

CERM PI® Operational Management Performance Indicators Caravan and Tourist Parks Review



Country Caravan Park

The Country Caravan Park is a hypothetical case study.
Any similarity with other parks is purely coincidental.

Prepared by: CERM PI Team
Telephone: (08) 8302 3319
Facsimile: (08) 8302 5255
Email: kate.gautier@unisa.edu.au

Date of Issue: 2005



1. BENCHMARKING CARAVAN AND TOURIST PARK OPERATIONS- COUNTRY CARAVAN PARK

1.1 Background to this Project

The development of operational management performance indicators for caravan and tourist parks by CERM PI[®] aims to provide caravan and tourist park managers with the ability to assess, monitor and improve the operational performance of their parks, by providing valuable external national benchmarking comparisons. Subsequent reviews will also enable you to benchmark your park(s) internally, so you can track the continuous improvement of your operations.

This review uses performance indicators of Operational Management developed with the industry by the collaborative research team from the University of Technology, Sydney, Griffith University (Queensland) and the University of South Australia.

The operational management questionnaire was developed in conjunction with industry representatives and with the assistance of on-site management and staff who attended focus groups conducted by University researchers during March 2002 to May 2003. Additional input from industry representatives during June to September 2003 was also considered in the instrument's development.

1.2 The Survey Process – How did we collect the data?

Data for this survey was collected using an 'operational management' questionnaire sent out during September 2003 to collaborators who were involved in the benchmarking project, as well as other caravan park managers expressing an interest in being involved in the national benchmarking project.

The medians have been grouped under **three** major Key Operational Performance Areas (KOPA):

- marketing & human resources,
- facilities, and
- finance.

Ninety caravan and tourist park operators were invited to submit information in accordance with the definitions outlined in the questionnaire. Fifteen sites did not participate in the survey; the medians are therefore based upon a sample of 75 sites.

Note: Operational Management benchmarks refer to the median/ or mid point of the figures, not the average.

1.3 Setting the Medians

At the conclusion of the survey period, responses from each participating park were combined. A median (the mid-point above which and below which one-half of all figures lies) was calculated for the indicators developed. In the example below, 124 is the median from the range of figures. By using the median instead of the mean (or average) the result is devoid of artificially low or high figures in a given sample.

96, 104, 115, 117, 123, **124**, 128, 132, 141, 142, 165

(median=124)

1.4 Making Sense of the Data – What do the indicators tell you about your caravan / tourist park?

So now you have the review, how do you read and use this data? Some manager and staff may find it interesting to know where they stand in relation to similar types of caravan and tourist parks around Australia. For example, you may be interested in knowing the level of spending that similar parks are devoting to aspects such as *promotion costs*, *energy costs*, *cleaning costs*, and increasingly, *water costs*, to determine whether you are spending comparably less or more, enabling you to quickly and accurately pin-point possible areas for further improvement. Comparing your *expense recovery* with other parks may also give you an indication of the profitability or viability of your park.

Through this kind of analysis, you will be able to identify the strengths and potential areas for development at your caravan or tourist park, you might then devise appropriate strategies to better focus your resources, in order to improve the overall performance of your operations. Your participation in subsequent operational management surveys will also allow you to internally benchmark your operations from year to year, thereby tracking any changes and monitoring the success of any strategies undertaken to facilitate continuous improvement along the way.

In Section 2, Table 1, your caravan park's individual results have been listed against the median result for all parks participating in the 2005 survey. Figure 1 represents selected expenditure indicators from Table 1 in a graphical format. Figure 2 represents expense recovery results while Figure 3 and Figure 4 relate to income indicators.

HYPOTHETICAL DATA

2. OPERATIONAL MANAGEMENT PERFORMANCE INDICATORS FOR COUNTRY CARAVAN PARK

The figures from your park may be interpreted as a whole i.e. the working indicators may contribute to the key indicators of expense recovery and site occupancy. The medians, however, are individual middle scores from all parks in the group and are independent of each other.

