

Ed Gibson & the Hervey Bay Boat Club

The Perfect Storm

The story of an amazing business turnaround!

Ed Gibson became GM of the Hervey Bay Boat Club because he wanted a sea change. What he got was a tempest, complete with low morale, broken systems, \$6M debt and a \$500,000 negative cash flow. Yet in just 13 months, Ed raised meal production fivefold, cut complaints from 280 a month to two and increased revenue by 110% - all with only a third more staff. Though it sounds amazing, this was all done by ordinary people working with a simple system and one facilitator - and actually enjoying the process. The good news is, help is at hand so that you can enjoy results like these too.

Setting the Scene

Four hours north of Brisbane, Hervey Bay is a Queensland town of 50,000, 28% of whom are members of the Boat Club. A ferry runs to Fraser Island, the world's largest sand island, making the area a busy tourism hub. The Club's aim is to service the community's diverse boating and water activity needs. It has bars, restaurants and an auditorium, plus gaming machines, Keno and TAB betting.

Born in 1958, Ed Gibson was raised in Papua New Guinea. With his father at sea for months on end, Ed learned quickly from experience in a harsh but beautiful environment. He took to the water aged four, in a canoe rigged with an old sheet 'borrowed' from a hospital clothes line.

Ed progressed from Mission school to boarding school to a cooking apprenticeship. By 28, he was a consultant chef, setting up systems in venues. He then did an MBA before taking on and revitalising the Tube Makers' Recreation Club (later renamed Club Pheonix), the Wyong Leagues Club, the Port Adelaide AFL Club and the Cronulla Sharks NRL Club.

With his lifelong love of sailing, Ed was excited by the opportunity to work at Hervey Bay. Weary from his string of taxing seven-day/week jobs and keen for more family time, he was looking forward to life by the sea in an organisation that wouldn't make too many demands. When he started work, 'it was like getting a beautiful present'. The Club's problems appeared manageable. But when the lid came off the box, Ed found Pandora's legacy inside.

Ed's Big Surprise

The Club had borrowed \$4M for renovations and had a further \$2M in other debt. While seeming to manage the debt, a \$500,000 negative cash flow spoke otherwise.

A contentious election before Ed's arrival had damaged morale more than he'd anticipated and customer service was very low. He interviewed each staff member individually and found that

while he had good people, their direction was poor and they were ‘jumping through the wrong hoops’.

The managers were doing their best, but they lacked training, education, skills and systems. Likewise, most of the facilities and equipment were excellent, but the business simply wasn’t being driven hard enough to service the debt.

Once he got over his shock, Ed realised he had to re-engineer the business from the ground up.

Ed Goes to Work

Ed reviewed everything and set course for a turnaround. He restructured the debt, rationalised staffing, devised a marketing plan and commissioned software to show where the Club was heading.

With his catering background, Ed focussed a lot of attention on the kitchen, which was averaging 2,250 (pretty average) meals a week and generating many complaints. Ed restructured menus, products and prices, sent staff off to training and set and tracked KPIs.

He also concentrated on gaming — the backbone of most Clubs — by aggressively upgrading 25% of the machines. The more he did, the more Ed realised the Board had done well to bring in an outsider with a fresh approach and the energy to get things moving. While he found it relatively easy to get major systems back on line (cash management, transfers, banking, accounts etc.), the human side of things was not so easy.

The staff were fearful of their new boss and for their jobs. Lacking motivation, they considered themselves in a backwater and didn’t see the need for Ed’s professionalism. Rumours about subcontractors quickly turned ‘from a pinprick to a huge hole that was life-threatening to the business’.

Ed spent time pacifying his managers, explaining that he was not about sacking people unless it was absolutely necessary. Then he began personally training them in the way he wanted things done. When his Safety Officer returned from an OH&S course, it was with a fateful message.

The Courtesy System Arrives

The Safety Officer told Ed about something he described as the ‘Happy Club’ in Bundaberg, Across the Waves. Though not desperate, Ed felt he needed help and was open to ideas. He rang ATW and got the number of Spirit Training. Fletcher Potanin and John Ahern came up to chat about the Hervey Bay Boat Club’s Culture, its systems and the team experience.

Sceptical of John’s ‘fluffy and warm’ patter, Ed first thought the so-called ‘Business Happiness Model’ was a bit strange. However John pressed on, explaining that the secret behind ATW’s unusual success was a high quality training program proven to transform organisational culture in an electric way in only a few weeks.

The more Ed heard about Dr Paddi Lund’s Communication Tools, performance standards, building trust, always acting with courtesy and improving systems, the more he realised this

approach was part of his own deep-seated style. If it meshed with him at a human level, why couldn't it fit everyone else?

Never one to tarry, Ed decided to engage Spirit Training. With 20 hours training required for every staff member, the process was going to be lengthy and expensive. But the Club needed it.

John started by giving all 80 staff a 'toolbox' comprising a few simple rules to follow which were designed to help them communicate effectively with each other. 'The difference,' says Ed, 'was that they believed in those words. We all stood up in the first meeting and made a commitment to each other to give this thing the best go we could.'

John Ahern then facilitated workshops to bond the team and introduce simple ways to communicate openly. More training followed - specifically aimed at management and leadership skills. Together with the strategic and system changes Ed had earlier initiated, 'the whole process came together like a hand in a glove'.

Results Start to Show

Three months after his arrival and four weeks after introducing the Spirit Training System, Ed's indicators started to move. He found he could reduce some three year plans to two, so he adjusted budgets and raised the bar.

This was a shock to managers unused to KPI charts stuck on walls. Though it was a big leap, their confidence grew as they achieved targets.

