

Defining Best Practices In Hotel Sales During A Difficult Economy 2008-2010

By

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A handwritten signature in black ink that reads "Bob Davies". The signature is written in a cursive style with a large, looped "D".

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ABSTRACT

This study studied the effect of economic change on the hotel industry between 2008 and 2010 and profiled possible economic recovery markers for 2011.

The literature review covered the elements that have changed in the travel market profiling how the consumer in all segments reacted to the downturn. Business travelers cancelled movements, cut budgets or truncated the length of trips while leisure travelers chose to not travel or limit movements. At the same time hotels saw an increase of room supply in the United States as room rates fell. It then became the responsibility of the hotel sales department to find way to recover lost revenue even as they were directly affected by the change in market and performance expectations by ownership. Budgeting, time, staffing and morale became key

elements to understand how a sales staff responds and how they could use “Best Practices” to discover alternative revenue streams.

The study profiled three best practices learned based on the research. They were Best Practices to overcome decreased overall hotel service operation levels, to Overcome Decreased Marketing Dollars and to Overcome the lack of individual and group Sales Manager Support.

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Acknowledgments

This is always such a hard part to write because I have been so fortunate and contribute my success to SO many people....

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Chapter 1

Introduction

Hotels are faced with many operating challenges in a thriving economy, but when the market takes a turn for the worse, managers are faced with a whole new set of challenges. With changes in the operating market hotel managers are expected to do more with less.

The average hotel in the United States was valued at US\$100,000 per room in 2006. By 2010 that value will have sunk to US\$50,000 per room, according to a forecast by HVS International (Global update, 2009). The entire hospitality industry has been challenged due to a significant decrease in travel. In the U.S., occupancy in the first quarter of 2008 was 57.8%, nearly 3% below the same period in 2007 and the lowest for the quarter since 2004, according to Smith Travel Research (STR). During this time, room demand dropped 1% while the number of available rooms available to rent increased 2% according to STR (Taking the temperature, 2008).

Dow (2009) noted in early 2008 that the 41 million trips were avoided and this change rippled outward across the entire travel community costing airlines more than \$9 billion in revenue, hotels nearly \$6 billion and restaurants more than \$3 billion. The impact is wider in that even, federal, state, and local governments lost more than \$4 billion in tax revenue because of reduced spending by travelers and the overall general contraction of the travel market.

The overall result is that sales have decreased. This has caused hoteliers and their sales departments to work harder to maintain sales which have become a problem. The challenge according to Dow (2009) is that hotel sales are looking for new solutions to attract and maintain guest counts and sales productivity. The fear as noted by Johnson (2008) indicated that hotel

sales during the current downturn could simply stop or become stagnant for some time without a known marker for recovery.

The December 2009 edition of PKF Hospitality Research's (PKF-HR) *Hotel Horizons*® report predicted hotels in the U.S. would suffer a 1.1 percent decline in RevPAR for 2010, which translates into an estimated 5.3 percent drop in net operating income (NOI) for the year. While the annual forecasts are seen as disappointing, a closer look at the quarterly performance movement of these key indicators throughout 2010 shows that U.S. lodging industry demand, occupancy, ADR, and RevPAR have started to show quarterly gains. (How to recover in 2010, 2010).

Problem Statement

An uncertain economy brings a new set of challenges to hotel Directors of Sales and they must seek new or modified sources, techniques and management plan to recover lost revenue. Since 2008, numerous factors have led to declining economic conditions (See e.g. Carter, 2010). As a result, all Directors of Sales and account based Sales Managers have had to do more with less. Budget constraints, time, staffing levels, managerial support and staff morale are all examples of the omnipresent issues that managers must work around to increase productivity to meet financial objectives by ownership. The Sales Department and its associated operations in catering and revenue management play a key role in financial overall performance. It is through their individual and group efforts that financial objectives are met even as they encounter the same operating challenges found in all parts of the hotel.

The literature has profiled that in a declining economy various affects are anticipated in revenue performance. During the 2007 to 2010 period room rates and hotel occupancy have both been down due to the economic changes in the domestic travel market based on many factors. Fewer dollars are exchanging hands indicating that a strategy needs to be set into place to recover lost revenue. Also observed is that hotel customers are shifting from higher-end full-service hotels to mid-scale limited service hotel properties to conserve corporate travel budgets. Even with favorable changes of guests changing property types, some segments such as mid-scale hotels are facing the least amount of average daily rate increase based on market pressures. The summary view was that that in 2010 hotels will encounter a 1.1% decline in revenue per available room.

The Purpose of the Study

The purpose of this study is to understand “Best Practices” used by the Sales Department in Full-Service hotels during an economic downturn to maintain financial performance objectives.

The research objectives for this study are:

1. Model Hotel Industry and change in performance relative known operational objectives.
2. Understand the challenges presented to Hotel Sales Department in the 2008-2010 downturn.
3. Model “Best Practices” used in Hotel Sales Department during 208-2010 economic downturn.

Limitations

This study was designed to understand a response to an economic situation and it is limited to the hotel categories studied and serves as a guide for future problem resolution.

Definition of Terms

Certain terms used throughout this study require specific definition in order to achieve consistency in the language of the paper. For purposes of this study, the below terms bear the following definitions:

ADR (Average Daily Rate): “A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold” (Smith Travel Research, 2010).

Best Practice: “A best practice is a technique, method, process, activity, incentive, or reward that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc. when applied to a particular condition or circumstance” (Businessdictionary.com, 2009).

Chain Scales: “Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates. Independent hotels, regardless of their average room rates, are included as a separate chain scale category. The chain scale segments are: Luxury Chains, Upper Upscale Chains, Upscale Chains, Midscale Chains with F & B (Food & Beverage), Midscale Chains without F & B (Food & Beverage), Economy Chains, Independents” (Smith Travel Research, 2010).

Corporate Traveler: An individual or group of like travelers which sole purpose is to travel on business and all travel is typically paid by the company they represent.

Direct Sales: Face to face presentation, demonstration, and sale of products or services, by staff hired to specifically present products and services by a company.

Economic downturn (recession): “A period of widespread reduced economic activity such as 2008-2010” (Merriam-Webster, 2008).

Foreclosure: The legal process by which an owner's right to a property is terminated, usually due to default. Typically involves a forced sale of the property at public auction, with the proceeds being applied to the mortgage debt.

Full-Service Hotels: “Full-service hotels are generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels often including bell service and room service. These hotels report food and beverage revenue” (Smith Travel Research, 2010).

GDP (Gross Domestic Product): The total market value of all final goods and services produced in a country in a given year, equal to total consumer, investments and government spending, plus the value of exports, minus the value of imports.

Group Rooms: “Group rooms are sold simultaneously in blocks of a minimum of ten rooms or more (e.g. group tours, domestic and international groups, association, convention and corporate groups)” (Smith Travel Research, 2010).

Hotelier: An individual or owner group who owns or manages a hotel-motel or resort.

Hotel Sales Department: The hotel sales department is responsible for selling the entire hotel product inclusive of rooms, food, beverage, catering and meetings rooms and all other services offered.

Key: Key is a term used by the hotel industry representing or substituting for the word room. If you have a 100 key hotel it is equal to 100 sleeping rooms.

Leisure Traveler: An individual or group that primary purpose to travel is non business and for leisure, recreation or other.

