

**Summary**

<b>OPPORTUNITY</b>	<ul style="list-style-type: none"> <li>Improve company-wide service consistency and reduce operational waste</li> <li>Apply a more process-oriented approach to business operations</li> <li>Cultivate a company-wide culture of improvement and innovation</li> </ul>
<b>ACTION</b>	<ul style="list-style-type: none"> <li>Worked with an external consultant to identify a quality methodology suitable for hospitality</li> <li>Planned a <b>robust structure with delineated roles to sustain momentum</b>; trained <b>all colleagues</b> in lean thinking</li> <li>Established a platform to encourage innovation from all levels of the organisation</li> <li>Quick facts:                         <ul style="list-style-type: none"> <li>✓ Programme fully launched in 6 months</li> <li>✓ Total investment of S\$40,000 in training</li> </ul> </li> </ul>
<b>RESULTS</b>	<ul style="list-style-type: none"> <li>Over S\$3 millions in savings in the four years from 2010-2013</li> <li>Between 2010 (initial launch) and 2011, Gross Operating Profit saw an improvement of 27.9%</li> <li>Fundamental shift in culture and operational thinking at all levels of the organisation</li> </ul>

**OPPORTUNITY**      **SEEKING CONSISTENT SERVICE DELIVERY AND REDUCING OPERATIONAL WASTAGE**

Fairmont Singapore, Fairmont Hotels & Resorts’ pioneer property in Asia comprises 769 guestrooms and suites, and offers a distinct collection of 15 restaurants and bars, award-winning amenities, and 70,000 sq ft of cutting-edge function space.

At Fairmont properties the world over, the mission statement – “Turning Moments into Memories for Our Guests” – is a reflection of their commitment to service delivery. In a continuous improvement effort, Fairmont Singapore researched other industries to discover best practices applicable to improving their business processes.

Despite taking pride in delivering quality service to guests, the hotel found there are always processes that can be further improved if one looks carefully. Hence, the hotel went about setting up a structured initiative to apply a more **process-oriented approach** to business operations to consistently deliver on good service and reduce waste (e.g. errors or unproductive effort).

*“In the hotel industry, we are very good at managing the emotional part of the business. We always focus on delivering service with a smile, with passion, and with our hearts. But we knew we had an area to improve on – and that was to apply a more process-oriented approach to operational issues.”*

-- Carlos Monterde  
 Hotel Manager  
 Fairmont Singapore

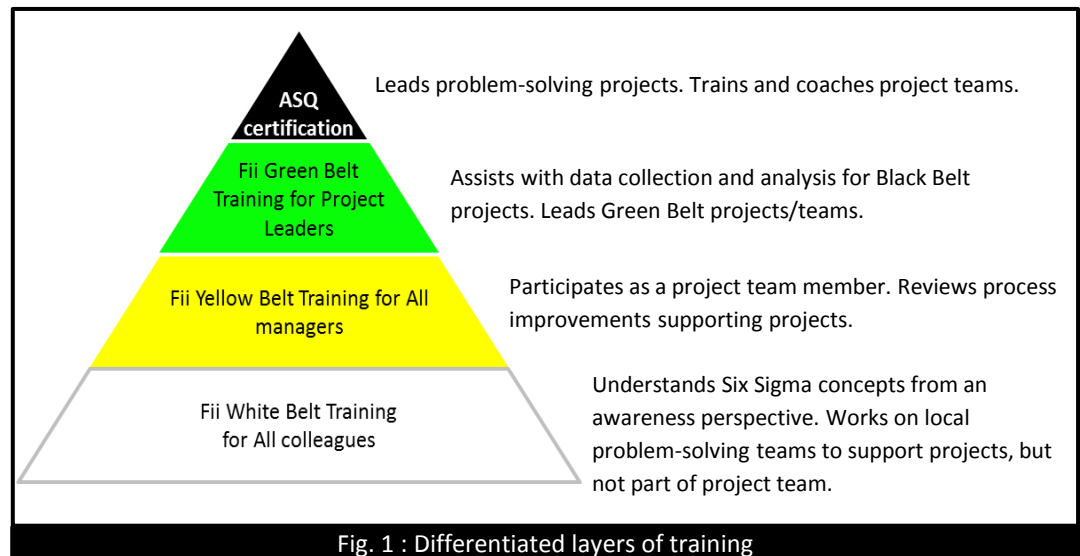
In 2010, the hotel embarked on a property-wide project to improve service consistency and reduce operational wastage.

After exploring various management methodologies, a quality methodology (Lean Six Sigma) based on an adaptation of Lean Thinking combined with Six Sigma was eventually implemented. Lean Thinking is an approach to improve flow and eliminate waste, with a focus on the interaction between processes; Six Sigma focuses on output quality by removing the error sources and minimising variability.

The hotel customised Lean Six Sigma to reflect its unique cultural and organisational needs and named it the “Fairmont Improvement & Innovation Programme” (Fii). It is a comprehensive effort to blueprint service processes, identify areas of wastages and variability, and provide the structure for sustainable implementation of productivity ideas.