Table 1: Operational Management Performance Indicators Summary

	Country Caravan Park 2004/05	CERM PI Median 2004-2005 n=75
INDICATORS		
Expense Recovery	170%	117%
Site occupancy	78%	37%
WORKING INDICATORS		
Marketing & Human Resources		
Promotional (marketing) cost share	7%	7%
Labour cost per sites occupied	\$11.78	\$12.07
Labour cost per visitor night	\$5.73	\$5.77
Labour cost to gross revenue	27%	37%
Labour cost share	37%	27%
Facilities		
Cabin cleaning and maintenance costs	\$5.52	\$17.77
Cleaning cost share	17%	27%
Maintenance (routine) cost share	7%	10%
Energy (eg gas, electricity) cost share	7%	17%
Water cost share	2%	2%
Finance		
Secondary services income share	6%	7%
Secondary services per sites occupied	\$1.27	\$2.77
Secondary services per visitor night	\$0.70	\$0.87
Unpowered site income share	0.7%	1%
Ensuite (powered) site income share	1%	7%
Powered site (no ensuite) income share	10%	27%
Cabin income share	87%	57%

2. OPERATIONAL MANAGEMENT PERFORMANCE INDICATORS FOR COUNTRY CARAVAN PARK

Figure 1: Selected Expenditure Indicators

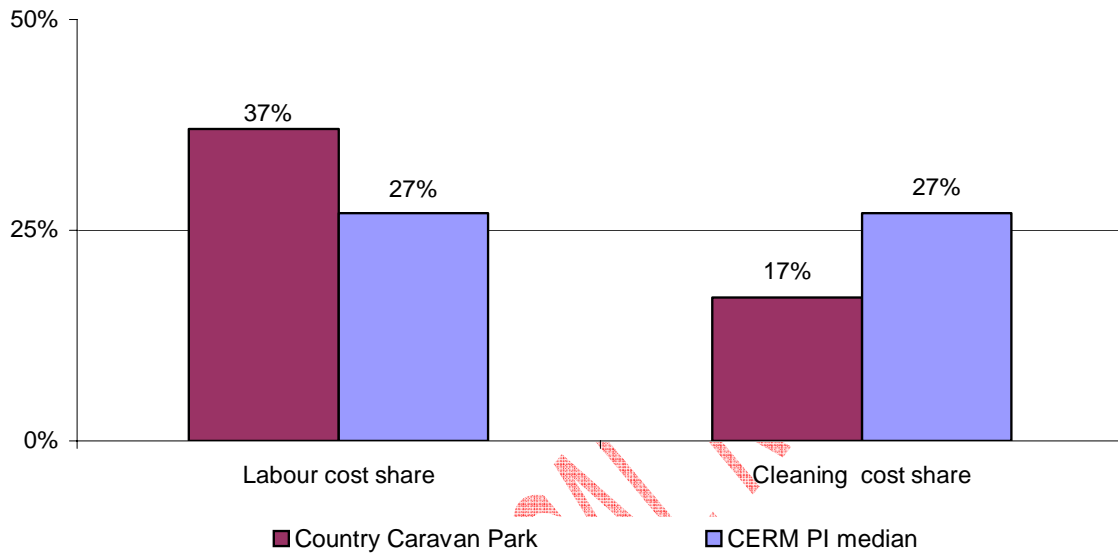


Figure 2: Expense Recovery

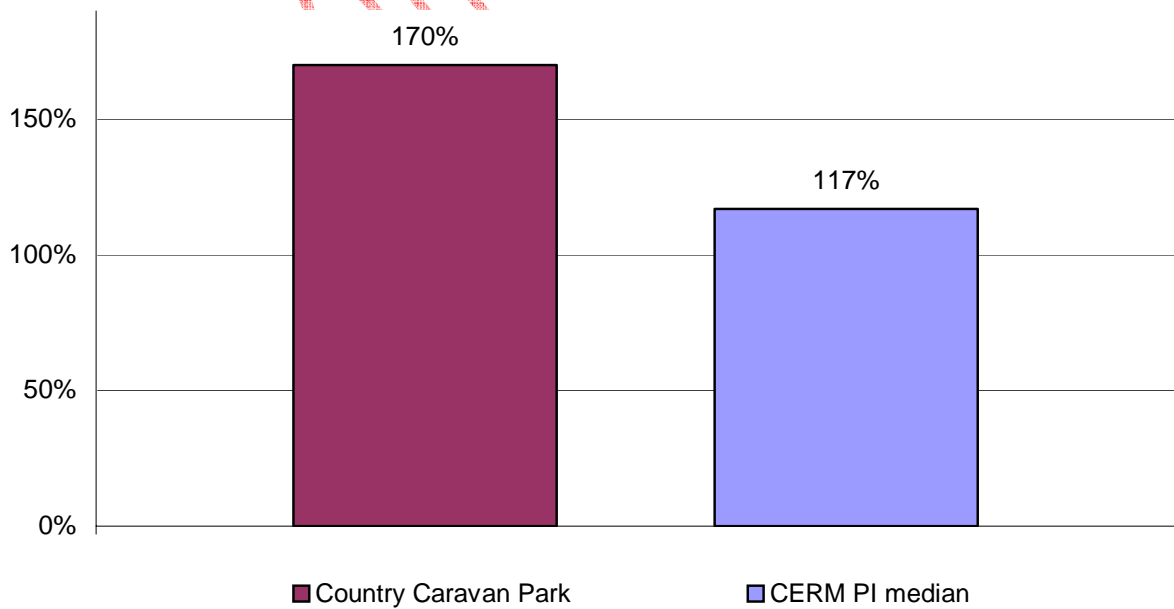


Figure 3: Unpowered site income share and Ensuite (powered) site income share

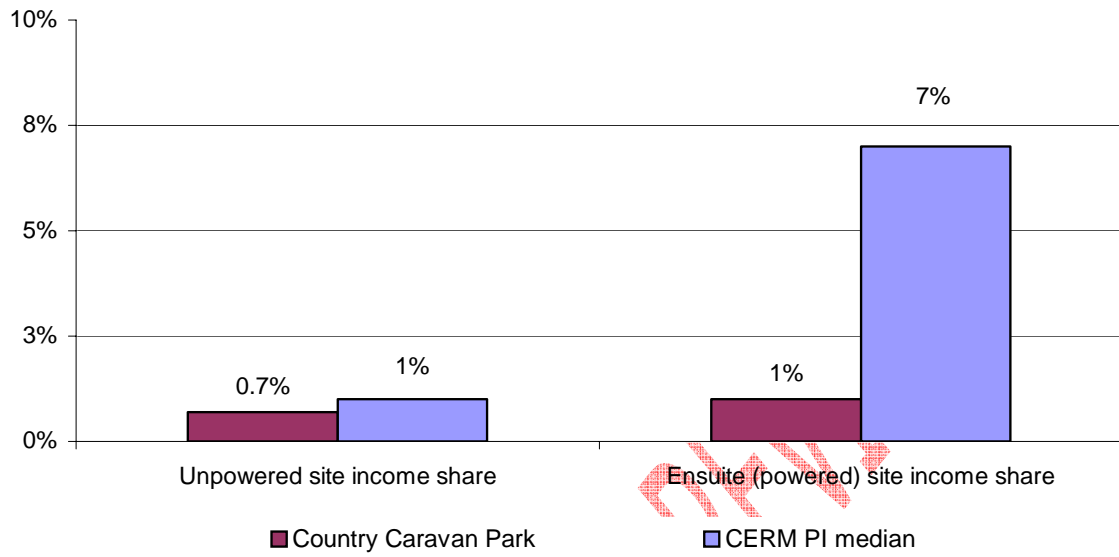
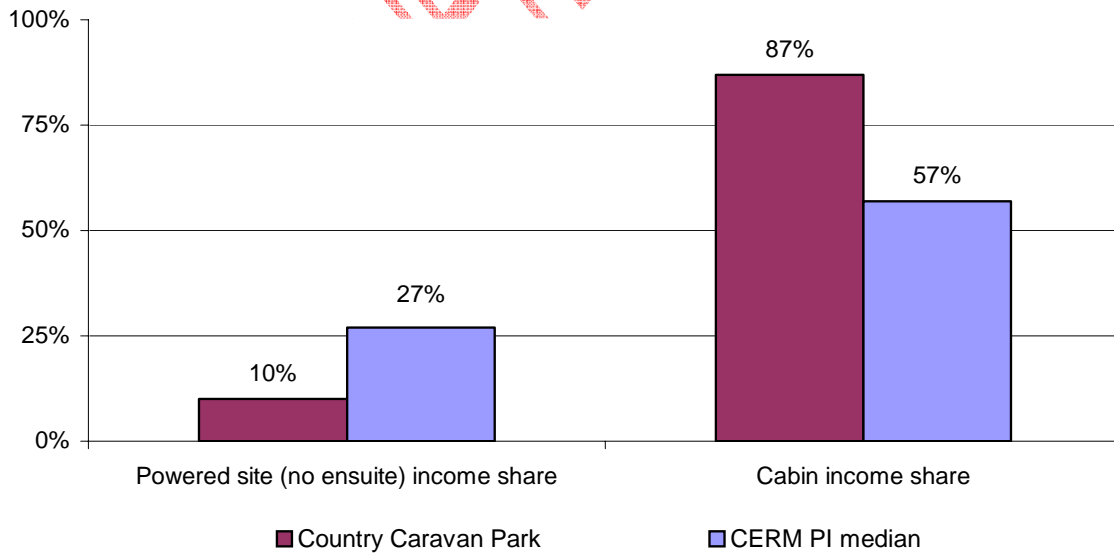