Limited Service Hotels: “Limited-service hotels have rooms-only operations, (i.e. without food and beverage service) or offer a bedroom and bathroom for the night, but very few other services and amenities. These hotels are often in the budget or economy group and do not report food and beverage revenue” (Smith Travel Research, 2010).

Market: “In the U.S., a market is defined as a geographic area composed of a Metropolitan Statistical Area (i.e. Atlanta, GA), a group of Metropolitan Statistical Areas (i.e. South Central Pennsylvania) or a group of counties (i.e. Texas North” (Smith Travel Research, 2010).

Market Scale: “Hotels located in the same market and classified in the same chain scale segment as the subject hotel are grouped with the subject hotel into one of seven Market Scale groups: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy, Independent” (Smith Travel Research, 2010).

Market Share: The percentage of the total sales earned of a given type of product or service that are attributed to a hotel.

Net Operating Income: “Income after deducting for operating expenses but before deducting for income taxes and interest” (Investorwords.com, 2010).

Occupancy (Occ): “Occupancy is the percentage of available rooms that were sold during a specified period of time. Occupancy is calculated by dividing the number of rooms sold by rooms available” (Smith Travel Research, 2010).

Prospect: “Potential hotel customer or client qualified on the basis of his or her buying authority” (Businessdictionary.com, 2009).

Public Space: In a hotel context is all space open for rent or use by guests associated with a given hotel property.

RFP (Request For Proposal): Is typically requested by a company or firm for which it has business that it wishes to bid out. Hotels typically prepare a “bid” proposal for all RFP’s they receive which tends to be competitive

RevPar (Revenue Per Available Room): “Revenue per Available Room (RevPAR) is the total guest room revenue divided by the total number of available rooms. RevPAR differs from ADR because RevPAR is affected by the amount of unoccupied available rooms, while ADR shows only the average rate of rooms actually sold” (Smith Travel Research, 2010).

Room Revenue: “Total room revenue generated from the sale or rental of rooms” (Smith Travel Research, 2010).

Rooms Sold (Room Demand): “The number of rooms sold in a specified time period excludes complimentary rooms” (Smith Travel Research, 2010).

Sales Budget: A sales budget is operating plan for a period expressed in terms of sales volume and selling prices for each class of product or service. Preparation of a sales budget is the starting point in budgeting since sales volume influences nearly all other items.

Sales & Catering Assistant: is responsible for assisting the Sales team by booking and servicing groups, meeting rooms, and conferences while providing exceptional customer service to guests and clients of the hotel. This position requires excellent guest service skills and the ability to understand the guests’ needs and ideas.

Sales Coordinator: assists the Director of Sales and Sales Manager in sales operations including: reserving meetings and conferences, coordinating wedding groups, general administrative functions, and arranging sales blitzes and giveaways. This position requires strong communication skills, both written and verbal.

Segmentation: Defined in the hotel industry has multiple meanings 1) hotel segments can refer to type of hotel and services offered or 2) the groups that use the hotel services such as Transient, Corporate, Group and SMERFE

Social Media: Primarily internet or cellular phone based applications and tools to share information among people. Social media includes popular networking websites, like Facebook and Twitter; as well as bookmarking sites like Digg or Reddit. It involves blogging and forums and any aspect of an interactive presence which allows individuals ability to engage in

conversations with one another, often as a discussion over a particular blog post, news article, or event.

SMERFE: Social, Military, Educational, Religious, Fraternal, Ethnic is an acronym that represents the group of travelers that typically represent lower revenue patterns or limited funding for services requested.

Transient Traveler: A category of travelers that comprise those that stay for shorter periods typically cannot be linked to other groups such as Corporate and SMERFE and typically pay a higher amount for hotel services.

Chapter 2

Literature Review

The hotel industry has faced many challenges and since 2008 the industry has struggled to regain what they had in performance only one year before. Recent changes in personal finances, banking issues and industrial stagnation in the United States has led to operational challenges never observed in the Hotel-travel industry. Fewer travelers are using an overbuilt travel industry as business and individuals re-evaluate their travel needs and necessities. Unlike airlines that can downsize by parking airplanes or return them to lessors, hotels must adapt to new strategies with a fixed supply of rooms in the short and long run (Dow 2009).

Hotel Operations 2007 – 2010

The average hotel in the United States was valued at US\$100,000 per room in 2006. In 2008 that value has dropped to US\$50,000 per room, according to a forecast by HVS International (Global update, 2009). To make matters worse for those selling hotels only those that will need to sell will do so with such a significant change in room value. As a result, HVS Chairman Steve Rushmore suggested that the typical US\$100,000 per room hotel in 2006 would in a very short period having a selling value of only US\$25,000 in 2010, he also indicated that the biggest cause of the devaluation was from the bankrupt Extended Stay America hotel chain. “We started seeing distressed hotels 18 months ago and it started with smaller independent and secondary markets.” Says Alan Reay with the brokerage firm Atlas Hospitality Group, Irvine, California“ Alan Reay says. “This will turn out to be the worst downturn in business since the 1930’s and what happened in the early ‘90s in that short recession pales in comparison. Just about any hotel built or refinanced since 2005 is in potentially in trouble, according to the real estate experts. The changing economic climate does not support the ability for any owner to

generate enough net income to pay debt service in many cases. Steven Rushmore predicts that that many hotels will suffer 50% to 80% price value from property valuations made between 2005 and 2008 (2009). This may result in many properties becoming very attractive to those with the ability to finance and operate those hotels.

2008 Operating Challenges, Travel Economy Changes

As the hotel industry changes from an ownership-operating perspective, the reality of business and leisure travel alike have dried up in most domestic markets creating intense competition among hotels for whatever business does remain. But lessons learned the last downturn, post September 11th 2001 tragedy resulted in many hotels near bankruptcy and most all slashing daily rates now have hotels then to today hotels trying to offer the best value-added promotions as an alternative driver of incremental business and sustain rates. Given the choice between discounting and offering added value, the common is to avoid damaging long-term brand value to dropping rates for only minimal short-term financial gain. “You may lose some market share this year if you are not discounting as much as some competitors, but you’ll get that back next year and have a stronger value proposition,” says Bob McCleary, General Manager of the 144 room Manor Vail Lodge, Colorado (Global Update, 2009). Adding value in the form of complimentary breakfast, free internet access, discounted parking, drink tickets, spa credits and the like is nothing new but does not guarantee occupancy, guest loyalty or long term profits. Management is now charged with cutting operating costs without sacrificing quality while corporate travel managers are a driving force in the push for more value-added pricing in recent RFP’s. Todd Piety, Director of Sales and Marketing for Hard Rock Hotel Chicago, says “travel managers expect hotels to provide a little something extra to secure lucrative contracts and

requests for value-added amenities in contracts spiked 70% in the 2008-2009 RFP season (Global update: 2009).

For 2008 the United States hospitality industry has been directly affected due to a significant decrease in corporate and leisure travel. Occupancy in the first quarter of 2008 was 57.8%, nearly 3% below the same period in 2007 and the lowest for the quarter since 2004, according to Smith Travel Research (STR). At the same time, room demand dropped 1% while the number of available rooms rose almost 2% according to STR (Taking the temperature, 2008). The market found that newly opened hotels sought to find their way in a smaller market while existing properties sought new revenue streams in the 2008-2009 year.

