



# A time for GMs to keep the glass half full and explore new revenue sources

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Gloom and doom... No profits until 2015...the end of luxury hotels forever...rates as low as they were in the 1960s...

It appears that these sentiments are what most feel, see, hear, or think during the current state of the lodging industry. During my recent travels, I had the pleasure to encounter a group of CVS Pharmacy store managers enjoying a weekend incentive trip to Walt Disney World. "Can you imagine?" one of them queried... "We're on a trip during this recession!" She continued, "Of course, I won't tell anyone in my family...they just think we're at the movies."

Unfortunately, her sentiment is felt by many. During this understandably low of all lows in an economic cycle, hotel managers and other business leaders have started to feel guilty when they do well – or, even worse, when they come close to breaking even.

Stop feeling guilty! It is time for hotel managers to keep their glasses half full and to pump up their staffs.

We must remember that the hospitality industry, and more specifically, tourist arrivals, are on the upswing if we look at trends over recent decades. If one examines the number of arrivals to the United States from 1995 through 2007, it becomes evident that the numbers have increased from just over 500 million to almost 900 million during this period (United Nations World Tourism Barometer, Vo. 6, No, 1, January, 2008). Even with the highs and lows and peaks and valleys of the always-returning economic cycles, the hospitality business always survives and thrives in the long run.

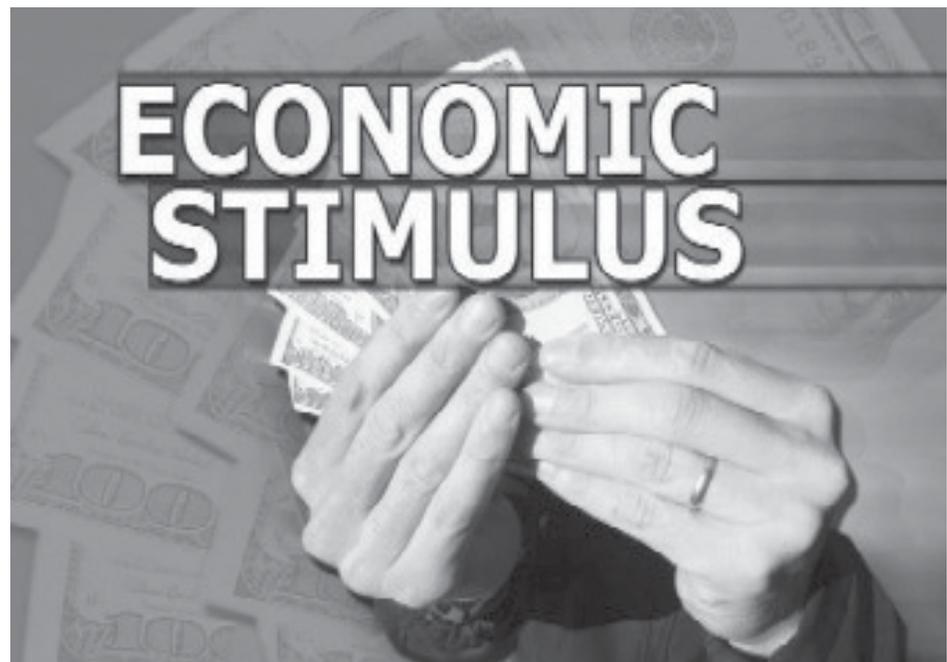
In 2009, hospitality employment included 220,000,000 jobs in the world, accounting for 1 out of every 13.1 jobs. The World Travel & Tourism Council predicted this number to grow to 275,000,000 jobs, or 1 out of every 11.8 jobs, by the year 2019. Even if this estimate is lowered slightly due to the current situation, our industry will bounce back.

It is my suggestion that general managers focus on three specific areas to keep the "glass is half full" environment and culture prevalent within their own hotel operations. They will immediately see a change in attitude and morale among their staff members and, ultimately, they will see a higher return to business levels (and hopefully profit, but shush...don't tell anyone!).

Here are my three simple suggestions:

1. **Keep your conversations positive.** Do not bring up articles about the economy, the current recession, the "gloom and doom", or any other negative possibilities.

Implement a "no downturn discussion" mandate at meetings. Focus on the positives of what is happening within your organization. If these positives



are minimal, discuss ways to expand them. Even during downturns, travel is happening. It's a matter of finding new market segments or traveler types that the hotel did not have before.

Immediately stop the negative word of mouth and you will see improved morale, improved service, and a slow return to "normalcy" at your property.

