



Process Evaluation & Improvement

The Hilton Balanced Scorecard

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SVP- Operations Support

Hilton Hotels Corporation

Operations Support

Key Internal Functional Support



Overview: Performance Leadership

- **Balanced Scorecard:**
 - Align the Organization
 - Measure Results
- **Continuous Improvement Process:**
 - Use BSC to target Opportunities
 - Raise the Bar
- **Results:** Is it working?



Where We Wanted To Be

- **'Balance' financial and customer data**
- **Create new Focus: Pay at Risk**
- **Measure to reward/support**
- **Align Corp Objectives with Hotel goals**
- **Easy to understand (RYG)/ Results Oriented**
- **Tools to Improve**
- **Standardized Process/ Flexible measures**
- **Automate**



Hilton Balanced Scorecard

Value Drivers

Operational
Effectiveness

Rev Max

Loyalty

Brand Mgmt

Learning
& Growth

KPIs

Cash Flow/GOP
RevPAR

Loyalty
Guest/Team member

Brand
Standards

Diversity &
Org Development



Hilton: Organizational Alignment

- **Clearly State Vision**
- **Develop Corporate Business Strategy**
- **Align overall Strategy with SBUs**
- **Measure - Balanced Scorecard**
- **Value thru Continuous Improvement**



VISION
" To be the First Choice of the World's Travelers



Measure Performance Results
Reward & Support
Continuous Improvement



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Dec 2002

New Orleans Hilton Riverside



The Hilton Vision

BALANCED SCORECARD

OVERALL SCORE
64.22

Operational Effectiveness

Revenue Maximization

Loyalty

Brand Management

Learning & Growth

\$49,703.63
EBITDA (000)

\$132.89
Room RevPAR

52.30%
Guest Loyalty

83.49
Brand Consistency Index

100.00
Learning & Growth Index

44.80%
EBITDA Margin

121.69
RevPAR Index

59.41%
Team Member Loyalty

488.95%
EBITDA Flow

[Bonus Reports](#)

[Award Reports](#)

Right - click to print

Run Date 01-25-2003

[Business Plans](#)

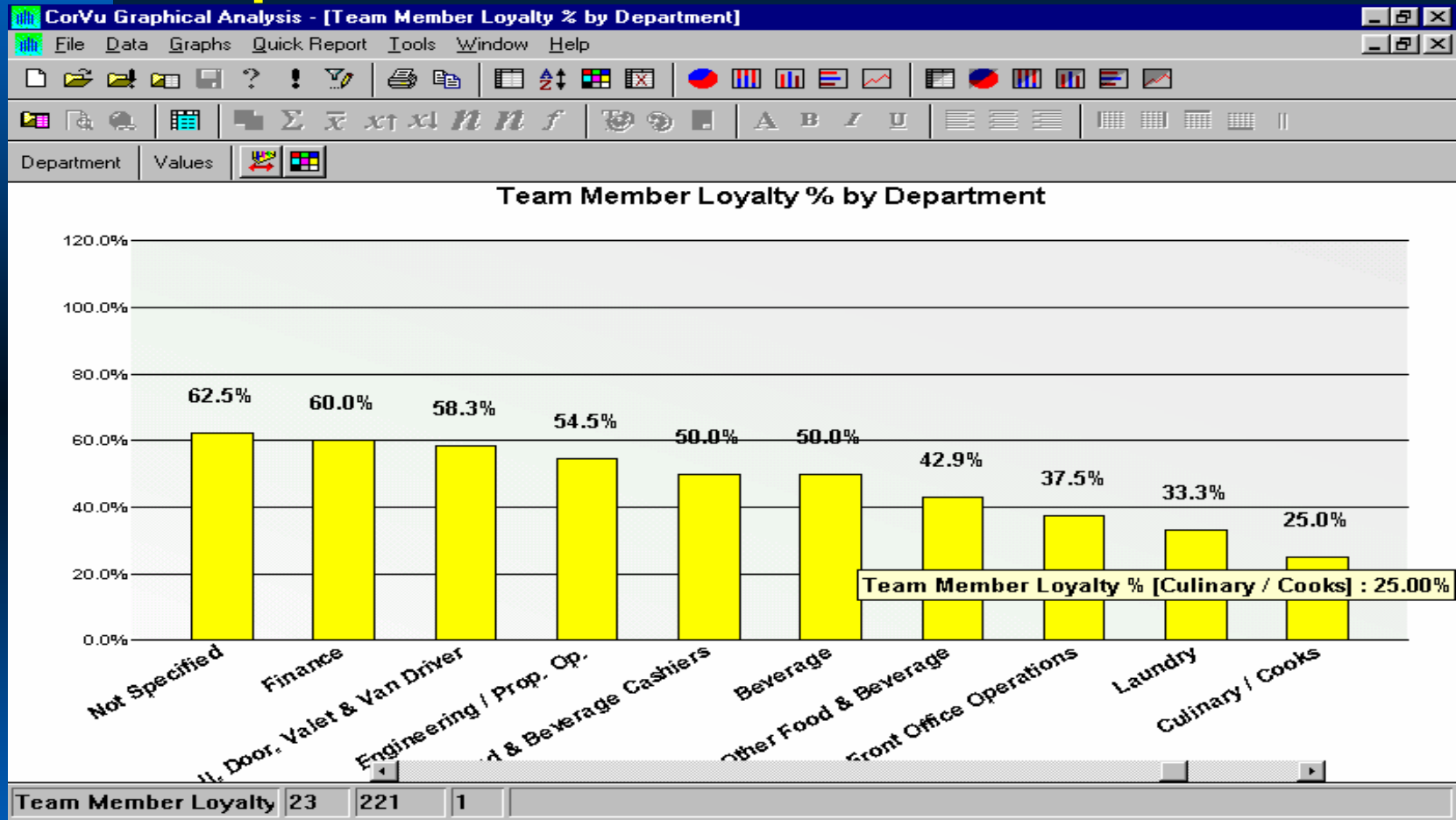
[Best Practices](#)

