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OPINION ARTICLE

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Understanding The Facts For Effective Sales Management

Lessons from the Field | A Common Sense Approach to Success in the Hospitality Industry

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In the past six months, we have seen continuing mergers of almost bankrupt, cash starved airlines, the dismantling of industry giants like Circuit City, as well as the complete repackaging of General Motors and a number of US Wall Street brokerage houses. The results are a long way from being realized, but I continue to find that radio, television and internet reports all begin to run together, as the “experts” try to predict this or that potential government or business action. The most recent news this week implies that the worst part of the US recession is perhaps in sight, but that is of little consequence to the 15 million citizens seeking employment and the hundreds of thousands of businesses trying to regain market share and profitability.



tackle our particular challenges and begin to turn the situation around.

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“Facts are the most important thing in business. Study facts and do more than is expected of you.”

Frederick Hudson Ecker, (1868-1964) longtime president and chairman of Metropolitan Life Insurance Co., then the world's largest, who signed on as a \$4-a-week mail boy in 1883

Earlier this week, I conducted a teleconference/webinar for Lorman Education Services. The program included some of the material in my 2 part series earlier this summer featured in this publication titled: *Effective Sales Management: Short and Long-term Planning, Forecasting, and Expense Budgeting*. The series was direct and pragmatic in approach, covering four main topics:

1. Mapping out Your Sales Plan
2. Preparing and Revising Your Sales Forecast.
3. Aligning Your Expense Budget With Your Forecast and Sales Plan
4. Practical Approaches to Opportunities in the Market

share some of the questions covered in the teleconference.

FORECASTING STRATEGY

We have all learned the significance and value of updating forecasts. One needs only to study the pricing options on the Southwest Airlines web site to recognize the various ways to optimize revenue, while continuing to offer solid value to consumers. They have identified their periods of lower demand and set their prices at the value level until or unless the expected demand is met. Their constant monitoring of demand allows them to adjust pricing as appropriate.

The success of Southwest is not predicated on one factor alone, but this strategy has contributed to their market leadership.

Hotels have various levels of sophistication and changes in demand. I offer the following as a proven method to maximize revenues in any type of property:

- Each month following the close of the previous month, REFORECAST for the next 90 days. You then compare any changes in the two overlapping months and determine if there are trends.
- At the close of the previous month, REFORECAST for the month just completed 12 months in advance. If you just finished August, the factors that supported or weakened the August performance will never be fresher in your mind. Document the reasons for the performance and refer to them regularly when creating your marketing plans and sales action steps.
- When it is time to create an annual budget, you will be much more comfortable and flexible in your analysis and projections, and very likely more accurate as well.

projections. Their counsel is usually balanced and reasonable.

The following questions were addressed in the teleconference:

1 | How Do You Find Where Your Customer Comes from?

Sales and general managers sometimes have trouble answering those two simple questions, but the answers are loyalty and focus. If a hotel's efforts focus primarily on acquiring new customers, existing customers will feel that from the staff and consider options. Think of advertisements for products only offered to "New Customers". You may have had that residential cable service at your home for the past five years and today "new" customers can receive a value or incentive far better than what you receive. How do you feel about that service or apparent lack of appreciation?

- Each manager (sales and general manager) should know the top ten local accounts.
- Finding out who your customers are, where they are coming from, how they came to select your property, why they stay at your property, how long they stay and how much they spend— among other information —will help focus your sales effort.
- Current guests who stay at your property are prime prospects for other types of business, such as meetings, conferences or social activities.

2 | How do you convince a manager of a new potential program in working with other businesses – what was called synergies in the teleconference?

bottlers and others to promote their latest films. This synergy of similar minded companies makes perfect sense and allows everyone to stretch their marketing reach. Sports have been doing this for years and locally we can do it on a smaller basis by finding which companies can help each other “in our neighborhood.”

3 | What do you do to fight against dramatic discounting from competitors?

There are different approaches in discounting, but the way to determine your strategy often rests with knowing your real costs (including fixed expenses, variable operating costs, marketing for special plans, etc.) and then determine the ROI – return on investment. While there may seem to be little “invested” in discounting, all of those real costs just mentioned are clear and ongoing investments.

4 | Discussion points were made on renegotiating existing contracts – what value is there for the other side to change an existing agreement?

It was stressed in both the columns and the teleconference that no one was suggesting breaking contracts, but every company in almost every industry is dealing with change. Stephen Covey, in his 7 Habits of Highly Effective People, suggested looking for the WIN-WIN approach in all forms of interaction. Can you add length to the contract? Can you change the volume or size of the order? Can payment options be modified? Are there additional features important now to both parties that did not seem essential when the agreement was made?

5 | How often should forecasts be updated?
Shared with whom?

shifts. These should be shared with senior management or ownership AS SOON AS POSSIBLE for corrective or supporting actions as appropriate.

6 | Is technology the best way to reach customers and measure results?

General Electric is one of the world's most diversified conglomerates with a huge range of products and services. Technology is an important tool but Jack Welch, former GE CEO/President, in his book STRAIGHT FROM THE GUT indicated that success and results come from measuring the right things.

Welch measured 3 things:

1. Customer satisfaction
2. Employee satisfaction
3. Cash flow

Welch had his share of critics and made some errors in judgment, by his own admission in interviews and books. One can also see, however, that in his 20-year tenure that GE rose from "one of many" to one of the most successful organizations in the world.

GE did not wait for government action – their leadership analyzed and then acted.

What are you doing in your hospitality business?

Please contact me if I can be of service, feel free to share an idea at johnjhogan@yahoo.com anytime or contact me regarding consulting, customized workshops or speaking engagements. Autographed copies of LESSONS FROM THE FIELD – a COMMON SENSE APPROACH TO EFFECTIVE HOTEL SALES can be obtained from , THE ROOMS CHRONICLE , and other industry sources.

opinions expressed in this article are those of the author and do not necessarily reflect the views of this publication

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