

# Cost Efficient Operations at Fira Barcelona

## How to focus on what really counts



# Introduction



- 2 venues: Montjuïc and **Gran Via**
- under **expansion** with 2 new halls in Gran Via.
- publicly owned company with private management:  
**funded with its own profit.**

# Objective

**Challenges** to complete the expansion:

**1. Reduce current costs** and **free up resources**

**2. Reinvest** these resources in the **growth**

**3. Increase the value** (better quality & service, less cost).



## Step 1

Analysis &  
Diagnosis

# Analysis and Diagnosis

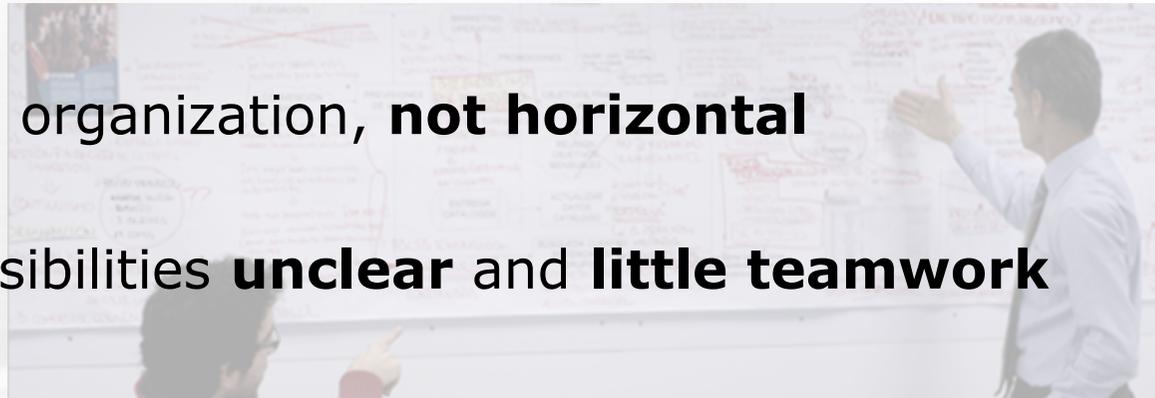
current processes, organization and costs were analyzed and barriers identified



Fira Barcelona

**improva.**  
Operations, People & Innovation

- Lack of **information** and appropriate **indicators**
- Vertical organization, **not horizontal**
- Responsibilities **unclear** and **little teamwork**
- Mindset **reluctant to change**
- Limited Scope in operating Strategy



## Step 1

Analysis &  
Diagnosis

# Barriers and Action Plan

Areas to tackle to overcome the barriers identified

**Information and indicators**

**Organization**

**Value creation**

## Step 2

Select  
indicators

## Step 3

Changes in  
organization

## Step 4

Projects on  
Value

## Step 2

### Indicators

**Establish indicators & new cost information system** to measure the effectiveness of the actions and track their results.

- Implement & exploit **Business Intelligence Module** (SAP BW)
- Specific **Key Performance Indicators (KPI's)** to track results were developed.
  - €/m<sup>2</sup> (net) for all cost components
  - Comparison: Actual vs previous edition, actual vs plan and vs. Estimated (SAP)
- **Specific and measurable Cost objectives** were set, and become visible in every department.
  - Weekly, monthly, quarter and annual review with all teams
- **Cost Deployment.** These objectives were linked to variable compensation (bonus) of all involved.
  - up to 10-20% of bonus contribution

### Step 3

Changes in  
organization

## Make organizational changes

required to implement the improvement projects.

- One **Operations controller** \* was assigned to the area of operations.
- An **Operations cost control Committee** was established.
- One **new Operations planning position** was created within the planning team.
- One **new Operations purchasing position** is approved and recruited.

## Step 4

Projects on Value

# Analysis of value

understand what **value** means and execute the projects to **increase value proposition**.

- Identify **Value added** and **non value added** activities
- Select projects to:
  - **minimize non-value added activities** (NVAA)
  - **enhance value-added activities** (VAA)