As a simple example of this, a full service hotel located in Gainesville, Florida recently implemented 30 minutes of training every other week. While times are tough, they are refining, improving, and enhancing their service training. During this 30 minute-session, the hotel's management team focuses on being stronger, leaner, and the best it can be. Negativity about the current business volume is not mentioned and all employees are trained, thoroughly, to be the best they can be. While times are slower, this property has moved itself up quite a few notches to become the best in the market. And, even though demand is lower, the word has spread and business is improving. One of the department heads recently quipped, "There's no gloom and doom around here anymore – we don't permit it. We've focused on becoming the best and we have become it!"



- 2. Search for new and untapped market segments.** There are far too many sales team members saying things like: "All our accounts have dried up", "There's just nothing out there", or "We don't do groups anymore". Instead of the "group think" that will emerge in these sales offices that there is nothing they can do...they, instead, need to start looking for other market segments they may have never approached before.

I suggest that sales teams strategize on how they can "re-build" their hotels. By re-build, I mean in market segments. Start fresh and possibly create an entirely new hotel of different segments than what the hotel was accustomed to over the past few years. It was quite common for hotels just to open their doors in the 2006-2008 time frame and "be busy". Sales creativity and follow-up were at all-time minimums. This makes the current situation seem even worse and more difficult.

By searching out new and untapped market segments, I can almost assure that your sales team will be working harder, striving more to be creative, and undoubtedly bringing in something new. By wallowing in the "This is how it is" syndrome, nothing will change.

As an outstanding example, I will use one of the world's top resorts located in South Florida. This resort has always seen a drop in summer rates as well as lower business levels. When "season" is over, this is the normal business pattern.

Historically, though, this property has never marketed itself to locals and has always relied on visitors from the world over. During this recession, the hotel has taken a fresh approach and invested in a local campaign for Florida residents within a two-hour drive. Through a use of print media, billboards, eCommerce, outreach to travel agencies and businesses, etc. this resort is having one of the best summers it has *ever* had. Yes, ever! Additionally, an amazing benefit also emerged from this initiative. The resort's managers tried to identify differences among its guests in the Summer from the high season – a difference in ADR of over \$500 between the two times of year. The low season guests were receiving high season benefits: butler, concierge, evening turn-down service, etc. Yet, the Summer guests were never asked if they required these same levels of services. After analysis of guest feedback, it was determined that evening turn-down service was not a necessity in the summer. Instead, bottled water was preferred by these travelers. In the end, the hotel saved considerable costs on labor by eliminating turn-down service and implementing the addition of bottled water during the day.

My point? A brand new, never considered market segment was discovered through creative meetings among department heads. Not only is low-season business at an all time peak, the labor savings have truly made this a profitable endeavor for the hotel. Gloom and doom is not the "norm" here.

- 3. Invest in a person to do web site optimization and eCommerce.** Believe it or not, over 90% of the hotels I work with on a regular basis have no one on staff who is truly technologically sophisticated when it comes to the Internet, web site optimization, and/or eCommerce. With the vast number of consumers using web-based shopping as their travel method, it is somewhat shocking that there is such a lack of marketing attention in this area. But, again, if one thinks of how busy we were over the past few years, most hotels just somewhat "dabbled" in this area and relied upon the ever-stable throngs of guests coming through their doors.

By retaining someone who truly specializes in website optimization, the hotel will continue to reap the benefits through increased room night generation. It is simply amazing to me how few hotels truly maximize this potential. Many "talk to the talk," but do not "walk the walk" when it comes to actually employing someone to work on this. The money you will spend in salary is often recouped rapidly. Indeed, with layoffs in other areas, a general manager may be able to "shift" the expenditure to a more beneficial category.

Indeed, I do not mean to make the current situation of lay-offs, possible hotel closings, and loss of business trite by any means. What I want to emphasize is that the long-term always shows that travel has increased historically decade after decade after decade. Rather than "wallow" in the current downturn, try to keep the glass half full by implementing these three suggestions. And, most importantly of all of them, refrain from any talk of the downturn in your staff conversations. Stay upbeat and look for answers and creativity rather than "gloom and doom".

As with the above examples, there are also fine examples of this procedure in action across the country. Many properties of all sizes and shapes have benefitted from the addition of an eCommerce and/or revenue manager type of professional. Whether your hotel has 40 rooms or 400 rooms, the benefits often outweigh the labor costs.

Well, to sum it up...yes, we are in *very* trying times. These are probably the worst I've seen it in the hospitality industry for the past 30 years when I started as a dishwasher in a hometown restaurant. Does that mean we're on the downslide? Of course not. The hospitality and tourism industry is a cyclical business. Granted, this is more of a permanent "re-set" in consumer spending habits. Yet, travel across the world will remain strong and will grow. It always does and it always has. In the short run though, business owners (and Wall Street) need to garner reasonable expectations for profits and incorporate creative methods to keep the "gloom and doom" syndrome at bay. Indeed, the glass is half full in the world's largest industry. ✧

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