## Key Steps

- **Putting in place a robust structure for sustainability:** Fii is based on a framework with 5 key pillars and clear roles that work together.
  1. A leadership pillar driven by the General Manager through the Fii Council
  2. A Project Management pillar, formed by the Director of Quality at Fairmont Singapore, to oversee improvement projects
  3. A Training and Resource pillar to equip leaders and colleagues with the know-how
  4. A Programme Sustainability pillar to ensure the programme’s momentum
  5. An Improvement Culture pillar to drive an ethos of continual improvement and innovation
- **Designing differentiated levels of training:** The hotel worked with PSB Academy to design a training programme to on-board colleagues.
  - In the 1<sup>st</sup> phase of Fii, key members of the executive team were sent for Lean Six Sigma training, where they learnt how to unearth systemic problems in the organisation. Other members and department heads were subsequently sent for sponsorship training, where they learnt foundational knowledge and how to be champion the programme.
  - For full adoption, all colleagues went through the White Belt (line staff) or Yellow Belt (managers) training; project leaders went through the Green Belt training (see Fig. 1 for levels of training). As of 2013, more than 400 colleagues from different levels have been trained.



Note: ASQ stands for American Society for Quality.

## Key Steps (cont'd)

- **Creating room for organic innovation:** Part of Fii is a colleague suggestion scheme called “Ideas Count” that rallies colleagues to submit productivity ideas. Not limited to leaders, all colleagues are encouraged to contribute. At the department level, the top three ideas are highlighted and sent to an Evaluation Committee (within the Fii Council) for selection based on an internal set of criteria. Chosen ideas are escalated to become projects. This process helps unearth good ideas that should be supported with appropriate resources.

---

## Key Success Factors

- **Multi-level involvement and commitment:** The multi-level training demonstrates the commitment to Fii that cuts across all levels of the company, right through to the GM in his role within the Fii Council. This multi-level involvement creates an environment for positive change: management’s participation is critical for coordinating inter-departmental improvements; but with ideas coming from line staff themselves, it was easier to secure their buy-in during project implementation.
- **Ensuring sustainability in training:** By sending key staff members for certification by the ASQ Projects & Examination, these in-house trainers can conduct subsequent training for new hires without exorbitant fees. Fii is made a part of the everyday culture through Ideas Count; also, Fii projects are now to be scoped into every manager and department’s goals and work plans.
- **Valuing and incentivising bottoms-up ideas:** Colleagues are encouraged to think about process improvement in their own line of work. Each colleague who submits an idea receives S\$10 for their initiative. An implemented idea yields S\$50. Inter-department competitions for the Idea of the Quarter (\$500 reward) aim to drive quality participation through friendly competition; Idea of the Year comes with a S\$1,000 reward.
- **Senior management’s buy-in:** Fairmont Singapore is the first Fairmont which looked into developing such a programme. It was due to the leadership having conviction in this effort that led to a Quality team being formed (new headcount) to structure a programme, resulting in Fii. Management from some Fairmont hotels overseas have sought the advice and insight of Fairmont Singapore to implement Fii at their own hotels.

**Project period:** Fairmont Singapore embarked on the Fii Programme in March/April 2010 and **launched it property-wide in six months.**

**Estimated cost:** Fairmont Singapore **invested S\$40,000 in training** to prepare employees for the initial rollout of the Fii Programme.

Fii's success metrics was a combination of revenue/cost impact, guest satisfaction, colleague engagement or brand enhancements. To standardise measurement, project savings are defined as savings that have impact on at least one of the following areas:

- Financials – increase in revenue, decrease in costs, higher profit
  - Guests – improve guest satisfaction
  - Colleagues – enhance colleague engagement
  - Brand – strengthen the brand and hotel reputation
  - Productivity – save time, effort or other resources
- **Results within 1<sup>st</sup> year of implementation:** the first round of improvement projects in 2010 involved areas pertaining to meeting operational effectiveness, guestroom energy use, queue rooms management, outlet supper revenue, laundry and email savings. The total annualised savings in 2010 was S\$493,508, which exceeded the initial 2010 goal of S\$440,000. This included productivity savings of 7,608 man-hours as well as cycle time reduction of 27% for one of the projects.
- **Cost savings translating to business performance:** Between 2010 and 2011, Fairmont Singapore's Year-To-Date Gross Operating Profit saw an improvement of 27.9%. The productivity measure of Total Revenue per Equivalent Full-Time Colleague has also seen an improvement of 7.9%.
- **Sustained savings through improvements after initial launch:** By training all colleagues and managers, identifying relevant projects, and removing bottlenecks that would impede the success of projects, the company was able to achieve estimated total savings of S\$3,005,000 from 2010 to 2013.
- **Colleague innovation to drive colleague engagement:** In terms of colleague innovation, the hotel has also been sustaining the efforts of searching for quality ideas to transform into real improvements. Having seen their suggestions turn into reality, the colleagues feel a deeper sense of ownership in the hotel. In 2011, the programme received 185 ideas, with 19 implemented. In 2012, there were a total of 319 idea submissions, with 43 implemented. In 2013, the idea submission count was 303, with 36 being implemented as projects.

*“Most importantly, the Fii Program has brought about a fundamental shift in the culture and operational thinking at all levels of our colleagues—the drive to reduce wastage, eradicate errors and improve productivity has helped us to increase revenue, save costs, improve consistency and enhance performance levels. This, in turn, is helping us to better deliver on our mission of “Turning Moments into Memories for Our Guests.”*

-- Carlos Monterde  
Hotel Manager  
Fairmont Singapore