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Improving the efficiency of sporting venues through capacity management - The case of the Sydney (Australia) Cricket Ground Trust

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Abstract
Capacity management seeks to improve organizational effectiveness through improved operational efficiency and reduced congestion. The article contends that there are major similarities between manufacturing organizations and sporting venues with respect to issues of capacity management. This article reports the findings of two capacity management studies undertaken at a major sporting venue in Sydney, Australia, and relates the findings to capacity management theory articulated in current capacity literature and exhibited in existing management practice. It is proposed that by understanding the well-developed techniques presented in the production capacity literature, venue managers may be able to identify pockets of idle capacity and bottleneck problems. This identification should facilitate the control, if not the elimination, of specific areas of waste, which in turn should remove some of the hidden costs of capacity, thereby increasing the profit potential of an organization.

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IMPROVING THE EFFICIENCY OF SPORTING VENUES THROUGH CAPACITY MANAGEMENT:
THE CASE OF THE SYDNEY (AUSTRALIA) CRICKET GROUND TRUST

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Capacity management seeks to improve organizational effectiveness through improved operational efficiency and reduced congestion. The article contends that there are major similarities between manufacturing organizations and sporting venues with respect to issues of capacity management. This article reports the findings of two capacity management studies undertaken at a major sporting venue in Sydney, Australia, and relates the findings to capacity management theory articulated in current capacity literature and exhibited in existing management practice. It is proposed that by understanding the well-developed techniques presented in the production capacity literature, venue managers may be able to identify pockets of idle capacity and bottleneck problems. This identification should facilitate the control, if not the elimination, of specific areas of waste, which in turn should remove some of the hidden costs of capacity, thereby increasing the profit potential of an organization.

Sporting venues; Capacity management; Operational efficiency

Contemporary management accounting theory views capacity as the organization's capability to transform resources into valued products and services, and, as such, represents the organization's profit potential (Hilton, Maher, & Seto, 2000). Capacity management is the process of measuring the amount of work scheduled and then determining the necessary people, machines, and physical resources needed to accomplish it (Blackstone, 1989). In this way, capacity management can be seen as the identification of, and the resolution to, constrained resources. The underlying assumption from this view of capacity and capacity management is that in any business operation there will be capacity surpluses or shortages, and the way in which these are managed will impact upon an organization's profit. The authors contend that this view, while discussed primarily in reference to the manufacturing industry, is equally valid in the leisure/sporting industry.

Capacity Management in the Literature

Imbedded within this production view of capacity is the assumption that there is always at least one constraint on each production process that limits an...
organization’s profit. The constraint may be an internal production capacity limitation, or it may be external, such as a lack of customers, logistical limitations, or availability of material. This constraint assumes there are two major types of resources: bottleneck resources and capacity constraint resources. A bottleneck resource is the activity that, when maximized to its fullest extent, constrains the total output that can be produced or processed. A capacity constraint resource is a resource that is not a bottleneck at present, but, if not managed properly, can develop into one as a result of technical and structural issues (Holman, 1995).

As mentioned, one type of resource is bottleneck resource. This resource assumes that production capacity is finite, restricted by one or more bottleneck operations. Contemporary management accounting theory, in the form of the theory of constraints, attempts to resolve these capacity problems by focusing on bottleneck management (Dugdale & Jones, 1996). Closely related is the notion of throughput. Defined in most business texts as the flow of goods through a company’s manufacturing or service operations, throughput is the gross profit generated by the company’s operations. It is the amount of revenue generated by the company’s operations minus the cost of goods sold (Kaplan & Norton, 1996). Throughput focuses on the creation of value, builds on a process orientation that recognizes the impact of bottlenecks and tolerates no waste (McNair, 1994a). Such a focus is equally applicable to sporting venues.

2. Determining the general characteristics of operations, including the identification of areas of idle capacity responsible for capacity problems.

