# OPERATIONS: ROOMS

## 4.1 INTRODUCTION

The student of hospitality management will find the hotel's front office referred to as the *hub,* the *nerve center,* the *brain,* or some other name suggesting centrality. As H. E. Heldenbrand stated in his classic 1944 book *Front Office Psychology,* "To the guest, the manager is largely represented by the front office, and the unseen head will be judged favorably or otherwise by the guest treatment there" (Introduction). The observations, opinions, and research presented in this section are chosen to illustrate the centrality of the front office in the modern hotel.

A theme that recurs throughout many of the readings in this section is that of communications. In an increasingly communications-oriented society and world, information—its storage, retrieval, dissemination, and evaluation—can mean a competitive edge and, to a certain extent, power. Technology has given

us the Internet, cellular phones, electronic mail (e-mail), telephone- and computer-transmitted facsimiles (faxes), overnight delivery of letters and packages, and personal data assistants (PDAs). These all combine to generate an expectation of clear and nearly instantaneous communication and, by logical extension, fast and efficient services based on communications. This, in turn, has increased the complexity of the hotel's front office and at the same time delivered increased opportunities to serve the hotel's guests. It has, therefore, significantly changed the role of the front office and the front office manager from that described by Heldenbrand.

In 1985, Rutherford studied a national sample of front office managers (FOMs) and concluded that communication had emerged as a central issue. FOMs had added to the predictable role of department manager
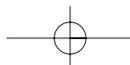
responsibilities as facilitator and broker of communication in its various forms among the other hotel departments, the front office, and the hotel guests. The model that emerged from this analysis carries with it the powerful message that the FOM's job clearly revolves around communications. A major conclusion of this study was that hotel firms should consider communication skills an important criterion in considering candidates for the position of FOM.

When communication is coupled with the aforementioned complexity and guest expectations of instant availability of information and data, it is easy to see why the front office and its staff operate under considerable stress. Being the hub or nerve center of a modern hotel has as one of its positive aspects the fact that front office staff can be keenly aware of what is happening at virtually every level of the hotel's organizational structure. One of the negative aspects is that the front office serves as a lightning rod for guest complaints. Dealing with complaints can be one of the most difficult tasks for the front office staff to learn, especially given the frequency and sometimes the intensity of guest complaints and expectations.

Successful FOMs ideally possess demonstrated competencies in both oral and written communications to deal with these complexities and challenges. The FOM, therefore, is not only a manager and a communicator among the front office staff, the hotel departments, and the guests but also a communicator in yet another way—that of teacher and trainer.

This contextual theme of communications is carried forward in the essay contributed by James Bardi. Bardi discusses the job of FOM, providing insights about the complexities of the job relative not only to communication but also to elements of an FOM job analysis, intrahotel relations, and the emerging and popular concept of employee empowerment.

To see how this all fits together, walk a few miles in the shoes of FOM Garry Dickover. At the time this was written, Dickover was the FOM of two hotels: Marriott's River Center and Riverwalk Hotels in San Antonio, Texas. Currently general manager of the Courtyard Convention Center in Las Vegas, Dickover invites you to see the inside of the FOM's job and how he practices the theory of managing the front office.

In 1993, Glenn Withiam researched and wrote "American Concierges Set Service Standards," an essay used in the second and third editions of *Hotel Management and Operations*. Withiam also wrote an earlier piece, "Keepers of the Keys: Concierges in American Hotels" (1983). The "keys" references the practice in European hotels of hotel guests leaving their room keys with the concierge upon leaving the floor of their room. The concierge therefore "kept the keys" for the guest. The job today has evolved to use *keys* as a metaphor for the processes of gatekeeping access to hotel and community services on behalf of the guest. Concierges have a professional society, Les Clefs d'Or, which uses crossed keys as an identifying device. The concierges who are members and so certified are said to be keyed.

For this fourth-edition article on concierges, Dr. Mario Arnaldo of Hawaii Pacific University acknowledges Withiam's work as the heritage and underpinning of his current research, which led to this chapter. Herein, Arnaldo presents an overview of research he did on the post–9/11 American hotel concierge and guest service staff. The strict
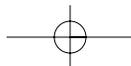
application of the title *concierge* indicates a hotel employee working at a concierge-designated desk in a hotel property. To accurately assess the contributions of these hotel professionals, Arnaldo contacted dozens of contemporary concierges and guest service staff members, who generously provided examples of their concierge experiences. The author reviews in an accessible, conversational manner the following questions: What's up with concierges these days? Who does the office work? What are the organizational departments they work in? What kind of interactions do they have with other hotel departments? What is their greatest wish?

The theme of active communications is carried through the piece contributed by Bill Quain and Steve LeBruto. If hotels are going to actively find the best pieces of business, then there must be good communications channels among all the organizational components that guide the guest to a purchase decision. Whether this is at the front desk, through the reservations system, or through a travel agent, it is important to recognize the most attractive pieces of business and what potential bookings may be logically refused. Yes, refusing business is a central component of successful yield management, but not always. In their words: "Yield management is usually thought of in the context of turning away undesirable business during excess demand periods. However, the real art of yield management is in learning how to turn undesirable booking requests into desirable ones."

Their article helps the reader, in an interesting and entertaining way, learn to make these management decisions.

Yield and revenue management are also treated in the marketing section of this book with other, in some ways contrasting, views by Chappelle. The reader who wants additional insights into these concepts is directed to the contributions by that author.

The articles and essays presented here for your consideration represent only a fraction of the potential range of issues attendant on any modern hotel front office. The duties, obligations, and responsibilities of front office personnel change from hotel company to hotel company based on such variables as market segmentation, organizational structure, corporate philosophy, and individual leadership. A large amount of management literature exists that is not specific to the front office but nonetheless pertains to the various issues and challenges that face FOMs. The articles chosen for inclusion in this section are as specific as possible to functional aspects of front office management. Other pertinent managerial insights may be applied from other contexts once the reader has a good functional grasp of front office activities. Included in the suggested readings are textbooks that treat in great depth the functional and technical aspects of front office operations. What has been attempted here is an overview of pervasive managerial issues typical of those currently facing FOMs.
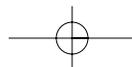
## 4.2 THE ELECTRIFYING JOB OF THE FRONT OFFICE MANAGER

**James A. Bardi**

The exciting atmosphere of a hotel lobby often intrigues students of hotel management. People from all walks of life and corners of the world cross paths to discuss and share ideas, greet family and friends on special occasions, attend conferences to debate issues, or discuss business deals. Questions concerning arrivals, meeting times, rates, food and beverage services, directions, transportation services, or whereabouts of the management staff and guests create a commotion that seems overwhelming at times. Is someone in charge here? The preprofessional who sets as his or her career objective being the general manager of a hotel and hopes the required tenure as a front office manager (FOM) proceeds with haste will find the role challenging. If you begin your career in hotel management as a front desk clerk, bellperson, or cashier, you have a vast opportunity to explore just who is in charge.

In a 1985 study, Rutherford discussed the important dimensions of the FOM's job, including communications, facilitation, and organizational interface and technical minutia. Selected job functions reported in the research findings included communications with guests and employees; facilitating medical emergencies, selling up, power failure procedures, walking guests due to overbooking, and design of computer systems for the front office; and organizational interface with the director of marketing, controller, food and beverage manager, and catering manager. These job skills and interactions require a person to prioritize and to resolve many issues, to make quick decisions based on sound corporate management concepts, to empower employees, and to refine exemplary communication techniques.

Bardi (1990, 345–349) stated, "[T]he front office manager must take an active role in gathering information of interest to guests and in developing procedures for the front office to use in disbursing this information." This information is also needed by various departments to assist in delivering and organizing hospitality. This is a tall order for the FOM to fulfill, especially considering the total realm of potential information guests may require and from what departments. Those hotel departmental areas and their sources of guest information are included below:

**Interdepartmental Communication**

| Department | Information Needed from Front Office |
|---|---|
| Marketing and Sales | Guest history, reservations, first impressions, relay messages, and guest function information |
| Housekeeping | Room status, potential house count, security concerns, and requests for amenities and supplies |
| Food and Beverage | Relaying messages, accurate voucher information, posting of charges to guest accounts, predicted house counts, and paid-outs |

Banquet        Information on scheduled
               events, process of pay-
               ment of guest charges
               for scheduled events,
               preparation of daily
               function board and
               marquee, and a public
               communication post

Controller     Daily summary of financial
               transactions, financial
               data for billing, and
               credit card ledgers

Maintenance    Room status and guest
               requests for mainte-
               nance service

Security       Fire safety, emergency com-
               munication informa-
               tion, and investigation
               of guest security
               concerns

Human          Initial point of contact and
Resources      screening for potential
               employees

Thus the FOM must embrace the charge of becoming a proactive communicator and facilitator. This hotel executive must analyze and seek the pieces of information guests will probably need and figure out which departments must interact to fulfill these needs.

Further inquiry into the role of the FOM can be accomplished by reviewing the elements of a job analysis of this position. Bardi (1990, 49–50) presents a job analysis of an FOM's duties on a typical day.

- Reviews night audit report.
- Reviews incoming reservations for the day.
- Communicates information to employees on all shifts concerning reservations, room assignments, and room inventory.

- Communicates information to other departments—housekeeping, marketing and sales, banquets, food and beverage, plant engineering, and security.
- Resolves guest billing discrepancies and other complaints.
- Prepares budget with general manager and controller.
- Prepares forecasting sheet.
- Conducts business meetings to promote room sales.
- Assists in check-in, check-out, reservation confirmations, updating reservation system.
- Interviews potential front office employees.
- Communicates with night auditor.
- Maintains front office equipment.

Although this list shows only a few of the many duties performed in any one day in the life of an FOM, it provides the aspiring hospitality professional with an idea of the range of managerial activities. The FOM must stay in control of all activities that affect the delivery of hospitality to the guest—a major function of a hotel's financial success.

If delivering hospitality to the guest is a major responsibility of the FOM, what are the components of this subsystem of the hotel operation? How does the front office and, subsequently, the FOM fit in? An answer to this question can be derived from reviewing the guest service cycle in a hotel (adapted from Albrecht and Zemke, 1985). If the FOM analyzes the various guest-departmental contacts, he or she can move toward understanding how the front office fits into the efficient delivery of the hotel's hospitality services. The potential departmental contacts in the cycle are:
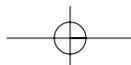
- **Marketing**—Preparing and administering customer surveys with concern for guest satisfaction, advertising methods, and incentive promotions.
- **Reservations**—Developing and monitoring a reservation system with respect to ease of access to toll-free numbers, fax, national reservation system, and telephone manner of personnel handling reservations, cancellations, accommodation availability, complimentary services and products, and general information.
- **Registration**—Developing and monitoring a registration system with respect to concern for managing a guest transportation shuttle system, ensuring a first-contact greeting; providing assistance with luggage; organizing an efficient check-in procedure; maintaining a room status system; processing credit cards; operating a guest information system that centralizes all communication between the guest and the hotel about housekeeping, food and beverage, maintenance, and other hotel departments.
- **Guest stay**—Coordinating guest communications with all departments in the hotel to ensure guest satisfaction in restaurants, lounges, room service, gift shops, housekeeping services, security, wake-up calls, telephone system, and guest folio availability.
- **Check-out**—Developing and providing an efficient check-out system with respect to coordinating flexible check-out times, providing assistance with luggage, maintaining in-room video check-out option, monitoring guest wait-time in line, and providing folio accuracy and printout.

This list of components in a guest service cycle suggests the vast array of duties the FOM encounters in managing the delivery of hospitality services. However, one piece of "electrifying magic" is still required to make front office hospitality relevant to modern service delivery realities: employee empowerment.

Sternberg (1992) discusses the concept of empowerment as a granting of authority to employees to make everyday decisions within guidelines. For example, many guests of a hotel feel they are in the middle of a bureaucracy when they want to have a charge adjusted on their account folio. "Step aside and I'll call my supervisor" is too often the response to a guest's inquiry about a charge adjustment. The cashier is only doing what he or she was trained to do. However, the guest doesn't care what the training was; he just knows the system isn't user-friendly. As Sternberg emphasizes, if guidelines are established and communicated, the cashier should know what to do. Here is the manager's chance to provide that first electrifying jolt of empowerment.

Charges within a specified dollar amount that are debated can be credited or adjusted without the supervisor's approval. A corresponding control system can be implemented that will reveal the extent of the credit granted per cashier.

