



Front Office

by Robert A. Hauk

Four challenges unique to select-service and limited-service hotels

*Another great article from The Rooms Chronicle®, the #1 journal for hotel rooms management! ***Important notice: This article may not be reproduced without permission of the publisher or the author.*** College of Hospitality and Tourism Management, Niagara University, P.O. Box 2036, Niagara University, NY 14109-2036. Phone: 866-Read TRC. E-mail: editor@roomschronicle.com*

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Today's select-service and limited-service hotels are one of the fastest growing segments in the hospitality industry, and for good reason. Industry studies have shown that select-service properties have become more feasible to build and franchise than their full-service counterparts and offer an economical alternative for guests in today's shaky economy. While select-service hotels may not have the grandeur of the full-service segment, it is widely accepted that select-service hotels provide the best return on investment for hotel companies.

Most select-service hotel brands at this point have done extensive research into the needs of their guests, and have changed the dynamic of what limited-service hotels were once considered. These days, hotel companies have included services once considered revenue generators for full-service hotels, such as hot breakfast and Internet access, into the price of the room at select- and limited-service properties.

As this segment continues its exponential growth, there will be more opportunity for management professionals to transition from full-service operations to managing a select- or limited-service hotel. While the size of the hotels may be smaller, the scope of what needs to be accomplished presents some unique challenges for hoteliers.

Smaller budgets

More often than not, most limited- and select-service hotels have restricted capacity when it comes to room counts. While full-service hotels may have anywhere from 350 to 1,000+ rooms to sell on any given night, most limited-service hotels have below a 200-room capacity. The reduced inventory directly translates into lower revenue streams and limited resources for the property.

Today's select-service manager is tasked with maintaining profitability with very little room for error. It is commonplace for hundreds of dollars to equate to major percentage points on the variance report of a profit and loss statement. The old phrase "every penny counts" holds very true in this market.

In order to closely control costs, not only do managers carefully review daily financial reports, but they consistently keep track of daily variances in everything from the cash register to room adjustments. Each error is logged and sent to the corporate office weekly for analysis. Though this may seem like a tedious task, the process ensures that each dollar is accounted for and that controls can be set in place for areas that need improvement. It provides for maximum profitability in properties that need to increase their net gains.

This careful reporting also makes it critical for managers to correctly "code" invoices. Each specific department has only a certain amount of operational funds allocated each month, and proper invoicing ensures a sound financial platform and budget. In order to make coding easier, managers may want to compile a list of the most used coding combinations. At Hyatt Place Scottsdale, we have gone as far as to compile a coding list, and attach the most frequently used vendors and services to each specific code, creating in essence a "quick reference guide".

Management requirements

Coming from a background in managing full-service hotels, I was taken aback by how well- rounded and proficient the select-service manager must be in order to perform his or her job efficiently. These small properties do not have the luxury of having the departmentalized teams or management numbers that are common with full-service hotels. Select-service properties are usually

managed by a team of three: a General Manager, one or two Assistant General Managers, and perhaps a Director of Sales; they report directly to the regional corporate office. This model requires all managers to be well versed in every aspect of hotel operations including financials, yield management, and organizational leadership. At times though, any manager could be tasked with a project outside their normal daily routine.

In order to obtain maximum management productivity, all managers at my current property have been tutored in the various skills needed to run the operation. For example, although an assistant manager might not deal with the profit and loss statement as much as the General Manager, they have a basic understanding of how to read the report and pull relevant information from it. Adaptability and a breadth of understanding is the key to success for any select-service hotel manager.

To further gain productivity, each manager is tasked with overseeing a different aspect of the operation. While the GM oversees the overall financial health of the property, one assistant manager might be tasked with billing and budgeting, while another would oversee the city ledger and the hotel's credit management. This evenly distributes the brunt of the work between the management team and also allows for an understanding of the full process that is occurring.

Staffing model

Due to the size and scope of limited-service hotels, it is only natural that labor constraints are a challenge. In order to maintain profitability, labor costs must be closely monitored. Because of this, multitasking and cross-training across all areas is essential to every hotel associate. Our front desk agents do not simply check guests in. They are well versed in housekeeping inspections, food preparation, and serve as shuttle van drivers. On the other hand, our housekeeping associates may assist with a bag pull off of a tour bus. This multi-faceted approach enhances the guest experience and cuts down on labor costs. Many times, guests deal with the same associates upon check-in, for dinner reservations, and during check-out.

It is also not uncommon for outsourcing certain tasks in times of higher occupancies. Managers must plan accordingly when using this option. Outsourcing can become expensive, but at times is necessary and still a less expensive option in the long-term than hiring a full-time associate or paying extensive overtime hours. Limited-service hotels often lack certain departments that come standard in a full-service hotel, such as a security division. While a security department may not be necessary seven days a week, there are times where it would be wise to have a security presence on property. Managers must correlate their clientele, occupancy levels, and events in the area to establish the proper number of security personnel they need, and for what amount of time. This process takes careful consideration and planning to ensure you are receiving the most results for your money.

Clientele

Because most select- and limited-service hotels offer less in the way of meeting space and room inventory, each hotel will have a set pattern of clientele based on location and area businesses. Businesses or guests who utilize meeting space will do so because of its close proximity to their actual place of work, or because the meeting space's lower cost in comparison to a full-service hotel's product. It is imperative that repeat business is secured, and staff add a "personal touch" in order to give the guest a reason to return. By following a simple formula of personalized service and a competitive rate, most repeat clients will do little in terms of shopping around to the competition. These simple yet effective steps will almost guarantee return business, and a lasting relationship with your clients. It is always easier and more profitable to bring a guest back to your hotel instead of finding new business to bring into it.

While certainly not the only challenges a select-service hotel manager faces, these are some of the most common that they will encounter in this lodging segment. And always remember, limited-service and select-service hotels account for more than 80% of the hotel rooms and 90% of the properties in the United States. ✧

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