

## A How-to on Improving Profitable Sales

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No question about it: we leave it up to the sales folks to bring in the business to build sales for a property. However, to what extent are the sales being brought in the most profitable?

We see it more and more these days that owners and operators are starting to develop more formalized programs in revenue management to help guide the direction of sales. Of course, a key to getting this to work effectively is for the sales departments to concentrate on booking more future business. In revenue management, we forecast business based on what we already have on the books for future business as well as history of business during future periods. With that in mind, it behooves sales departments to concentrate on booking business for the future, thereby blocking rooms for groups to reflect higher occupancies during those periods. In being able to project high occupancy during any period, revenue management then dictates that sales people are in a better position to negotiate for more profitable sales.

There is a better chance for sales departments to improve negotiations in this coming year. With all the figures coming out reflecting an increase in demand, higher occupancies, as well as increased average daily rate, it certainly reflects that there should be an improvement in more profitable sales to be booked, particularly in group meetings.

A recent report on a study by Meeting Professionals International reflects that there should be an uptick in group meetings by companies as well as associations. Further, those budgets for these meetings will be increased. This tells us, right now, that sales staffers need to start working on putting future business on the books.

Our best figures in occupancy and rates were in 2007. We started seeing a dip in 2008, not only due to the economy, but also with the growth of more rooms entering the marketplace. At that time, we also had the highest ADR; however, it started dropping, and didn't get back up for the next few years, until this past year, when we saw an increase in occupancy starting in 2011 and 2012.

Things are looking pretty good for next year. We could very well get back to the occupancy level we had in 2007 and showcase the best ADR ever. It is all up to the sales folks to deliver the product and create the profitable business.

Here is when revenue management comes into play. Based on whatever occupancy is being projected, plus past history, plus the information from recent reports of increases expected in demand and occupancy, a guide should be produced for the sales staff.