## Step 4.0

Analysis of Value

## Step 4.1

Minimize NVAA

## Step 4.2

Enhance VAA

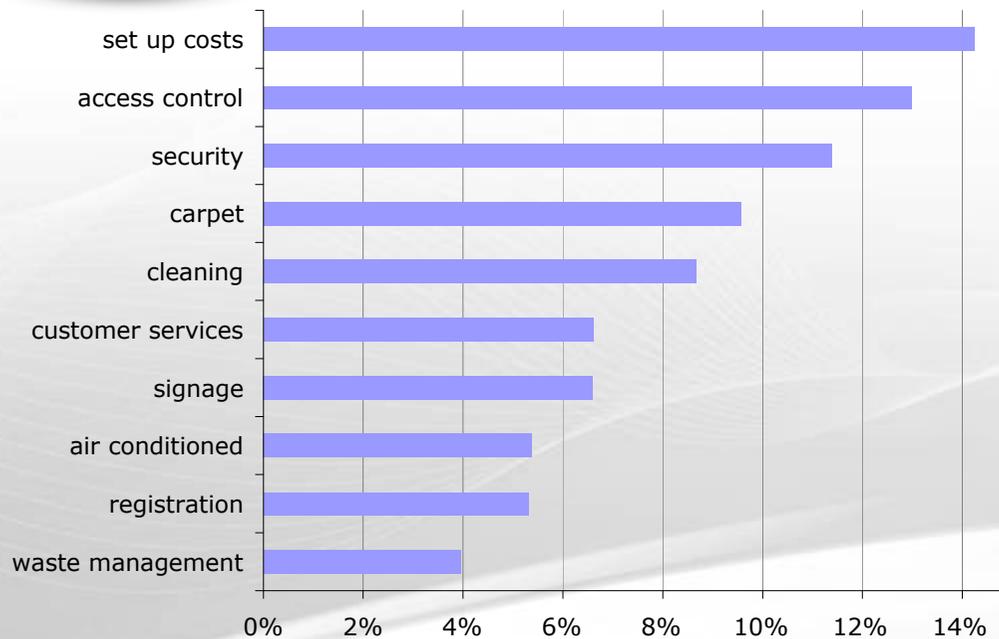
## Step 4.1

Minimize NVAA

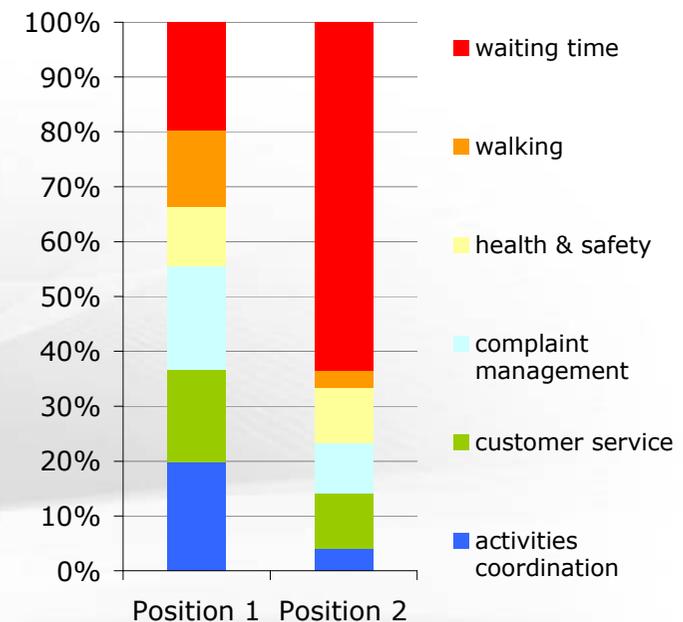
# Select value areas to work

## Identify main contributors to NVAA

### Cost



### Human effort



### Projects to develop:

Security\*

Cleaning \*

Maintenance

Customer services

Energy\*

Waste\*  
management

Set up  
costs

Other

Process\*  
optimization

## Step 4.1

Minimize  
NVAA

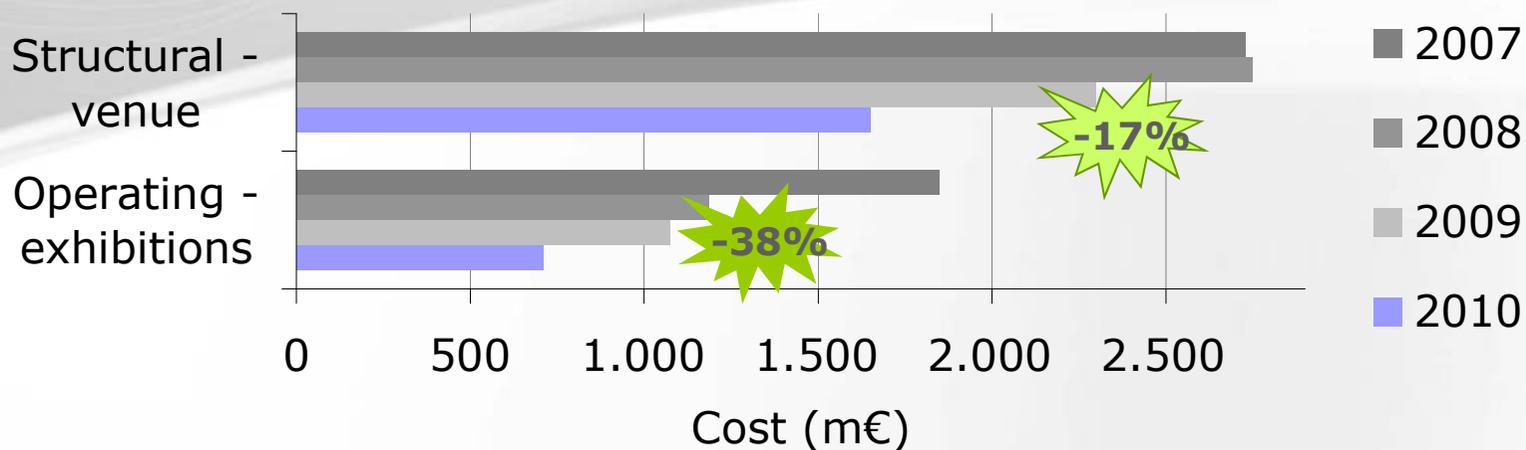
# Security cost reduction

Reduction of security (including access and registration)

- Increase productivity through automation
- New additional supplier
- Adjustment of security and access schedules.



## Security cost evolution (Reduction index 2009 vs 2007)



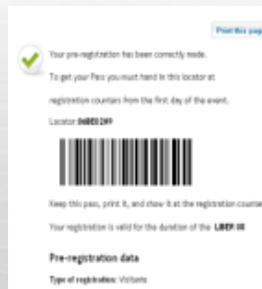
## Step 4.1

Minimize  
NVAA

# Security cost reduction

Reduction of security (including access and registration)

- **Development of optimized registration services** based on pre-registration plus onsite fast track system:



Registration  
confirmation  
(bar code)



Self-service  
laptops



Pre-Registration

Auto Check-  
in Kiosks



## Step 4.1

# Energy cost reduction

Minimize  
NVAA

Light

Air  
conditioned

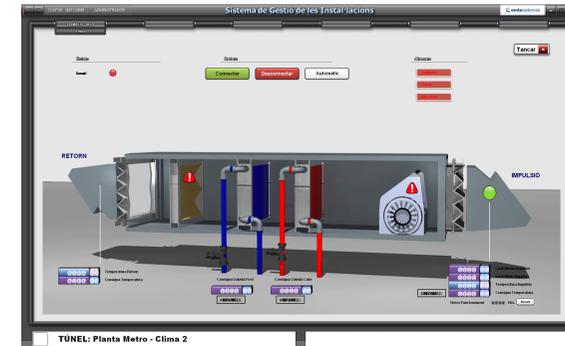
Power

Water



- Redefining the lightning schedules (“venue shutdown”)
- Replacing incandescent illumination by LEDs

- Adjusting setpoints to 22°C (winter) and 24°C (summer)
- District heating & cooling system
- Energy management system



- Re-negotiating contracts
- Solar cell panels installed (135.000m<sup>2</sup> up to 5 Gwh/year)