Another example of providing empowerment opportunities for front office staff is provided by Allin and Halpine (1988) in describing quality assurance training at the Waldorf-Astoria:

> While there can be many reasons to combine the positions of registration clerk and cashier, and many aspects were considered at the Waldorf-Astoria, the decision was driven by a desire to improve guest service where its impact is most obvious—at the front desk. Cross-trained employees speed the check-in and checkout process by performing both functions, as the traffic at the desk dictates. Registration
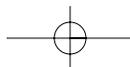
clerks can cash checks and cashiers can issue duplicate room keys, in many cases eliminating the necessity of having the guest wait in two lines.

Other opportunities to provide employee empowerment can be identified through careful analysis by the FOM of the progress of the guest through the guest service cycle.

The potential opportunities to serve or mis-serve the guest can be appreciated when viewed in the context of guests times service contacts. If 12 million guests pass through a hotel company's entire system in a year and each has an average of 12 contacts with hotel staff—guest service staff, housekeepers, front office clerks, and others—that's 144 million chances for the chain to give a good or bad impression (Bardi, 1990, 233). As the gatekeeper of many, if not most, of these potential contacts, the FOM is in a unique position to help his or her staff enhance the guest experience. Empowerment is another powerful tool in the FOM's managerial arsenal.

The role of the FOM demands a mastery of communication, operational details, and, increasingly, empowerment. The challenging and attractive nature of this role allows the new hospitality professional to try various ways to apply interpersonal skills that will yield a profit for the hotel. It is a challenge that will last a lifetime.

## 4.3 A DAY IN THE LIFE OF THE FRONT OFFICE MANAGER

**Garry Dickover**

It's 6:00 on a Saturday morning. The alarm clock is blaring its normal "beep, beep, beep, beep." The sun is peering through the window. Time to start another day as front office manager. It is going to be a busy day featuring 800 arrivals and 750 departures. Plus, the hotel is 50 rooms oversold. It is going to be a fun one.

It's 7:00 A.M. The drive to work is an easy one this Saturday morning. It gives me a chance to think about one thing in particular that is on tap for today. There is a 9:00 A.M. pre-convention meeting for the group that is arriving today. There is the regular morning pre-shift meeting. Today I also have to review hospitality standards with the front desk staff. You would think that it would be easy to have people smile and greet the guest, use a guest's name, add a value statement about the hotel or city, and thank the guest for his or her business. I don't ask for much, but to train people to do those four things can be a challenge.

Pre-shift meetings are an important start to the day, but it can be a hassle getting everyone together. There are a lot of reasons why an associate can't make a pre-shift meeting, but attendance is important to the success of my department. It is the time I have everyone together, let them know what is going on for the day, and get a chance to share with them the standards we have set and how they can apply them to the customer. At 1:00 P.M. today I have a Safety Committee meeting, and at
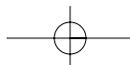
4:00 I have my weekly rap session with the telephone department. Yeah, I think to myself, it is going to be a full day.

As I arrive to work, I can see that the check-outs have already started. It is nice to see the bellmen taking care of our guests. As I scan the grounds, I make sure there is no trash on the ground, the bell carts are clean, and the valet parking staff is hustling to retrieve guest cars. I look at the windows of the entryway to the hotel to check for cleanliness. The front drive is the first and last thing a guest sees, so it has to be looking good. Today, all looks good.

It is better for me to spot-check the area before the general manager comes by and sees any problems. As the FOM, I learned the GM's route when he arrives at work, so I make sure the area is clean. (This is something they did not teach me in college, along with how to repair printers and copy machines—some things you gotta learn by doing.) This morning, things look good.

It's 7:50 A.M. I make my way to the back of the front office. My desk managers are busy getting information ready for the pre-shift meeting. As I walk through the area, I always make it a point to greet people as I pass and wish them a good morning. I know how important it is to give each and every associate a cheerful good morning. It sets the stage for the day. And you know, it really does make people feel good. A good department head recognizes his or her associates. The first words that come out of your mouth should be pleasant. The front office team takes the brunt of all the complaints. They don't need me to harp on them.

The pre-shift meeting goes smoothly. The desk managers prep the team for the day, I review the hospitality standards, and we are set. As we are about to finish, I notice some ten-sion on the staff's faces. They know they are in for a tough day—remember, 50 rooms oversold. It is important that I don't let the team see any stress I may feel on my face. The team knows how important it is to sell out the hotel. They know that once a room is empty overnight, you never get a chance to sell that room again. They also know you have to oversell the hotel. This is the time I can reassure them that the revenue department has calculated all of the slip percentages for the big group checking in. A slip percentage is the expected variation from stated arrival and rooms pick-up percentages the group's meeting planner promised. It is important for me to develop a good relationship with the revenue department. The FOM must be active in the forecast meetings to ensure the hotel is not "sold up the river," meaning overcommitted by the sales staff.

Relationship building is an important job for the FOM. It is where trust is established—trust between you and the other departments. It is not me versus them; it's *us* trying to maximize revenue and occupancy and to continue to build loyalty. This is the time to reassure the team that if we do our jobs as we have been trained, all will be fine. We do a little cheer, and out to the desk they go! Now for a cup of coffee.

I review the plans with the desk managers for the sold-out night. This is also the time I check availability at other hotels, check the stayover requests and no-show percentages, and check for duplicated reservations. It looks like they have it under control. I double-check the staffing during the peak periods and remind the managers to get everyone to lunch. (As simple as this sounds, sometimes we forget.) I check my watch; 30 minutes to the pre-con. Better pull out the group resume, which is our profile of the group that includes,

among many other things, a historical profile of the group's room pick-ups, occupancies, and food and beverage revenues.

At 8:45 A.M., I'm off to the pre-con. I head by the desk to wave to the staff, and I stop by the telephone system, bellstand, and the concierge desk. All seems to be going smoothly. At the pre-con, we all do our formal introductions and meet the group's representatives, usually the meeting planner and members of the group's leadership. We each discuss our individual departments and the relationship we will have with the group. This is our time to sell them on how well we will do for their group. It is a successful pre-con; all the parties seem happy. I spend just a couple of minutes with the group convention manager, giving an update on the oversold situation. If we have to walk guests, it is important to let the group convention manager know about the situation. Today I said we might, but we should be in good shape. She thanks me for the update.

As I make my way back to the front office, I end up walking with the resident manager (RM). He asks me how things went last night and how our hotel is for tonight. As an FOM, it is important to know what your boss is going to ask you. Bosses are all different, but they always seem to ask the same questions. It is important to review the daily sales and occupancy report from the previous day so you know what is going on and can share this information with the RM. I gave the RM the information he wants, always emphasizing the positives.

When I get back to my office, I have a couple of associates wanting to talk to me. They are bothered by the new schedule. They wanted some specific days off and, because of the business, they did not get them. This is a delicate situation. You want to be fair to the

team, but you also have to respect why your managers did what they did. The best thing to do is to listen to what your associates say and then review the situation. I have found that 80 percent of the time there is an alternative. You want to create win-win solutions. By spending time with your associates, you demonstrate to them you care about their situation; this helps build loyalty. *Remember that they don't care how much you know until they know how much you care.* Another situation solved.

The next couple of hours I spend reviewing the previous day's information and getting caught up on email, memos, and other communications. Generally, this is the time I get a couple of phone calls from upset guests. This could be for a variety of reasons. Before check-out, some people always want to let the manager know how things went. It is important to listen to customers when they complain. It is a great way to find out what deficiencies you may have in the hotel's service processes. Most complaints are caused by a breakdown in the process. Sometimes people get upset over the smallest things. Sometimes they have a right to be upset. One example from past experience was the room being so cold that when the guest lifted the toilet seat, the water had a small sheet of ice on it. Ensuring customer satisfaction is a large part of the FOM's job. You have to own hospitality. Your team sets the stage for a guest's entire stay. It better be good!

By now it is 12:15 P.M. and time for lunch. I grab the information I need for the 1:00 P.M. safety meeting. I will go directly to that meeting after lunch. As I make my way, I check on the desk and the house count. We are now only 29 oversold. We have had some canceled reservations, and we also had 18 early departures. Things are looking good.
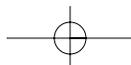
At 1:00 P.M. I walk into the safety meeting. This is never an exciting meeting, but it is always important. Accidents are costly to the hotel. It is important to keep accident prevention a priority for all associates. Today we talk about the most current accidents, how they could have been prevented, and the next steps. We also discuss the implications of safety and security interests for our guests. This is important to avoid lawsuits and provide guests with a safe and secure environment. The meeting wraps up at 2:30 P.M.

As I come down the escalator, I see the check-ins are starting to arrive. I head to the bellstand to see if the bell captain is caught up. All is well. Because lines are forming, I go behind the front desk to handle a few check-ins. I always like this part of the job. It also gets a smile from the desk clerks. Before you know it, you have helped move the line. Because the desk is staying busy, it is time for me to move out and manage from the lobby. This is a great way to watch what is happening. You can view your whole front office team by being in the lobby. (You can also ensure the cleanliness of the area. This helps our friends in housekeeping.) A big part of the job in the lobby is just answering questions and giving directions. Every guest I help means one guest who did not have to go to the front desk and one more guest who did not have to stand in line. This is the fun part of the job!

At 3:50 P.M., my pager goes off. It is a reminder about my 4:00 P.M. rap sessions. I can't believe 90 minutes passed while I was in the lobby. It is a good day.

Meeting with associates allows me to take the pulse of their work situation. I do it in small groups or as a one-on-one rap. It helps build a relationship within the team and also helps identify challenges I was unaware of. I ask leading questions so the session does not become a bitch session; this helps me control the meeting. During this meeting, I discover some equipment that is needed and that we need more uniforms for the team. It would be great to buy them all new uniforms, but I have to stay within my budget. Sometimes that is hard to do. I take notes on their comments and will pass them on to the other managers. It is important for all of the managers to be in the loop. I always keep the raps to about an hour.

By now it is 5:00 P.M., our peak check-in time. I go back out to the lobby to see how things are going. On a busy day like today, I typically spend the next couple of hours helping out in the lobby. At 5:30 P.M., the night manager on duty (MOD) comes out to meet with me. We usually work the lobby together while I tell him about the day. He tells me about the previous night. Of course, the first thing he shows me is the house count: 24 rooms oversold and 352 arrivals expected. We are in good shape. It is important to track the number of no-shows. This helps you make better decisions to maximize your revenue. The MOD is a little nervous. I tell him not to worry, we will be fine. We review the sold-out night so we don't miss anything. He tells me he already has the walk letters (expressing our regret and outlining our promises to a guest who is walked to another hotel) out on the desk. This brings a good laugh. We have done this plenty of times, so I trust that the hotel is in good hands.

It's 7:00 P.M., and things seem to be in good shape. Time to go home. I make one more trip around to the departments in the front office to see how they are doing and wish them a good evening. Another good day!

The day described above is a typical day as a front office manager. Some days have different meetings, some days have more upset

guests, some days have more upset associates, and some days are just better than others are. The thing I have learned over the years is that the job of the FOM is the same. Take care of the associates, who take care of the customers, who take care of the business. It's the same job, just different players, and I love it.

# 4.4 YIELD MANAGEMENT: CHOOSING THE MOST PROFITABLE RESERVATIONS

**William J. Quain and Stephen M. LeBruto**

## ▶ INTRODUCTION

*Yield management,* as a term, is not very exciting. However, the *results* of a well-run yield management program are certainly exciting! Properly implemented, it means that a business can make more money. The keys are to sell more and to sell more profitable items.

The first step in a yield management program is to determine who is the best customer. The best customer is the one who can spend the most money at your property purchasing profitable items. The products and services you provide are the best fit for their needs. The best customers for the property are the ones who receive the greatest benefit from your services. They are willing to pay more, buy more frequently, and remain more loyal because you are satisfying their needs.

Many operations do not know who the best customers are. However, the answer is in a property's data collection system. Guest histories, food and beverage checks, cash register receipts, and the records of strategically allied business partners contain most of the information any property needs to determine the ideal customer base. In order to properly implement a yield management project, the property must be viewed as a collection of profit centers. A profit center is a place where value is created and exchanged.

One of the techniques of yield management is to let the guest in on the secrets of the establishment. Give him or her all the information necessary to truly enjoy the experience. As part of the yield management plan, management must be willing to make experts of the guests by sharing information on how they can utilize all of the profit centers.

An important part of analyzing the potential of each profit center is to identify all the possible sources of revenue. This means analyzing both the revenue-producing outlets and the people who spend the money. Every establishment has a wide variety of revenue outlets. They can range from the sale of rooms to valet service, flower delivery, specialty drinks, cigars, and creative take-out services.

Strategic alliances with car rental agencies, cooperative advertising, couponing, and packaging of all sorts will vastly change the number of channels the guest can use to spend money in the profit centers of the enterprise.

