

## RM for GMs - What You Don't Know Can Jump Up and Bite You! - By Carol Verret

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General Managers have vastly different levels of understanding the revenue management process. In this year of opportunity, what a general manager doesn't know and understand can jump up and bite him or her you know where.

The levels of understanding tends to range from 'I don't really know what the Revenue Manager does all day' to those GMs whose background was revenue management.

If you as a GM fall into the first category or anywhere close (and you know who you are), a speedy ramp up on revenue management is critical to your property maximizing the revenue that ultimately becomes the basis for your bonus or incentive. The gaps in your RM skill set can jump up and bite you in the wallet - how's that for a WIIFM\* factor!

There is a feeling on the part of many GMs that Revenue Management is simply the old yield management concept repackaged. Yield management is part of it but it is far more complex than that and advances in the discipline are morphing at light speed.

Revenue Management is more complex than ever and changes in the discipline are morphing at light speed. RM not only manages demand during peak periods but also has a huge impact on stimulating demand in shoulder seasons. RM no longer only applies to room revenue but to managing the potential revenue for all profit centers. It enables a smart Customer Relationship Management strategy that has the potential to stimulate demand from the most valuable guests.

The position of the General Manager is one of juggling competing priorities, keeping the department heads from seriously hurting each other and at the same time trying to produce an exceptional guest experience. What's a GM to do to ramp up the Revenue Management IQ? Below are a few areas to test your RM IQ.

- **Understand the Reports. Your Revenue Manager probably produces a plethora of reports and proudly gives them to you during the Revenue Management meeting.** (*You do have a weekly Revenue Management Committee meeting, don't you?*) The reports come from various sources including the PMS, the GDS, the various channels and franchise reports. The Revenue Manager has probably designed a few of their own. Stare at them until they begin to make sense, ask for explanations and don't pretend that you understand them when you don't.

- **Daily, Weekly and Monthly Disciplines.** This is key to understanding what your Revenue Manager does all day. There is a set of activities that need to be performed at these intervals. Know what they are - how else can you measure how well the Revenue Manager is executing the RM strategy.

- **Channel Management. We now refer to channels as all sources of reservations.** If you still think this refers only to the Internet travel sites, you need to ramp up. Managing these channels is more than just turning the inventory and rate faucet on and off, it also includes merchant agreements, internet specials, GDS marketing etc, to stimulate demand. This is a critical area for your Revenue Manager.

- **Web Site. Especially if you are managing an independent hotel or resort, you as a GM need to understand site design, optimization and Internet marketing.** This is critical to the success of any independent. Your Revenue Manager should be intimately involved with the design and functionality of the reservation engine on your site.

- **Rate Strategy versus Pricing Strategy.** The rate strategy is where you position your rate structure for the year or fiscal period. The pricing strategy includes closing discounts, rates for 'hot dates' etc., in the short term or within the period covered by the rate strategy.

- **Revenue Management and Customer Relationship Management.** This tends to produce the glazed over 'deer in the headlights' look. The simple explanation is that CRM is about identifying the value of customers, individually or by market segment and then developing relationships with them in order to secure their loyalty or, put simply, repeat business. It can be this simple or much more complex but GMs need to understand what this means and the implications for the future.

The above is a short list of some of the basics that all GMs need to have a grasp of even if their Revenue Manager is supported by a Corporate Revenue Manager - remember it is your hotel's revenue for which you are ultimately responsible and compensated for. For those of you who don't know what the WIIFM factor is it is the acronym for What's In It For Me - I hope we made that case!

Carol Verret is hosting a web cast on revenue management The Revenue Management Accelerator - the Next Level on July 28 for those for those of you who wish to increase your Revenue Management IQ. [Click here for details.](#)

Carol Verret And Associates Consulting and Training offers training services and consulting in the areas of sales, revenue management and customer service primarily but not exclusively to the hospitality industry. To find out more about the company click on [www.carolverret.com](http://www.carolverret.com). To contact carol send her an email at [carol@carolverret.com](mailto:carol@carolverret.com) or she can be reached by cell phone (303) 618-4065.

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