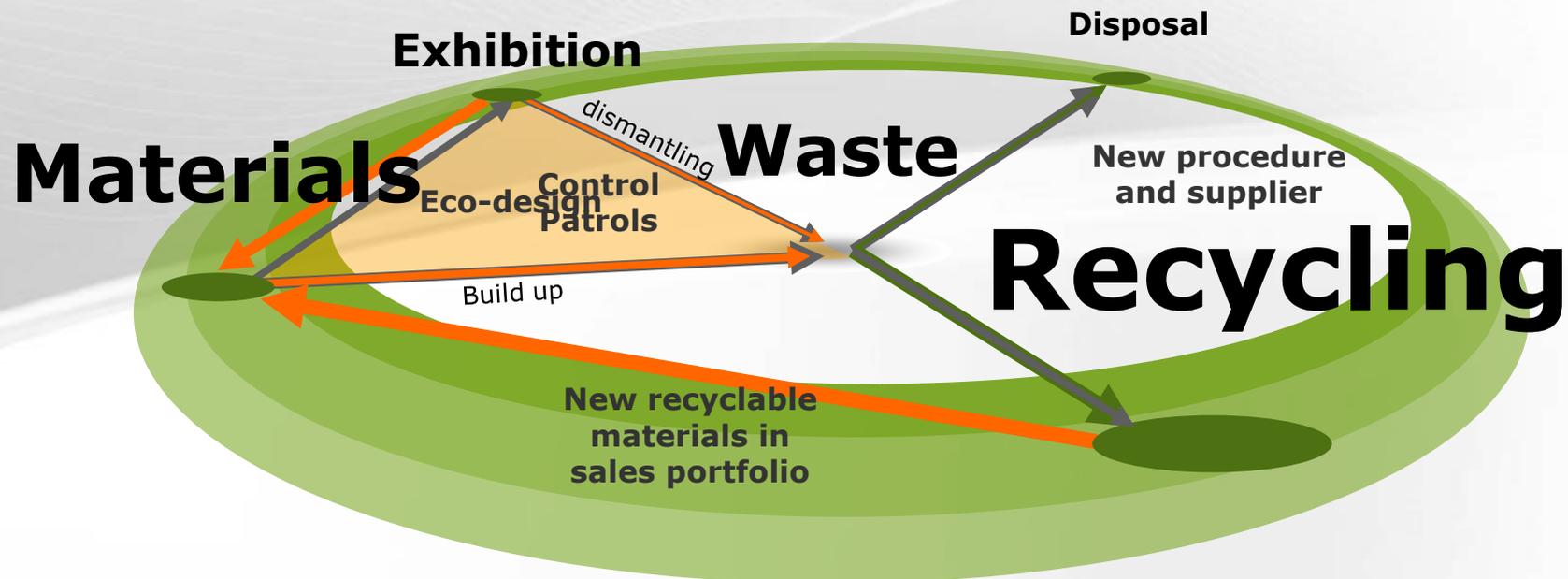
- Installation of water-free toilettes

## Step 4.1

Minimize  
NVAA

# Waste cost reduction: strategy

- 1. Reduce generation**
  - eco-design
  - add recycled product in sales portfolio
- 2. Control of abandoned waste**
  - no free containers
  - credit card guarantee
  - patrols & penalties
- 3. Increase recycling**
  - new cleaning process – by material
  - new cleaning supplier