Restaurants can increase revenues by serving take-out food, catering private parties off-premises, adjusting the menu mix, and
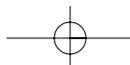
developing reward systems for servers. Especially during hours of peak demand, restaurants can design product/price combinations that offer incentives to customers to change their demand patterns. Why accept any reservation at any time? Instead, select the most profitable reservations and use incentives to move the other reservations to non-peak or shoulder times.

Profits are the only true measure of business success. The following groups all benefit from enhanced profits:

1. **Guests**—They are one of the primary beneficiaries of increased revenues and profits. If revenues are on the rise, it can mean only one thing: You are serving the guest better. Guests are happier, more loyal, and eager to tell others about the great experience they had.

2. **Employees**—In order to achieve long-term success, employees must be involved in the profit making *and* the profit taking. Let them earn as much money as they possibly can by making more money for the property.

3. **Management**—Structured reward systems are necessary for management. These systems reflect their need for income and achievement and further the profits of the property.

4. **Shareholders and investors**—Return on investment, dependable growth, share prices, and so on are all outcomes of increased revenue. Money attracts money, and the investors will relish the long-term growth potential of their investments.

Managers face six major obstacles in their efforts to implement a yield management system. These impediments are:

1. **Lack of creativity**—Does your company do things the way they have always been done? There is a need for standardization in recipes and operating procedures; however, this sometimes spills over into other areas. Training sessions in most organizations do not stress the creative side of customer satisfaction.

2. **Lack of attention**—It is difficult to stay in focus all the time. The minute you stop paying attention, things go wrong.

3. **Monitoring the wrong signals**—We tend to monitor the easy things to measure, such as food cost and inventory. We should be looking for opportunities, not statistics.

4. **Conflict between sales and service**—When profits depend on a mutual delivery of both the sale and the service, conflict can arise. Front-of-the-house and back-of-the-house employees must work together for the common cause of serving and satisfying guests.

5. **Targeting the wrong customers**—The right customers are those who will purchase the most of your products and services. Look for the customers with the money to spend to give you a reasonable profit. Use the marketing mix variables of product price, promotions, and distribution to attract and hold the right customers.

6. **Rewarding the wrong behavior**—Many sales management policies are designed to encourage occupancy and average daily rate. Restaurants, by allowing customers to reward the waitstaff, may encourage promotion of higher-priced items. In either case, the sale may not reflect the best interests of the property. Yield management is designed to increase profit, not just gross sales.
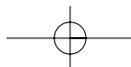
## ▶ BASIC CONCEPTS OF YIELD MANAGEMENT

**Y**ield management requires knowledge of guests' expected behavior, plus an understanding of which business is most beneficial to a hotel—but it does not necessarily require high-power computers. Three main revenue management concepts allow hotels to pick up relatively easy money, or low-hanging fruit. The three concepts are simplifying the yield management system to make it manageable; examining the rate controls to make certain they allow acceptance of the business that yields the strongest revenue return; and using length-of-stay controls to shift demand from sold-out periods to slack periods.

Group business, as it relates to the above three points, is a special case. The change needed, if any, is to think in terms of which business is best for the property on a given date. By implementing the concepts discussed here, the property should see revenue gains in the next several months.

## ▶ AN OLD PROFESSION

**O**ne may think of yield management as a relatively recent practice, but the lodging industry has applied yield management principles for many years. In one early instance, Marriott Corporation used yield management principles long before it installed its current sophisticated system. Back when young J. W. "Bill" Marriott was working at the family's first hotel, the Twin Bridges in Washington, D.C., the property sold rooms from a drive-up window. As Bill tells the story, the property had a flat single rate and charged extra for each additional person staying in the room.

When availability got tight on some nights, Bill recalls leaning out the drive-up window to assess the cars waiting in line. If some of the cars were filled with passengers, Bill would turn away the vehicles with just a single passenger to sell his last rooms to fuller cars. That technique demonstrates the core concept of yield management.

From that simple start, yield management mechanisms have become complicated—so complicated that some managers whom we have met seem to think they cannot improve revenue unless they have access to the most sophisticated tools. Worse, the hotel manager may have created an overly complex system of discounts and packages. If the manager then insists on managing every rate or package individually, the result is a sense that the property has too many programs to track and control, and it probably does. For this reason, the first suggestion for a straightforward approach to yield management is to cluster rates into a few groupings of similar programs and then work on controlling these clusters or rate categories.

The goal of yield management is to select which business to accept and which business to turn away (when demand exceeds supply), based on the relative value of each booking. Most properties do not need more than four to six rate buckets for their transient bookings. As an example, the following gives transient rate categories that combine programs of similar value:

Level 1    Rack (no discount)
Level 2    10 to 20 percent discount
Level 3    25 to 35 percent discount
Level 4    40 to 50 percent discount
Level 5    greater than a 50 percent discount

Each level or bucket in the above hypothetical structure might comprise several
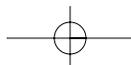
room rates. Given such a structure, a manager need not agonize over whether to restrict rooms offered at a rate of $150 in hopes of getting a rate of $155. While it is given that those $5 bills would pile up, the complexity is not worth it, especially when one might be working so hard on the $5 difference that one overlooks the opportunity to earn, say, $50 more by selling at rack rate.

If a given set of discounts isn't working, the hotel should change the categories. For instance, if a hotel's business fell entirely in Level 1 and Level 2, with virtually no business in Level 3, a manager should rearrange the rate buckets. The three rate buckets could be discounts from rack rate of 10 to 15 percent, 20 to 40 percent, and greater than 40 percent—or any other arrangement that makes a meaningful division among rate categories.

The following principles apply to setting up categories to manage rates at a hotel:

1. Segment programs based on clusters of discounts representing similar values. Yield management requires risk and reward management. Rate categories are designed to enable turning down one booking request in favor of a higher-value booking projected to come later. However, risking $150 in certain revenue in hopes of achieving a $155 booking seems to make little sense if the latter is not a sure thing.

2. In deciding whether to accept a particular customer's business, take into account both the cost of opening rooms and the offsetting ancillary spending that occurs when a room is sold. To take an extreme example, the most valuable guest for a casino-hotel—the high-stakes gambler— might be paying the lowest room rate.

3. Limit the total number of transient rate categories to no more than six or so, particularly if there is no automated yield management system. The chief reason for that limit is that yield management requires forecasting demand for each rate category. Not only is it time-consuming to forecast numerous categories (with diminishing returns as the number of categories increases), but the more categories are created, the less accurate the forecasts are for each.

4. Each rate category should have a reasonable volume of activity to allow monitoring of traffic in that category. If it is found that one of the categories is rarely used, consider redistributing the rate hierarchy.

5. Group business should have a separate hierarchy of buckets to allow the operator to track pick-ups of room blocks. In addition, mixing group activity with individual booking activity clouds the historical information as you trend data by which rate categories are collected.

## ► RATE CATEGORY CONTROLS

The point of yield management is to use demand forecasts to determine how much to charge for rooms on a given day. When the hotel sells out, the ability to determine which reservations to accept or deny is lost, because all requests for the sold-out date (including those for multiple-night stays that involve the sold-out date) must be rejected. A property's yield management objective should be to sell out the hotel as close to the arrival date as possible, because the further in advance the hotel is sold out with discounted (or short-stay) business, the greater is the likelihood
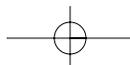
that high-value bookings will be turned away. This forecasting regime requires a continual process of comparing remaining demand for high-rate stays (and multiple-night stays) against remaining available inventory. Rate category controls help ensure available inventory to accommodate the projected high-rate demand.

Table 4.1 demonstrates how rate categories are controlled to increase total room revenue. The table assumes a 500-room hotel (or a hotel with 500 rooms remaining to be sold). The objective is to hold rooms open for high-rate demand without leaving a large number of rooms unsold. In this example, although the hotel would prefer to sell all 500 rooms at rack rate, the hotel's managers project that they can sell 380 (or more) rooms at rack rate. Their inventory plan is set up to maintain room availability for this forecasted high-rate demand. The managers would like to sell the remaining 120 rooms in the next rate category down (Bucket 1), but their demand forecast projects they will not be able to sell all 120 in that rate category. Based on current trends, however, even though they have a total of 500 rooms to sell, they won't be selling any rooms in the deep-discount category because there is sufficient demand at higher rates.

When evaluating how well a property is managing its inventory, there are two basic indicators: (1) On dates the property is selling out, it should be observed how far in advance that sellout occurs; (2) if the property is not selling out, it must be determined whether the property ever turned away business as a result of discount controls or because the property had committed too many rooms to groups— that is, if a group does not pick up its room block, did the hotel, as a result, refuse reservations from transient guests?

Full-occupancy dates frequently receive less attention from property managers than one might expect, given the revenue potential of a sellout. One reason is that some properties are too slow in closing out discounts to restrict room availability to expected high-rate business. Hotels do close the discounts, but not always soon enough. A common practice is to set threshold levels at which discounts are closed at a predetermined level (90 percent occupancy, for example). While this approach is well meant, all it succeeds in doing is preserving the last 10 percent of the hotel's inventory for high-value guests, when a proactive approach might shut down discounts earlier and gain the hotel even more high-paying guests (and revenue).

Another reason hotels often don't focus

### Table 4.1  Hypothetical Room Rate Structure

| Rate Buckets | Discount Off Rack Rate | Available Rooms (estimated) | Demand Forecast |
|---|---|---|---|
| Rack (General) | None | 500 | 380 |
| Bucket 1 | 10%–20% | 120 | 63 |
| Bucket 2 | 25%–35% | 57 | 75 |
| Bucket 3 | 40%–50% | 0 | 140 |
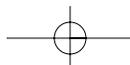
on sold-out dates is that the persons responsible for managing the hotel's inventory are also usually responsible for high-profile tasks, including forecasting daily occupancy. Thus, a revenue manager may spend more time determining whether a particular date will run an occupancy of 65 percent or 75 percent than determining how to make the most out of excess demand on a projected l00 percent occupancy date. The process of forecasting a date's occupancy is important, but so is determining how to gain the most revenue from a sold-out date.

For all the time spent in month-end analysis of occupancy levels, average rates, and market comparisons, rarely is conclusive evidence found that properties perform as well as they could. Moreover, the more often those two questions are asked (i.e., did we fill too early? and did we turn away business on days we didn't fill?), the more employees work to give the desired revenue results. As occurs in many cases, you get what you inspect, not what you expect.

## ► LENGTH-OF-STAY CONTROLS

Implementing length-of-stay controls takes the rate management decision a step further. The essence of rate category control is having one room left to sell and deciding whether to sell it to one guest for $100 today or to wait and sell it to another guest for $150. The essence of length-of-stay controls, on the other hand, is having one room left to sell at $150 and deciding whether to sell it for one night or to wait, with the prospect of selling it to another guest for four nights. In the rate category decision, the hotel can net an additional $50, while the length-of-stay decision can generate as much as $450 in additional revenue.

Managing stay lengths is complex, but mastering length-of-stay patterns may be the most rewarding of yield management functions. The most sophisticated inventory management controls requests down to granular levels of detail: by program or rate category, by length of stay, or by day. This level of control really requires an automated system. As is the case with managing rate discounts, however, measurable revenue improvements connected to length of stay can be achieved without sophisticated automated systems, as long as the application of controls is kept fairly simple.

Just as setting rate control categories requires an understanding of demand by rate category, length-of-stay management requires an understanding of demand by various length-of-stay intervals. To make the call in the above example, the manager needs to know the level of demand for four-night stays before he or she turns away (or accepts) the request for a one-night stay.

The most common length-of-stay statistic used in the hospitality industry is average length of stay, which describes the average duration of a guest's hotel stay over a range of dates. One needs more effective statistics than simple average length of stay to manage stay patterns. What the revenue manager needs to know is the total number of arrivals on a given date for one night, two nights, three nights, four nights, five nights, and so forth. To illustrate the difference between those two statistics, imagine that a manager was determining whether to apply minimum-stay restrictions on a peak night. The man-

ager could know that the average length of stay is 3.6 nights, or the manager could have specific length-of-stay information (e.g., 10 percent of the arrivals on a given date are for one-night stays, 25 percent are for two-night stays, and so on). Naturally, the manager wants to know how much of the demand will be affected if he or she were to reject all one-, two-, and three-night stays with the expectation that the hotel can be filled with people staying four or more nights. Table 4.2 shows an example of a chart with this type of information.
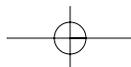
Most central reservation and property management systems developed in the last few years facilitate stay pattern controls, although at varying levels of sophistication. The ideal system enables a property's managers to set controls for each arrival date by discrete lengths of stay. Such a system enables the property to close availability to one-, four-, five-, and eight-night stays, for instance, but allow stays of two, three, six, seven, or nine nights (or longer). Most new systems at least allow minimum-stay controls by rate category.

