Embedding Data in Strategic and Operational

Decision-making

Scottish Youth Hostels Association **(SYHA)**

A. Introduction

The Scottish Youth Hostels Association (SYHA) is an exemplar in the capture and embedding of data within its strategic decision-making and day-to-day operational management. In support of its charitable mission it captures a range of 'business critical' data across its hostels, ranging from bed availability, to customer demographics, to customer satisfaction feedback, and financial performance.

B. Discussion questions

1. How can data support performance-improvements?
2. How can capturing and using data be made a routine part of an organisation's work?
3. Can data provide a holistic overview of an organisation? (How can this be achieved?)
4. Does the transparency that data can bring assist in organisational decision-making?

C. Organisational profile

The SYHA comprises a network of 65 hostels, 35 of which are SYHA owned hostels and 30 of which are affiliate hostels. Its annual income in 2015-2016 was in excess of £8.8 million

and it recorded a net surplus of more than £907,000. It has 260 FTE employees, of which 160 are employed twelve months in the year. The IT team, comprising a manager, an applications developer, a network analyst, and a network support assistant, are all employed on a full-time basis. It operates throughout Scotland, primarily providing accommodation, but also offering related services such as meals. It also organises the delivery of outdoor group educational trips and activities for bodies such as schools and universities, providing facilities and commissioning experts to deliver the educational programmes.

D. What is driving the charity's engagement with data?

The charity's engagement with data derives from three inter-related factors. Firstly, the SYHA is led by a chief officer whose prior military background has instilled understanding of the critical importance of data. Secondly, the charity operates in a highly competitive environment in which every organisation from small bed and breakfast outlets to international hotel chains is a potential competitor. Thirdly, the SYHA derives the major part of its income, in excess of £7 million, from sales of its accommodation and related hostelling services. More modest income is generated from disposal of fixed assets, membership related income, trading, donative and legacy income, and investments and grants. In order to deliver its charitable mission it is critically important that the SYHA knows what its customers want, how well it is performing, and what it costs to deliver the appropriate quality of service.

E. How important is digital technology for the charity's data utilisation?

Digital technologies are at the heart of the organisation. The majority of customers are booking accommodation with the charity using online channels, and that number continues to grow. The charity has its own bespoke booking system, developed in-house, which integrates telephony and online technologies to receive and manage bookings on a 24/7 basis throughout the year. This means that if a potential customer telephones or emails a hostel when it is closed, the system switches through to an available team at SYHA head office or in one of the main hostels. The in-house booking system also integrates with external 'third-party' booking channels such as Booking.com and Hostelling International, enabling bookings to be received and confirmed through these additional outlets.

The charity has been investing significantly in digital technologies for more than 20 years and investment is still on-going as it stays abreast of new developments. Data is backed-up on multiple servers and the in-house IT team is continuously monitoring and upgrading the systems to secure them against hacking and other forms of 'cyber-attack'. There are also two lines of Internet connection, so that if one fails another automatically takes over. The charity's booking and Customer Relationship Management (CRM) systems are also continuously being re-programmed to reflect changing customer expectations, services offered, and to satisfy the organisation's requirements for performance data. Going forward, the charity is monitoring and responding to the growth in mobile devices and has adapted its website so that whatever 'smart screen' device it is opened in it fits the screen, making it easy for customers 'on the move' to use.

F. What types of data is the charity capturing and using?

The SYHA captures a wide range of business critical data. It is able to identify potential, new, and repeat customers. It looks, for example, at why its customers have decided to stay at a particular destination and what they plan to do when they leave. It can see what demographic groups stay in which hostels at which times of the year. It can monitor customer satisfaction levels and the performance of its hostels using customer feedback data which is directly received, along with customer feedback from sites such as Hostelling International and Trip Advisor. Visit Scotland and Green Business Tourism gradings are also monitored. The SYHA subscribes to surveys undertaken by Visit Scotland and Green Business Tourism and receives trend analyses in return.