After six months, Ed revisited his budget again. This time he 'went out on a limb' and set the goal of 100% revenue improvement. Again his managers protested, but Ed was adamant. 'The business can cope. All we have to do is keep developing.' After a while, the signs began to show. It wasn't long before the Club at times had more patrons than it could handle.

Gaining Momentum

Ed's sophisticated feedback mechanisms allowed him to navigate through problems by tacking in line with what the indicators showed. To maximise the Club's potential, he looked across its seven-day cycle to identify quiet and active periods. Then he focussed his marketing to drive the 'blue' areas 'red'. With the tools of the Spirit Training System behind them, his team began to leverage their efforts to higher and higher levels.

The staff were enjoying coming to work. Rather than just clock on and off, they became dedicated players, striving for the business. If they saw busy colleagues while visiting the Club socially (yes, they can often be found at the Club in their time off now), they picked up plates, glasses and ash trays and even jumped behind the bar. Teamwork became part of the culture. And the senior staff earned respect by admitting mistakes and fixing the underlying systems to ensure the problems wouldn't come up again.

The team lost their fear of ever-rising KPIs and began to see them as a game, 'like getting a tennis serve right in the corner'. The workforce rose 33% in one year, purely due to new business. And the 100% revenue target was exceeded by 10 % – quite an impressive achievement.

Switching to Autopilot

Today, as Ed watches the business run itself, he knows he's achieved what he set out to do on arriving. The debt is now down to \$4.5M and will be reducing by \$0.7M per year, there are monthly equipment upgrades and a positive cash flow has created the freedom to plan and manage future growth smoothly and proactively.

The team is equipped and empowered to deal with the few issues that do arise. Ed's managers laugh at him, 'sitting in his office, waiting for something to go wrong,' as he thinks creatively and strategically about building the business. He's got so much time on his hands now, he actually 'creates' problems to keep his team thinking on their feet – like the time he turned off the industrial freezer and watched his team scramble for two hours to figure it out! (Ssshhh! Don't let that one out of the bag when you see them!)

Most impressively perhaps, the kitchen now produces up to 5,500 meals a week with no increase in core staff. Ed's proudest statistic is that there's only one complaint in 15,000 meals and a minor one at that - like a steak being too rare.

The Club is now first choice in Hervey Bay for food and entertainment. The members love it and tourist custom is increasing rapidly. While gaming is the primary revenue source, food is the core activity. 'We run everything in-house, from raw product to plate, down to baking our own bread. The effort is huge and I'm my greatest critic. But continuous improvement is happening because all the staff have the desire to get better.'

No longer inward-looking, the Club is doing more than ever for the community, with substantial revenue returning to the area via schools, sport and seven major charities.

Impressive but Logical

What had seemed to Ed like pop-psychology was really a codification of the essence of successful human interaction. Today, comprehensively inducted recruits sign off their understanding of each task. Everyone has handbooks that support clean and clinical operations. The rules are fair and the systems fit. When it comes to discipline, everyone understands the reasons because everyone knows the rules. But Ed sees all this as simply a response to human nature. 'People like to know the rules. Lack of or poorly understood rules, or power without direction all lead to mistakes and conflict.'

Naturally there were sceptics when John the Spirit Training Coach came to town. Long-term staff called his communication system 'another bloody fluffy nonsense thing'. Now, according to Ed, 'those very people are the system's greatest ambassadors. They practise it at work, at home and socially. They've changed from being great to brilliant human beings.

'The tools have worked. Internal communications have improved. When something went wrong in the old days, the newest employee got the blame. Now we blame systems instead of people.'

Apology is one of the Communication Tools. If a staff member is wrongly blamed, another will own up. The removal of management by stealth and fear has produced remarkable results. ‘We used to get up to 70 complaints a week, plus an unknown number of patrons who left without complaining. Now staff have the confidence to sense a problem, ask the customer how they’re going, apologise for any mistake and fix it. The customers are delighted and, rather than conceal a complaint, staff brag about how they’ve helped someone, knowing they won’t be chastised.’

Ed observes the Club continually. ‘You can tell from patrons’ attitudes, the vibe in the kitchen and the body language of the staff when the business is humming. The registers are going, the bank manager’s happy, the creditors are being paid quickly and the staff are smiling. The customers feel it too, and show their appreciation by spending their money in their Club as often as six times a week. Over Christmas we had up to 300 people waiting for restaurant tables. The Spirit Training System turned what might have been an explosive situation into a showcase of employee initiative and commitment. It was a nice problem to have.’

It’s Not Rocket Science, but You Need a Guide

First Ed gave the staff stability. Then he fixed the business fundamentals. Then Spirit Training helped pull the whole thing together.

Ed is adamant the Spirit Training System was the key to the Club’s turnaround in such a short period of time. ‘I never would have thought we’d do it so quickly. Remember, I had an ambitious 3 year goal when I started here. Without John, I would still have fixed things; it just would have taken a lot longer. The Spirit Training System was the oil that created harmony and synergy between our systems and people. It let us turn the Hervey Bay Boat Club into a brilliant Club, not just a good Club. Now the staff are the stakeholders and they have a relationship with each other that’s second to none.’

Working and sailing in close quarters has taught Ed the importance of morale, harmony and teamwork. He maintains that truth and honesty build trust, which leads to productivity. ‘Develop camaraderie and you’ll get results when you need them.’ The GM does his best thinking on the ocean. Thanks to Spirit Training, he now has a lot more time for sailing.

If you’d like to explore how the *Communication Tools* of the *Courtesy System* could transform your business, [contact](#) our Chief Facilitator, Fletcher Potanin, or visit www.PaddiLund.com and www.SpiritTraining.com.au for more.

A 30-40% lift in productivity are common. Imagine what you could do with that much more time and energy focused on improvement, compounded over time?