Caution: One aspect of yield management systems' stay controls can become overused. Most systems allow managers to place a closed-to-arrival restriction on selected dates. This restriction enables a property to sell through stays arriving before the given date— that is, multiple-night stays for which the closed date is a second or subsequent night— but rejects all requests to arrive on that date. The problem hotels create for themselves by using this approach is that they end up saving space for two- and three-night stay-throughs while rejecting multiple-night stays by guests proposing to arrive on the closed night.

Obviously, the hotel does not want to lose revenue from stay-through guests to those staying for just the closed night, but having the system forbid a multiple-night stay that begins on the peak night may actually be worse than having no controls at all. In such a case, some form of minimum or other discrete length-of-stay controls is appropriate. Any property still using a flat closed-to-arrival restriction should reconsider in light of this problem.

## Table 4.2 Hypothetical Stay-Length Forecast

| Day | Occupancy | Arrivals | Arrivals per Day Length of Stay (Days) | | | | |
|-----|-----------|----------|---|---|---|---|---|
| | | | **1** | **2** | **3** | **4** | **5+** |
| Wednesday | 76% | 117 | 7 | 9 | 21 | 41 | 39 |
| Thursday | 82% | 103 | 8 | 17 | 21 | 24 | 33 |
| Friday | 90% | 118 | 10 | 24 | 12 | 26 | 46 |
| Saturday | 100% | 138 | 28 | 23 | 22 | 28 | 37 |
| Sunday | 83% | 111 | 19 | 13 | 16 | 22 | 41 |
| Monday | 78% | 86 | 12 | 13 | 18 | 21 | 22 |
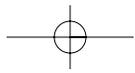
## ▶ GROUPS: RATES, DATES, AND SPACE

**Y**ield management is usually thought of in the context of turning away undesirable business during excess demand periods. However, the real art of yield management is learning how to turn undesirable booking requests into desirable ones. Thus, an important element of yield management is teaching all employees the art of saying yes.

The art of saying yes is particularly important in negotiating group business, which generally involves decisions about rates, dates, and space. *Rates* are how much the group is going to pay; *dates* are when the group is going to be staying; and *space* is how many rooms the group will use. Turning an undesirable proposal into a desirable contract involves varying these components until both the hotel's sales associate and the meeting planners have what they consider a worthwhile package. Too often, hoteliers either deny a group's request outright or focus on adjusting the group's proposed room rate to make the request appealing to the hotel. At times, the better response is to give the group the rate it requests but to change the dates of the proposed business to a time when the hotel's forecast is for empty rooms. Even less obvious is the option to ask the group to change the number of rooms it proposes to block. Committing to more rooms (and thus more overall revenue) or fewer rooms (reducing displacement) leaves the opportunity to sell to a second group interested in your property.

Applying revenue management principles to group business involves more than changing a group's proposal from undesirable to acceptable. Perhaps even more important is the ability to make a proposal that is merely acceptable into a contract that represents a great piece of business. Working within a hotel's normal acceptable boundaries, one thing that typically makes a proposed piece of business undesirable is the hotel's ability to sell that space to others at a better profit margin. That's why the most common response to an unacceptable proposal is to ask for a higher price.

Turning a mediocre proposal into an excellent piece of business might work as in the following example. Say that one group requests 200 rooms at a 350-room hotel for $80 per room, which is a $16,000 piece of business that was really not expected. The forecast shows that the total revenue without the group for that date would have been $29,000 with 290 rooms booked at an average rate of $100. The group's business will bring the hotel to 100 percent occupancy and generate a total of $31,000 in revenue (having displaced some of the forecasted transient arrivals). The revenue on the 60 extra rooms gives the hotel more than enough incentive to accept this group, with a $2,000 increase in total revenue. (Assume per-room ancillary spending offsets the variable costs on the extra rooms.)

Any good sales director is going to feel good about the $16,000 in business he or she helped bring to the hotel. Even if someone points out that the business really brought only $2,000 in additional revenue to the hotel, there still is reason to feel good about this arrangement. Another way to look at this group, however, is that it represents $16,000 in unanticipated room revenue from which the hotel is extracting only an additional $2,000 in revenue because the group has displaced higher-rate business. By manipulating the other variables and, in this case, moving this group to a date that will displace little other business, the hotel can extract maximum
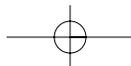
value from this group. Even if the hotel needed to reduce the room rate to $60 to entice the group to move to other dates, the added value would be $12,000 instead of $2,000, because the group would be displacing less (anticipated) higher-rate business. Note that the calculations for this example are for only one night, but a group would typically stay for multiple nights, thus amplifying both the benefit of moving the group and the penalty for accepting the proposal as offered.

The hotel could also propose that the group's room block be smaller—for example, in a situation where the group is attending a convention for which the dates are already fixed. This proposal is less effective from both the hotel's point of view and that of the group, but it still increases the value of the group. Because the forecast is that the group would displace 140 rooms that would have sold to transients at $100 each, the hotel gains back $20 in displaced revenue for every room sold to transients instead of to the group. Cutting the group's room block in half, for instance, actually nets the hotel another $2,000 in revenue. While the group has little incentive to reduce its request for rooms (unless the market is otherwise sold out), the hotel could insist that the group block fewer rooms if the group's original offer did not make up for revenues the hotel would have obtained from transients.

## ▶ CONCLUSION

**W**hether a hotel is just getting started or is ready to take the next logical step toward more sophisticated inventory controls, systems are available to support its efforts.

The concept of volume discount does not always apply in an environment where the supply is limited, as in the case of a hotel that is near to selling out. Sometimes less is more. This is a particularly important message for meeting planners who inflate their numbers, assuming this will make their business more appealing to the hotel.

Unfortunately, forces may work against taking the types of revenue-enhancing actions discussed here. One is the tendency to accept the first option that clears the hotel's minimum standards, or to accept the business but negotiate on the rate. Current sales-incentive plans are possibly another hindrance to these opportunities. Even the more progressive incentive plans that reward sales activities based on revenues rather than just room-nights can discourage behavior that benefits the hotel. This is done by encouraging the salesperson to book business that may not develop the highest revenue for the hotel, as in the example of the group that proposed to book 200 rooms.

## ▶ CASE STUDY: THE POWER OF INFORMATION

**T**his case study explains how Disney uses simple information about hotel guests' stay patterns to increase revenues at their Orlando resort hotels (Quain et al., 1998). One of the highest-demand weeks of the entire year in Central Florida is the holiday week between Christmas and New Year's Day. Ironically, this strong week is followed by one of the lowest-occupancy weeks of the entire year, the first week of January. Disney's Orlando resorts typically sell out the Christmas to New Year's dates by the end of September, if not sooner. But the first week in January has been a
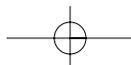
challenge for Walt Disney World's marketers, who have developed programs and events to fill the void caused by the exit of the holiday crowd. Although Florida residents can be tempted with deep discounts to boost the occupancy for the month of January, the resorts cannot develop enough demand to fill their rooms one week following one of the biggest holidays of the year.

Disney took many creative measures to boost the resorts' occupancy that week. For example, the Walt Disney World Marathon, which was originally held during the three-day Martin Luther King Jr. holiday weekend to help ensure the race's success, was moved to the first weekend of January. The move was a win for both the race and the hotels. The Martin Luther King holiday weekend maintained its strong occupancy levels without the marathon, and the end of the first week of January received a much-needed occupancy boost from the marathoners and their families. The good news for racers, moreover, was that more of them could find a room at the Walt Disney World resorts because they no longer had to compete with vacationers for limited rooms over the King holiday weekend. Despite the marathon's success, Walt Disney World's marketers knew this was not the complete answer, and they continued to look for ways to increase hotel occupancy immediately following the holidays.

As part of the effort to increase occupancy during the first week of January, the revenue management department at Disney began studying ways to use minimum-stay controls in conjunction with New Year's Eve to preserve rooms for guests who wanted to stay beyond New Year's Day. This was in the early days of yield management, when length-of-stay controls were relatively uncommon and a new corporate culture had to be developed. Such a seemingly extreme concept drew skepticism and concern within the company. Senior managers had to be reassured that this new form of controlling inventory would not end up causing them to carry empty rooms during their busy season.

In another demonstration of how knowledge is power, the revenue management department had recently developed a report that summarized arrivals by length of stay (a concept discussed by Cross, 1997). This report demonstrated two things: First, they did indeed have demand for guests arriving late in the holiday week and staying through several days into January; second, over 35 percent of arrivals during the holidays were guests staying three or fewer nights. Disney's estimates of unconstrained demand over the holidays indicated it could easily afford to accept stays of four nights or longer only and still sell out its peak nights.

Taking a deep breath, Disney's revenue managers set a minimum-stay restriction for arrivals during the holiday week accepting reservations for four nights or longer only. This calculated decision was intended to improve revenue during the first week of January while presenting minimal risk to the normal strong revenues during the preceding holiday week. The experiment attracted attention throughout the company. When late September came and the resorts were not sold out, some people were concerned the holiday might not fill. However, the forecast predicted the resorts would not be sold out by the usual late September date under the four-night minimum stay restraint. Because of the limitation, Disney was turning away shorter-stay requests that in previous years would have been accepted (and sold out the holiday week by September), with the forecasted expectation that the resorts could book longer

stays to guests calling in October, November, and even early December. Trend reports helped affirm the resorts were still on a pace that would sell out the hotels, which eased some minds in the revenue management department. (It is worth noting that guests desiring a short stay could be offered almost their pick of rooms the week after New Year's Day.)

The final results were well worth the effort and nail-biting. The hotels filled to capacity over the holidays, having sold out in late October. Occupancy for the first week of January rose 10 percentage points, almost entirely driven by guests arriving prior to New Year's Day and staying the minimum four nights. The room revenue contribution alone was worth over $1.5 million.

Disney's success in this example highlights a simple principle that many hotels miss. Disney was not paralyzed by the fact that it did not have perfect information or that it was not in a position to maximize revenue with optimal inventory controls. Instead, Disney's revenue managers made use of the information available to them to achieve a measured improvement in revenue while minimizing their risk.

## ► THE REVENUE MANAGEMENT GAME

**T**he following game (accessible at www.goconcierge.net/gotconcierge/gotconcierge.pdf), developed by Dennis Quinn, has been used by guest speakers at Cornell University's School of Hospitality Administration to initiate discussions on the objectives of yield management. It is not an exercise in identifying who is proficient at yield management deci-

sions. Rather, it is intended to demonstrate how capacity controls can affect a hotel's revenues and to develop an appreciation for the process throughout the organization.

## ► Objective

Maximize room revenue for a five-room hotel.

## ► Rules

As each reservation request is announced (use Table 4.3), participants decide whether they wish to accept the request at the time it is made. Accepted reservations are recorded on the chart with the room rate written in each date block (Table 4.4). Once a day is sold out, subsequent requests that include that day must be rejected. At the end of the game, participants add up the total revenue they generated for that week.

**Hints**

- Participants cannot go back and add a prior reservation once the next call is announced. The prior guest has hung up and booked with the competitor.
- No, overbooking is not an option.
- The host should fill in a booking grid on a first-come, first-served basis, denying requests only when days are sold out. This will serve as the no-control method.
- You can let the audience know they will receive a maximum of 18 calls, if you want to help out.
- Remember, this is not a game of skill. It is a game for demonstration and discussion. The hotel's next revenue manager will not
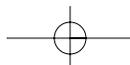
## Table 4.3 Reservation Requests

| Call Number | Room Rate | Arrival Day | Stay Length | Comments |
|---|---|---|---|---|
| 1 | $ 80 | Thurs | 3 | |
| 2 | $ 80 | Tues | 2 | |
| 3 | $120 | Fri | 2 | |
| 4 | $ 40 | Mon | 1 | $40 is below your average rate goal for the week. Should you take it anyway if Monday is going to run vacant? We've seen incremental groups turned away because management warned sales to meet the monthly average rate goal. Be careful of what you ask for. |
| 5 | $120 | Tues | 1 | |
| 6 | $ 60 | Thurs | 3 | First, tell audience this is AAA discount (instead of telling them the rate). Point out the value of tracking rates versus source of business when managing inventory. |
| 7 | $120 | Sat | 1 | |
| 8 | $ 60 | Tues | 5 | |
| 9 | $ 60 | Thurs | 3 | This is a package that includes dinner shows, meals, and recreation, which adds $110 in value to the hotel each night. Discussion: room revenue goals versus total profitability. Assign programs to rate buckets based on total value, not just room rate. |
| 10 | $ 40 | Tues | 5 | |
| 11 | $ 80 | Tues | 5 | |
| 12 | $120 | Sat | 1 | |
| 13 | $100 | Mon | 2 | |
| 14 | $ 60 | Fri | 2 | |
| 15 | $100 | Fri | 2 | |
| 16 | $100 | Sun | 7 | What does it cost for you to lose this business? |
| 17 | $ 40 | Sun | 3 | |
| 18 | $ 60 | Sun | 4 | |

be selected based on the results of this game!