# Step 4.1

**Minimize NVAA**



# Waste cost reduction: actions

## 1. Reduce generation

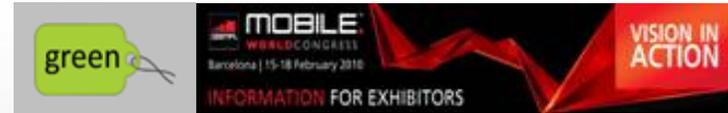
### a) Eco-design guide



### b) New green products in portfolio



### c) Joint initiatives with organizers



## 2. Control of abandoned waste

### a) No free containers in the halls (contracted and under control)

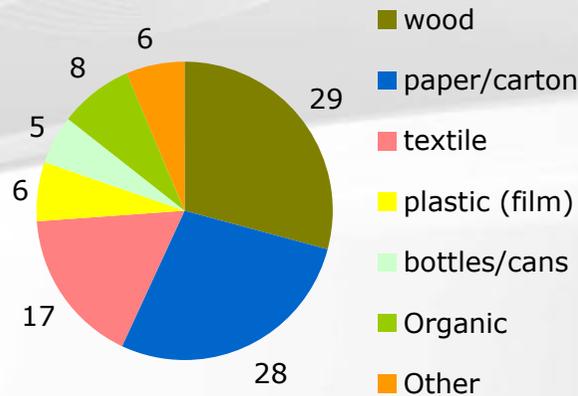


### b) Patrolling+pictures (credit card guarantee)



## 3. Increase recycling

### a) Waste composition study (%)



### b) Selective waste collection points



### c) Specific treatment per material



### d) Specific recycling projects (p.eg. Carpet)



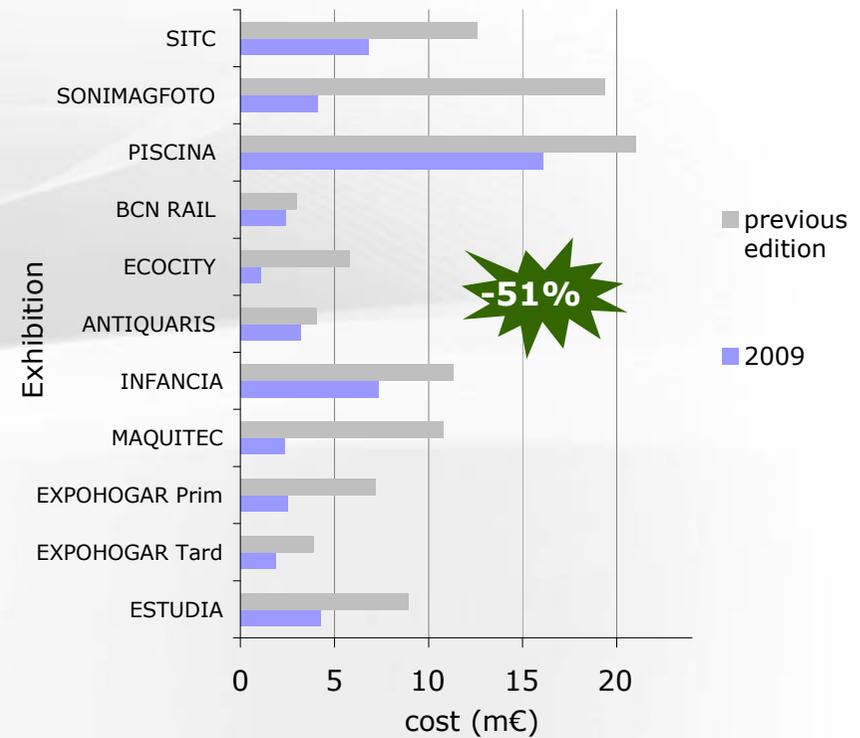
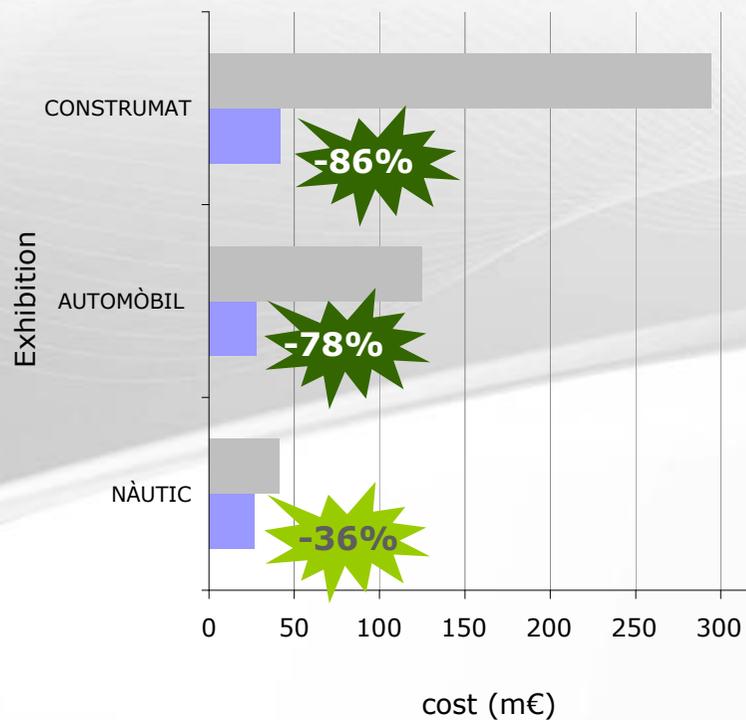
## Step 4.1

Minimize  
NVAA

# Waste cost reduction: results



## Results Cost evolution



## Step 4.1

Minimize  
NVAA

# Summary of projects on cost reduction

### Results (Reduction index 2009 vs 2007)

#### Exhibitions Operational Cost

- 38%** • optimization of positions
- new supplier

- 23%** • energy project

- 47%** • new process
- change of supplier

- 73%** • eco-design
- Patrols
- recycling

- 33%** • standard signage
- less carpet

- 24%** • optimization of positions

#### Security

- automated office accesses
- access scheduled reviewed

**-17%**

#### Energy

- energy project

**-34%**

#### Cleaning

- frequency optimization
- change of supplier

**-16%**

#### Waste management

#### Maintenance

- frequency optimization
- contract re-negotiation

**-16%**

#### Set up costs

#### Other

- overheads, ITC, transport, supplies...

## Step 4.1

Minimize  
NVAA

# Human Effort reduction

by using **ECRS (Eliminate, Combine, Reduce and Simplify)**

- **Optimization of planning process:**  
from coordination of roles, to small team.
- **ICT Projects** to replace processes based on telephone, fax and photocopies, to web interfaces (faster, less effort and less prone to mistake).

Footprints  
(complaints  
management)