Data affords the charity an overview of its performance and customer profile at the macro-organisational level, at the meso-level of groups of hostels or particular customer demographics, and at the micro-level of the individual hostel or customer. It can identify and explore the reasons for variations across its hostels with regard to customer demographics, customer expectations, seasonality, and performance levels. The data enable patterns and trends to be identified, thereby facilitating strategic and operational planning.

G. What is data enabling the charity to do differently or better?

Sustainability

Data has been of pivotal importance in ensuring the sustainability of the SYHA. It has enabled the charity to identify which of its hostels are financially strong and generating surplus income, which are breaking even, and which, if they are to remain open, will always require cross-subsidisation by the financially viable parts of its hostel network. This has enabled strategic decisions to be made about the best way to manage the organisation's charitable income in ways that ensure the long-term sustainability of the SYHA, but which accord, too, with the organisation's charitable mission. Thus, this has led the charity to reduce the number of hostels available, but at the same time to continue to cross-subsidise a number of hostels situated in areas such as Glen Affric or Rannoch Moor, where there is no other accommodation available and insufficient revenue generating potential to be attractive to for-profit businesses.

Growth and re-investment

During 2015-2016 room sales across the charity's hostelling network increased by 23%, while income from room accommodation grew by 29%. Room occupancy rates increased by 4% between 2014-2015 and 2015-2016. The number of people volunteering with the charity grew by 36% over the same period, with young volunteers increasing by 55%. Growth has enabled significant re-investments aimed at modernising the charity's infrastructure, services, and amenities in response to changing customer expectations, including opening a new all year round hostel at Portree and a seasonal hostel at Glasgow Metro, expanding the availability of affordable private rooms, and enhancing customer comfort.

Informed and transparent decision-making

Data also enables the charity to make strategic decisions in an informed and transparent way. If a hostel is performing less well than usual, for example, the issue can be identified and the reasons examined and discussed. Similarly, if a hostel is performing particularly well this can also be identified and the reasons analysed and understood. Both situations present valuable

opportunities for organisational learning. They also enable problems to be more easily addressed, as they bring evidence and transparency to potentially difficult discussions and decision-making.

Understanding its customers

Understanding how its customer demographic changes at different times of the year, enables the charity to adjust its pricing policies for different customer profiles. As well as capturing demographic data, the SYHA also gathers data about the reasons for the visit. This allows them to better target their marketing. So, for example, if they know that people are staying in a hostel because it a good location from which to attend an annual Hill Race or an archaeology site, it can ensure that it promotes its accommodation and other services through appropriate local, national, and international bodies and other channels, including online media. The charity is also aware that its own monthly e-newsletter, which is sent to more than 100,000 customers and members, has a higher percentage of 'openings' per recipient than the normal marketing average for this type of communication, making this a highly effective way of reaching its target audiences. The charity is also capturing and analysing customer satisfaction and expectations (**see section E above**), receiving circa 400 per day in the high season. In addition to the traditional customer feedback data garnered through customer feedback surveys and social media analyses, the more cutting edge data that it is capturing enables the SYHA to see where people are when they book accommodation and what devices they are using. This led them to employ 'smart screen' technology (**see section D above**) on their website for ease of use on mobile devices, including phones. It also allows the charity to identify the locations at which people are making the bookings (junction x on the A9, for example). This information then feeds into decisions about whether SYHA signage should be placed at an appropriate point at or near the location as a prompt to other potential customers who may be in that area in the future.

Managing resources effectively

Data is of critical importance in managing resources efficiently, as well as effectively. It enables the charity to decide which hostels should be open all year round and which should

be opened on a seasonal basis. Data that shows whether particular customer demographics favour particular hostels or how the profiles change at different times of the year enables accommodation and other services to be appropriately and cost-effectively tailored to the relevant demographic. The charity also monitors energy use, water use, levels of re-cycling and other related factors. These feed into its Green Business Tourism ratings, but also enable the charity to manage its resources and costs more efficiently. It also analyses the wage costs to income ratios across the organisation and is able to compare yearly trends. This type of data enabled the charity to identify where beds were being removed, but staff numbers were increasing, enabling this 'mis-match' to be addressed.

