Assessing the value of IT Systems

As the marina industry has been traditionally hands-on and well serviced by staff talented at good customer service, it has not had strong drivers for sophisticated accounting or IT management systems. This has been largely due to the nature and complexity of the business itself, which has not made for easy automation. But, say *Chris Thomas* and *Richard Dowland*, times are changing.

The increasing value of waterfront property has driven the need to ensure good returns for the owners. This, coupled with the increasing pace and sophistication of life and boating, is driving the need to operate in a more sophisticated and cost-effective manner to make marina administration and management plain sailing, rather than heavy weather…

Marina businesses require large capital investment in buildings, pontoons and other equipment, thus demanding high economic returns. Marinas are complex operations with many facets, and activities vary from marina to marina according to the very nature of their physical location.

Today's marina managers require access to more and higher quality operational information. They need to share up-to-date knowledge with front line staff - if a berth is empty for a night, it cannot be resold later, and the revenue is lost. Changes occur frequently - guests arrive and depart often because of vagaries of the weather. There is management and maintenance of complex structures in a harsh environment and complex health and safety issues for employees and for guests.

Such factors are driving marinas to improve operations, services, productivity and communications; and Information Technology (IT) solutions can play a crucial role in enabling this. Marinas cannot afford to avoid the use of IT if they are to produce maximum value and returns to their owners/shareholders.

However, IT Systems are often seen as an unnecessary cost and it can be difficult to understand where and how their value can be generated. It is accepted that the obvious assets to the business - pontoons, travel lifts, staff, etc - require initial and ongoing investment and regular maintenance. IT investments are no different – there are external and internal factors that should influence the initial purchase decision and require on-going investment to maximise the benefit. No one should invest in IT for the sake for it - it must add value to the business.

Phrases such as 'Total Cost of Ownership' or 'TCO' have been used widely when considering IT investment decisions. And it is true that costs are important in making such assessments, e.g. when purchasing a new printer the initial cost of the printer is important, but what about replacement printer cartridges, parts and support? The cheapest printer to purchase isn't necessarily the cheapest to operate over the course of its life.

To ensure that IT investments really add value to the business, 'Total Value of Ownership' is perhaps a more important measure than TCO. The most important place to start when considering this is to forget about the IT altogether. Rather, examine what the business needs to achieve to develop, provide competitive advantage and differentiation, and thus return more value to the business owners.

Consider these points as 'Key Drivers' within the business. By starting here, the changes required to support the delivery of those drivers can be assessed. A change might be a new process or procedure, a change of roles or responsibilities, or a redesign of the marina layout. IT should be seen as an enabler - a tool to support change and assist in meeting the Key Drivers. By considering IT Systems in this way you are building an investment case and identifying where IT will add value.

Key information on the move - pocket PC size.

So, what are the opportunities created by the use of IT Systems in a marina, and what business challenges can be addressed?

External drivers

There are a range of external drivers which will force a marina to adopt different practices, requiring more efficient working practices to ensure consistent if not increasing returns. Some examples include:

1. Customer expectations

Customers expect more and more from every type of business. Social and day-to-day pressures mean that customers expect businesses to be constantly adapting to new

Making IT work for them – happy customers: Michael Grundy (left) and Mike Harvey of Runaway Bay Marina, Australia.

Driving Business Benefits from IT Systems

Key Drivers
"A view held by management about what is important in the business over a given timescale, addressing internal and external factors - such that changes must occur"

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Investment Objectives
"Organisational targets for achievement agreed for the project in relation to the Drivers and envisaged changes"

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Business Benefit
"An advantage on behalf of..." the stakeholders – customers, staff, owners, shareholders, suppliers etc.

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Business Changes
"Those changes to working practices or processes that will cause the benefits to be delivered (or begin to be delivered)"

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Enabling Changes
"Those changes which are prerequisites for bringing the business changes into effective operation."

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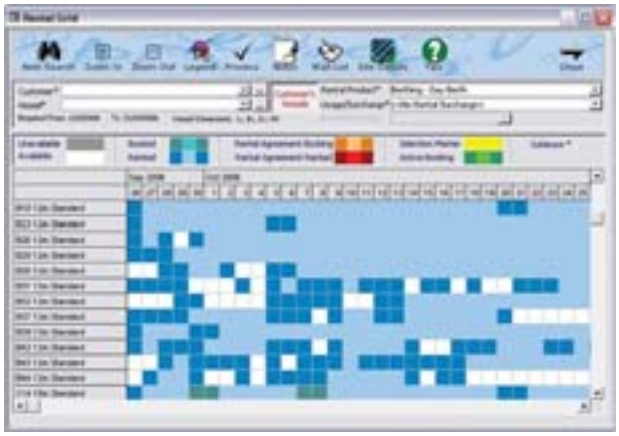
Information Technology Enablers
"The systems required to address the Drivers, fulfil the Investment Objectives and provide the Business Benefits."

advancements, in a way that is flexible and suits them.