[Help \(877\) 572-7222](#)

Drill-down



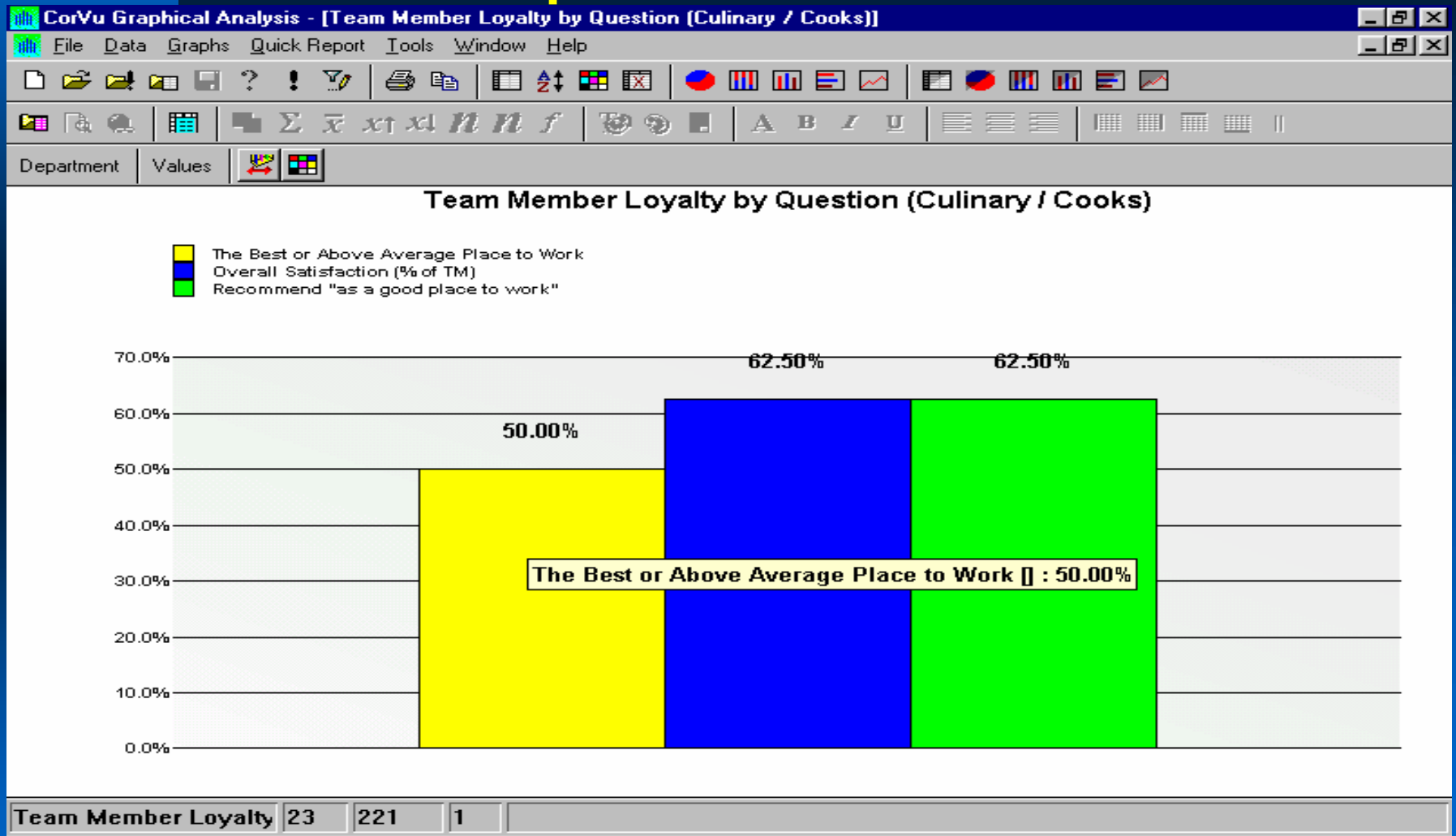
Team Member Loyalty by Department



- Culinary/Cooks has the lowest Team Member Loyalty
- Let's investigate further.



Team Member Loyalty within Department



- Only 50% of our Culinary / Cooks team members feel this is an above average place to work



Team Member Loyalty Best Practices



The screenshot shows a Microsoft Internet Explorer browser window with the title bar "Best Practice - Microsoft Internet Explorer provided by Hilton Hotels Corporation". The address bar contains the URL "http://hhc-townsquare.hilton.com/intranet/library/bp/Default.htm". The page content includes a navigation bar with "Jump To" and "Best Practice" dropdown, and a list of best practices:

- [BP-01](#) Food & Beverage / Operations - *November 1988*
- [BP-02](#) Front Office - *November 1988*
- [BP-03](#) Housekeeping
- [BP-04](#) Human Resources / Training and Development - *November 1988*
- [BP-05](#) Loss Prevention
- [BP-06](#) Food and Beverage / Catering & Convention Services - *July 1999*
- [BP-07](#) Hotel Operations and Finance - *November 1988*

On the left side of the page, there is a photograph of two hotel employees in white shirts and dark trousers. One employee is kneeling and using a blue vacuum cleaner on a brown leather sofa, while the other stands nearby. The word "Best Practice" is written in a serif font above the photo.