Exhibitor online



E-commerce



Supplier portal



- **Externalizing non core processes:** p.eg. Warehouse, customs

## Step 4.2

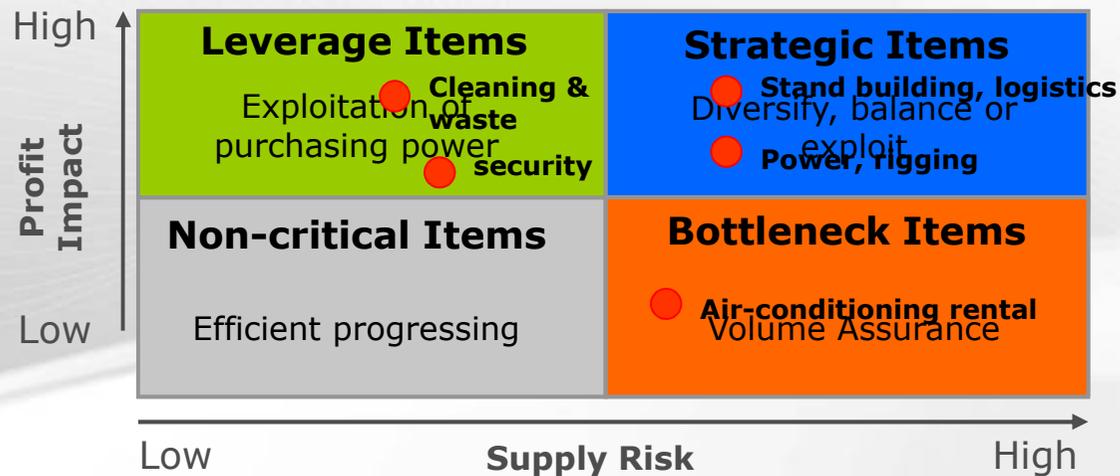
Enhance  
VAA

# Develop projects to increase value.

Exploiting synergies in the supply chain

- **Kraljic Matrix:** to guide the purchasing negotiation efforts.  
All contracts were re-newed (cleaning, rigging, electrics, carpet, hostesses, security, etc.).