Figure 4: Powered site (no ensuite) income share and Cabin income share



3. DISCUSSION OF INDICATORS

Operational management indicators reflect positive results in regard to both *expense recovery* and *site occupancy*. *Expense recovery* at Country Caravan Park is well above the CERM PI median (170% compared to 117%), while *site occupancy* (78%) is more than double the CERM PI caravan park median (37%).

Marketing & Human Resources

- The park recorded a *promotional (marketing) cost share* of 7 per cent, equal to the CERM PI median.
- The operational management indicator for *labour cost share* (37%) is above the CERM PI median (27%) highlighting the park is currently spending more than other parks in the sample.
- *Labour cost per visitor night* is similar to other parks in the CERM PI sample (\$5.73 compared to \$5.77%).

These results may be further explored and reflected in customers' perceptions of staff (amongst other attributes) which can be by evaluated by conducting a comprehensive CERM PI® visitor service quality review, to complement this report.

Facilities

- *Cabin cleaning and maintenance costs* is well below the CERM PI median (\$5.52 compared to \$17.77).
- In addition, *cleaning cost share* (17%) and *maintenance cost share* (7%) are well below their respective medians (27% and 10%).
- *Energy cost share* is below the median (7% compared to 17%), while *water cost share* is equal to the median for parks in the CERM PI sample (2%).

Finance

As cited above, *expense recovery* is well above the median for parks in the CERM PI sample (170% compared to 117%). *Cabin income share* (87%) is well above the CERM PI median (57%), whilst *powered site (no ensuite) income share* is below the median (10% compared to 27%). *Secondary services income share* (6%) is below the CERM PI caravan park median (7%).

4. Overview & Adding Value

4.1 Operational Management

Operational management indicators reflect positive results in regard to both *expense recovery* and *site occupancy*. In addition, the park has a number of expenditure indicators that well below their respective CERM PI medians. These results may be further explored and reflected in customers' perceptions of the park which can be by evaluated by conducting a comprehensive CERM PI® visitor service quality review, to complement this report.

4.2 Maximising Your CERM PI Review

The analyses and discussion in this review have been prepared to indicate how your data can be used to identify or clarify issues. Managers of caravan and tourists parks throughout Australia use the CERM PI reviews in a number of different ways. Examples include:

- Sharing the results of the CERM PI review with staff at the caravan and tourists parks – problem areas can be discussed, future actions or strategies can be planned. Future initiatives could also be promoted to reinforce an improvement-based philosophy.
- Promoting the CERM PI Operational Management review to other caravan and tourists parks managers. Increasing the number of caravan and tourists parks involved in the CERM PI sample will further assist the caravan and tourists parks industry with relevant and reliable operational management information.
- Networking with other managers on the CERM PI 'Network Register'.

4.3 Additional Products and Services

CERM PI also has a range of products and services should you require detailed analyses of specific customer groups or issues at your caravan and tourists parks. One example of a product/service offered by CERM PI is:

- Caravan and Tourists Parks visitor service quality (VSQ) reviews to evaluate customers perceptions of service quality.

This type of review is provides valuable service quality information as well as complimenting the operational management since a result in one will almost always impact on figures in the other.

4.4 CERM PI Contact Details

In the first instance, please contact Raylene Jones at the CERM PI® office:

Telephone: +61 8 8302 5321

Facsimile : +61 8 8302 5255

Email: raylene.jones@unisa.edu.au

More information regarding the CERM PI Performance Indicators Project can be obtained via our website at:
<http://business.unisa.edu.au/management/cermpi>