The rapidly slowing economy affected the hospitality industry in a number of negative ways: commercial bank credit became extremely tight, energy and food prices increased to new levels, leisure travel consumers stayed home and companies re-assessed their corporate travel budgets. Smith Travel Research reported that the January-April 2008 occupancy rates in North American fell by 1.9% where the adjustment in Europe was .7% compared to the same period a year ago (Internet marketing plan, 2008). When the economy contracts, less business naturally occurs and less money is exchanged and the hotel often finds itself in a more difficult operating environment. One key element of this operating situation is the hotel will spend less with other businesses and most important to consumers will reduce their work force to coincide with revenue patterns.

The net effect is that many business and travelers are making their travel dollar last longer and cutting out expenses that are not needed. George Kalka, (Director of Sales, Cambria

Suites) states, “When a company is looking to cut, a budget is one of the first. A company will cut travel and use less face to face communication”, he also states that “Occupancy rates and airport business have decreased including the lucrative individual and group sales for all groups including SMERFE. Business meetings have also decreased in overall length or have been eliminated entirely by some firms (G. Kalka, personal communication, June 12, 2008).” “The U.S. consumer is economically stretched and according to Bary Sternlicht “they are hitting the wall,” chief executive of Starwood Capital Group, an investor in hotels and real estate (Higley, 2008, paras. 4-5). The consumer groups of transient, corporate, leisure and SMERFE are all trying to determine the dollars they can spend on travel and now very selectively choose to use available dollars on services that make the current need. This view is also supported by Garth Peterson, Regional Director of Sales from Ideas SAS company which stated that “Business travelers are taking less trips and for shorter durations and now travel on restricted budgets, but it is a matter of strategy to find the right path back to financial productivity for each hotel and this is the challenge for hotel sales departments” (G. Peterson, personal communication, June 13, 2008).

Dow (2008) noted that the 41 million people avoided trips during 2007-2008 and affected the entire travel community costing airlines more than \$9 billion in revenue, hotels nearly \$6 billion and restaurants more than \$3 billion. In addition, federal, state, and local governments lost more than \$4 billion in tax revenue because of reduced spending by travelers.

The massive revenue change for most all found sales plans in place could not be achieved. This has caused hoteliers to work harder and re-secure lost revenue. The task has

been placed on the hotel sales teams which are charged come up with new solutions to attract guests (Johnson, 2008), (G.peterson 2008).

Hotel Performance (Financial) 2009 – 2010

In the December 2009 edition of PKF Hospitality Research's (PKF-HR) Hotel Horizons® report predicted hotels in the U.S. would suffer a 1.1 percent decline in RevPAR for 2010, which would translate into an estimated 5.3 percent drop in net operating income (NOI) for the year. While the forecasts are disappointing, a closer look at the quarterly indicators throughout 2010 reveals that U.S. lodging industry demand, occupancy, ADR, and rooms RevPAR will all start to show year-over-year quarterly gains (How to recover in 2010, 2010).

Given the turn toward favorable market conditions that was expected to occur during 2010, an opportunity would exist for some U.S. hotels to improve their performance and achieve growth in NOI. To identify potential tactics sales managers can implement to take advantage of the improving operating environment, PKF-HR has examined the financial performance of hotels that achieved a gain in profits (NOI) during 2003. The comparative year 2003 was chosen because, like 2010, this historical period represented the last of year of a three year 2001 to 2003 travel industry recession. The data that was analyzed comes from PKF-HR's proprietary Trends® in the Hotel Industry database of 6,000 hotel operating statements (How to recover in 2010, 2010). Based on the strong surge in lodging demand that occurred during the first half of 2010, Colliers PKF Hospitality Research forecasts that the average U.S. hotel would achieve a 2.3% increase in net operating income during 2010 (U.S. hotel profit growth, 2010). This follows a 37.8% cumulative decline in profits experienced from 2007 through 2009, and is would be the first annual forecasted NOI since 2007. PKF-HR has projected double-digit growth in

unit-level NOI growth each year from 2011 through 2013 (Ibid.). According to R. Mark Woodworth, president of PKF-HR.,

The bottom-line losses suffered by hotel owners over the past two years were devastating, and the repercussions have been, and continue to be, felt throughout the financial community.... The likelihood that this trauma is coming to an end is welcome news. With occupancy driving the growth in RevPAR in 2010, the rise in profits at this stage is somewhat underwhelming. However, going forward we will begin to see a more profitable formula for revenue growth as operators reclaim pricing leverage and room rates begin to rise. That being said, hotel operators must now also pay attention to the significant increases in operating costs that we've consistently observed during past recovery periods (U.S. hotel profit growth, 2010).

The improved outlook for 2010 financial performance was the result of increasing optimism. PKF-HR predicted a 4.6% increase in RevPAR for the U.S. lodging market in 2010. This is the result of a projected 5.2% rise in occupancy, but a 0.6% decline in ADR. "Our analysis confirms that the sharp rise in demand during the first half of 2010 is partially attributable to the low level of room rates," Woodworth says (U.S. hotel profit, 2010).

Change In Consumer Demand

The ability to raise room rates was the most common factor driving profit growth during the final year of the last industry recession of 2001 to 2003. According to the December 2009 edition of *Hotel Horizons*, hotels operating in the mid-scale without F&B segments are expecting

to experience a 0.4 percent decline in ADR in 2010. This is the lowest decline among all chain scale categories and implies that several properties in the segment will actually observe an increase in ADR during the 2010 year. This single hotel segment is dominated by limited-service hotels, which is also the property type that displayed the greatest propensity to post an increase in NOI during the final year of the last recession (How to recover in 2010, 2010). Hotels in the luxury, upper-upscale, and upscale segments are all forecast to experience declines in ADR 2.0 percent. For these hotels, a combination of rate management and expense control will be the key to improving profitability in 2010. Lagging in ADR growth, and the potential for profit gains, are the properties in the midscale with F&B and economy segments (Ibid.).

For both business and leisure consumers, there has been a shift away from Full-Service Hotels because customers have traded down to save money. Competitors in all segments may lower price and cause further revenue erosion. Once rates are lowered it is hard to raise them in the short run unless demand changes. Kalka indicates that “No new business is being created in 2008 and today it seems stealing market share is the focus of many and is governed on location and how hotel is positioned” (Kalka, 2008). Inagural Survey (2008) indicates that business travelers changing behaviors in current economy because of cost and cost alone. A total of 68% of business travelers were staying at less expensive hotels and 79% were feeling pressure to cut travel expenditures based on corporate policy. A critical travel significant segment making changes is where companies and travelers alike are cutting back in trade shows and conferences. Approximately forty four percent of respondents in the Inagural Study for 2008 report that they, or their company, were planning to attend fewer trade shows this year, or will simply send fewer employees to those events being attended (Business travelers changing, 2008).

Many feel that recovery is imminent in the 2010 year and Bill Marriott notes that “If business leaders feel confident, they’re going to book meetings and plan travel. If consumers feel confident about their jobs and their income, they’ll go on vacations, even if it is just a weekend getaway” (Feeling confident, 2009).

Operational Resources, Economics and Best Practices

Operational challenges mount when the economy changes and the product can suffer at the hand of so many factors. When considering hotel operations, budget constraints, work time, staffing levels, managerial support, complimentary guest amenities, and operating supplies need to be understood to embrace best practices in operational performance. In a study to examine what are the operational issues for hotel sales in a down market it was learned that operational budgets, time, staffing levels, managerial support and staff morale are the key issues in that operating area (Henkin, 2006).