### Kraljic Model Purchasing Portfolio management



- **Vertical Integration. Firesa and Servifira Project.**

Developing new business models, creating 2 joint ventures

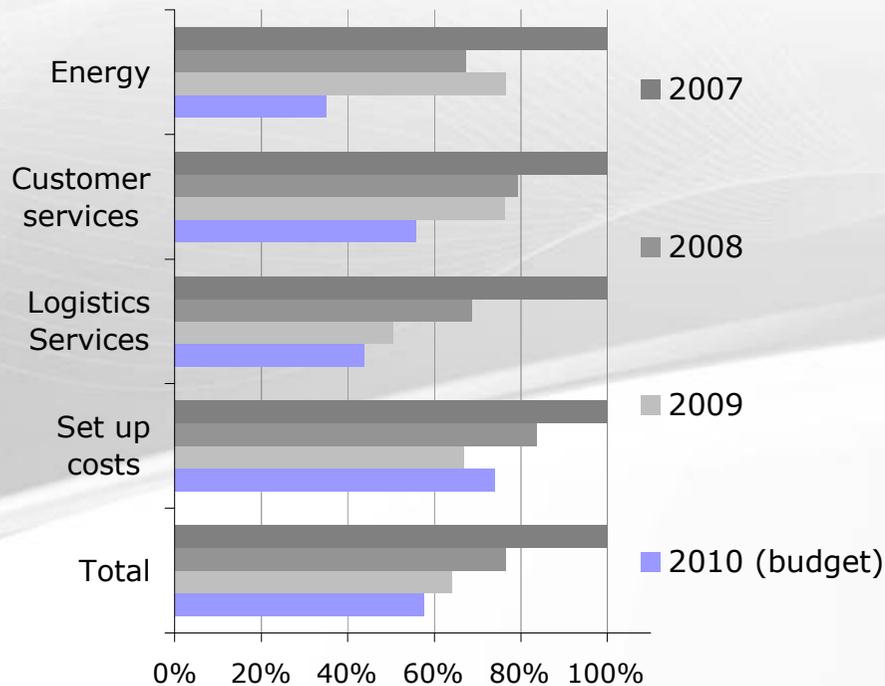
ServiFira  
project

# Overall results

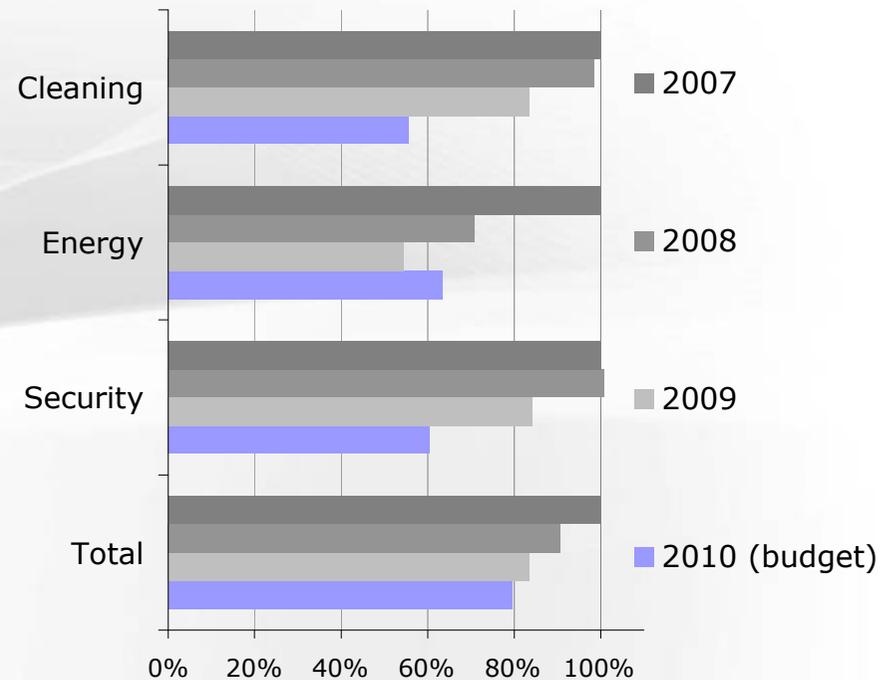