## ▶ Game Discussion Points

Each participant should compare the difference between optimal revenue and the actual revenue achieved. (Optimal revenue in the above game is $2,360.) Divide the difference into actual revenue to show the percentage of potential improvement. For example, if a participant earned $2,000, the potential for improvement is 18 percent—that is, (2,360 − 2,000) + 2,000 = 18.

How much is that percentage improvement in annual room revenue worth to the hotel? How about half that improvement? How much revenue might management be leaving on the table at the hotel? For exam-
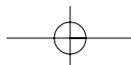
**Table 4.4   Booking Grid for Five-Room Hotel**

Fill in the room rate for each accepted reservation for the appropriate number of days.

| | Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Total |
|---|---|---|---|---|---|---|---|---|
| Room 1 | | | | | | | | |
| Room 2 | | | | | | | | |
| Room 3 | | | | | | | | |
| Room 4 | | | | | | | | |
| Room 5 | | | | | | | | |
| **Total** | | | | | | | | |

ple, what would be the hotel's annual room revenue multiplied by 118 percent? How about by 109 percent?

What is the percentage occupancy of the hotel in the no-control environment? How does that make participants feel about low-occupancy months?

Did anyone score below the no-control level? What does this tell you about the need to make responsible decisions when accepting reservations?

## 4.5  CONCIERGE (CONE-SEE-AIR-J)

**Mario Arnaldo**

I vividly remember my first and last contacts with a concierge.

First contact. Not knowing the correct term, I would simply have called him "the Supe," or building superintendent. We had just moved to France after enjoying a year in Somalia, East Africa. My dad used to work for the United Nations, so we literally moved to different countries and continents every two or three years. This time our home was an apartment on the seventh floor of a well-used building in the immediate outskirts of Paris. We have our own concierge? Wow! And his name is Monsieur Guy de Roquefort? I was only 14 years old, so it was easy to get impressed, or disappointed. Well, Monsieur de Roquefort's scent certainly reminded me of the cheese with his namesake. He was unshaven and less than tidy. His uniform *du jour* was an undershirt, a stick of Gauloises
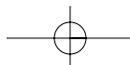
(French cigarettes) in one hand and a glass of cheap beaujolais in the other. But Guy had a good heart, engaged me in titillating conversations about "cherchez les femmes" (much more rewarding than the four-hour French lessons I had in school), always fixed the toilets that wouldn't flush, and delighted in announcing every single piece of mail we received. He probably would not get within 50 feet of an employment agency. However, if I could give him a shower and a shirt, I would hire him in a heartbeat. Monsieur Guy de Roquefort's *soul* was in the right place. I still remember him, see? That was in 1964.

I fondly remember my most recent contact with a concierge.

Last contact. This article was written in 2004. Forty years later is a long stretch of time after my first contact with a concierge. Thanks to my dad's international assignments, I've used up seven passports. Thanks to my two international airline jobs, I've filled up my last passport with immigration stamps from 32 cities in five continents. I have enjoyed a privileged opportunity to meet and work with a multitude of professionals, but one, in particular, in Seattle stays in my memory.

She was punctual. Polite. Charming. Endearing. Never forgot the slightest detail. Never overbearing or invasive. Made my socks roll up and down with legendary service. Went *way* beyond the call of duty in answering the simplest of requests. "Where can we get great fresh oysters? Where is . . .? How do we . . .?" It was as if my engagement and honeymoon to come were made in heaven. This was in 1997. Since then, she has faithfully written us every year during the holiday season with neat, short, handwritten, personal notes. Her envelopes are also written by hand. She does not use insensitive, computer-generated labels. She always hopes we will

come back to visit her again and enjoy Seattle. She has *never* asked questions like, "Can we book a room for you?" We correspond regularly about hospitality concepts to bring reality to my hospitality students, or ideas she can bring to her in-house training programs. On two occasions, Mr. Robert Thurston, managing general partner, enthusiastically gave us permission to study his hotel as a class project, long-distance from Honolulu!

That's Annie Delucchi, former concierge at the Inn at The Market, a great boutique hotel in Seattle, literally a shout away from Pike Place Market. Eight months prior to our arrival at the IATM, my fiancée and I had never met Annie. All our interactions were via email. Not even a phone call. Annie has since been promoted to executive liaison at the IATM. Know what? If my wife and I were given complimentary reservations at another Seattle property, we would still go to Annie's property and pay for our rooms. You see, I'm not just a reservation record on the IATM database. I can be me, someone who has a preference for fresh oysters! My wife is not "the Mrs." She, too, can be herself. She can spend the whole day walking back and forth to Pike Place Market to select just the right bouquet of fresh flowers or just the right jewelry accessories. Annie Delucchi's *soul* is in the right place.

Wassup? During the fall 2003 semester, I was designing interactive games for my international students to enjoy as part of our weekly class discussions. One of these games was the Concierge Game. This game is the basis for the research I did on concierges for this article.

So I reviewed the Withiam concierge articles, used Google to point me to a few hundred pages of articles, scoured dozens of concierge-related websites, emailed and
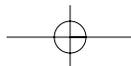
talked to dozens of hospitality professionals, and finally interviewed concierges in Honolulu, Hawaii, to highlight six significant findings about the modern concierge. The six findings concern passion, titles, technology, Les Clefs d'Or, stars, and Aloha!

**Finding #1: Passion.** The concierges and guest service staff I talked to, whether they had their keys or not, are, without exception, passionate about what they do. They all have what some have called *gotta-wanna,* an almost insatiable desire to exceed customer expectations with minor regard for themselves or the time clock.

**Finding #2: Titles.** Got concierge? Job titles I compiled included concierge, head concierge, chef concierge, concierge supervisor, lobby concierge, guest service agent, guest services manager or supervisor, activity agent, and the more recent compcierge and technocierge, for those who assist road warriors with laptops and other electronic paraphernalia. However, whether or not properties enjoy a keyed concierge, management must openly recognize and support the need to provide concierge services. Anecdotally, seasoned concierges, no matter what they are titled, will tell you, as do Nargil, Kahn, and Peterson (2003) that "one doesn't have to be at an upscale property to provide the kind of service that will keep guests coming back." Presence of a concierge, keyed or not, is a plus when it comes to four-star and five-star ratings (*Mobil Travel Guide*) or four-diamond and five-diamond ratings (AAA). The concierges and guest service staff I met are part of front desk operations, with a designated area close to—but distinct from—the check-in area. When I visited some Honolulu hotels, the front desk areas appeared to have lulls in operation during midmorning hours, after check-out rush time, and before afternoon check-in times. In contrast, the concierge area appeared to be continuously busy whether midmorning, noon, afternoon, or early evening.

More and more organizations are answering "Yes!" to the question "Got concierge?"

A fall 2003 television series, *Life of Luxury,* with Robin Leach, featured one of the more exclusive U.K. concierge services, Quintessentially. Quintessentially, a membership organization affiliated with luxury facilities worldwide, essentially provides the same services the lobby-based concierge would without the restrictions of being in a facility. According to their website (www.quintessentially.com/home.php):

> Quintessentially aims to satisfy practically any last-minute whim our members may have, from front row seats at a fashion show and spur of the moment chartered yachts, to impossible dinner reservations at some of the world's most exclusive restaurants and last-minute theatre tickets, and with 24/7 member telephone and email assistance our experts are always on hand to save you time, hassle and money. Fantastic offshoots of the Quintessentially brand include the Quintessentially magazine and the exclusive Quintessentially 'Beyond Black' credit card. Quintessentially members are also continuously kept up to date with what's hot and what's not through our weekly newsletter, offering indispensable advice on the essential art and cultural events of the moment, as well as invitations to charity affairs, gala balls, shopping evenings, film premieres and exclusive after-event parties.

In the middle of finalizing this article in December 2003, my own university, Hawaii Pacific University, advertised its latest service. Guess what it was? Yep! A concierge desk to help students and other stakeholders access and utilize the services of the university.
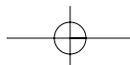
**Finding #3: Technology and the Concierge.** I predict that no amount of technology will ever replace the concierge or guest service staff. Inger Boudouris and the other concierges I interviewed or emailed agreed with this prediction. However, there is room to enjoy and take advantage of what the current technology has to offer. You don't have to look far. Check out the extensive usage of PDAs in last fall's TV series *Las Vegas* and *The Threat Matrix.* At one end of the technology spectrum, the Westin Santa Clara uses Sony's Contact-ME for remote video conferencing from the concierge's home (a three-hour round-trip commute) directly to the hotel lobby's monitor, some 80 miles away. After some weeks of emailing, I obtained permission from the Westin Santa Clara general manager and support from Clifford Planning, LLC, a premier Hawaii-based architectural firm, to conduct a one-hour videoconference between Anna Morris and my hotel and resort management students. We had a terrific experience; this is a perfect example of the application of technology to enhance a traditional service rather than replace it.

At another level of technology, interactive software programs such as GoConcierge (GC) [http://www.goconcierge.net/home/] allows a user to manage and provide guests with information and services in a consistently impressive manner. Adam Isrow, who designed and developed this interactive web-based program, provided me a username and password and gave me an opportunity to validate and confirm for myself how user-friendly GC was. I predict the concierge's uniform will include a wireless PDA, a camera-video cell phone, a software program similar to GoConcierge, and other electronic gadgetry. Isrow said in an interview:

I think you appropriately summarize the commonality of the concierge position with passion! These people (generally speaking) love what they do, love people, and are therefore great people to be around. I enjoyed your prediction—video cell phone and a PDA—I don't think you are too far off!

And then there's Mike Doi, a guest services coordinator, sitting in the Outrigger lobby on Waikiki Beach, with his uncanny memory for names, places, phone numbers and his reliable Rolodex. He does have a computer monitor at his desk, but like many concierges, prefers not to use it while interacting with a guest. Mike also shifts from speaking English to Japanese to pidgin and back without blinking an eyelash, on the phone and with walk-ins who step up to his desk.

Others exemplified by Dave Nishi and Sally Yates agree it would be wonderful for their properties to enjoy state-of-the-art technology, more computers, more staff, and more space. From my conversations with them, I found that both Dave and Sally are equally adamant about not letting the gadgetry come between the guest and the service provider. Know what? Dave, guest services manager at the Ohana Maile Sky Court, can't even spell *Les Clefs d'Or,* but he has over 25 years of customer service under his belt. Dave also has many years of information technology (IT) experience, but given the choice, says, "I always prefer to deal with the guests face to face. Sometimes you just can't trust your computer or PDA." Sally is one of only a handful of Les Clefs d'Or concierges in Hawaii, and she has enjoyed her position as senior concierge at the Halekulani Hotel for over 10 years. She says, "We enjoy working with our guests on a personal one-on-one basis at the
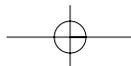
desk, and sometimes the computer work takes us away from that service." One concern we discussed was maximizing eye contact with the guest, or avoiding interactions that take your eyes away from the guest.

I found these statements enjoyably revealing because (a) they were self-initiated, (b) Dave works in a three-star property and Sally in a four-star property, and (c) Dave and Sally have never met.

**Finding #4: Les Clefs d'Or (LCD) USA.** In the original Withiam article on concierges (1983), there were about 40 members in LCD USA. Back then, many travelers didn't know whether a concierge was Mozart's second movement in D flat or the alternate entrée. In 1993, there were 200 U.S. concierges in the LCD membership, and the savvy traveler started looking for the concierge. Even in fiction, 007 (James Bond) had his hotel contacts—concierges! In 2003, there were 450 concierge members in LCD USA representing over 100,000 rooms in 250 four- and five-star properties.

Over 3,400 international members from 37 countries make up the LCD worldwide. The LCD headquarters in Paris is called the Union International des Concierges d'Hôtels. Although the concierge position is predominantly male in Europe and other countries, 53 percent of U.S. concierges are female.

Concierges continuously network with one another and the communities in which they work. Concierge associations are found in many cities throughout the United States. Some only admit hotel concierges as members (LCD as well as non-LCD concierges); others include local vendors and employees from car rental agencies, tour companies, tour guides, restaurants, art galleries, and so on (maybe even university concierges! Who knows?).