Hotel Sales Overview

A Hotel Sales Department is defined as the division of a business that is responsible for selling product of service (The Free Dictionary, 2011). The Sales Department of a hotel is responsible for short and long range revenue, covering rooms, catering, meetings and all facets of the hotel available for sale. The sales department plans and then selects business groups and segments to approach and secure contracted services based on their individual or collective efforts. Sales is also a relationship building job where time plays a critical factor in securing both short term and long term contracts plus a high degree of professionalism (Smith, 2011).

The sales department is managed by the Director of Sales. The responsibility of a Director of Sales within a hotel is critical, supervising account managers and support staff to meet operational objectives and financial plans. The Sales Director is can be regularly consulted regarding hotel policy and revenue planning and operations (Kalka 2008). The primary function of the sales department is seeking new business, maintenance existing accounts and the constant assessing the market for changes that might affect the given hotel property.

The Sales Department also is responsible for all advertising and promotional expenditures; it determines which market should be penetrated to realize the best returns in room and food and beverage sales. The Director of Sales (DOS) has the duty of assigning leads or accounts to the various sales people. The director must also work to maintain a good relationship with other departments in the hotel such as food and beverage, banquet-catering and rooms division. Since the major portion of sales involves those of public space, the work of all departments must be closely coordinated and communication is essential to be effective (Henkin, 2006)(Kalka, 2008) (G. Peterson 2009).

Director of Sales by definition administers, coordinates, and supervises sales department executives who are responsible for soliciting and servicing conventions, sales meetings, tours, and other group requiring public space and room accommodations; creates and implements programs aimed at stimulating individual room, food, and beverage business (Henkin, 2006).

Budget Constraints

A sales budget is an operating plan for a period expressed in terms of sales volume and selling prices for each class of product or service. Preparation of a sales budget is the starting

point in budgeting since sales volume influences nearly all other items ("Business glossary," 2011). Several types of resources are affected by budgetary limitations such as marketing dollars, supplies, and travel budget.

It is important to understand where every marketing dollar is being spent. When reevaluating marketing plans hoteliers also need to consider whether or not to shift marketing dollars from offline to more measurable online initiatives, evaluate what their peers are doing and how they can evolve with the industry without wasting valuable dollars on unproven tactics (Mastering Internet marketing, 2009).

Lisa Schetinski states, "The positive is that when there are budget constraints Directors of Sales must really evaluate return on investment. In general advertising must be selective on which channels to use. A decreased travel budget affects the amount or shows a Sales Manager can attend or expensive trips to visit clients. A decreased budget encourages the sales team to try new things" Lisa Schetinski, Director of Sales and Marketing (Personal Communication, March 17, 2011).

Time Management in Sales

Time is critical in hotel sales and DOS Lisa Schetinski states; "The challenge in time constraint is that there is a 24 hour shelf life on hotel room product. Every day this is changing and the demand is that we are always trying to fill the available hotel spaces". Schetinski also states that, "I have observed in my years of sales experience that there are time management challenges when support staff is cut. We have less opportunity to sell when my staff is working with a computer and not the guests we hope to serve. It's not that sales people do not want to do

these administrative activities but they aren't "selling" which can affect financial productivity". Sometimes this means Directors of Sales and Sales Managers must get involved in the day to day administrative operations. This may mean that Sales Managers may have to work longer hours during the week or come in on the weekend to complete assignments and tasks. According to DOS Schetinski, "It must be underscored that the use of technology has played a large role in increased efficiency for my team" Lisa Schetinski, Director of Sales and Marketing (Personal Communication, March 17, 2011).

Hotel Staffing and Changes based on 2008-2010

Redundancy is defined as eliminating jobs or job categories as they become unnecessary to the functioning of an organization (Human Resource Glossary of Terms, 2010). Mass staff redundancies are now most likely in the past for hotels, and it is predicted that between 2009 and 2010 the hotel industry see an increase in hiring which parallels similar service industries (The HR perspective, 2009). Martin Franck, Senior Vice President, of the Human Resources at Starwood Hotels and Resorts, confirms that the Starwood corporate headcount has been reduced by 10% and that cuts have been made in other hotel operational areas such as personnel development and support areas. For example, Franck says, a management development program "has been put on hold" (Ibid.). While redundancies have been a necessity, companies, are doing everything possible to keep their seasoned staff. Some companies are transferring them to other hotel properties where demand may be stronger with the belief that managing the upturn in one area will be as important as managing the downturn in others. This does cause issues in departments that no longer have staff that staff moved. The key findings of the discussion are: large-scale job cuts are over, companies are able to budget again, hiring is to recommence

between 2009 and 2011. Management is taking an increased responsibility to avoid over inflating job title and pay in the future, greater need for interdivisional collaboration and training while newer hotel brands find opportunities to take advantage of current talent market (The HR perspective, 2009).

Managerial Support Staff

According to Sulayem “Nurturing hotel talent plays an important role in achieving corporate success. The development of leadership skills at a personal level contributes to the growth of the company as well. The national and off shore economic of crisis 2008 to 2010 offers an excellent opportunity for corporate executives to study and understand the complexities of crisis management and the impact on HR process” (Cultivate talent, 2009).

Yet, as budgets are pared to reflect operating needs during economic change, sometimes management staff is decreased and as a result immediately converts into a change in day to day process at the hotel. In better times a hotel may have had more managers on which to rely for productivity as opposed to the possibility of over taxed sales management personnel that still must be operational objectives (Boosting Your Sales by Boosting Morale - Employee Coaching).

Sales professional have indicated that sales staff support is critical to achieve revenue performance expectations (Kalka 2008)(Schetinski 2011). The Sales Coordinator assists the Director of Sales and Sales Manager in sales operations including: reserving meetings and conferences, coordinating wedding groups, general administrative functions, and arranging sales blitzes and giveaways (Silver Cloud, 2011). This position requires strong communication skills, both written and verbal. Another key support position is the Sales & Catering Assistant. They

are responsible for assisting the Sales team by booking and servicing groups, meeting rooms, and conferences while providing exceptional customer service to guests and clients of the hotel. This position requires excellent guest service skills and the ability to understand the guests' needs and ideas.

The amount of Managerial and line support that a Director of Sales and Sales Managers have can directly effects the amount and quality of work performed. If support is removed the challenge of producing revenue objectives become harder and sales managers are forced to work in ways that might be unproductive for hotel and financial objectives expected.

Sales Department and Morale

In a troubled economy the sales department and individual Sales Managers sometimes have a difficult time meeting their sales goals. As outlined, the economy plays a significant role in what the Sales Manager can produce while the hotel product and location all are critical factors that will dictate performance. With rapidly changing markets as observed between 2008 and 2010 a sales manager can become discouraged as options for secure contracts change or fade away very quickly.

According to DOS Lisa Schetinski, "Some segments might not produce as much during a down economy which can affect the sales team. There is more competition for the business that is available which may mean that higher segmented hotels may be considering business that they typically would not" (2011). This means that a hotel catering to a Full-Service Market in the four or five diamond rating would entertain business that typically would find accommodation at a mid level property. Director Schetinski also stated that, "some sales people can still find

business by being simply proactive while others simply wait for sales leads will tend to struggle from a productivity perspective. All in all it is a personal challenge for many and how each sales manager handles losing business is up to them but it can be hard to lose due to rate” (Personal Communication March 17, 2011).