Hotel Team members Focused & Aligned



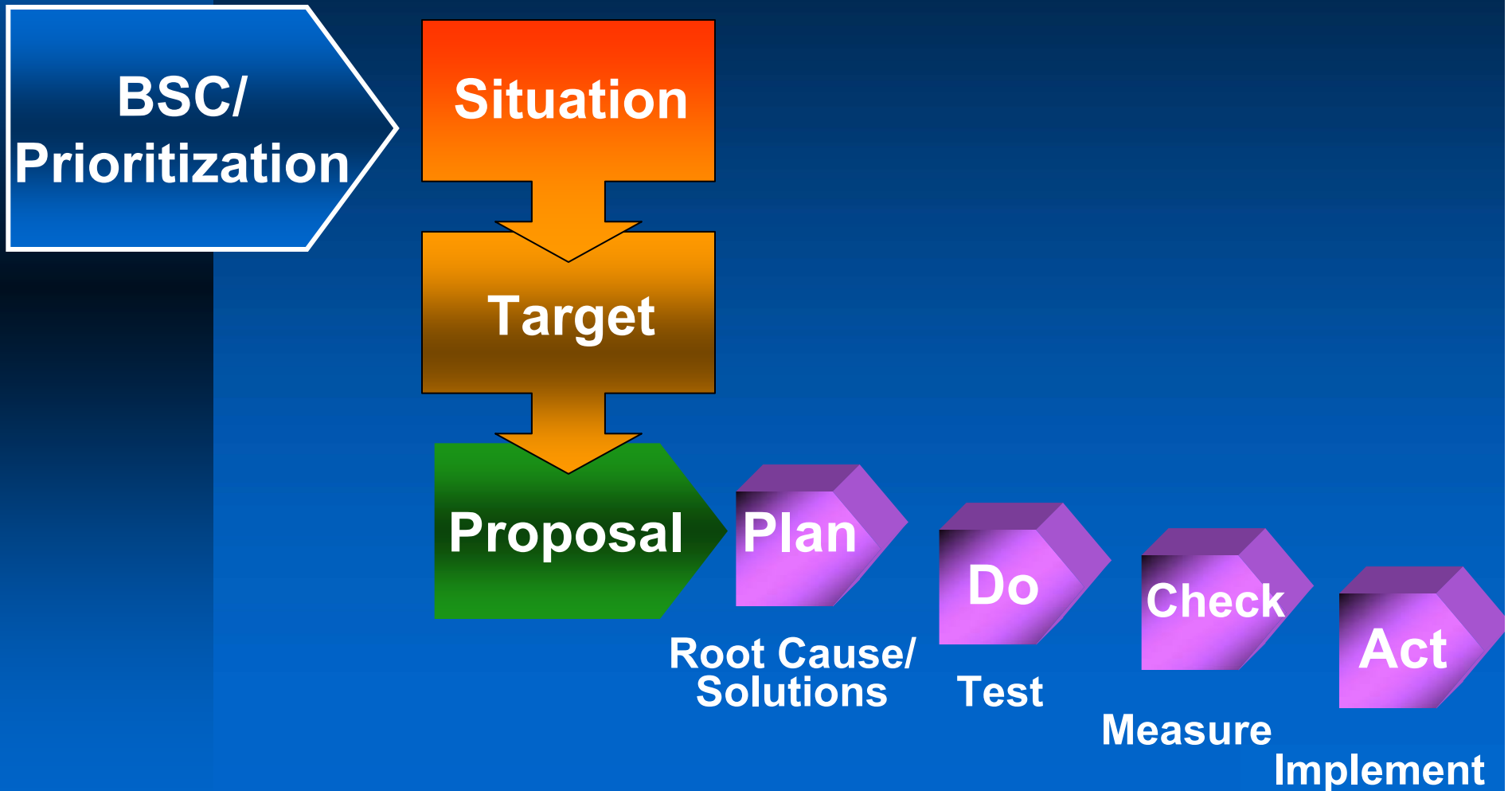
Hilton CIP vs Six Sigma & Kaizen

6σ

改善



Linking BSC to Continuous Improvement Process



Results: Creating Value

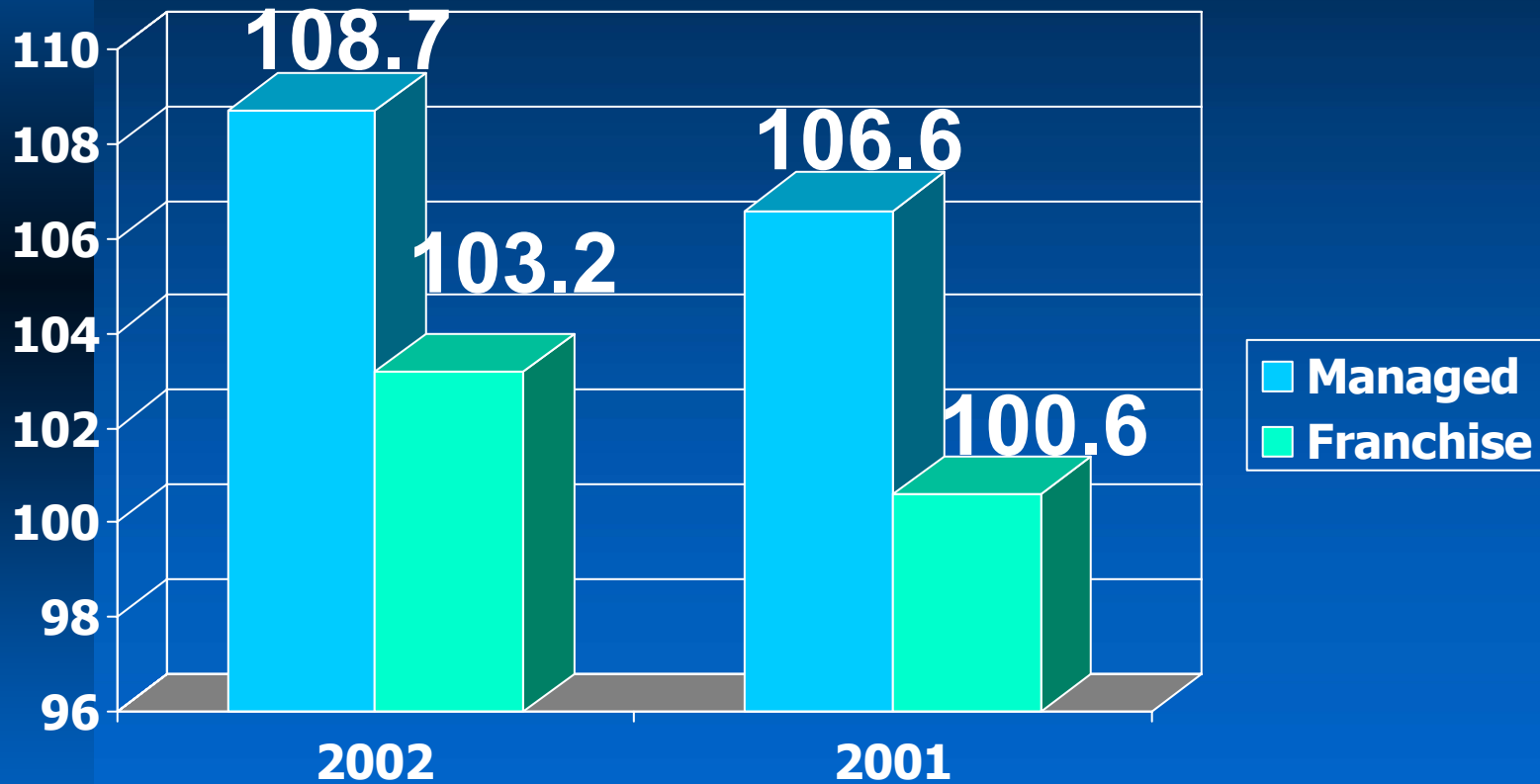


2002 JD Power Results - Upscale Segment



RevPAR Index

Corp Mgd vs 3rd Party Mgmt



Cost Containment

Cost Per Occupied Room- '02 vs '01

- **Managed: CPOR down \$4.14 or 3.44%**
