

Snowmaking Best Practices KPI's for Senior Managers

Since most resort managers come from a background of business finance, understanding the industrial process and KPI's of snowmaking can be a mystery. The good news is metrics are available that quantify snowmaking performance with the same accounting methods as financials.

Percentage Margins

Similar to revenue producing departments like Retail, the Snowmaking process also measures performance with percentage margins. In both applications, the metric uses a benchmark with actual performance (or profit or productivity) measured against it. The differential is expressed as a percent. Below is an example for 12 hours of operations.

Snowmaking Performance Margins

12/8/2012 Time	WB Temp F°	Cost/Acre-Ft			Energy (kWh/KGal)		
		Actual	Benchmark	Margin	Actual	Benchmark	Margin
2:00	11.1	\$639	\$554	13%	34.7	33.6	3%
4:00	8.4	\$611	\$552	10%	34.2	32.5	5%
6:00	13.1	\$601	\$579	4%	33.7	35.3	-5%
8:00	11.4	\$562	\$554	2%	31	33.6	-8%
10:00	15.2	\$672	\$612	9%	36.9	37.2	-1%
Noon	17.2	\$835	\$665	20%	44.7	40.2	10%

Additionally, both departments require an accounting method that fairly compares variables of peak and off-peak operations. For retail, the variable is *time-based* with weekdays and weekends. For snowmaking the variable is *temperature-based* with warm and cold temperatures. Because percentage margins are weighted to the variables, managers use these KPI's to measure and adjust productivity – in all operating conditions. This management method fairly compares performance from hour to hour, day to day, MTD, and YTD; even when the variables of revenues or temperatures are different.

How Does This Help Business?

One of the biggest misnomers in snowmaking is that GPM is the tell-tale of performance. If this was true then Gross Sales Revenue would be the tell-tale of retail performance. The correct accounting utilizes performance margins because they include the entire process - and not just the gross outputs. With this knowledge, snowmakers are enabled to maximize best practices, while minimizing the poor ones. Your business benefits with improved productivity by (measurably) making the most snow for the least cost.

Starting Point

Just like the accounting systems used in retail, raw data needs to be collected, computed and reported for snowmaking. This is accomplished with manual logs and spreadsheets or automatically with software. Our company provides training and software that helps your team benefit from these best practices. Contact us to receive a plan for your resort.