



BUSINESS PERFORMANCE IMPROVEMENT EXPERTS

BROKEN HILL MUSICIANS' CLUB – FINANCIAL TURNAROUND

OVERVIEW

The Broken Hill Musicians' Club has been an iconic part of the Broken Hill community since 1919. A unique venue steeped in the history of the town, the Musicians' Club has been designed in line with the tourist qualities of Broken Hill and retains all of the heritage aspects seen throughout the rest of the town. Existing in a multi-cultural environment with a legacy in the mining industry, the Club actively targets a variety of demographics including tourists, families and retirees.

SITUATION

Following the venue's major refurbishment project, completed in 1998 at a cost of \$8 million, a number of contributing factors saw the Club's revenue dramatically decline. Robert Brennan and Toni Clarke conducted an operational review and assisted with the turnaround process.

SOLUTION

Following the review of the Club's operations, recommendations were made to the Board and implemented:

Planning

- A 2 year strategic plan was formulated in concert with the Board of Directors with objectives, timelines and KPI's set.

Financial Management

- The Club's finance arrangements were restructured and the Club's loans with the bank renegotiated.
- Financial KPIs were set for all trading areas.
- Monthly P&L and budgets were set and monitored.

Human Resources

- HR resources were restructured.
- New base rosters were introduced across the venue that allowed the Club to monitor and control labour costs.
- An employee handbook was developed and all staff were re-inducted.
- All staff were retrained to provide a multiskilled pool of staff.

Catering

- RT Hospitality Solutions facilitated the sourcing, contract negotiation, appointment and agreement of an external caterer into the venue.

Gaming

- A complete audit of the gaming facility was undertaken which included detailed machine performance by manufacturer and denomination. Based on the results of this audit the Club was able to determine ranking and apply KPIs to the gaming floor.

The results of the changes that were implemented over a four year period at the Musicians' Club have resulted in the following:

- The venue has consecutively improved revenue across all departments with a percentage increase of total revenue on average for the last 3 years being 3.9%.
- The Club has seen an improvement in Net Operating Profit Tax of 61.2% (2003 to 2006) and achieves an EBITDA of approximately 24.2%. RT Hospitality Solutions monitor the trading performance vs. KPIs across departments on an annual basis.
- The restructuring of financial arrangements and improved trading results has seen the Club reduce the level of debt from \$3.1m (2003) to \$1.7m (2006) which represents 21.3% of total asset. The Club's financial position was strong enough to allow it to finance the update of the gaming installation purely out of capital expenditure.
- The improvement in the catering operation and gaming installations has had a direct reflection in increased repeat visitation and a resulting higher average spend.
- The restructure undertaken regarding the labour force led to a dramatic reduction in operating expenses.
- Membership has remained constant at approx 6,500 per year.

THE BENEFITS OF CHOOSING RT HOSPITALITY SOLUTIONS

RT Hospitality Solutions offers a holistic operational performance management solution. Combining a detailed operational review that will nominate the areas of opportunity within the business for maximising revenue and increasing profits, RT Hospitality Solutions draws on an in-depth knowledge base and wealth of experience to be able to offer structured, timely solutions across food, beverage, gaming, human resource planning and management, financial performance and strategy planning.