Many concierge country sections also have community-based organizations. In the United States, for example, Les Clefs d'Or Foundation of the Americas (United States, Canada, Mexico, and Brazil) provides financial support and in-kind donations of goods and was founded to respond to the suffering of concierges and/or their families and significant others affected by catastrophic or life-threatening illnesses.

Charles Holzer, director of media for LCD USA and chef concierge at the River-Place Hotel in Portland, Oregon, explained to me:

> Each [LCD local chapter] is different in its composition, yet each association's purpose is the same: to positively enhance the guest experience through knowledge, education, mentoring, networking, and friendship. In general, local meetings consist of an educational element, whether that is speakers from local organizations, vendors, or attractions. This could also entail bringing in members from the hospitality industry to discuss strengthening the concierge desk, enhancing revenue, or working in a more supportive manner with management.

After I interviewed Inger Boudouris by phone, we spoke and corresponded many times. In one of our discussions, this is what Inger told me about concierges:

> You know, being a concierge is being a "concierge for all seasons," because you must be able to turn around on a dime, multitasking and at the same time making important decisions while talking on the phone, et cetera! I love being a concierge because of what I call the unpredictable challenges, and it makes one's life very exciting—no day, no hour, no minute is the same. There is no time for stress because you are always in the midst of happenings.
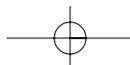
Today, it's snowing. We have a wedding ceremony in our lobby this afternoon. Afternoon tea will be served in the pub today, wedding receptions everywhere, and in the middle of all this, guests will be checking in and out—I love it!

A brief but supremely informative phone interview with Shujaat Khan, vice president of LCD USA and chef concierge at the Capitol Hilton in Washington, D.C., revealed these weathered and tested beliefs:

- Time management of your skills is extremely important when you have only limited resources!
- How much do you really love people? The professional in you needs to come out, especially when you're being challenged with the unruly customer, the overdemanding VIP, or the jealous significant other!
- The successful concierge operation is always a major business revenue generator.
- How do you fix the dissatisfied? The process usually ends up being more important than the end product.
- Of paramount importance to the future concierge: exercising the best balance of ethics and the highest code of conduct.

**Finding #5: Got stars?** Not? Don Massagli (2002) wrote an article that at first glance appears to be a straightforward commentary applauding the assurance, confidence, and customer relations packaged in your hotel concierge. The reader should know that Massagli brings an uncommon perspective, as he is the senior vice president of Park Ridge, Illinois-based *Mobil Travel Guide* (http://www.mobiltravelguide.com/). The *Mobil Travel Guide* inspects and rates

thousands of hotels and restaurants and publishes the travel guide and other travel publications. Coincidentally, I had an opportunity to interview Massagli in person; he repeated to me that concierges add a touch of distinction to any property, regardless of its star status. I predict that hotel management will pay increasingly more attention to their concierge and concierge services, whether the property has two stars or five. Jameson (Witham, 1993) sums it up best: "[G]uests are going to ask the kind of questions that concierges routinely answer, regardless of whether the hotel has a concierge desk."

**Finding #6: Aloha.** (In Hawaii, *Aloha* means more than just "hello" or "goodbye." It also refers to a spirit that encompasses welcoming, friendly accommodation that embodies giving the gift of friendship. —Editor)

Silverman (Witham, 1993) hit the nail on the head: "Does management create the environment to make exceeding expectations possible?" Probably not all the time. Whatever the number of stars the property has, management must continuously maintain a dynamic environment enabling all employees, whether or not they work in guest services, to exceed guest expectations. So what is the energy source of all the legendary stories of Houdini-like concierges? My interaction with concierges in Hawaii, the "Land of Aloha," tells me that concierges are loyal and have a built-in desire to please and satisfy within legal and moral limits. The concierge in Hawaii makes it happen by practicing "service through Aloha." And when he or she doesn't have that particular desired resource (the dinner reservation, a hard-to-find gift for the significant other), he or she knows how to network out the solution through Aloha with fellow concierges.

At the time of this writing, there was no
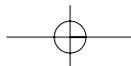
Les Clefs d'Or section in Hawaii, but there are several Les Clefs d'Or concierges on Oahu, Kapolei, and the other popular resort areas of the state. According to Pam Davis, publisher of the *Oahu Concierge* newsletter:

> Our goal is to disseminate pertinent information to the hospitality industry as a whole, focusing on the latest happenings, keeping them informed on recent changes and improvements at places they might very well recommend, as well as including industry changes and promotions. As we are the only industry publication on Oahu located in one of the few cities without an official [Les Clefs d'Or] organization, we have an additional burden to try to fill that void by holding regular gatherings where industry professionals can mingle and share information, but unfortunately they are not monthly, and they rarely (due to travel complications) include those from the outer islands.

## ▶ LAST THOUGHTS

**M**y research revealed Holly Stiel has probably written more about concierges than any-
one else anywhere in the English-speaking and -writing world. I urge students, educators, and professionals in all service industries to browse through her website (http://www.thankyouverymuchinc.com/index.html). Any one topic she writes about could be a customer service seminar or workshop. During an interview with Holly, I was reminded of one of the quotes from her website:

> The reality is that there is no sign above the [hotel] entrance telling customers how to behave, and sometimes they behave badly. So the responsibility for appropriate behavior falls on the service provider.

And, I would argue by extrapolation, this responsibility falls specifically to guest services employees such as the concierge.

The modern concierge serves as the knowledgeable, sensitive, and efficient interface between the guest and the array of hotel and community services available to travelers. It is this exciting profession I have attempted to overview in this article.

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## 4.6 AS I SEE IT: MANAGEMENT OF THE FRONT OFFICE

**Oliver Meinzer**

The following article is not based on extensive research but rather on my experience working in front office operations, either as an associate or a manager. It looks at the operation from my point of view. In this article, I write about the setup of key areas of the
front office operation, namely the bell stand, the front desk, and the guest relations department. I provide some ideas about the physical setup as well as ideas about hiring the right associates and the training tools. I also provide insights into the daily tasks in all areas,
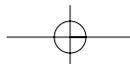
what I look for as a manager, and the reasons behind certain processes and actions in the day-to-day operation.

This article should give the reader an idea about what the front office operation incorporates and what it takes to run such a department. The information can be used by the reader to understand processes better and get a good idea if working in this area is something he or she might be interested in. At the end of the chapter, I provide a timetable of a regular workday in the life of a front office manager.

## ▶ BELL STAND

**T**he bell stand and its associates are important because they are usually the first and last encounter the guest has with the hotel and its staff. Traditionally, the bell staff was considered concierge as well, as they usually had the best insider knowledge about the location and attractions, and they always had a friend or relative working there as well to get the guest a special deal. This is still the case in hotels where the bell staff has been with the property for many years. In newer properties, it is primarily the concierge who has this kind of connection. The basic duties of a bell person include but are not limited to handling incoming and outgoing guest luggage, greeting arriving and departing guests as they enter or leave the hotel lobby, storage of luggage for guests, and being present in the lobby area to answer questions or assist the guests with any requests they might have. Specific tasks differ from property to property.

Depending on a property's check-in and check-out procedures, the bell staff may spend a significant amount of time with the guest, accompanying him or her to the room and explaining the features of the hotel and its surroundings. This is a key encounter for the hotel, as the bell staff has a lot of influence on the guest, enabling the staff to steer the guest toward the hotel's outlets and amenities. This, of course, is only possible and effective if the associates are trained properly and have the necessary knowledge about the hotel offerings. The bell staff gets a lot of information from guests about their stay, experience, and encounters, and about the guests themselves. This kind of information is invaluable for the hotel. If proper reporting channels are in place, the hotel can be proactive in addressing an incident before the guest considers it a problem. This information also helps the hotel recognize special occasions like birthdays and anniversaries. The bell staff is the hotel's eyes and ears, the ambassadors for the property. It is important to understand their significance and the influence they have on the hotel and front office operation.

The bell stand is usually located in the main entrance area, easily accessible by both guests and staff. It is usually close to a storage room where luggage and other guest items can be stored. The bell stand should have a telephone with an outside line to enable the staff to make reservations, inquire about hours of operations, and so on. A computer with access to the Internet and the property management system (PMS) allows the bell staff not only to provide the latest online information but also access guest information like room numbers and contact information or to leave messages on guest accounts. Maps and informational material about attractions in the surrounding area help the bell staff point guests in the right direction after making recommendations about leisure activities. If no printer is attached to the computer, preprinted driving directions to popular destina-

tions (e.g., airport, train station, landmarks) can be handed out to guests.
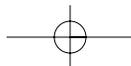
Luggage tags are used to label guest luggage for storage. There are usually two parts to the ticket, one for the bag/item and the second for the guest to claim the stored items later. The storage room should be big enough to handle the storage demands for the property. The shelving should be arranged and labeled to reflect the numbers or letters on the luggage tags. This makes it easier for the bell staff to store and retrieve items, and it keeps the storage room organized and clean. The bell stand should also be equipped with plenty of luggage carts. Those carts should match the decor and category of the hotel (you probably do not want to use a wooden dolly in a five-star property). The bell staff must ensure that the carts are kept in good condition. This includes polishing the metal or brass parts as well as maintaining the carpeted area and wheels to ensure proper functionality.

Another important item for the bell stand is a so-called trip log, a simple spreadsheet where the staff marks the room numbers of check-ins and check-outs they performed. This log is a great help if you have to retrace a luggage delivery or pickup or simply as a tool to communicate which room is next. Sometimes luggage gets delivered to the wrong room, but the trip log helps the staff rectify the situation immediately.

The bell stand is a front-of-the-house area with direct guest contact. It is important that this area is kept clean and organized. The bell staff must ensure that they are wearing the proper uniform and that the uniform is in top condition. In order for the staff to attend to all guest requests and questions, it is imperative for them to have all the necessary knowledge before they start their shift. Helpful

tools that ensure daily information is communicated to the front-of-the-house staff include a pre-shift meeting, where the important details for the day are being discussed, a white board with information on it, or a daily newsletter in everybody's mailbox. However, it is the front office manager's responsibility that the associate either attend the pre-shift meeting or read the information provided on the whiteboard or newsletter to get the necessary information for their shift (as a front office manager, you can make this part of the shift, and therefore the property's attendance policy applies).

The bell staff itself should be trained like any other front-of-the-house staff. First of all, it is important to hire the right candidates. As a front office manager, you look for applicants who are outgoing, comfortable with working in public, well groomed, and articulate, and who have a good understanding of service and a positive attitude. It is always better to interview more candidates to make sure you find the right person for the job than to go with the first decent applicant. Never compromise when it comes to hiring great staff!

Once a new bell person is hired, proper training is key. A possible training rotation should include housekeeping (great insight into the room setup, the different room types, and locations), front desk (basic check-in and check-out procedures and basic knowledge about the property management system), the outlets (knowledge about the restaurant menu, spa offerings, etc.), loss prevention (first aid, security, and emergency procedures), as well as basic training to cover the phones—and, of course, guest contact etiquette.

Once the staff member completes the required training and is working regular shifts,
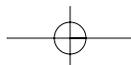
regular performance checks should be implemented to ensure knowledge stays up to date. It is the front office manager's responsibility to supply the bell staff with the appropriate tools and information to perform their duties. Therefore, regular meetings are necessary to communicate any changes or additions and to collect feedback from the staff. The bell staff is at the front of the line. Their input is invaluable for the front office operation. It is important to stop everything, listen, and use their information to adjust and improve the front office operation and, ultimately, the guest experience. It has proven helpful in my workplace to cross-train other associates at the bell stand as well. Associates in loss prevention, room service, the front desk, or any other department are then able to help out at the bell stand if necessary. Sometimes, check-ins come in waves, and the current bell staff might not be able to get bags to guest rooms in a timely manner. Having the flexibility of calling associates from other departments to help out ensures guest satisfaction and is a nice change for the other associates.

Because in many cases the bell stand is located in a high-traffic area and is the first area the guest sees and interacts with, the hotel must make sure that the guest's first and last impressions are positive.

## ▶ FRONT DESK

**T**he front desk or reception area is where staff-guest interaction is probably most intense. The front desk manages the room inventory as well as the check-in and check-out process and the account activities for each guest in house. The front desk assigns rooms to the arriving guests according to their preferences and requests (many properties have a staff person, called the rooms controller, who is in charge of assigning rooms to incoming individual guests and groups). This is the department with the most traffic in the front office area. The agents deal with the check-in/check-out procedures, handle cash, resolve conflicts, address reservation/billing inquiries, and perform guest services. They have to be jacks-of-all-trades because the front desk is the most important access point for information, complaints, and requests at the hotel.

