

ATN Helps Alabama Coastal Tourism Player Become More Innovative

Company Background

When it comes to vacation rentals and property service management along Alabama and Florida Gulf Coast, the name Meyer comes to the mind of many families and beach property owners. Since its founding in 1967, Meyer has played a key role in helping transform Alabama's coast from a sleepy town of beach cottages into a major resort destination. The company's owner, Shelia Hodges, now presides over SH Enterprises, the umbrella company for a family of companies that include real estate sales, long-term rentals, vacation rentals and property management, commercial laundry and housekeeping and maintenance. As a diverse and entrepreneurial service business, SH Enterprises has been recognized over the years as an innovative leader in its industry and in the Baldwin County community.

Situation

Over the last 10 years, Alabama and Florida's Gulf Coast tourism and the vacation rental industry experienced several challenges that impacted Meyer. In 2004, Hurricane Ivan hit Alabama's coast and caused damage to many beach properties resulting in lower bookings and revenues to the company. The 2007 economic recession naturally resulted in an increase of foreclosed rental properties and travelers substituting "Stay-cations" instead of their traditional beach vacation. To make matters worse, the April 2010 BP Deepwater Horizon oil spill reduced the number of vacationers to the Gulf Coast and the number of Meyer bookings by 50% nearly overnight. While these external events were occurring, competition for property management services and vacation guests increased on several fronts as well. First, the number of property management companies competing with Meyer along the Gulf Coast increased as small boutique management companies emerged that undercut the market's average commission and service structure. Secondly, with the rise of the internet and new business models, many beach property owners began renting their units themselves to deal-seeking vacationers rather than contracting with Meyer. These changes in the industry landscape challenged Meyer's position as an industry leader and created the need for the company to once again focus on innovation as a strategy.

Assistance

In the summer of 2013, Meyer engaged the Alabama Technology Network's (ATN) Mobile and Auburn University Centers to help address its innovation and growth challenges through the implementation of a year-long Innovation Engineering Management System (IEMS) project. Innovation Engineering is a system thinking approach to innovation formally taken to industry in 2009 after 33 years of quantitative research and application for some of the world's most innovative companies. The methodology teaches individuals and companies how to create and test "meaningfully unique" ideas using a Fail Fast, Fail Cheap approach to reduce risk and increase speed to market and to create a system and culture of never ending innovation.

As a first step in the Meyer IEMS implementation process, ATN met with Meyer's management team to conduct a "Blue Card" strategy activation session. This involves documenting an innovation challenge in the form of a Very Important Problem or Opportunity for the company's first group (or wave) of employees to focus on. During the fall of 2013, ATN facilitated the training of sixteen employees from

diverse functions within Meyer's service division. Using the Innovation Engineering creativity tools and with ATN's Black Belt expertise and coaching, the group developed over 40 ideas and later tested several new concepts to improve operations and revenues.

In January 2014, a second wave of Meyer employees, including those from the vacation rental side of the business participated in the Innovation Engineering training, idea creation and coaching. This group's innovation focus was on developing approaches to better train and educate the company's employees to better position the company for growth.

During the spring of 2014, Meyer's third wave of employees focused their efforts on better serving the company's beach property owners. They created an idea known as "Big Personalization through Small Organizational Structure." This innovative and personalized approach changes how Meyer is organizationally structured to serve its property owners. It enables Meyer to manage like a small property management company while also leveraging the tremendous resources and expertise of a large property company. To test the concept using a Fail Fast, Fail Cheap methodology, a small group of three employees were located in Meyer's Fort Morgan office for an initial period of 2 weeks during the summer of 2014. Throughout the concept testing, Meyer measured success factors including average time to complete work orders, owner hotline answer rates and employee satisfaction to gauge the impact of the change before fully implementing.

Results

Meyer's "Big Personalization" concept resulted in a reduction to the average length of open work orders by 73%. An employee satisfaction survey measuring effectiveness, consistency, timeliness, empowerment and teamwork showed an almost 100% improvement over pre-test results, up from 41% to 80%. With early success in Fort Morgan, additional Fail Fast, Fail Cheap tests were conducted over the summer on the beaches of Gulf Shores Orange Beach, and Perdido Key to minimize the risk and increase the speed of implementation. With the concept's tested success, Meyer gained a comfort level with the new structure and fully implemented this approach to serving all its beach property owners in the fall of 2014.

The Innovation Engineering mindset is beginning to sweep through the company as more employees become trained in the principles and the process. Recently, Meyer dedicated a full-time leader to serve as their Innovation Engineering Blackbelt Process Coach and to help sustain the effort. Meyer's Process Coach attended the Innovation College in 2014 and will continue to train and spread the Innovation Engineering mindset across the organization in the years to come. A second team member will be receiving Innovation Blackbelt training in February 2015 at the Eureka Ranch in Newtown, Ohio.

Testimonial

"I want to emphasize the value I see in Innovation Engineering and the reason why Meyer has placed such a significant focus on investing in this program, including placing one of our most talented leaders, Loretta Ison, in the forefront leading the effort to ensure IE continues to be a driving force in the future of our Meyer way of life." Michelle Nelson, Chief Operating Officer

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