Revenue management: a cost saver, not a cost center

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Any hotelier operating today without the support of an automated revenue management system is

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working at a competitive disadvantage. Advanced revenue management solutions allow hotels to better predict demand, price their product offerings competitively and achieve the optimal business mix for their property as a result. Simply put, revenue management systems allow a hotel to attract the ideal guest, at the ideal price and via the ideal channel

In addition to driving revenue and profit growth within a hotel, when applied to its fullest potential, revenue management technology can positively impact efficiency and improve operational performance across an entire organization. Sophisticated forecasting tools provide powerful insights into business demand, which can assist with wider hotel operational planning and efficiencies.

Have the right number of staff work the right shift

Managing staffing levels is a constant juggle for hotel managers. On the one hand, no one wants to be caught short-staffed and face disgruntled guests who are dissatisfied due to long wait times. Conversely, it is a waste of money for staff to be sitting around underutilized as a result of not having enough work to do. Hoteliers need to balance maximizing the guest's experience whilst keeping labor costs at efficient and profit-oriented levels.

Accurate demand forecasting should be at the foundation of optimal labor scheduling. Through integrating forecasts across a hotel's operations, hoteliers can use the forecast data provided to inform their staffing decisions and account for periods of higher or lower demand.

Once this data is made available, staffing managers can determine which areas are most affected by the number of guests staying in the hotel. For example, looking at how the number of occupants will affect the housekeeping needs, the number of staff needed at the front desk to check guests in and out, the number of servers who will be required in restaurants and valets to park cars etc.

Invent the Future

It is not just the hotel level demand that should be reviewed, but also the granular segmentation that the demand is forecast to be coming from. For example, higher paying guests may be more likely to stay in a suite, which will take longer to clean than a standard room. The suite or club room guests' in-house spend is different to that of a standard room guest and flows into a hotel's forecasted fine dining residential uptake, spa, room service etc.

Check-in and check-out patterns should also be studied in relation to a hotel's demand forecast, to make sure staff members are working at optimal times during the day. In this context, hoteliers should also look at the levels of service required – i.e. how long is it acceptable for a guest to be queuing to check in? Or wait to be served in a restaurant? Once this has been established, general rules can be put in place for how staffing levels should be adjusted based on booking patterns and forecasts.

Minimize waste, maximize profits

In the same way that forecasting can be applied to achieving optimal staff levels, it can also be used to match ordering quantities from external suppliers to minimize any wastage and ensuring supplies or services have the capacity to meet the forward business needs.

Prudent hoteliers using granular forecasting can also address how perishable supplies are affected most by occupancy. For example, during peak periods, the number of sheets that need washing per day will increase – and be influenced by the average length of stay patterns as well. If the hotel's own laundry doesn't have enough capacity for peak periods, having accurate forecasts in place will mean hoteliers know in advance when they might need to contract out sheet washing externally to manage the influx.

Saving time so staff can focus on the important tasks

Not only can revenue management help reduce hotel costs and improve operational efficiencies through accurate demand forecasts, but the technology also automates time-consuming pricing functions. Through a series of algorithms and calculations, revenue management systems automatically assess hotel performance on a daily, weekly, monthly and annual basis. This allows revenue managers to quickly compare rooms sold and revenue against data at the market segment and total hotel level; freeing up time, so they can use it to make strategic decisions to improve the hotel's business performance, rather than spend time pouring through large volumes of data.

Timing property maintenance and renovations

No guest likes to have their stay disturbed by the sound of property maintenance occurring, which is why hotels typically schedule these important works in off-peak times, or when rooms are unlikely to be booked. Looking at forecasted demand from various segments will help ensure renovations take place at the right time, and that business doesn't have to be displaced by out of order rooms during a renovation. For example, during the week, business travelers may be most likely to rent out executive suites. Looking at demand forecasts could reveal that these suites are

largely free on the weekends; therefore, Saturdays and Sundays could be a better time for renovations to these suites to take place, even after weekend labor costs are taken into account.

Use demand forecasts to plan for the future

In an increasingly competitive operating environment, hoteliers can leverage the benefits of forecasting data to not only increase revenue but also decrease costs across a hotel's entire operation. Having the ability to account for periods of higher or lower demand in granular detail enables hoteliers to make better operational and staffing decisions and match their ordering from external suppliers to ensure wastage is minimized and profitability is maximized.

About the author

Rachel Grier is the Managing Director, Asia Pacific for IDeaS – A SAS COMPANY, responsible for growing IDeaS Asia business and enhancing the company's leading brand reputation in the dynamic Asian hospitality sector.

Rachel possesses a unique combination of successful leadership experiences in enterprise software and hospitality sales and marketing. With more than two decades of experience, she has a record of growing businesses in the regional hospitality and travel sectors across a range of established and emerging markets in Asia, Pacific, and the Middle East.