Methodology

The Thompson and Jenkins (1996) study established a patron flow study that determined the sequence of patron services received and the amount of time that the patron spent waiting for entry to the facility and various locations within the facility. The study timed each sequential stage of a patron’s progress through the entry process and partitioned patrons into two groups: patrons who purchased tickets off site, and patrons who purchased tickets on the day at the venue. Two factors thought to influence the overall congestion and waiting times significantly were: the method of ticket purchase and the ability of the facilities to process the entry of patrons to the grounds. Associated with this was the issue of service and waiting time at the food and beverage outlets. The Watts and Thompson (1996) study also considered issues associated with the bottleneck problems as well as the more generic capacity problems, including the identification of pockets of idle capacity and potential structural capacity problems. This information was obtained through observations of tasks and discussions with management and staff.

Case Study

This article reports on two capacity management studies that focused on the Sydney Cricket Ground and Sydney Football Stadium, which at the time of the study represented Sydney’s largest sporting venue. The Trust, which controlled these two venues, had been experiencing difficulties with bottleneck problems at turnstiles and cashiers, as well as at franchised catering outlets within the grounds. The Thompson and Jenkins (1996) study was commissioned by the Sydney Cricket Ground Trust and was concerned with bottleneck and throughput problems. The Watts and Thompson (1996) study was also concerned with capacity problems associated with the franchised operations, together with general capacity issues impacting on the organization, in particular the identification of pockets of idle capacity. As a result, the studies had two major objectives:

1. Determining the characteristics of patron flow into and through the facility, including the identification of the major factors responsible for bottleneck problems.

Description of the Studies

The Thompson and Jenkins (1996) study identified several capacity constraints, mainly driven by variations in arrival patterns. Other constraint factors included the mode of entry (prepurchased tickets or pay at turnstile), time of day, weather, and coincidental events. This study also considered capacity problems relating to franchise concessions within the Trust’s area of control. This was considered necessary by Trust management, which saw such outlets as an integral part of the venue’s total resources. Previously, due to a combination of poor design and unexpected demand, response times for entry and turn-a-ways from food and beverage outlets resulted in general frustration, causing problems in crowd behaviors within the Trust’s area of control.

In 1996, the Thompson and Jenkins (1996) study was augmented by a parallel capacity management study concerned with the exposure and reduction of structural waste (Watts & Thompson, 1996). Where the Thompson and Jenkins study focused on the capacity constraints of the venue with respect to patron flow, the Watts and Thompson (1996) study considered the more generic aspects of structural waste. This focus was on the efficient use of capacity, which was reflected through the use of an efficient percentage measure between total capacity and utilized capacity.

To ensure the maximum variation of attendance patterns, attended types, and event timing, the Thompson and Jenkins (1996) study analyzed three major events. These were: an Eagles concert with 38,000 attendees; an Australian Rules football game between the Sydney Swans and Collingwood (a Victorian team) that attracted 23,000 attendees; and a Rugby Union match between New South Wales and Natal (South Africa) with 31,000 in attendance. The Watts and Thompson (1996) study used observable data of structural practices during the same period, and data from discussions with management and ground staff.

Results

For the Thompson and Jenkins (1996) study, the average service time and waiting time was computed for each of the eight patron organizational categories identified. A measure of processing efficiency was derived from these values by dividing the service time by the sum of the service time plus waiting time. Attention was directed to those categories where service efficiency was below 50%. Table 1 provides the time taken and the efficiency for each of the service categories. The service categories that exhibited relatively low efficiency ratings, and therefore a capacity problem, were the purchase of tickets at the venue, the time taken to process these ticket holders, the time taken from entry to seating, the time taken from seating to exiting, the time spent at food outlets, and the time spent at beverage outlets. In both cases, the patrons utilized these services, they were designated as bottleneck activities, and became the focus of further analysis.

Approximately 40% of the patrons purchased their tickets at the venue, resulting in considerable delays in both purchasing their tickets and entering the venue. The remaining 60% purchased off-site tickets, significantly reducing purchase and entry time. The low efficiency percentage relating to time taken to be seated (23,1%) and time taken to exit the venue (16,7%) was the same for both groups. The other major bottlenecks identified were at food outlets, 37,5% efficient, and beverage outlets, 18,2% efficient.
RESULTS FROM THE STUDY

The results of the three events studied were similar enough to explain the issues as a single event, in that the same capacity issues were observed on each occasion.