Since the start of this program :

**1. Operating** costs and **Venue Structural** costs have reduced in **42%** and **21%** respectively

### Exhibitions Operational Cost



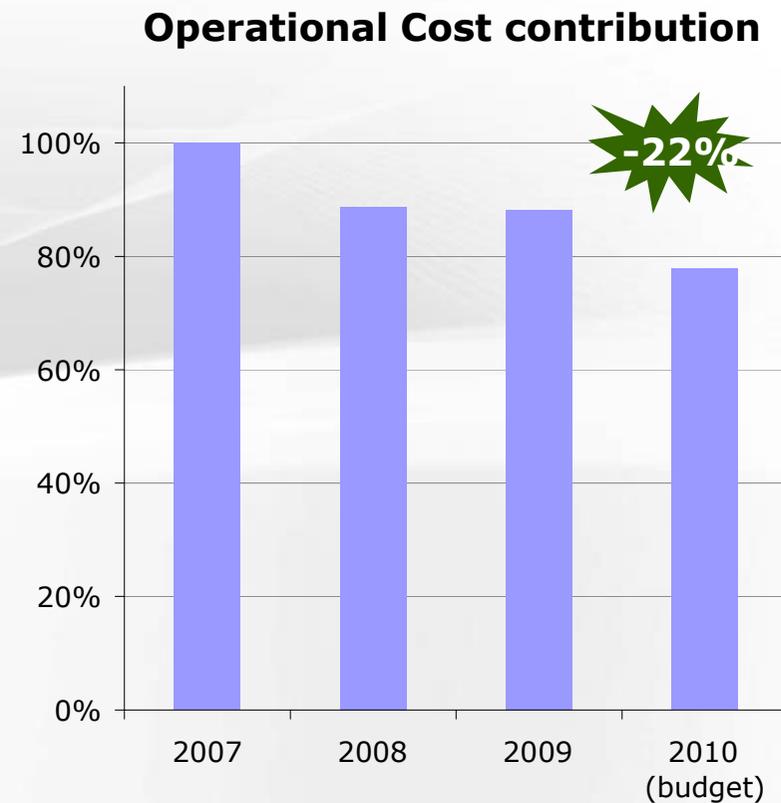
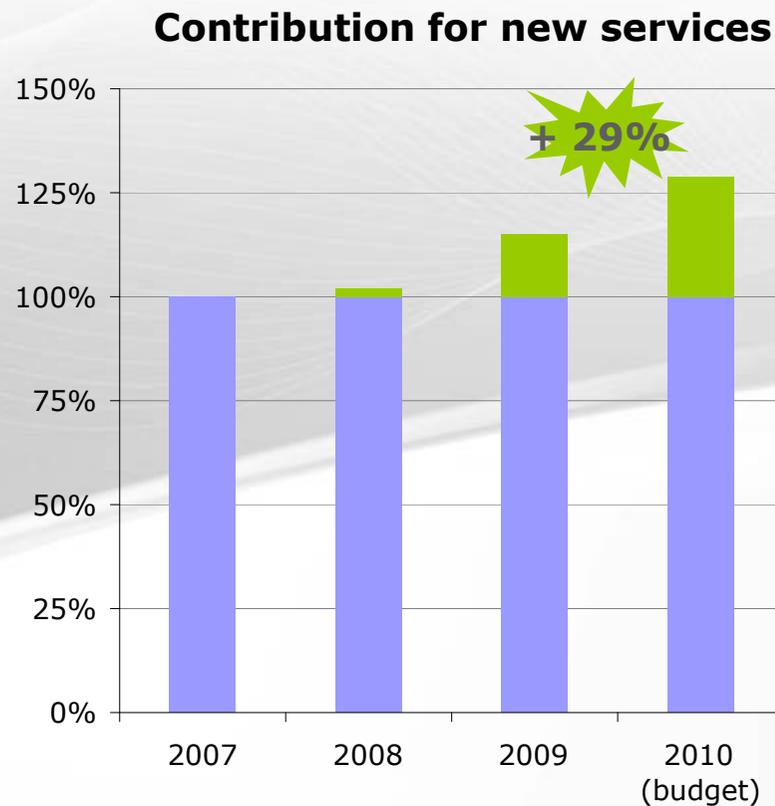
### Venue Structural Cost