H. What are the challenges associated with being a data-informed charity and how are these being managed?

Digital technologies are continually evolving

Digital technologies are continually evolving. They are also of central importance in the capture of the data used by the SYHA, its management, analysis and reporting.

This means that there has to be significant on-going investment in digital technology, in digital security, and in the digital staff team.

The volume of available data is huge

The volume of data which can be generated is huge and could be overwhelming.

The charity needs to be very clear about what data it needs, and to prioritise its capture and use. The SYHA also periodically reviews its data needs, allowing priorities to be re-assessed and ensuring that redundant data is identified and removed.

Embedding data in organisational practice

In the early stages of making the transition to being a data-intensive organisation some staff were not comfortable with data.

This issue has been addressed in three main ways. Firstly, 'dashboard' interfaces and 'heat mapping' make it easy for staff to view and understand the data as well as to generate their own management reports, and to do so from any device. Secondly, as the charity made the transition to being a data-intensive organisation management reporting requirements introduced in the early stages meant that relevant staff, from line managers upwards, became used to engaging with their data. Thirdly, while staff have different levels of access to data, the charity is considerably more transparent now and much less centralised than previously. The usefulness and value of data to the charity has also become clear to staff throughout the organisation. Together, these actions have helped to embed data capture and utilisation within the charity's organisational norms, routines, and culture.

I. What are the charity's next steps with data?

The SYHA works on an on-going basis to improve its data capture and data management capabilities, as well as its data analysis and utilisation. To some extent, this is about identifying redundant or rarely used data, which has then to be stored and managed in such a way that it is retrievable should the need arise to access it at some future point. The volume of data held by the SYHA, together with its integrated nature, makes this an important and necessary, but also highly challenging task, going forward.

A second vital, but also challenging task going forward involves achieving agreement between different functional units about common ways of classifying and filing data. As data captured by different parts of the organisation becomes more and more a shared resource for the organisation as a whole, embedding shared standards for managing data will be of growing and continuing importance.

A third challenge, and one that is of critical importance and requiring of careful evaluation and implementation as it is taken forward over the next few years, is how best to upgrade the charity's digital systems so that they remain responsive to the charity's continually evolving requirements in the long-term. The bespoke Reservations system, the charity's core business software system, is now twenty years old. It has undergone regular development throughout this period, but as adaptations and workarounds have proliferated, it has become more difficult as well as costly to maintain. The crucial decision for the charity is whether its best

option at this point is to design a completely new bespoke software system for Reservations or to purchase an off-the-shelf product. There are now adaptable and user-friendly software systems available off-the-shelf. Whether there is a product that will be sufficiently adaptable and cost-effective in meeting the SYHA's existing and longer term requirements are crucial questions, however, and difficult ones to weigh. The software system, whether bespoke or off-the-shelf needs to meet three critical challenges. Firstly, other key systems such as the Bookings system, the Customer Relationship Management system, and the Financial Accounting and Credit Card systems must be able to integrate fully and effectively with the Reservations system. Secondly, the new software system, like the current system, needs to be capable of adaptation and development by the charity going forward. Thirdly, the capability must exist to transfer data from the existing Reservations software system into the new system; and to do so safely, without risk of data being lost or corrupted.

J. Some insights from the case study

- Data underpins organisational sustainability and growth, enriching and supporting strategic and operational decision-making, by providing both a holistic overview of the organisation and detailed insight into specific issues.
- Highly integrated digital systems can enhance decision-making.
- Making data a key element in routine reporting processes is crucial.
- Being clear about what data is required, why, and showing how it can support managers at all levels, is crucial.
- Making data capture, processing and analysis quick and easy to do is important.
- Developing and sustaining an organisational culture which values data is crucial.
- A supportive Board, and leadership which values and is comfortable with data, is essential.
- The transparency which data enables brings evidence to bear, facilitating difficult

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