they employed in operating their motel. *Strategy* in this research refers to the overall mission and goal for the business as a guide to how managers utilises their resources and capabilities and how they control and direct the way the business utilises changes in the environment for competitive advantage (Porter 1991; Pelham 1999). The strategies employed will be discussed in the following section. It is interesting to note that each of the owner-mangers operated their motel with the aim of achieving not only personal satisfaction but also profitable results. The desire for most of the operators to be their own boss and to work to achieve success were key motivators for going into the business and will be considered in the discussion as a factor influencing the way in which the operations were managed.

DISCUSSION OF THE FINDINGS

After the interviews with the experts their responses were transcribed and coded for analysis. Although the interviews were largely exploratory they were guided by the analysis of existing performance measurement models, as discussed. The analysis explored the data with a specific focus on providing answers for the set objectives relating to the identification of the key performance constructs of the driver and result dimensions in small motels.

Identifying the Key Measures

Although the specific performance activities of small motel owner-managers are not widely documented, the experts generally agreed that those viewed as ‘good operators’ would use both financial and non-financial results as indicators of the motel's performance. The key measures, as listed within each of the three results categories in Table 3 are ways for owner-managers to gather information needed to review the firm's practices. Although the language used by the experts was not the same at that used in the literature their views on the key components of performance results in small motels were able to be classified by the categories of outputs, outcomes and goals.

<insert Table 3 about here>

According to the experts, within the *outputs* category the most likely used financial measures would include gross revenue, gross sales, average room rate, and RevPAR (revenue per average room rate). The measures of repeat customers, new customers, occupancy rate, star-rating assessments and customer feedback were seen to be good measures of the non-financial aspects of the product and service.

In the *outcomes* results category the experts generally believed that stakeholder satisfaction was not sufficient on its own to ensure the business goals were achieved. Two of the experts strongly believed that the stakeholders (particularly the employees and customers) should also provide benefits to the business and that the relationship between the firm and these stakeholders should be reciprocal. This means that both employee and customer satisfaction is important as long as in achieving this aim the firm achieves the financial results desired. As shown in Table 4, a range of measures were seen to be appropriate for measuring stakeholder and business satisfaction. It is interesting to note that most of these measures are non-financial in nature. For example, staff efficiency levels were said to be measured by average time to clean a room.

Finally, given the small size of the motels the experts believed that the key business results (or goals) would be limited to profitability and ROI. Although the measures identified by the experts are both limited and simple, knowing and using the key measures alone was not considered enough. It was indicated that good owner-managers would review these measures on a regular basis in order to monitor and control management activities. To do this the owner-manager needs to understand various relationships between the financial/non-financial measures and the drivers (gathered by feed-back) and the business results and stakeholder satisfaction (understood by feed-forward). With feedback from the results (sales and complaints) the owner-manager has important information, which isolates the problem to either the processes (in this case booking processes) and/or the businesses capabilities (the performance of office staff and the computer system used). With further review and investigation the specific causes should be known. If it is found that the processes or capabilities are not delivering the wants and needs of the stakeholders (i.e. the corporate clients) then action needs to be taken to address this issue. The action may be to train staff or to purchase and install a new reservation booking system. Further exploration of the best training program of computer software may also be needed. In understanding how the inputs and outputs are linked the owner-manger can better manager the activities (inputs) for ongoing or improved outcomes. Additionally, the outputs and outcomes can be used in a feed-forward process where the strategy is reviewed to assess whether it is the most appropriate strategy for delivering the needs of the corporate clients. The results (outputs and outcomes) in this case may indicate that the strategy needs to be refocused to better provide for all the corporate clients' needs and not just booking and payment issues. In this example the implementation of a revised strategy could mean that the employees and resource (capabilities) and the processes need to be changed in more radical ways.

Using the data gathered from the experts the research issues regarding performance measurement in small motels were then explored in the case research. The analysis of the case research data focused on confirming, rejecting or modifying the understanding of small motel performance measurement with regard to the performance measures important to good operators of small motels and how these measures are used to assist the business performance of small motels.

Confirming the Measurement Performance Results Attributes

In the case research stage existing motel owner-managers were asked about the most important measures used to track performance. There responses supported the experts' views that good operators use both financial and non-financial measures. The most commonly cited financial measures included tracking of sales growth, monitoring of takings, comparisons of average room rate. However, only one owner-manager calculated and compared RevPAR and only one conducted an analysis of net profit. It is interesting to note that both of these operators had formal training in hotel/motel management either through work in larger hotels or via past experience as a hotel franchisee. In regards to non-financial measures the entire group of owner-managers measured occupancy rates. Furthermore, five owner-managers measured customer satisfaction and five of the seven also used systems to track and collect data on customers. These systems were used to identify customer origins, to record guests' needs and to track new and repeat customers. Interestingly, only one of the seven owner-managers rated employee satisfaction as an important measure. Of note is that the owner-managers were often not able to overtly differentiate the financial measures from the non-financial measures. Instead the measurement of these aspects was instinctive and was only identified by the researchers who matched the owner-managers activities to the terminology.