# Overall results

Since the start of this program :

**2. Reinvestment** of savings has generated **29%** additional revenues in new products and services (whilst operating cost has reduced **22%**)

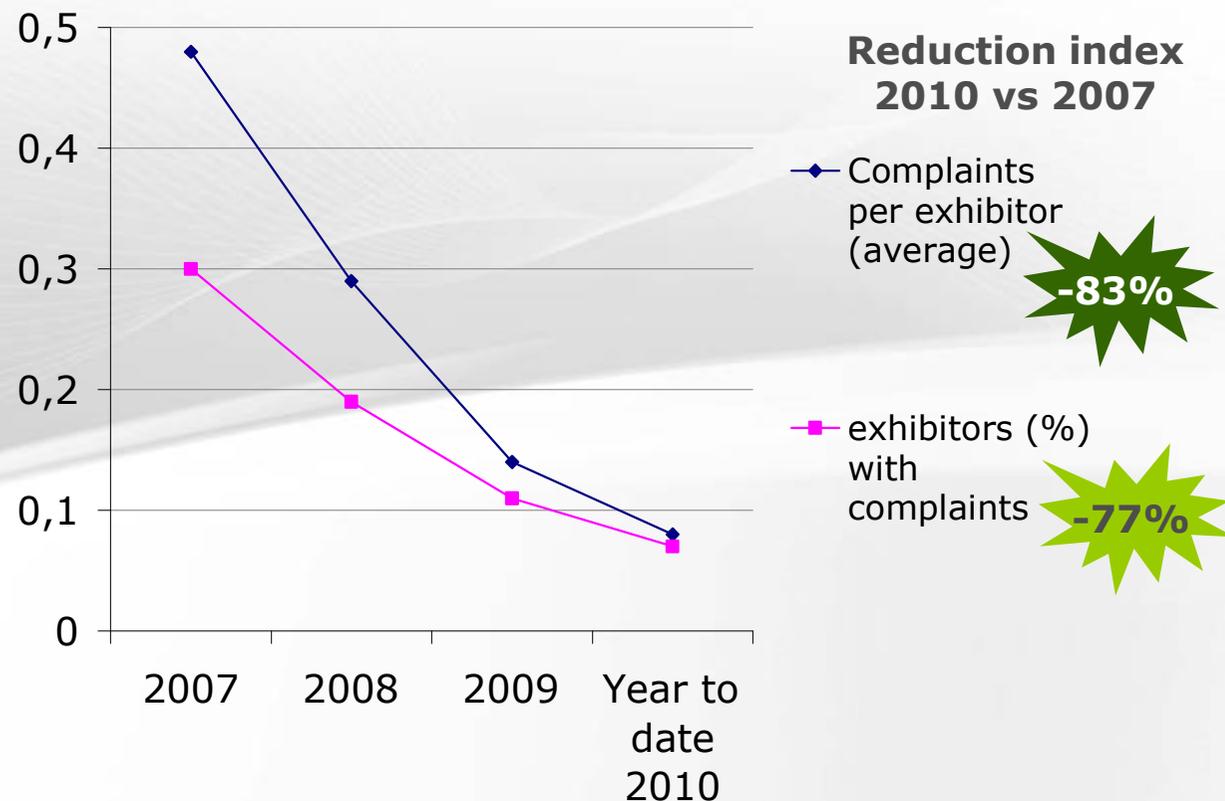


# Overall results

Since the start of this program :

- The number of complaints in services to exhibitors has **dropped** above **80%**

Evolution of complaints in exhibitor services



# Success!!

**Challenges** to complete the expansion:



**1. Reduce current costs** and **free up resources**

- **42%** operating cost      + **22%** released resources
- **21%** structural cost



**2. Reinvest** these resources in the **growth**

- + **29%** additional business (new services)



**3. Increase the value** (better quality & service, less cost). - **80%** complaints in exhibitor services



# Cost Efficient Operations at Fira Barcelona

## How to focus on what really counts