The front desk is usually located in the lobby area (sometimes, in high-rise properties, the front desk is located on a higher floor), easily accessible from the main entrance door and the guest room elevators. In some properties, front desks take the form of individual islands instead of a long counter. The advantage is that the agent can access the lobby area much more quickly to greet or assist the guest. The desk is divided into several equally equipped workstations. The number of workstations depends on the size of the hotel. A good rule of thumb is 1 workstation per 100 guest rooms. Each workstation has (this again varies from property to property) a computer or PMS terminal with a credit card swiper and printer, room key encoder, telephone, reference guide with information about room location, outlet location, currency exchange, market codes, rate codes, technical support information, cash, credit card and check handling instructions, emergency procedures, and other property-related information. It is vital that this folder—an important front-desk tool—is in order and up to date at all times. Other necessities for each workstation include paper and pens, area maps, key cards, key sleeves, and scissors. As with the bell stand, it is important to keep workstations clean and organized at all times, as they are all in direct view for the guest and reflect on the hotel's operation.

The primary tasks for a front desk associ-

ate are the check-in and check-out of guests. During the check-in process, the agent should verify specific information related to the guest's reservation. The information includes but is not limited to duration of stay, requested room type or room preference, room rate (it is important for the front desk agent to verify the guest's eligibility for discounted rates by checking membership cards [e.g., AAA or AARP], company IDs, government credit cards), special requests or arrangements, method of payment, and any frequent-stay membership/airline affiliation. The verification of this information is important to avoid discrepancies in the billing process and adjustments during check-out, and to ensure accuracy in room availability.
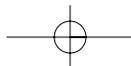
Discrepancies in the billing process can be time-consuming and therefore a significant inconvenience to the guest. It is important to verify the room rate during the check-in process (especially if a guest's room rate changes during the stay); otherwise, the front desk must adjust revenue during the check-out process, which takes extra time and affects the room revenue figures negatively. Billing discrepancies are the most common reason for guest complaints.

The verification of length of stay helps the front desk manage room inventory more accurately. Especially in a sold-out situation, the hotel depends on all guests who are supposed to check out, according to the property management system, to actually check out, as their rooms have been sold to other guests for the night. If a guest's departure date is incorrect and he or she needs to be extended, the hotel may find itself in an oversold situation. This causes a chain reaction of additional problems and costs. If a guest's actual length of stay is shorter than the property management system shows (because it was not verified during check-in) and the guest checks out

earlier than expected, the hotel might have lost an opportunity to sell the room. Accuracy is thus very important to maximizing hotel revenue. However, there will be occasions where guests depart before the confirmed departure date. It is up to the individual property or chain if an early departure fee (usually one night-room and tax) is charged.

The correct room type and location can be essential to guest satisfaction. Selection is a matter of training and experience, as there are several aspects to consider when allocating rooms to reservations. The order of importance of the criteria may depend on local or corporate standard operating procedures.

- **Rate:** This selection criterion is pretty much self-explanatory. If there are two guests with the same room type request, you may want to assign the nicer room to the guest who pays the higher rate.

- **Length of stay:** A guest who checks in late and stays only one night might not be too concerned about the view or location of the room as long as he or she gets a good night's sleep. On the other hand, a guest staying with family or a spouse for several days will certainly have expectations regarding view and room location (the concept of proper segmentation applies here).

- **Loyalty to the hotel and company/ frequent-stay program membership level:** With competition fiercer than ever, loyalty is becoming more and more important. Almost every hotel chain has a frequent-stay program that offers various membership levels based in number of room-nights spent with the company. These membership levels have a great impact on room allocation. The hotel must ensure the most loyal customers to the brand or chain are recognized for their
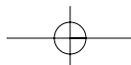
repeating business. Benefits of higher membership level benefits (usually platinum or gold level) include room type and upgrade guarantees. Some programs even penalize the individual property if those guarantees are not met. This shows the importance companies place on these frequent guests and the money they spend with the chain. In addition, many hotels have developed local repeat guest programs to acknowledge and reward guests who frequently stay with one specific property. These guests are not necessarily members of the hotel company's reward program.

- **Reservation guarantees:** Many corporations have introduced the concept of reservation guarantees. Examples include room type, bed type, smoking preference, or connecting rooms, guaranteed when the reservation is made and based on availability. Many companies offer monetary compensation to their guests (penalties for the hotel, as mentioned above) if the guarantees are not met at check-in.

- **VIP levels:** Hotels have individual VIP levels indicating the importance of the guest checking in—for example, a group VIP, meeting planner, corporate executive, celebrity, political figure. The VIP levels might include specific room assignments and check-in procedures (such as the manager on duty or general manager escorting the guest to the room) or the type of amenity for the guest.

In addition, special requests on the reservation might include information about allergies, rollaway and baby crib requests, high floor/low floor, request for a universally accessible room, and so on. Property management systems have codes that identify such requests. This helps when printing reports and

when the front desk associate, during the check-in process, verifies that the requests and guarantees are met.

A method of payment must be secured either prior to check-in (e.g., for a prepaid reservation) or during the check-in process. Payment can be made in cash or by valid credit card or check; some properties also accept money orders. In most cases, a credit card imprint is made during check-in, either electronically or manually. The total amount of room and tax and an incidental amount (for phone calls, movies, room service, etc.) are authorized on the credit card to secure payment. The incidental amount varies from property to property, depending on guest room amenities and services. If a guest wishes to use cash, an equivalent amount should be collected and deposited on the guest account. Each property management system checks regularly to see if the authorized amount has been exceeded and, if so, authorizes additional funds on the guest's credit card. Any guest account without sufficient authorization appears on a credit limit exceed report, which the front desk runs regularly. Local standard operating procedures determine the next steps the front desk associate takes. Usually, the front desk tries to contact the guest via phone or text message. However, if the guest does not respond to any of the messages, the front desk might go as far as locking the guest out of his or her room. This requires the guest to stop by the front desk to get a new key issued—a good time to inquire about an alternative method of payment or to ask for an additional cash deposit.

It is important for the front desk associate to know that when guests use a debit card during check-in, the amount authorized will not be available for the guest to withdraw from the checking account until he or she checks out of the hotel and the hold is re-

leased. It should be part of the check-in procedure to inform the guest about this before taking an electronic imprint of a debit card. However, if necessary, the front desk can release holds on credit card and checking accounts immediately by contacting the appropriate bank directly. The number for the institution can be found on the back of the credit/debit card. Most front desks are equipped with a check verification system (similar to grocery stores). If a guest decides to pay by check, the front desk associate can get immediate clearance to secure payment and avoid bounced checks.

Throughout the day, the front desk associate spends a significant amount of time providing guest services including directions, restaurant and activity recommendation, reservations, and rate inquiries. Therefore, it is important that all front desk associates receive detailed training in these areas. It is helpful for all new front desk associates to spend a few days in other departments (housekeeping, concierge, maybe even the restaurant) to learn about them and their mode of operation.

Working in housekeeping gives the front desk associate great knowledge about room setup, location, amenities, and views, but also an appreciation for the work the housekeeping staff does. Working with the concierge helps the front desk associate learn about the area and its attractions and activity options for the guests. With all this knowledge, the front desk associate can handle the majority of guest requests and questions, and the check-in process is faster, as the associate knows everything about the room type and location. It is helpful for the associate to visit a guest room once in a while to get refamiliarized with the room types and locations and learn about any changes made to the setup or amenity offering. Training is definitely an on-

going process. In addition, the associate should be familiar with the in-room technology, like high-speed Internet access and movie systems. This, of course, not only includes knowing how to connect to the Internet and how to order a movie but also what movies are currently showing on the hotel channel.

Most hotels these days provide an express check-out option. A copy of the guest's folio is delivered to the guest room the morning of check-out. The guest may use this as the receipt and need not have to stop by the front desk to check out (only if the billing is accurate, of course). Many in-room entertainment systems also feature a video check-out option, which allows the guest to check out through the TV screen. However, this works only if sufficient funds are secured in advance to cover the balance on the account. To this day, though, many companies require their associates to present a zero balance receipt for their expense report. Therefore, there is still significant check-out traffic at the front desk.

During this process, the front desk associate verifies that all charges are correct and confirms the method of payment on the account. The guest still has the option of changing to a different method at this point. During check-out, the associate should also verify that the guest has a frequent-stay membership number on file, and if not, inquire about the guest's membership to ensure proper credit. At the end of the check-out process, the front desk associate should offer assistance with luggage and transportation and, of course, thank the guest for staying at the hotel. This is the last opportunity for the front desk to get feedback from the guest. If the guest experienced any problems during the stay, the hotel may lose the chance to rectify the situation and compensate the guest. Therefore, it is useful to inquire about the

guest's experience while processing the check-out request.

The initial training of newly hired front desk associates is crucial to guest and associate satisfaction. Unless the front office manager provides the associates with the right tools from the beginning, the service encounter can become a frustrating experience for the associate and guest. Initial training should include a rotation so the associate can experience other departments, see how departments interact, and become familiar with the property, its features, and its offerings. However, training should be ongoing. It can be in the form of on-the-job training (new processes and procedures, revisiting associate actions to discuss alternative solutions for the future), a daily 15 minutes of learning, where a new topic is discussed every day, or specific job-related training classes (problem resolution, service recovery models, public speaking, interpersonal skills). Secret shoppers, organized by the front office manager, can be helpful in identifying opportunities for improvement. Using friends and family for this purpose gives them a fun night out and provides the department with valuable information about the team's performance.

Again, success starts with a good hiring process. You should look for certain characteristics when interviewing applicants for the front desk. Candidates should be very comfortable with working in the public arena. They must be able to multitask in a fast-paced environment and able to handle stressful conflict situation without losing their cool. As with all front-of-the-house jobs, candidates should be well polished and groomed and should possess a service-oriented personality—the willingness to go the extra mile for guests and fellow associates.

The front desk is the front-of-the-house nerve center of the hotel. You want to be sure the best associates are represented here. Selecting and training these associates is one of the main responsibilities of the front office manager. Providing them with the right tools to do their job well is key to success and guest satisfaction.

## ▶ GUEST RELATIONS

**G**uest relations are getting more and more attention these days. This attention helped many companies to develop new guest relation models focusing on the one-stop-shop guest experience—for example, the Whatever Whenever Department at Starwood's W Hotels, Marriott's At Your Service, and Westin's Service Express. Guests can conveniently make any request or order room service by dialing a single extension; the associate who answers takes care of everything. Many companies have also implemented a customer retention database where every request is logged to better learn about guests' habits, preferences, and problems during their stay. This is invaluable information for hotels that want to anticipate guest needs and develop a clear idea about trends that might lead to potential problems. These data can be used in many ways and should be shared with every department.

## ▶ Specific Customer Preferences

If all requests are logged properly, the hotel has an enormous amount of information about each guest. With reference to this information, the staff can place certain items the guest usually requests in the room when he or she returns. Most systems allow the hotel to print repeat guest reports for each day that
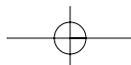
show the preferences of repeat customers, as well as incidents and requests from prior stays.

For example, the data may show that a specific guest called for extra pillows during her previous two stays at the hotel. If you tell the guest at check-in that extra pillows have already been placed in her room, you have won a customer for life. Anticipating the needs of the guests before they have to ask sets the hotel apart from the competition. The company that manages to set up a centralized database of this data for the entire chain has a significant advantage over competing brands. Consistency, though, is the key to success. Once a hotel has started this process, it must ensure consistent delivery. Otherwise it might lose its credibility and no longer stand out in the mind of the guest.

## ▶ Requests and Incidents

The other important use for such a system is the analysis of the data logged through the guest's requests. It is important that all requests and issues are logged in order to make this process work. It is up to the hotel—or, more specifically, the front office manager or guest relations manager—to extract information from the system and learn from it.

**Requests:** Reports show the requests (e.g., towels, in-room coffee) made from which guest rooms. This information can be helpful in several ways. Towels and coffee are basic room amenities and should always be there. An increase in the number of these requests should catch the manager's eye. Reports can be narrowed by floor or even by housekeeping section to see if the performance of a particular housekeeper is the reason for those increased requests (i.e., items are not replenished when the room is cleaned). On the other hand, if the requests do not show a clear pattern, one might want to consider other reasons. For example, during the summer, people take towels to the pool, so you might experience requests for clean towels when guests get back to the room. This finding might lead the hotel to increase the number of towels in the rooms in summer. This will reduce the number of calls from the guests, reduce the time spent delivering towels, and thus free up time to take care of other guest requests faster. Similarly, an increased number of requests for mouthwash might cause the hotel to add mouthwash to the basic bathroom amenity set.