In sales the challenge is the one on one interaction with a potential guest and the ability to ask for the sale. In tough times even the most seasoned staff member does not like facing rejection again and again as they attempt to meet budgeted quotas. According to McKean, when sales managers are getting hammered with hard no’s, over and over again and from good clients it’s bound to have a negative impact on their morale (2011).

Sales research shows that “happy people sell more” seems to be a management cliché that every sales manager hears but doesn’t really listen to. Good morale has to have a trickle-down effect and when a manager is happy, everyone is happy according to Lisa Schetinski (2011), (Kalka 2009). But to boost sales in a difficult market everybody needs to be happy even when the sales manager is not. Staff morale building through must be a real commitment by sales managers and owners alike. When mood and morale are translated into sales it is easy to see why this is so vital (McKean 2011). When you can increase sales when morale is high and employees are happy and motivated, you will understand the wisdom in consciously stimulating morale as a matter of routine (Boosting Your Sales by Boosting Morale - Employee Coaching).

According to Kalka (2009) that sales manager morale can affect the amount of business that a sales manager ultimately books in the short and long run. Keeping Directors of Sales

(DOS) and Sales Managers in a focused workplace with a positive mood and work places focus is most beneficial to the amount of productivity ultimately gained by the hotel.

Best Practices Defined

A best practice is a technique, method, process, activity, incentive, or reward that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc. when applied to a particular condition or circumstance. The idea is that with proper processes, checks, and testing, a desired outcome can be delivered with fewer problems and unforeseen complications. Best practices can also be defined as the most efficient or least amount of effort and effective or best results way of accomplishing a task, based on repeatable procedures that have proven themselves over time for large numbers of people (Businessdictionary.com, 2009). Thus a given best practice is only applicable to particular condition or circumstance and may have to be modified or adapted for similar circumstances. In addition, a "best" practice can evolve to become better as improvements are discovered (Businessdictionary.com, 2009).

Best Practices can be applied to many situations based on the test-re-test perspective. It applies to any industry and it tends to come from a common process or observation on a task or situation. For hotels, best practices tend to be modeled around a question, situation or need. As found in American Lodging Excellence a variety of best practices are modeled around a need based situation. American Lodging Excellence: The Key to Best Practices in the Lodging Industry including Sales and Marketing applications 2000.

Examples of Best Practices in Sales Department Operations

Best practices are a formulation of process that leads to a consistent application producing an expected result. Best practices can be used for many parts of the hotel industry as a comparative tool to adjust a hotels operating process, strategy or organization. Best practices form a collective analysis to understand the situation to develop an applicable practice. The short examples presented below are from Dube, Enz, Renaghan, & Sigauw (2000) which profile a number of critical best practices in the hotel industry.

The Practice #1: The Return Special Value Program (RSVP) is a special promotion designed to provide an incentive to meeting planners and convention participants to return to Abbey Group Resorts as leisure guests. The incentive offers the meeting attendee a future leisure stay at the group rate in the Abbey Group property that hosted the group function. Abbey will honor the group rate for one year from the date of the group function, subject to availability, as long as the original group rate was not confidential. And except for certain holiday weekends, such as Memorial Day, Fourth of July, and Labor Day (Dube, Enz, Renaghan, & Sigauw, 2000).

The Practice #2: The Clarion Hotel and Comfort Inn & Suites hotel complex, which occupies 11 acres of land at Miami International Airport, initiated a program in which all employees were encouraged to become salespeople through the generation of leads. A contest was held in which each of the 80 staff members of the two hotels were encouraged to submit names, addresses, telephone numbers and, if possible, the name of a principal of any company they came across in their travels. Any random meetings with business people were

occasions when such leads might be generated. Additionally, leads could be obtained simply by spotting trucks with identification logos on them. Submission of all leads was encouraged, with no attempt made to isolate only those with strictly business potential. The contest was to be of specific duration and all employees who participated were to be given something, with winner of the four categories to be given cash prizes, and other participants being given certifications of appreciation (Dube, Enz, Renaghan, & Sigauw, 2000).

The Practice #3: The Marriott International Sales team has developed several innovative ways to make it easier, faster, simpler, and cheaper to book Marriott brands. Innovations include a customer-centric sales force, the ability to sell multiple brands, Event Booking Center, the cross-selling of transient reservations, single-image inventory, on-line marketing, and linkages with travel agencies (Dube, Enz, Renaghan, & Sigauw, 2000).

The Practice#4: The Pierre instituted a sales program focusing on maximizing profitability by realigning the sales mix. Consequently, group sales efforts were reduced and a greater focus was placed on obtaining individual sales – both domestic and foreign – because of their willing to pay higher rates than groups (Dube, Enz, Renaghan, & Sigauw, 2000).

The Practice#5: Residence Inn has trained its sales force to go directly to the decision makers who commit themselves and others to extended stays. Consequently, the training provides direction regarding specific divisions within corporations to investigate for extended-stay sales opportunities. It also provides guidance by not relying on traditional departments, such as corporate travel offices, which generally do not yield extended-stay lodging business. Every one of the company's properties has at least one on-site salesperson, and in some cases

three or four, who are trained to ferret out qualified prospects and examine how their long-term lodging needs can be met by Residence Inn options (Dube, Enz, Renaghan, & Sigauw, 2000).

The Practice #6: The Sheraton-Denver West has instituted the practice of job sharing within the sales department by authorizing two sales managers to share one full-time sales position. Although the practice requires that they have close communication with one another, the interaction is accomplished via a sophisticated computer system and a 15 to 30 minute meeting each week (Dube, Enz, Renaghan, & Sigauw, 2000).

The practices presented represent Dube, Enz, Renaghan, & Sigauw all model a process that can be replicated in some way to another hotel property which is the purpose of model Best Practice. The practices listed all have a need based purpose and result based outcome for each situation listed.

The review of literature provides an overview of the hotel industry between 2008 and 2010 profiling the downturn and possible recovery markers for 2011. The review covers also the elements that have changed in the travel market profiling how the consumer in all segments reacted to the downturn. Business travelers cancelled movements, cut budgets or truncated the length of trips while leisure travelers chose to not travel or limit movements. At the same time hotels saw an increase of room supply in the United States as room rates fell. It then became the responsibility of the hotel sales department to find way to recover lost revenue even as they were directly affected by the change in market and performance expectations by ownership. Budgeting, time, staffing and morale became key elements to understand how a sales staff responds and how they could use “Best Practices” to discover alternative revenue streams.

Chapter 3

Methodology

This chapter will cover instrumentation, questionnaire-questions, sampling procedures and description of subjects, sample selection, data collection data analysis procedures and observed limitations.

The methodology for this study is outlined below and includes the use of three unique steps to develop a research instrument to meet the objectives this comparative study. The study was initiated in September 2010 and ended December 2010. A pretest was used to validate the literature review and aided in the development of the study specific questionnaire.

Pre-Study

A Pre-Study of Director of Sales (DOS) and their perceived obstacles to performance to achieve goals and objectives was conducted in 2010. The research study was then designed around the obstacles identified in the pretest in a comparative format using a sample of the respondents in the prestudy and members of the local Hotel Sales and Marketing Association International Chapter (HSMIAI).