Companies that address these issues create more competition for those that do not. Customers start to become used to more choice, flexibility and efficiency and will make a decision to go where their needs are best serviced.

IT has a clear role to play in supporting business strategies that better meet customer expectations e.g. if I can pay my mobile phone bill on line, why can't I pay for my berth this way?

The boating industry is providing more and more advanced technology. As boat owners are becoming increasingly technically knowledgeable, they expect their marina to keep up to date and the increased use of home computers and the Internet is also spurring marinas on to match the service levels of other industries.



Using a database with graphics to keep tabs on berth occupancy aids organisation and cash flow!

2. Customer service

Offering excellent customer service is something the marina industry is good at. Marina staff can have an amazing capacity to remember customer and vessel details, and even the name of their dog! This ability provides the personal touch and can be the difference that delights customers.

New or seasonal staff can have an impact on the delivery of that 'delight' but they will take time to get to know the customers. IT can support the sharing of information between old and new staff members, and help bring new staff up to speed faster by providing a means to access customer information without reliance on other staff members.

3. Compliance

Compliance issues exist within any industry - businesses are required to adhere to or demonstrate 'Best Practices' or face penalties. Issues such as security, insurance, environmental, Health & Safety, taxation, accounting policies, audit and legislative requirements all place heavy demands on the way the business is administered.

IT offers value by making processes sleeker and more able to cut through the heavy weather of paperwork, e.g. recording the performance of security checks, accounting for sales taxes, logging Health & Safety checks and audits, etc. The ability to access and search such information, do something meaningful with it, and do it efficiently is where the value can be added.

Internal drivers

In order to remain competitive, the business will create its own internal drivers for change to support new strategies and objectives. Some examples include:

1. Information for operational decisions

Higher quality and richer business operating information is required to support decisions. Obvious basic requirements include arrival and departure information, occupancy - capacity, utilisation and efficiency. There is also a requirement for increasingly enhanced information, such as who is using what facilities and when. This information feeds into decision making on new service offerings and pricing policies for the next berthing season. Equally important, it will allow up-to-the-minute manipulation of visitor rates during the current season to ensure maximisation of revenue, and allow the marina manager to remain in control of major and minor seasonal fluctuations.

Storing this information is one thing, but as this data may be both 'structured' and 'non-structured' the ability to access, analyse and use it in a meaningful way is essential. Good IT systems can provide a range of options to record and analyse such data in an efficient manner that adds real value to the business.

2. Investment decisions

The ability to record and easily access operational information makes the preparation of business plans and business cases easier. It also provides the information to ensure that those plans are based on proven data to support cases for marina reconfiguration, pontoon replacement, utility or security systems implementations, etc.

This information enables an understanding of where investments will provide the best return and provide the means to measure the return on those investments. This measurement will in turn offer more information for future plans as you understand what worked, what didn't and what additional information would have been useful.

3. New products/services

IT enables the extraction of more value from a new service, e.g. a vessel tracking system could provide valuable information about vessel movements, allow more efficient performance of the 'dock walk' or berth checks and offer an effective security control at the same time.

4. Additional revenue streams

Assessing the demand for, and monitoring the success of, new revenue generating schemes requires the collection and analysis of information. For example, when considering the set-up of valet and maintenance management services, customer demand information is required but an efficient means of managing and measuring the scheme is also imperative. How will you know if the scheme is making money, rather than soaking up staff time?

5. Increased efficiency and staff productivity

How many staff are required to deal with billing, collection and general accounting? Are invoices raised manually each time for a product/service or is this automated? Can you be sure that nothing gets missed? Correct, complete and auditable accounting is required in any business. IT Systems offer the tools to support this more efficiently, allowing staff to spend time on other activities that add value.

Action management is required to ensure health and safety, security or customer issues are dealt with in a timely manner. Recording and logging operational events and issues using IT Systems can ensure they are followed up by issuing reminders. The detail of actions carried out can be invaluable in dealing with statutory or best practice requirements, but also offers enhanced management information for better decision making.

In customer service orientated businesses, some may be concerned that IT ties staff to desks and robs them of time with the customer. In the past this may have been true. Now, a good marina IT solution will allow you to spend more time focusing on the customer.

6. Attract and retain good and 'smart' employees

Embracing the opportunities offered by IT can remove many of the mundane, menial and repetitive tasks, which in turn can positively influence staff morale, retention and reduce recruitment and training costs.

Roles and responsibilities can be redefined offering the opportunity of improved job satisfaction. Happy staff provide better customer service. Allowing staff to become more involved in more areas of the business can breed innovation in the business and they can more easily see how their role adds value to the business.

These examples of external and internal drivers are faced by businesses in all sectors. Most industries have embraced the use of IT to address these drivers and in turn added value. IT is of course a cost to the business - if you are not using it. View it as an asset; one that adds value and will open up opportunities to develop your business ensuring flexibility and agility. The key to ensuring IT will add value is to think about your Key Drivers. Rather than trying to decide whether IT is worthwhile or useful, let the business and the business drivers define this for you. The case will then be clear as to whether to invest or not and the reasons why.

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