When asked to rate the most important measure for the operation of their business the responses varied. Of the seven owner-operators studied, three rated a non-financial measure as most important and four rated a financial measure. Of the financial measures two rated sales growth and two rated sales takings as the most important measure. With regard to non-financial measures two rated occupancy rate as the most important measure and one rated customer satisfaction as the key measure of performance. Although these results highlight the key measurement focus of the owner-managers they cannot be considered in isolation. As discussed in the following section the owner-managers possessed a deeper understanding of the interplay of drivers and results and how the measures need to be considered together.

To further understand why various measures were used, comparisons were made of measures with business strategy as summarised in Table 4. Overall, it was found that there were three types of strategy employed by the owner-managers. The most aggressive strategy identified was one that aimed to increase the number of units (rooms). The strategy for ‘growth’ was to be achieved either by purchase of other motels or by a major expansion of the property. The second strategy was one of ‘development’ where the owner-managers were still building the business. This strategy related to firms that had not reached full potential and the customer base was still growing. For example, an owner-manager had taken over an old motel and decided to renovate to attract a different and more profitable market. This approach aimed to alter the product. The third strategy related to ‘maintaining’ the business. In this case the owner-manager’s goals were to keep the business operating so as to maintain its performance. Maintenance could mean that either new markets or ongoing improvements of a minor nature may be needed to ensure the same or better performance was achieved.

Table 4 highlights a number of key findings. Firstly all the owner-managers interviewed monitored performance by using a balance of both financial and non-financial measures.

<insert Table 4 about here>

Secondly, amongst the seven firms commonalities were found in relation to the measures considered to be essential to monitoring performance. These commonalities were shared by the motels with similar strategies. For example, all three firms with a ‘development’ strategy rated *tracking of sales growth* and *tracking of new and repeat customers* amongst their most important measures. On the other-hand the three motels with a ‘maintenance’ strategy all listed *customer satisfaction* (tracking and profiling) and *average room rate* as their most important measures. Reasons for this difference could be that firms with a ‘development’ strategy were more focused on developing the customer base by keeping existing customers and seeking new customers, whereas established enterprises already had a customer base and good repeat business, therefore, keeping existing customers satisfied was deemed to be critical.

In terms of frequency of measurement, three key measures were carried out on a daily basis by most of the motel owner-managers. Again these measures included both financial and non-financial types: - tracking of repeat customers; monitoring of takings; and tracking occupancy rate. Furthermore, *analysis of net profit* was undertaken by most of the motels on a monthly basis and *average length of stay* was measured by most firms on a quarterly basis. A significant finding was that comparisons of average tariffs with an industry average were rarely, if ever, done. The main reason for this was the lack of availability of industry data in general.

How the measures are used to assist the management of small motels

Although both the experts and the owner-managers agreed that managing a small motel was not 'rocket science', there was a shared view that understanding the financial structure of the business was important and not always well grasped. The basic principle of profit, as driven by expenses and revenue, was mentioned by most owner-managers. Additionally, an understanding of the relationship between other aspects of the business was seen as an imperative. For example, although occupancy rate is a measure of the health of the business it cannot be viewed in isolation. Nearly all of the experts mentioned that the average tariffs charged per room, together with the non-financial measure of occupancy rate, are important to yield. This view is exemplified in the following quote.

> 'I look at room rate and occupancy. People think that occupancy is the be all and end all, but it's not. You can have 100% occupancy with half rates and make no money, where as you can have half occupancy with full rate and then

> you'll make more money because you keep your costs down. People look at it different ways. I have always been after room rate rather then occupancy' (M5).

There was also a high level of agreement that an understanding of the key measures required to monitor activities on its own was not enough for good management. For instance, a number of the owner-managers mentioned the need to regularly review particular aspects of a motel operation via cost and sales analysis to ensure business survival and success. This type of financial analysis largely included very basic measures, as already mentioned (that is, tracking of takings and sales growth), but also needed to consider non-financial aspects.

> 'You should analyse your takings weekly. It's too late if you do it next week. It has to be done this week…..Although it always comes down to the dollars and cents you are missing the point if they only do that (that is, only measure the financials)' (M2).