Pre-Study Population:

The population for the pretest was identified as all Directors of Sales (DOS) from a hotel management operating 36 hotels. Approximately 22 DOS completed the pre-study. Their responses were used to validate the literature review and assist in the development of the final

survey instrument. Which one of the following environments do you work in:

The study found that changing service levels provided by hotels, decreased marketing budgets and sales manager support to be critical issues during the current downturn.

Study Instrument

The questionnaire used for this study was developed using the Pre-Test as a guide and leading industry indicators as found in the literature review regarding sales management in the current downturn 2008 to 2010. Questions were prepared to meet the objectives of the study as outlined to learn Best Practices.

The Pre-Test for this study was conducted during September 2010 and it was conducted online to encourage participation and ease of access. The survey was designed to be anonymous. The online survey site was open for two weeks. An initial email was sent to all members on staff with the title of DOS: Director of Sales. A second email was sent as a reminder in 10 working days to complete the survey. Approximately 22 responses were collected in the anonymous survey.

Upon review of the results of the Pre-Test, a series of questions were developed around the responses and literature presented. The final questions were unlike the Pre-Test which asked respondents to rate observed topics from the literature on a simple Likert Scale of 1 being not important to 5 being very important. The survey questions used were open ended in design and required each respondent to prepare a written statement regarding question. A questionnaire of 6 questions was prescreened with a group of three sales managers to validate content and

correct for errors in language. Minor edits were found and resulted in the change of order in the question layout. It was also learned that qualitative approach was deemed most appropriate over the scale method used in the pretest. I would allow for a greater field of response from each individual selected.

The study was conducted during the first two weeks of December 2010. The questionnaire like the pretest study was prepared for online access for the identified population. Unlike the pretest, a random population was selected from the Hotel Management Company and the regional HSMIAI: Hotel Sales Marketing Association International Chapter. In selecting the random population it was perceived from the literature review that scale of operations changes the view of sales practice. Therefore only Full-Service Hotels, rooms, food and beverage operations, meeting space and other of types of services would be included in the universe of potential respondents. Once the two lists were prepared, a random selection of every other DOS was made. For the Hotel Management company it was eleven 11 and for the HSMIAI-DOS was 20. To balance the population, the HSMIAI population was divided in half and every other member of the identified twenty were selected to participate. This allowed for 10 potential respondents.

The study was conducted online and an invitation email was sent to the identified population explaining the research and the purpose of the study. The only indicating marks on the electronic survey showed the respondent to indicate if they were employed at the Hotel Sales Management Company or HSMIAI Chapter. All other responses were anonymous and this was reinforced in the initial email. To secure an adequate response, follow-up emails were sent to

remind each potential respondent of the survey, minding them of the purpose and also thanking them if they had already completed the survey. In the last email reminder to each of the identified twenty one survey respondents was the offer to obtain the results of this study when complete.

Chapter Four

Results

The data analysis for this study consists of a series of questions relating to best practices in hotels sales management based on the literature. A pretest was developed to verify the literature due to the timely nature of the research and a survey instrument was then developed for the selected populations 1) Hotel management company and 2) HSMAI Hotel Sales and Marketing Association International state chapter.

The study found that from the hotel management 8 responded out of the anticipated 10 randomly selected sales managers or eighty percent return rate. From the HSMAI Chapter members 7 individuals out of the eleven randomly selected sales managers providing for a 63.7% return rate.

Each group was given the same questionnaire to complete. The first three questions of the survey were designed to evaluate the qualifications of the respondents. Since all met the predetermined requirement of working at a Full-Service Hotel no respondent was eliminated from the analysis.

The following analysis profiles the results of the questions of the self developed survey instrument.

- 1. Which one of the following environments do you work in: Full-Service Hotel, Limited-Service Hotel, Other**

The results of the study finds that eight (n=8) from the management company worked for Full-Service Hotels and so did all n=7 HSMAI respondents. This result allowed each member responding to be included in the analysis.

2. What are the top two “best practices” used with decreased overall hotel service / operations levels in a down economy?

Table #1

Best Practices to overcome decreased overall hotel service / operation levels

Hotel Management Company	HSMIAI
Making the site visit process consistent and impactful	Client retention
Personalize by telling a story and wowing the customer	Relationship building
Increased time in lobby of sales to assist our customers	Training. While you might be tight on labor expectations and guidelines you can still run a skeleton crew and offer the same level of service as you always have if your staff is properly trained.
Keeping closer contact with customers to make sure we are able to exceed their needs	
Guest Engagement	Need to find efficiencies to not allow a perceived decrease in customer service from guests. This means spending more time getting to know your guests. Once you allow service to decline guests will stop staying with you which will require more declines in service and revenues.
Focus on core attributes	
Use Management personal to fill in at supervisor positions	Utilization of management to operate departments in line level positions to

Cross train personal to perform multiple duties	reduce labor expenses during down times, also allowing limited labor dollars to be used during true need periods in order to maintain service levels. Encourage staff, to the best practicable extent possible, to cross-train and cross-work to better occupy their time and days at the hotel, which allows for less staffing in general and better use of labor dollars.
Job skill cross-training allowing associate the ability to work multiple positions. Hiring the right people to ensure limited turnover when staffing levels are tight	Reduce wasteful spending. Ensure level of service does not decrease to keep loyal customers.
Manage to business levels	Training and cross-training
Cross Training	Teamwork

<p>Cross Training so staff member can fill in different department as shift demand allows</p> <p>More manager presence to fill in shifts where supervisors and line staff are not scheduled.</p>	<p>I believe that you need to keep your solicitation level consistent both in a good economy and a bad economy. I have always believed that in our market you need to solicit for success and keeping your staff motivated to do so in all economic conditions help you maintain an even keel in good and bad conditions.</p> <p>Make certain your sales efforts and pricing are discussed among the full hospitality and or property teams. By doing this you know where your pricing levels can be to maximize occupancy and yield.</p>
<hr/> <p>Having Associates Cross Training</p> <p>Lobby Ambassador program to assist guests</p> <hr/>	

The data indicates that individuals stress a number of techniques to deliver services in a down economy. Eight people indicating cross-training as a best practice. There were seven people who discussed keeping positive client relations as an answer to overcoming this obstacles or rejections. There were a total of three respondents said that management should fill various open positions. The remainder of the comments varied but offers a number of detailed practices that

could be implemented in sales operations. Many respondents offered a broader array of answers that extended beyond Sales Department operations.

3. What are the top two “best practices” used to overcome decreased marketing dollars in a down economy?

Table #2

Best Practices to Overcome Decreased Marketing Dollars

Hotel Management Company	HSMAI
Get the most out of your brand field marketing / e-commerce teams. Press for more help and co-marketing opportunities.	Back to basics Prospecting
Get Creative with personalization instead of giving expensive gifts.	
Direct Sales Approach	Rely more on sales people and less on advertising
Prospecting	Sell value, not decreased prices
Prospecting	Use of social media as means to marketing creatively and yet inexpensively.
Increase closure ratio	Offering trade for marketing (ie free room nights for radio ads)
More direct selling	From a sales perspective your sales must have the mindset that consistently achieving their solicitation goal is something that they must do. Even if you are exceeding your revenue and occupancy goals today, what your sales
More networking via professional associations	

team is doing will have an impact on those levels in the future and the soliciting that they can do on behalf of your property is very cost effective. They can use the internet for uncovering potential customers and they can email a great deal of information, or link back to your website. These are marketing initiatives just as much as advertising is.

