



## Article Title

Profiting through teamwork: The role of the revenue management and sales functions in group revenue management

## Citation

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## Abstract

Revenue management and sales staffs collaborate substantially in making decisions regarding rate setting, accepting group business, and forecasting. However, according to a survey of 82 sales and revenue management executives at three hotel chains (47 revenue managers and 35 sales executives), hotels could foster even better coordination between revenue management and sales by educating each group regarding the other group's responsibilities. This might reduce sales staff frustrations about the way revenue managers make rate recommendations, and it might help revenue managers understand the importance that sales executives place on maintaining a relationship with a group, even when room rates do not meet targets. Forecasting is a major function for revenue managers, who take numerous factors into account, and some sales executives also are responsible for forecasting, primarily using one data source. Thus, the two groups focus on the data in different ways.

## Methods

We surveyed U.S.-based revenue management and sales personnel, at either the manager or director level, at three mainly receive input from the revenue management function (76.9 percent) and another seven received input from a superior member of the sales team (53.8 percent), with input from the general management function indicated by 15.4 percent of the respondents ( $n = 2$ ). There were no consistent patterns in rate-setting practices by hotel chain, brand, location, or size.

## Results

Respondents suggest several ways to strengthen the relationship, including on-the-job training and education. For both groups, implementing performance assessments that involve several measures would allow the two groups to have some measures in common. Useful measures might include a group's total revenue contribution, which is not commonly applied among these respondents. Another measure, the hotel's total revenue or contribution, is a worthwhile consideration for both revenue managers and sales executives.

## Conclusion

Many of our respondents suggested that conflicts between the two groups arise from a lack of understanding of each other's roles and objectives. If this is the case in your organization, an education or training program regarding each of the functions might improve operations (and revenues). We think that this approach may be particularly relevant as hotels broaden the scope of revenue management to total hotel revenue management. Such programs can be done in-house, with revenue management personnel explaining the revenue management principles and sales personnel showing the revenue managers how the sales function operates through on-the-job exposure. As suggested by one revenue management respondent, this may take the form of accompanying sales personnel on field visits or client calls.