The more advanced financial analysis of room profitability or yield by calculating the average cleaning cost per room compared to revenue per average room rate (RevPAR), as suggested by the experts, was only carried out by those with experience in larger businesses. Yet, there was no indication that these operators were any more successful than those without this experience. Additionally, about half of the owner-managers indicated that any measurement of results and the overall understanding of the business operations was instinctive, as denoted in the following quotes.

> ‘I know what profit I make every week. Analysis of net profit is instinctive’ (M5).
>
> ‘Most of the measurement I do re the business I think I do subconsciously’ (M2).

Finally, the importance of benchmarking performance against competitors and industry averages was seen as important. Despite the experts’ views of benchmarking value, with regard to the use of financial models (that is, models based on the percentage cost of expenses), the owner-managers suggested that the lack of relevant data made this difficult in reality.

> ‘Industry averages are very hard to obtain. A lot of people don’t like giving out information. We tried to do it via the local accommodation association. I have tried to push that wherever I go but no one’s been keen. I couldn’t tell you what our town runs at (i.e. occupancy rate) not with any real accuracy. You presume a lot. I use ABS data and you hope that everyone puts their figures in. They put it in by regional area so that you don’t get information about your town. I’m not interested in what other motels do in different regions I want to see what each of my key competitors do [he needs more local information about competitors].’ (E6).

CONCLUSIONS

The study deals with the identification of performance measures and performance measurement activities in small motels. The research draws on the integrated approach to performance measurement which encompasses not only the understanding that firms are driven by goals and need resources to achieve these goals but also includes the view that stakeholders play a key role in an enterprise achieving its business goals. This approach recognises the multi-dimensionality of performance measurement and how it can be used to help manage an enterprise for continuous improvement.

The use of multiple measures suggests that owner-managers of small motels recognise the importance of a balanced approach to performance measurement. This balanced approach entails the gathering and analysis of both financial and non-financial measures. The balance of measures recognises that business results (outputs and outcomes) are affected by non-financial outputs. In particular the importance of stakeholder satisfaction is understood by the better performing owner-managers. Additionally, this study indicates that the types of measures used by firms appear to be based on the strategy employed.

Although operating a small motel is not 'rocket science' the study suggests that underlying the fairly simple and routine practices of the operation an holistic understanding of the interplay between the inputs and the outputs/outcomes is needed for successful business performance. Also central to achieving the desired business results is keen monitoring by the owner-manager of the business results on a regular basis in order to identify problems before they become unmanageable. Finally, there is also an indication that these good performance management practices can be learnt by experience (a trial and error approach) as well as via formal training in larger organisations.

Finally, one of the more interesting discoveries made in undertaking this research was that many of the good operators assume performance management activities naturally rather than as a planned or theoretically based activity. With these operators performance management is intrinsic, however, what this means for the ‘less successful’ operators is still unknown. It may be that for these individuals the relationships between performance drivers and results needs to be made more explicit. If this is the case, and despite the complexity of the performance construct, simple but comprehensive performance measurement models specific to particular sectors may be able to help owner-managers develop an holistic understanding of their operations.

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Table 1 A comparison between traditional and non-traditional performance measures

Traditional Performance Measures	Non-traditional Performance Measures
Based on outdated traditional accounting systems	Based on company strategy
Mainly financial measures	Mainly non-financial measures
Intended for middle and high managers	Intended for all employees
Lagging metrics (weekly or monthly)	On-time metrics (hourly, or daily)
Difficult, confusing and misleading	Simple, accurate and easy to use
Lead to employee frustration	Lead to employee satisfaction
Neglected at the shopfloor	Frequently used at the shopfloor
Have a fixed format	Have no fixed format (depends on needs)
Do not vary between locations	Vary between locations
Do not change over time	Change over time as the need change
Intended mainly for monitoring performance	Intended to improve performance
Not applicable for JIT, TQM, CIM, FMS, RPR, OPT, etc.	Applicable
Hinders continuous improvement	Help in achieving continuous improvement

Source: Ghalayini and Noble, 1996.