Utilize all of your marketing channels and opportunities. From Social Media to your own website, or an email newsletter you can make up for some of your hard advertising expenses that need to be adjusted as a percentage of revenue by doing more of these relatively inexpensive options.

Always back to basics and owning your own backyard.

Utilizing brand and cluster resources to maximize exposure.

Partnerships, Co-ops

Create ROI

Training and retaining great team member and reward and recognize their performance in taking care of guests and providing exceptional service.

Budgets have been cut and we've definitely had to deal with in. Word of mouth is still the #1 method of advertising and not to mention it does not cost anything.

	Measuring your ROI on your current marketing strategies helps you have the most impactful strategies while keeping your costs to a minimum. How many of your hotel's strategies are not measurable?
Utilize brand tools to ensure we are presented in the best light for no more money.	Online advertising Local and Regional tradeshow and sales trips rather than National.
Taking advantage of brand initiatives that are free or of limited cost.	
Doing more less expensive in house direct marketing pieces utilizing Bronto	

The responses varied for this question regarding budget changes, Four respondents suggested brand marketing as a solution while three respondents commented that Direct Sales was a technique that could be used. The remainder of the comments varied but offers a number of detailed practices that could be implemented in sales operations. Many respondents offered a broader array of answers that extended beyond sales department operations.

4. What are the top two “best practices” used to overcome a lack of Sales Manager support staff in a down economy?

Table #3

Best Practices to Overcome lack of Sales Manager Support

Hotel Management Company	HSMAI
Evaluate work load and job duties on a quarterly basis to most effectively utilize administrative support.	Technology
Every manager attempts to answer the phone, regardless of incoming line to ensure quick response and alleviate some of the phone burden on admins.	
Subject Matter Experts to help other manager’s process work quicker.	Clean account database
Increased phone coverage from existing sales.	80% of effort should be focused on top 20 accounts
Learning to do more with less and becoming more efficient in the process.	Imagine would utilize other staff such as Front Desk staff to perform some functions, which allows the Front Desk staff to have a more meaningful employment experience by occupying their time and allows labor dollars to be used more efficiently.
Everyone provides own support functions.	I believe with the computer skill set of the people that have come into the

	<p>hospitality business and those that have stayed computer and internet savvy you don't have as much as you did 10-15 years ago. I believe you can increase your hotel's success rate and dollars spent on support staff by making smart hires, those people who can support themselves.</p>
	<p>Make use of your entire hotel team. There are many skills available in team members that are not technically assigned to the sales department. I would argue that successful properties engage each employee no matter what their title, in selling the hotel.</p>
<p>Fair Deployment of admin duties among the sales staff in a manner that takes away the least amount of sales productivity.</p>	<p>Sales automation and technology. Retain the sales team and not have turnover</p>
<p>Staff training for time management to ensure that day-to-day they are meeting sales goals along with helping to support hotel.</p>	
<p>Cross training Redeployment</p>	<p>I've worked at hotels where I have had all the support in the world and other hotels where I haven't had any support. My belief is that the key to being</p>

	<p>successful is your time management skills.</p> <p>Cross training. Different staff have different busy periods so if you have them cross training on different duties your sales staff will always be supported.</p>
<p>Realigning team managers to solicit in the markets where we see demand, like smerf and corporate as the market comes around. Particularly having an EMM that will service their group.</p>	<p>Time management</p> <p>Prioritizing</p>
<p>Utilize the other ops staff like front office team members to build group blocks etc.</p>	
<p>Making sure all phones in your department can be answered by all associates at each desk making sure phone are answered in a timely manner and do not just go to voicemail.</p>	
<p>Staggering sales manager in times to lengthen actual office coverage.</p>	

This question asked about support for the sales department and disclosed a number of strategies and practices used. Five respondents suggested discussed increasing efficiency while three others said become more efficient with technology, engage other departments, and to have

everyone in department help with phone coverage. The remainder of the comments varied but offers a number of detailed practices that could be implemented in sales operations. Many respondents offered a broader array of answers that extended beyond sales department operations.

Chapter Five

Discussion and Recommendations

This study investigated sales management response in regards to changing economic conditions for hotels. The purpose of the study was to investigate the industry during an unprecedented downturn while looking for “Best Practices” to solve sales management problems associated with the economic downturn. The study discussed the economy during the downturn and noted how people responded due to these conditions.

Limitations

This study was designed to understand a response to an economic situation and it is limited to the hotel categories studied and serves as a guide for future problem resolution

Discussion

The results of the study found that Best Practices have a uniquely site based perspective. The study was to be a Likert Scaled Study but when the pretest was completed it was learned that an open ended question method would allow for a broader response and allow for a greater degree of disclosure regarding best practice. Four questions were presented in each survey and three key questions were asked to determine the type of practice is used.

- Which one of the following environments do you work in: Full-Service Hotel, Limited-
- What are the top two “best practices” used with decreased overall hotel service / operations levels in a down economy?

- What are the top two “best practices” used to overcome decreased marketing dollars in a down economy?
- What are the top two “best practices” used to overcome a lack of Sales Manager support staff in a down economy?

This study ended up being both qualitative and quantitative. The pretest was designed using a Likert Scale which lent itself to quantitative results. The answers to the top three obstacles faced during a down economy were both qualitative due to the opened ended nature of the questions. Responses varied from group to group and in categories varied significantly indicating a variety of technique defined as best practice or best practice as listed by each respondent.

Analysis

- **What are the top two “best practices” used with decreased overall hotel service / operations levels in a down economy?**

When analyzing the top two “best practices” used with decreased overall hotel service / operations levels in a down economy I was a little surprised. Unlike the following two questions there were two answers that really stood out.

The answer that received the most amounts of votes was to cross-train your staff. To me, there are few hotels that I have been associated with that departmentally cross-train on a regular basis. In my opinion, this is typically done on an “as needed” basis versus being preventative. This was noted by both the hotel management company and HSMAI as a best practice which shows the importance.

The second most common answer had to do with maintain good client relations. I am glad to see that this was one of the highest tallied responses because we are in the hospitality business also known as the “people business.” Hotels should continuously raise the bar and exceed guest’s needs. This should never be an afterthought or just heightened after a guest has a negative experience.

It was interesting to see that in both the management company and HSMAI maintaining good client relations was a best practice noted for having decreased overall hotel service / operation levels. This tells me that it when Directors of Sales and HSMAI members took the survey they associated a lack of staff with poor client relations meaning that maybe some key positions that interact with the guests were eliminated.

- **What are the top two “best practices” used to overcome decreased marketing dollars in a down economy?**

There were various “best practices” used to overcome decreased marketing dollars. To me, when the answers aren’t common or consistent is when this analysis is more useful because it means people are thinking creatively and that there isn’t necessarily a “common” answer.

The most mutual responses were utilized brand marketing and using direct sales. It is interesting to learn how people feel about social media and the effectiveness. The younger sales staff member has grown up with this type of technology and typically is more experienced than older generations.

I assumed that prospect calling would have been the clear cut answer to increase marketing however that was not the case. This is relatively inexpensive other than labor dollars.

Prospecting has been around for many years and has been proven to work which is why I was surprised not to see this as a common best practice.