- **Owned: CPOR down \$5.97 or 3.80%**



YTD Nov 30



Lessons Learned

The **Balanced Scorecard** to:

- Align Corp Strategy w/hotel
- Set Goals/Measure Results

Use the **CIP** to reach higher levels of performance

Raise the Bar



Hilton Performance Culture

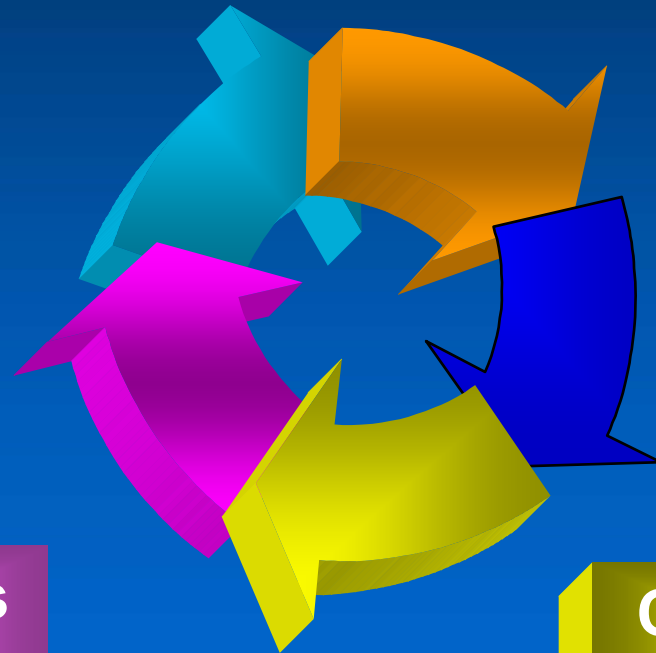
KPI
Goals

Reward
Recognition

Balanced
Scorecard

Operations
Support

Continuous
Improvement



Performance Management: Next Steps

