

## Profit Optimization Is Everyone's Job - By Doug Kennedy

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Regardless of whether RevPAR and bottom-line profits are trending upwards or downwards in your hotel's market, there's no better time than the precious present to make profit optimization everyone's job.

Unfortunately too many hotels still think of profit optimization as being primarily the job function of a revenue manager, versus a process that virtually every associate can embrace every day. Yet there seems to be plenty of other hotels and resorts that have seen profit optimization evolve from a person into a process and eventually into an underlying operating philosophy for all hotel marketing and operations.

Regardless of how a dollar makes its way down the P&L report from the top-line to the bottom-line, it has the same impact in the end. So besides managing and optimizing revenue streams and distribution channels, profit optimization also involves generating new business and in a broader sense, also controlling costs. Here are some ways that various departments and associates can help increase sales, decrease distribution costs, and maximize efficiency in controlling operating expenses:

**Channel conversion.** Many visitors to online travel agencies and third party websites also place a phone call directly to the hotel to double-check that the offer is the best rate, train your staff to convert these callers into direct bookings and save commissions of 18% - 30% or more where your distribution agreement allows. (Note: Where exclusive agreements are in place it is just as important to train your team how to politely explain why rates are available only through third-party partners.)

**Maintaining rate fences.** Make sure your front desk staff is validating membership in discount programs, affiliation groups, and qualification for special corporate rates at check-in, and that reservation agents are advising callers of this requirement in advance.

**Create new 'fenced-in' rates for target markets,** such as exclusive rates for state-wide teachers, military spouses, or other overlooked affiliation groups.

**Securing return reservations.** Especially for hotels catering to frequent business travelers, securing return reservations at departure for your 'regulars' can eliminate external reservations booking and distribution costs.

**Networking with in-house guests.** Train your front desk staff to be on the look-out for guests representing new corporations coming into the market that might be prospects for group/corporate business.

**Cost out packages to make sure they create value for the guest while maintaining profit margins for both rooms and food and beverage outlets.**

**Allow flat-rate 'upgrade' fees for guests at special group rates to make higher rated rooms price-out at a reasonable additional rate, or offer special group rates for upgraded room types as well as standard.**

**Offer meeting and event attendees special promotional rates for arriving early or staying over.**

**Where operationally feasible, offer early check-ins and late check-outs for an additional, incremental fee that is reasonable compared to the full-day rate.**

**Use GoToMeeting to conduct personalized hotel tours when travel budgets won't allow for an on-site sales call.**

**Double-check fares quoted by your own corporate travel agency on SideStep and Kayak as well as Orbitz when booking your own business travel.**

**Maximize productivity (and gas costs!) on client sales calls and visitations by setting multiple appointments and additional cold-calls to use any down-time.**

**Avoid unnecessary express mailing. Use USPO 2nd Day to send just about as fast and still make a positive impression vs. standard mail.**

**When setting prices for services such as parking and Internet usage, factor-in rebates into the pricing model to make sure you are netting the expected margins.**

Besides sharing these suggestions with your staff, make sure to solicit their own suggestions and input regarding ways to increase sales, minimize distribution fees, and reduce operational expenses. Sometimes the best and most innovative suggestions come from the frontline staff who are closest to the work itself yet all too often not asked for input.

By Doug Kennedy

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## **Doug Kennedy**

Doug Kennedy, President of the Kennedy Training Network, has been a fixture on the hospitality and tourism industry conference circuit since 1989, having presented over 1,000 conference keynote sessions, educational seminars, and on-premise training workshops for diverse audiences representing every segment of the lodging industry.

His articles have also appeared worldwide in more than 17 prominent international publications including the HSMIAI Marketing Review, eHotelier, 4hoteliers, Hotel News Resource, Hotel Online, Human Assets - Dubai and Hong Kong, Hsyndicate worldwide, BAHA Times - U.K., Hospitality - Maldives, and the Hotel Expert Magazine Hong Kong.

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