**Pueblo Hospitality, Inc.:**

**Rethinking Performance Measurement**

**Teaching Note**

**Purpose of the Case**

The purpose of this case is to illustrate data analytics and creating dashboards (e.g., the balanced scorecard) to assess performance in a service industry setting (a hotel chain). The description is real, and the challenges presented to students were those being faced by senior management at the firm. The data has been altered slightly so as to not reveal proprietary information.

**Intended Course(s) and Audience**

The case can be used in an upper-level management control course, an advanced managerial accounting class, a data analytics course, an MBA managerial accounting course, or an elective MBA managerial accounting class. In a managerial accounting class the case naturally fits the topic of performance measurement.

**Case Background**

Students are provided with numerous data sets at different “levels” of aggregation/analysis. For example, total assets and staff turnover are provided annually, whereas customer satisfaction data is available for each customer response (in other words, one or more “daily” observations). In the mid-level of aggregation is financial information, data that is provided monthly for each hotel. The data is available for each hotel (i.e., a business unit) and students will have an opportunity to evaluate performance at different levels of organizational responsibility (e.g., hotel, district, area and firm).

Many instructors now prefer shorter cases. Accordingly, while this case could be lengthened considerably with a discussion of the firm’s strategy, history, management team, compensation policy, etc., we have deliberately kept the case short.

**Assignment Questions**

The case tells student to prepare a presentation on the performance of the firm, of one area, one district within the chosen area, and one hotel within the selected district. We do not guide them with specific questions, but instructors may want to supplement the case with additional directed questions. For example, an instructor in a managerial accounting class may tell students to select one measure for each of the balanced scorecard’s four perspectives (learning & growth, internal process, customer and financial). Another example could be to ask students about seasonality and have them plot monthly sales demand (summer is almost always the peak month except, obviously, at ski resorts!) versus customer satisfaction scores.

**Teaching Plan**

**Exhibit TN-1** Some Possible Measures for a Balanced Scorecard

Perspective Possible Measures

Financial Profit, Market Share, Sales Price (aka ADR), DuPont measures (ROA, ROS, TAT), Residual Income, ProfitPAR, RevPAR

Customer Satisfaction Score, Customer Complaints, Guest Refunds

Internal Audit Score, Risk Incidents, Housekeeping Labor Productivity

Learning Employee Turnover (Front Desk and Housekeeping), Employee Satisfaction, Employee Training