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Lean times call for lean measures

Change has been forced on all of us and whatever worked for your business in 2020 is unlikely to work in the same way now. So it's the perfect time to reassess how you do things and get your pub or bar in shape for re-opening.

Let's be positive about the resilience of hospitality businesses to bounce back, but note that consumers are already thinking and behaving differently because of the pandemic. That's why it's vital for every pub to gear up to provide an exceptional experience for customers when they come back.

It was this sort of change in thinking that transformed the car production industry of the 70s from a sluggish operation, bogged down by tasks like managing parts stock which prevented a focus on actually building cars, into the hi-tech, 'just-in-time', no waste or slack, manufacturing machine it is today. We need to find and apply that sort of dramatic change to the hospitality industry right now.

It wouldn't be an artificial move. One of the best reasons for change is because you have to. Should you need another reason, how about the anticipation of a better result. In the case of pubs, the hope is we can come out of the pandemic stronger and more valued by our customers than we were before it.

By stronger I mean in terms of your business being more efficient, producing less waste and focusing more energy and time on things that make your customers love you - and which generate income as a result.

If you're wondering where to start, you could begin by considering what your

customers value most and what makes your pub distinctly different. Then try to identify all the activities that you and your team undertake that either undermine or detract from that. Under an approach known as 'lean' management principles these activities are considered 'non-value-adding' (NVA). Your aim should be to remove NVA activities entirely from your everyday practices. If that's impossible, look for ways to reduce them instead.

For example, one pub team realised a lot of time was being wasted, and food rejected, because of poor communication between the kitchen and bar staff.

"It's more than staff not talking to each other," says Michael Harper, Avani Solutions Head of Technical Services. "The lack of meaningful communication meant they didn't understand each other's jobs."

To resolve the problems, the teams did some temporary job-swaps, which resulted in the elimination of avoidable re-work.

Other typical NVAs might also go unnoticed until a team has the chance to deliberately examine all the lost time and duplicated effort in a typical day. While pubs are forced to stay shut there's an opportunity to step back and look at this. Consider a faulty beer tap as an example. If left un-repaired, how much time will your staff spend over the course of a week/month/year on extra trips along the bar, or to a different bar, or on explaining to customers why beer is fobbing and taking so long to pour? And how much does that extra time cost you?

Another example of a non-value-adding activity, is the 'cashing up' at the end of the night - and all the other time spent handling and processing cash. If there's cash, you have to count it, but these

activities do nothing to enhance the customer experience.

Nick Salussolia is Operations Director at Glendola Leisure, the bar, club and restaurant company behind the likes of The World's End in Camden and Waxy O' Connor's in London and Glasgow. When he and his team took time out to identify all the potentially wasteful activities across the group, they decided a switch to a cashless business was essential.

"Not only does it streamline service to enhance the customer's experience, it also makes for better use of staff hours," says Nick.

Once you've identified all the NVA activities, and worked out ways of reducing or removing them, you should make a list of all the 'Customer Value Adding' activities (CVA). The things you do that enhance your reputation and have customers coming back for more. These should be the focus of your efforts and staff time - but they also need to be done in the most efficient way possible.

A question for Nick Salussolia, particularly when he and his team assessed their operations during the pandemic, was how to ensure the food offering remains fresh and relevant for customers without the inefficiencies of a diverse range and a proliferation of ingredients. The menu review helped him to decide that sometimes it's a case of less is more.

"We've always valued our diverse portfolio - and this translated into a different menu at each venue - but right now we really have to focus on efficiency. By standardising the core offering across the Group, we've been able to buy better and this translates into better value for our customers. Not only that, we can reduce stock holding and compare performance across the Group."

Philip Turner is CEO of the Chestnut Group, a collection of pubs, inns, and restaurants in East Anglia - celebrating

the region, its people, provenance and personality. He concurs with Nick, but

also thinks that there's a danger of taking CVA thinking too far. "For too long, hospitality has continued to deliver services where the business loses money but the customer benefits, such as opening on a Monday/Tuesday when it makes no economic sense to continue."

"So if there's a positive outcome of this pandemic, it's that we're forced to think creatively about how to deliver customer value *profitably*. That means in some cases reducing our service from seven days to five during down periods, providing shorter menus and employing technology such as table ordering applications in ways to reduce labour costs and still delight the customer."

Taking Philip's point further, at Avani we're still finding that venues are 'over-tapped' with too wide a beer range. Offering a wider choice may seem like a good thing, but it can have the effect of driving beer quality down if products are not sold through quickly enough.

Sandwiched between the NVAs and CVAs are those tasks that are essential to the business to make things run smoothly. If you can cope with another acronym, these are the 'Business Non-Value Adding activities' (BNVA). The aim should be to identify and restrict them to a minimum. But at the same time, you still need to recognise that the business can't run without them.

BNVAs encompass all the compliance work that underpins good and safe practice and includes planning, monitoring and risk management. From a beer quality perspective, this undoubtedly includes beer line hygiene and daily bar closedown procedures.

"Beer line cleaning should be carried out weekly if done in-house, but pubs would be wise to take the opportunity to closely examine the cost of beer waste as well as the staff time and costs which go into it -

because they can be truly eye-watering," says Michael Harper.

"It's definitely one of the things worth weighing up during lockdown – if pub teams can focus on delivering excellent service and value to customers, we can do our bit with ProClean and ProClean+ and look after the beer quality, saving our customers the unnecessary waste too."

The pandemic has forced change on all of us, but it's also providing an opportunity to uncover inefficiencies and waste and work out how to overcome them. Right now, it's probably the best use of your time.

Checklist to help identify and reduce wasteful activities

A good way of getting your head round all this – and understanding how to trim unnecessary tasks and costs – is to look at what are known as the Lean 'seven types of waste' – as explained below with examples.

1. Transport – the longer your beer lines, the more beer waste you're likely to have – made more costly with weekly cleaning regimes. Or how much time and resource is spent moving stock around?
2. Inventory – the larger the menu offering, or the more beers you have on your bar, the more stock you have to hold at any one time, tying your vital cash up.
3. Motion – trips made to search for items that aren't where you left them, poor bar layouts and faulty taps are examples that cause unnecessary and wasteful motion.
4. Waiting – A lack of skill in the team and a reliance on one person can often lead to waiting time. Imagine if only one person can change a keg but they're busy doing something else or are on leave
5. Over-Processing – polishing beer glasses is a perfect example of over-processing as it adds no value and might actually reduce beer quality; wrapping cutlery in napkins is arguably an example too.
6. Overproduction – preparing an extra pot of coffee for the last few stragglers in the bar is liable to result in waste. Connecting a new cask on a Sunday evening when you're going to shut until Wednesday is certain to result in waste.
7. Defects – Any beer from a keg or cask drawn from the tap but not sold is waste. This could happen for a variety of reasons, but the important thing is that your team recognise when a defect occurs. Anything that isn't delivered 'right first time' is an example of a waste in this category.

About the author: Amanda Thomson, MD at Avani Solutions, has a career in change management and business performance improvement.

About the organisation: Avani Solutions are specialists in on-trade beer quality and offer a range of services including independent beer quality auditing, professional 4-week beer line cleaning (ProClean), SOS deep cleans and taint removals as well as installation and technical maintenance services.

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