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Sales Clinic column
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GETTING READY TO IMPROVE BOTTOM WITH INCREASED GROUP SALES

As we move into 2011, it seems there is reason to celebrate. Recent surveys of corporate meeting planners indicate that budgets are coming back and meetings are happening again. Meanwhile, Smith Travel and other hospitality research firms are predicting significant growth in RevPar in 2011 as rates will begin to climb and occupancy increase. In many markets we are also seeing this trend. All this good news should see more improved sales productivity at all types of properties creating better bottom line profitability.

One area of concern that needs attention with regard to group sales is what has been happening during the last couple of year with the business of meeting and banquet room rentals. A good many "deals" have been made with group accounts, in order to get the business. Not only have hotels, resorts, conference center, et al reduced rates, some drastically, but some sales departments, and general managers have gone further. There had been many locations not enforcing attrition as well as cancellation clauses; cutting prices on banquets; providing a variety of free or reduced cost services; as well as not charging for meeting and banquet rentals.

Perhaps now it is time to get back into business when it comes to soliciting and booking groups. It is time change our "standard" forms of proposals for groups. Cut out the offer of free banquet space, comp rooms or free anything when offering a proposal, and leave the "give-a-ways" for the negotiating table. The whole idea behind negotiations is to have a "give and take". That is, "I'll do this, if you do that"

In particular it is really time to get back into the business of charging for meeting and banquet space. This is the area where most of what you take in on rental goes directly to the bottom line. There are hardly any additional costs in this area. After all, labor being used to set up and tear down a room, is likely already on staff, and being paid anyway; same for the cleanup. Utilities and maintenance costs are already covered on a regular basis. Space rental is, or could be a heavy duty profit center.

It is interesting that hotel operators are consistently concerned with

room occupancy; nothing wrong with that, and it should be that way. However, there doesn't ever seem to be concerns over space occupancy. It is just hardly ever discussed. There would be some great surprises to owner, operators and managers if ever they did an occupancy check-up on their meeting and banquet space. It seems that since this is, or could be a good profit center, management would want to be checking up on this area. As an example, in its simplest form: If there was meeting space (classroom style) for a capacity of 100. Each day it is booked for a rental fee, it would reflect 100% occupancy. If during a month it was booked only half the time, it would represent 50 % occupancy. Even if it was booked for a banquet, it could count toward the occupancy. Of course, with multiple meeting rooms, it is a question of just adding up the maximum potential for seating among all the space to come up to see how many meetings and attendees you will need to represent 100% occupancy at any one time.

There really would be some great surprises if anyone cared to check up on their meeting/banquet space occupancy.

Best wishes for a great year of selling productively.

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