Analysis of Demand Factors

In this case study, 40% of the patrons purchased their tickets at the venue, resulting in a significant bottleneck and raising managerial concern in controlling congestion. High numbers of venue-purchased tickets had a flow-on effect reflected in time delays entering the venue. While such delays were not uncommon in the past, the management's efforts to promote off-site ticket purchases had been successful, resulting in a reduction of on-site staff to handle the volume. This unexpected volume was, in part, due to the nature of the venue. The results of the three events studied were similar enough to explain the issues as a single event, in that the same capacity issues were observed on each occasion.

Analysis of Supply Factors

The major impediment to the entry of patrons with venue-purchased tickets results from the entry procedures. An off-site purchased ticket has a magnetic strip, which allows immediate entry, while trust employees collect venue-purchased tickets. One significant problem arising from this is that entry access for patrons with off-site purchased tickets has been enlarged at the expense of access points for patrons with venue-purchased tickets.

While the supply factors associated with food and beverage outlets may be subjected to contractual obligations, the relocation of the outlets could provide some improvement in this area. At the time of the study, all outlets were clustered in one location, close to the major entry/exit route. The relocation to locations closer to the seating and the possibility of the separation of food and beverages could improve the efficiency by reducing the waiting time, the calculation of which included the time to travel to and from the outlet.

Analysis of Physical Factors

Physical factors influencing the operational categories of tickets purchased at the venue, time to enter the ground by these patrons, and times from entry to seating and exiting, in part, flow from the age and structure of the facility. While the football facility has had a major redevelopment and the cricket ground substantial refurbishment, development of various areas of the venue were constrained by heritage and National Trust restrictions. One such area was the 19th century outer brick wall. Ideally, a greater number of entry points would improve flow; however, heritage restrictions prevented this. In the same way, wider entry/exit corridors could improve inflow and outflow, but in this case the historical importance of the early 20th century construction of the facilities makes such improvements financially and physically unattractive.

The most significant finding of this study was the refining of the capacity problem to that of a bottleneck problem, and that improvements to the various bottleneck problems did not start to emerge until the Trust acknowledged “ownership” of the problems and took responsibility for the corrective action. In the past, it was believed that most of the problems were caused, or contributed to, by external parties (the State Government or the National Trust) and therefore not the responsibility of the Trust. The replacement of this view by one of “ownership” cleared the way for some improvements. However, before any major improvements could be implemented, the venue was replaced by the playing field at Homebush Bay, the venue for most of the major events of the 2000 Olympic Games.

General Factors

The establishment of the efficiency table, using specific performance categories, should reveal how venue managers the areas of idle capacity and bottleneck problems associated with their venue. The analysis of issues uncovered should provide venue managers with the information necessary to rectify the problems.
IMPROVING EFFICIENCY OF SPORTING VENUES THROUGH CAPACITY MANAGEMENT

The efficiency of sports venues is fundamental to the survival of the sporting venue. Second, the contemporary production/manufacturing organization, through a variety of management accounting techniques (e.g., just-in-time production), is attempting to minimize, if not eliminate, inventory.

Therefore, in both types of organizations the process capacity, that is, the ability to transform resources into valued products and services, is governed by underestimating the function of the capacity, which may be physical (e.g., a process) or invisible (e.g., government policy or training). To resolve this, it is clear that both organizational types should focus on managing the various constraints of their particular environments through adopting a system view. This requires viewing the organization as a set of interdependent processes that are linked to transform inputs into outputs (Hilton et al., 2000). In so doing, it should be possible to identify the bottleneck that moves around the organization. This would provide a practical mechanism for improving the use of constrained resources. Acceptance and implementation of these techniques by sporting venue managers must improve their efficiency and consequently their bottom line.

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