



## Cover Story

by Aleta A. Nitschke, CHA

# Managers share ideas to increase profits

*Another great article from The Rooms Chronicle, the #1 journal for hotel rooms management! \*\*\*Important notice: This article is copyrighted by The Rooms Chronicle and may not be reproduced without permission of the publisher.\*\*\* 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*

*Notice: The ideas, opinions, recommendations, and interpretations presented herein are those of the author(s). The College of Hospitality and Tourism Management, Niagara University/The Rooms Chronicle assume no responsibility for the validity of claims in items reported.*

While Ernst & Young report, “The worst of the recent lodging down cycle is likely behind us,” hotel managers across the world are still grappling with shortfalls of profit. Now, perhaps more than any other period in modern times, managers are reaching out to find new sources of top line revenue and innovative ideas for decreasing expenses.

In January, members of the Minnesota Association of Innkeepers met in Minneapolis to share their best ideas for operating profitably. “We’ve squeezed just about everything I know of to reduce our expenses,” said one manager. “I have come to this meeting to get ideas for increasing our top line revenue.” Gathered in small circles, hoteliers eagerly exchanged strategies which had been successful at other properties.

### Top line increase ideas

The number one idea suggested for increasing revenue was partnering. For instance, when a hotel established a golf package with a local course, they benefit from the advertising done by the golf course. Partnering always multiplies the visibility of a program in addition to building goodwill with community businesses.

One hotel has increased their business by improving their free breakfast. Many managers remarked that guests are asking for low-carbohydrate alternatives to the traditional continental breakfast. After all, one in four Americans is following an Atkins-type diet.

Adding cordless phones inside guestrooms increased one hotel’s revenue. The manager said, “We’re trying to give our guests the amenities they have in their homes.” To this end, they also offer retail name soaps and shampoos rather than hotel-branded toiletries.

One hotel added a wading pool to attract families. Another added second showerheads to suite bathrooms to encourage honeymoon guests.

Another manager used the Google™ search engine to identify sites that emphasize travel with pets. By changing the hotel’s policy to accept pets and arranging to have his hotel listed on these sites, he is tapping into a new market of 62 million dog owners in the United States.

One hotel remodeled office and storeroom space to create room for a lease-retail store. A manager at another hotel has begun an outside catering service to keep the hotel’s food service personnel working full-time and to bring in new revenues to the property. Another hotel outfitted ten percent of their guestrooms as “business class,” with high-speed internet access, LCD televisions, cordless 2-line phones, DVD players, free DVD movie rental and upgraded linens and amenities. For these rooms, guests willingly pay 10% higher rates.

Another hotel has adapted parking lot space for short-term recreational vehicle overnight rental. Yet another property sells fresh cookies at the front desk (2 for \$1).

One clever manager designed a room service dinner meal priced inclusive of wine. This enables business travelers (who cannot expense the purchase of alcoholic beverages) to enjoy a glass of wine with dinner without the expense showing on the receipt. This tactic has added \$2 to the average in-room dining check at the hotel.

To build guest loyalty and return business, one hotel chain has focused attention to their “By Request” program. Regular Wyndham guests can sign up to receive their personal favorite things for every stay. For example, down

pillows will be delivered upon arrival, or peanuts and beer can be waiting in the guestroom. This program to personalize the guest's stay mimics the attention traditionally given to regulars in small, independently operated inns.

### Reducing Expense Ideas

To reduce employee turnover, one manager began a KUDOS program to reward employees who provide exceptional service to guests or fellow employees. Cash bonuses are given as employees attain KUDOS points. Also, to reduce turnover, another manager arranged a partnership with a local florist who delivers fresh flowers to employees' homes on their birthday.

One hotel monitors its water meters daily to gain immediate notice of leaks. After a recent spike in usage the hotel's maintenance staff searched for the cause and found a running toilet in a vacant guestroom, thus saving the property from a runaway utility expense.

One manager has outsourced the cleaning of guestrooms and public space to a local cleaning company, thus saving the cost of employee benefits. Other hotels are fighting these rapidly rising costs by decreasing their full-time staff and increasing their part-time employees.

One hotel saved money by conducting a review of its telephone system. The manager found two trunk lines unnecessary due to their customers increasing use of cell phones. Another hotel reviewed all of its contracts and put them out for rebidding in an effort to reduce their fixed costs.

Yet another manager installed a new program for accounting at his hotel. As a result, the hotel shortened receivables paying time from 30 days to upon receipt and initiated a late-fee program. For payables, the hotel negotiated longer payment cycles for some bills and set up a "timely pay" program to eliminate being penalized for late payments. In addition, strict purchasing controls were initiated to eliminate careless spending and duplicate payments of invoices.

In a very short period of time, managers at this MAI meeting exchanged a plethora of ideas to help increase both the top and bottom lines of their operations. While Ernst & Young maintain, "There appears to be light at the end of the tunnel" for an industry recovery, these managers understood their property's success is in their own control ... and that in sharing, they all became better hoteliers.

*(Aleta A. Nitschke, CHA, is the founder and publisher emeritus of The Rooms Chronicle. She manages TRC's online web site, [www.roomschronicle.com](http://www.roomschronicle.com). Aleta may be contacted at [an@roomschronicle.com](mailto:an@roomschronicle.com).)*

## The Complaint Corner

- Mr. Grouch: (...calling the front desk from his guestroom on the 9<sup>th</sup> floor...) is there an ice machine in this hotel that is operable? I have been to three different guest floors and none of them work.
- Bad reply: Did you try the one on the fourth floor? I just sent a guest there earlier tonight. She didn't call back and complain that it wasn't working.
- Slightly better: Which floors have you visited? Maybe I can help you find a floor with an operable ice machine.
- Best reply: Please accept my sincere apology Mr. Grouch. I will call our room service department and have them deliver a complimentary bucket of ice and mineral water to you right away. I will also have our engineering staff check each of the ice machines in your wing of the hotel to ensure that you or other guests will not experience this problem again.