Table 2 Profile of the operators

Motel	Size (no. of units)	#No. of staff		Star-rating	Location	Affiliation	Ownership
		FT	Casual				
1	14	1	-	3 ½ – 4	Centre of regional town	Budget	Owned & managed by husband & wife
2	20	5	-	4	Outskirts of regional city	Best Western	Leased & managed by husband & wife
3	24	2	3	3	Metropolitan	None	Owned & managed by family
4	28	6*	12**	4 ½	Outskirts of regional city	Best Western	Owned & managed by family
5	30	5	10	4 ½	Metropolitan	Golden Chain	Leased & managed by husband & wife
6	34	4	11	4	Outskirts of regional city	Comfort Inn	Leased & managed by husband & wife
7	35	4 + 1 PT	17	4 ½	Outskirts of regional town	Comfort Inn	Managed for owners

* all employed for the restaurant ** 6 employed for the restaurant and 6 for the motel

Table 3 The results measures used in small motel

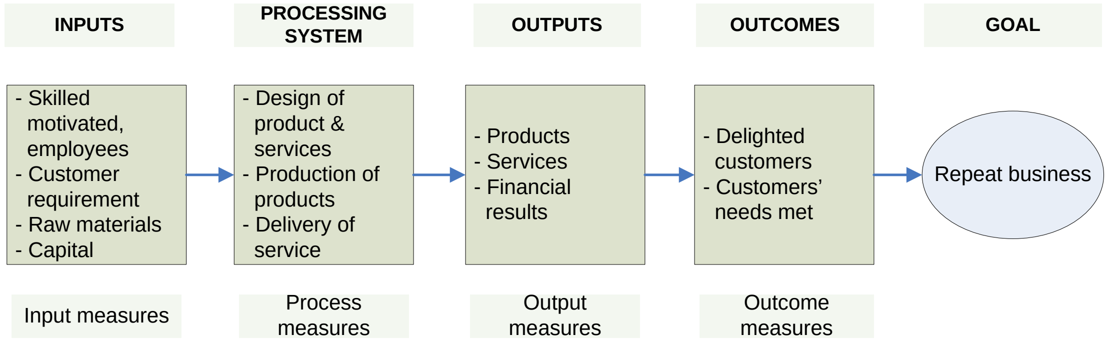
Results	Measures important to small motels	
Financial results (outputs)	**Measures:** Gross revenue Gross sales (room and F&B) Average room rate Revenue per average room rate (RevPAR)	
Non-financial results(outputs)	**Measures:** Occupancy rate Number of new and repeat customers Star-rating assessment reports	
Stakeholder & business satisfaction (outcomes)	**STAKEHOLDER** **Customer Measures:** Repeat customers New customers Word of Mouth (WOM) referral Positive feedback REVPAR trend **Employee Measures:** Positive feedback Absenteeism Flexibility in terms of work hours and roles required WOM referral **Investor or financier Measures:** Positive feedback Preparedness to make further investment/loans **Community Measures:** Positive feedback Referral Willingness to form alliances	**BUSINESS satisfaction with:** **Customers (measured by):** Yield Length of stay Frequency of stay **Employees (measured by):** Skill and knowledge provided Efficiency levels Accuracy levels Customer service **Investor or financier (measured by):** Financing suitability Financing requirements **Community (measured by):** Support provided Value of alliances
Business results (goals)	Net profit ROI	

Table 4 A summary of the financial and non-financial measures rated as the most important by the interviewees

Motel	Strategy	Financial measures	Non-financial measures
A	*Development (via renovations and upgrade)*	Tracking of sales (3) Monitoring of takings (2)	Occupancy rate (1) Customer satisfaction Tracking new and repeat customers
B	*Growth (via purchase of other motels)*	Tracking sales growth (3) (by room and yield from F & B) Comparisons of average tariff to the industry Monitoring of takings (2)	Occupancy rate Customer satisfaction (1) Employee satisfaction
C	*Development (via minor upgrades)*	Tracking sales growth (1)	Occupancy rate Tracking customer origins Tracking of new customers (2) Customer satisfaction (3)
D	*Development (a newly built motel)*	Tracking sales growth (2) Monitoring of takings (1)	Track the number of repeat customers. (3) Occupancy rate
E	*Maintenance (with a focus on continual amenity and product improvement)*	Monitoring of takings (1) Analysis of net profit (2) Average room rate (3)	Customer satisfaction (3)
F	*Maintenance (with a focus on increasing leisure and corporate market share)*	Average room rate (2) Revenue per available room (RevPAR) Tracking sales growth (3) Wages percentages Food costs Average cover in restaurant	Occupancy rate (1) Guest profiling & tracking
G	*Maintenance (with a focus on improving low season occupancy)*	Tracking sales growth (1) Comparison of average room rate (2)	Occupancy rate Tracking of repeat customers (3) Customer satisfaction (3)

NOTE: Bracketed numbers indicate importance ranking by the operators.

Figure 1 Inputs, processes, outputs and outcomes



Source: Brown, 1996.