**Incidents:** Reports show any problems guests experience during their stay (only, of course, if the guests report them). These data help the hotel identify topics for retraining (in case of service issues) as well as engineering-related opportunities. Again, with the reports these systems allow the hotel to produce, you can narrow the problem to specific associates (in cross-referencing with department schedules), specific rooms, or mechanical equipment such as a malfunctioning plumbing riser, hot water pump, or electrical appliances. For example, an increased amount of calls for a burned-out light bulb in a specific room might be an indicator for a broken—or dangerous—light fixture; several calls from a room indicating that the HVAC system is not working might signal a clogged filter.

If a hotel has such a reporting and tracking system in place, it is essential that every staff member is behind it and reports every issue or problem so it can be entered into the database. (The concept of "garbage in, garbage out" is relevant here.) The support for this initiative must start at the top: The general manager must give full support. This is the only way to convince everybody else to work with the system as well. This is the only way to make these systems produce accurate results that could save hotels a lot of money.

To reiterate, training the associates in the guest relations department is critical and probably more intense than other departments. The associates must be familiar with literally *everything,* as they must respond to every request and complaint. The hiring process should be similar to that at the front desk, as the characteristics of a potential guest relations associate are the same. Training should likewise include a rotation through every department to develop the insight and product knowledge that will help the staff member make the right decision. Service recovery and problem resolution training is key as well and should be a constant part in the associate development. Computer training is important too. Working with the different systems is a big part of associates' responsibilities, and the more comfortable they are with the systems, the faster they will be able to work with them. The associates in the guest relations area are the hotel's eyes and ears, but all staff and management must be aware of the importance of this area.

Working in the hospitality industry, with its crazy hours, stressful and challenging situations, weekend and holiday obligations, and so on, requires passion. If you love what you do, the rewards will come. I would not want to work in any other industry. For me, it is the greatest reward when a guest or associate thanks me for what I do.

## ▶ A DAY IN MY LIFE AS A FRONT OFFICE MANAGER

**T**his is a typical schedule as I have experienced it during my time as front office manager. Of course, days are never the same in this business. However, this timetable should give the reader a sense of the challenging job of a front office manager:

| | |
|---|---|
| *7:00 A.M.* | Arrive in the office. |
| *7:00– 8:00 A.M.* | I walk all my areas and welcome my staff. Managing by walking around is a powerful tool. As a department manager, you want to be visible and accessible to your associates while you are on property (or even if you are off property). Communicating with your staff helps build team spirit and trust. It is important the staff sees that you are always willing to do what you expect them to do. Talking to your staff shows them you are interested in their lives and you value their feedback. This is also a good opportunity to get information about problems from the previous evening and night you need to follow up with. |
| *8:00– 9:00 A.M.* | Checking emails and voice mails and trying to return them in a timely manner (*very* challenging). |
| *8:20 A.M.* | Mr. X is at the desk complaining about his room service breakfast and wants to talk to a manager. I meet with Mr. X and take care of the issue. After the conversation, I follow up with the room |

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|---|---|
| | service staff and the food and beverage manager to ensure the issue has been addressed. I double-check that the incident is entered into our guest relation database so Mr. X does not experience it again when he returns. |
| *9:00–9:15 A.M.* | Morning meeting with all the managers. This is the daily meeting where we discuss the previous day, the current day's events, VIPs, special guests, repeat customers, and any announcements pertaining to the overall operation (scheduled site tours, media appearances, managers out of the office, etc.). |
| *9:15 A.M.–noon* | Work in the lobby with the associates. Meet and greet our regular guests and help out at the bell stand. This is what we call being the lobby ambassador. I also cover the breaks for the front desk associates to ensure proper staffing at all times. Ensuring your associates take breaks is important—and the law. |
| *10:00–10:15 A.M.* | Mr. Y, a repeat customer, calls inquiring about his next stay. His usual rate is not available and he does not want to pay the available rate, which is significantly higher. I negotiate with Mr. Y, and we agree on |
| | the regular rate (important if your company has a best rate guarantee); in addition I guarantee him an upgrade for his upcoming stay. |
| *Noon–12:30 P.M.* | Lunch (this is not a regular occurrence). |
| *12:30–2:00 P.M.* | Catching up with emails and voice mails (between other things). |
| *12:40–1:00 P.M.* | Associate X calls off for the evening shift. It will be a busy evening, so I need to find a replacement soon. Associate Y offers to stay a little longer. I call the night auditor, and he agrees to come in early. The shift is covered. |
| *1:00–1:30 P.M.* | Meeting with Associate Z to go over her performance review. Regular feedback is important. You want to make sure your associates are aware of their performance. This helps them identify areas of opportunity and makes them grow. It is the responsibility of the front office manager to provide such feedback either in official reviews or in-the-moment coaching. |
| *1:30–2:00 P.M.* | I am paying my invoices. Accounting and finance knowledge is important to department managers. The department budget is your responsibility, and you have to be able to |

|  |  |
|---|---|
| | read and interpret financial statements to control your budget and secure your contribution to the bottom line. |
| *2:00–* *3:00 P.M.* | Operations meeting. We critique the events of the past week and discuss details about the events for the coming week. This is an important way to collect information regarding check-in and check-out times, group VIPs and contacts, arrival patterns, room preferences, meeting schedules and locations, etc. Such information is crucial to scheduling as well as preparations such as pre-keying guest rooms, setting up remote check-ins, etc. |
| *3:00–* *3:30 P.M.* | Interview with an applicant for the front desk. |
| *3:30–* *4:00 P.M.* | I walk all my areas and meet and greet the associates of the evening shift. I want to make sure everybody is okay and has the tools to do their job right. I also want to make sure to hear about issues (guest or associate) early before they become serious problems. |
| *4:00–* *4:15 P.M.* | Mrs. Y wants to talk to a manager because we do not have an upgraded room available for her. I talk to Mrs. Y and explain the sold-out situation. I com- |
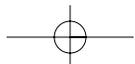
pensate her with access to our VIP lounge. She is satisfied and checks into her room. A lot of times guests who are complaining and want to speak to a manager just want to be heard. Good listening skills and demeanor are important to show credibility to the guest.

| | |
|---|---|
| *4:30–* *5:00 P.M.* | Meeting with the director of room operations to discuss the sports team check-in for the next day. Proper preparation is key to success and a smooth operation. |
| *5:00–* *6:30 P.M.* | I am in the lobby, helping my staff during the peak check-in time. Here I also have the opportunity to interact with our guests, welcome our repeat customers, and assist wherever necessary. Being in the lobby makes you accessible to your guests; talking to them, listening to them gives you a lot of information and feedback. I cannot stress enough the importance of this feedback for your operation; it is a great learning source for everybody. It also helps cover the front desk while the P.M. shift takes their breaks. |
| *6:30–* *7:00 P.M.* | I walk all my areas one last time before I leave to make sure everything is |

going well and everybody is happy. I make sure all my associates know how to contact me if necessary. I stop by my office to check for emails and voice mails one last time, and then I leave for the day.

# 4.7 MINI CASE: THE NEW FOM

After being transferred and promoted to front office manager of a 600-room resort hotel in Miami from a smaller property of the same chain, Jennifer Waters spent the first five or six months familiarizing herself with the hotel's markets, the area, and the resort's facilities and amenities. She also spent a significant amount of time learning the job of front office manager and concluded that it is significantly different from that of assistant front office manager in a smaller property.

The front office staff are young, mostly students, who are in South Florida for the weather and the social amenities. Many want to become actors and are active in dinner theaters and small theater companies in the greater Miami area. For the most part, they are bright and attractive people, but they lack the professionalism that comes from a solid core of knowledge and training. Among the things that concern Jennifer as FOM are the following:

- Several members of a national association board of directors complained of rude treatment while checking out of the hotel.
- Several times a week, after guests have checked in, they are escorted to rooms that are out of order, not clean, or already occupied.
- Four times over the last six weeks, cruel and demeaning practical jokes have been played on the front office assistant manager and the manager on duty during the evening.
- Guest complaints, either in person or by letter, about the hotel, its services, and its staff have more than doubled over previous years and are outpacing complimentary letters and comments by a ratio of two to one.

Jennifer believes her relations with her staff are pretty good. Her relationships, however, with other managers in the hotel are strained, particularly with housekeeping and sales.

As Jennifer seeks to understand the complexities of these problems, she decides to compile a list of their possible causes. What items might be on this list? What form could their potential solutions take?

Be sure to include rationales for the solutions and a plan that will allow her to demonstrate to top management that the analysis and solutions are likely to result in resolutions of these difficulties.
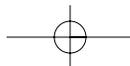
## 4.8 TO CHANGE OR NOT TO CHANGE: A CASE STUDY AT THE FRONT DESK

**Nancy Swanger**

Morgan Black has been described by the corporate office as the Miracle Worker because of the troubled properties that were turned around under Morgan's leadership. It is hoped the story at the Coug Inn will have the same happy ending; however, the Coug Inn is in a remote location, hundreds of miles from any other corporate properties.

The Coug Inn is a 150-room full-service property with several medium-sized conference rooms; it caters mostly to business travelers and visitors affiliated with the local university. The bulk of the revenue is generated between August and May, with periods when classes are not in session being extremely slow. The hotel is at full occupancy only during football weekends and commencement. Occupancy has been declining for the last year or so, with last month's RevPAR at a record low. Since arriving at the Coug Inn, Morgan has made several observations about the hotel's situation. It seems that most of the problems involve the front desk. After analyzing several previous months' comment cards and informally chatting with guests at the hotel, Morgan has sensed real dissatisfaction with the check-in process. Several common themes have emerged: The process seems to take forever, the paperwork at check-in is perceived as lengthy and hard to fill out, the front desk clerks always appear to be running around "like chickens with their heads cut off," and guests have been checked into rooms that were not clean.

After discussing the problems with the front desk manager, Morgan is in a quandary about how best to move toward a solution. The front desk manager complains that the reservations staff does not always submit the day's reservations to the front desk in a timely manner. Thus, guests arrive, and the desk clerks have no idea what rate was quoted or the room preference of the guest. This results in the guest having to refurnish information that was previously given when making the reservation. Many times, clerks are forced to leave the guest at the counter while they attempt to retrieve missing information from the reservations. Further, with over 65 percent of the housekeeping staff speaking a first language other than English, communication is difficult at best, and room status is often mistaken. The front desk manager suggests that the hotel advertise its check-in time to be from "say around 1:00 P.M. or 2:00 P.M. to 7:00 P.M." to reduce the crunch time and allow front desk clerks more time to work with each guest's check-in needs. The front desk manager further states that the new hotel in town, the Suite to Sleep Inn, has an earlier check-in time and "it seems to work okay for them!" Morgan asks the front desk manager how the staff might respond to moving to a fully automated property management system. The response was not favorable; the front desk manager mumbled something about "old dogs and new tricks" and that the corporate office had not put any money into the place in years. What would make Morgan think they would put out the cash now?
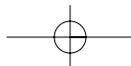
In an attempt to reach a compromise, Morgan considers changing the check-in time in exchange for the front desk manager's support of the conversion to an automated system.

1. What must Morgan take into consideration before final decisions are made to adjust check-in time and install a fully automated property management system?

2. How should Morgan proceed in resolving the communication issue?

3. Who needs to be involved in the final decisions? Why?

4. How might Morgan present the case to the corporate office?

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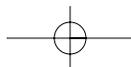
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## SOURCE NOTES

Chapter 4.2, "The Electrifying Job of the Front Office Manager," by James A. Bardi, adapted from *Hotel Front Office Management,* 2nd ed., by James A. Bardi, Copyright © 1996 by John Wiley & Sons, Inc. Adapted by permission of John Wiley & Sons, Inc.

Chapter 4.3, "A Day in the Life of the Front Office Manager," by Garry Dickover.
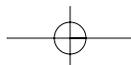
Chapter 4.4, "Yield Management: Choosing the Most Profitable Reservations," by William J. Quain and Stephen M. LeBruto, is adapted from the following two articles:

Quain, B., M. Sansbury, and S. LeBruto. 1998. "Revenue Enhancement, Part 1: A Straightforward Approach to Making More Money." *Cornell Hotel and Restaurant Administration Quarterly* 39(5):42–48.

Quain, B., M. Sansbury, and D. Quinn. 1999. "Revenue Enhancement, Part 3: Picking Low-hanging Fruit—A Simple Approach to Yield Management." *Cornell Hotel and Restaurant Administration Quarterly* 40(2):76–83.

Chapter 4.5, "Concierge (cone-see-air-j)," by Mario Arnaldo.

Chapter 4.6, "As I See It: Management of the Front Office," by Oliver Meinzer.