Networking within associations was one suggestion that I really liked. Word of mouth advertising can be very beneficial and is inexpensive! There was only one person that mentioned this. It doesn't even have to be necessarily networking within an association but just networking in general helps spread information about your hotel or product.

- **What are the top two “best practices” used to overcome a lack of Sales Manager support staff in a down economy?**

The last questions asked was to identify the top two “best practices” used to overcome a lack of Sales Manager support staff in a down economy. The varied responses means that there is a lot to be taken away from this question.

Again there was no clear cut answer however increasing efficiency received the most responses. This means doing more with less. To me, this is an obvious answer. I should have reworded this question to get more specific answer that would explain how to increase efficiency.

Increasing use of technology was an answer that I believe has a lot of merit and am glad that other people agree. I am surprised that more people did not make this comment because it is used so prevalent in a Sales Team's activities. All the comments related to increasing knowledge of technology came from HSMAI.

In general, I noticed that some answers like training and/or cross training were noted in each of the top three responses. Based on the comments from the hotel company and the professional organization this is very important in a down economy.

Recommendations: Best Practices

After studying the data I can make recommendations for other hotel sales teams experiencing a downturn. There are various pieces of information that I recognized throughout my research. These suggestions can benefit a Sales Team during a down economy.

#1 “Best Practices” used with decreased overall hotel service

It is essential that hotel sales staff keep positive client relationships in a down economy. Do not give the guests an opportunity to realize that budgets have been cut and that some positions have been eliminated. This could mean that the sales staff needs to be more creative when recognizing and showing appreciation to all clients. It can be assumed that everyone knows the basics about customer service but the challenge would be to continually raise the bar and think of even more property specific creative ideas. It's not always the most expensive gift that means the most, it's the professional relationship, the service provided and a staff demeanor that allows clients to want to choose “us” as their product of choice.

Personalize site visits and really get to know your clients. Learn their favorite food, hobbies, about the city that they live in, etc. Tailor their wants and needs to what your hotel has to offer. Create an experience that makes that they will remember because of how you were able to relate to them on a personal level and go beyond their surface level needs. In an effort to learn

more about each guest Sales Staff could create a quick ten questionnaire to be sent out with confirmation emails. If the form is completed the guest could receive a certain amount or reward points.

Be creative with amenities and welcome cards. Try using a hand written note and add something unique about them or their upcoming meeting versus a generic typed card. The card doesn't have to be standard 5" x 7". Get artistic and make it stand out by altering the design while still keeping it professional looking. Relate the amenity to something that they will use and appreciate. Tie this back to their hobbies, something unique about your hotel or city, or an item that they could use in their upcoming meetings. It is common and easy to send a cheese tray or whole fruit. The delivery of these items does not necessarily have to be preset in the hotel room waiting for guest to check-in. Other ideas could be to personally delivery at arrival, give them care package when departing and thank them for their business, give them a gift card to be delivered by a server at their favorite restaurant if you know that they are going there in advance, etc.

#2 "Best practices" used to overcome decreased marketing dollars

The use owning your backyard has always been a great way to uncover leads and book business! These methods typically do not cost a lot and are proven to work over time. This is about as basic as selling gets and is a great to master because it will greatly benefit each Director of Sales and every Sales Manager.

“Own your own backyard” by visiting local offices. This gives people a chance to get to see your face and really get to know you. It can be easy to send a phone call right to the answering machine but when a sales manager shows up at the office it can more difficult to avoid. The planner at the office will see that that sales person is really making an effort and wants to earn their business.

Theme quarter Sales Blitzes and add promotions to entice clients to book business at your hotel. Bring handouts and small gifts that can be left behind for the client’s office. The literature will give them something to review at their convenience. Such handouts can highlight the hotel’s meeting space and services provided. An example of a promotion could be to create a quarterly calendar showing times when the hotel has low a lot of meeting space and guest rooms to sell. Offer incentives such as a discount on audio visual, additional meeting planner points, 50% discount on meeting room rental, etcetera if the client books a meeting that matches the hotel’s “need dates.” If this promotion is for the first quarter (January through March) the material could be basketball themed to represent the college basketball tournament “March Madness.” Handouts could include small rubber basketballs or small basketball hoops to be hung up in the client’s office. Each Sales Manager would then divide the clients geographically or by market segment. Establish a time frame how long the promotions are valid for. Make sure that the entire Sales Team is familiar with the objectives of the Sales Blitz and understand their role in making it successful.

Meeting planners will enjoy this type of promotion because it could potentially save them a lot of money. They are also themed which makes them fun. The gifts will spread across the

customer's office creating great word of mouth advertising. Clients will begin to expect these promotions on a quarterly basis and look forward to the face to face interaction.

#3 "Best practices" used to overcome a lack of Sales Manager support staff

During this the 2008 to 2010 downturn a best practice identified is to continually cross-train your employees in various departments. It is a good idea to set time aside quarterly to have all employees learn about changes and gain experience first-hand in departments other than their own. Create a schedule to keep track of how each employee will rotate. Set objectives about what should be learned during the rotation. Follow-up with a quiz which will ensure that the objectives have been met.

Knowledge is power and if your staff is knowledgeable in various departments it not only increase that specific employee's hospitality knowledge but will also increases the GUEST experience. Employees will know various departments giving them a better understanding about how a hotel operates. Employees would know how the various departments operate which will allow them to answer guest's questions in an educated fashion instead of referring them to the specific department to find the answer. Depending on the need of the guest being cross-trained could save time if the employee knows how to alleviate the issue without having to find another employee. In the long term, the hotels can benefit financially from cross-training.

For example if a guest ask a Sales Manager about places to eat in the area it might be easy for someone that is not cross trained to just hand out some local restaurant menus. If the employee knows about the type of entrees the in-house restaurant serves and the employee can

articulate these choices which could sway the guest's decision. In the process the employee could have an opportunity to upsell the items which would generate even more money for the in-house restaurant.

There is additional up front cost and time associated with more training however it makes each employee more valuable to the company. The cost associated with this is extra labor dollars spent training by not only the employee being trained but the people assisting in the process. Typically this will be more expensive than your material costs. Other items needed may be videos, uniforms, and print material. Training is continuous so after the initial time spent remember to update the information and continually train your employees. Another benefit is if one department is short staffed an employee from another department can pick up shifts as needed instead of hiring a "temp" employee. Using provisional people to fill voids within various department's schedules could cause inconsistency in performance. The "temp" employee most likely will not be overly familiar about how the hotel operates and could miss steps in the process or answer guest's questions incorrect. This would negatively impact guest's experience and ultimately would take the team longer to correct the mistake versus having a well-trained employee available to assist initially.

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Appendix A.

Survey

The Survey is used in partial fulfillment of the requirements of the Masters Degree in Career and Technical Education at UW-Stout. The title of the study is “Searching For Best Practices In Hotel Sales During A Difficult Economy.” The goal is to find “best practices” used in in a down economy. A best practice is a technique, method, process, activity, incentive, or reward that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc.

1. Which one of the following environments do you work in: Full-Service Hotel, Limited-
2. What are the top two “best practices” used with decreased overall hotel service / operations levels in a down economy?
3. What are the top two “best practices” used to overcome decreased marketing dollars in a down economy?
4. What are the top two “best practices” used to overcome a lack of Sales Manager support staff in a down economy?