

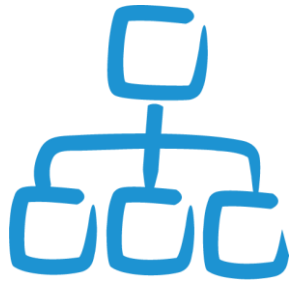
Change has  
Changed...  
not just in  
Guest Rooms

**IDEAS**<sup>™</sup>  
A sas COMPANY



# Revenue Management 101

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Right Channel



Right Product



Right Customer



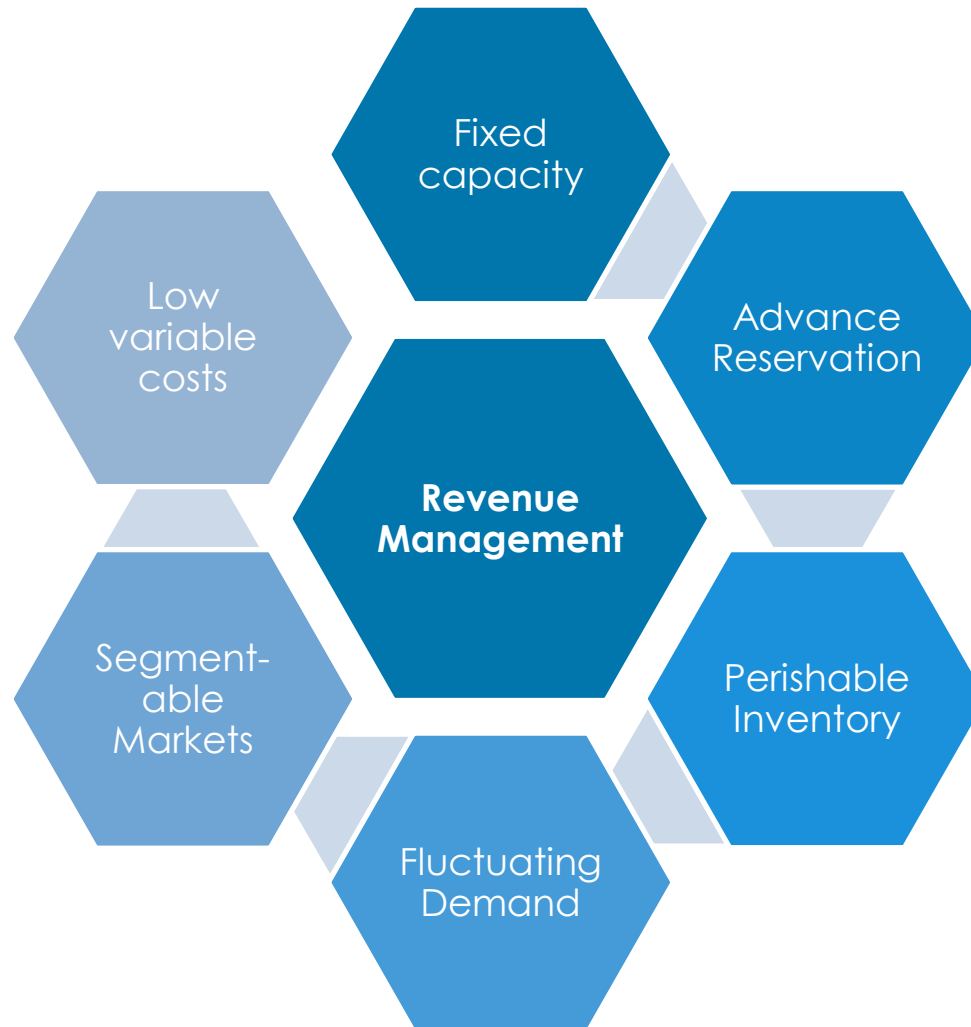
Right Price



Right Time

# Revenue Management Characteristics

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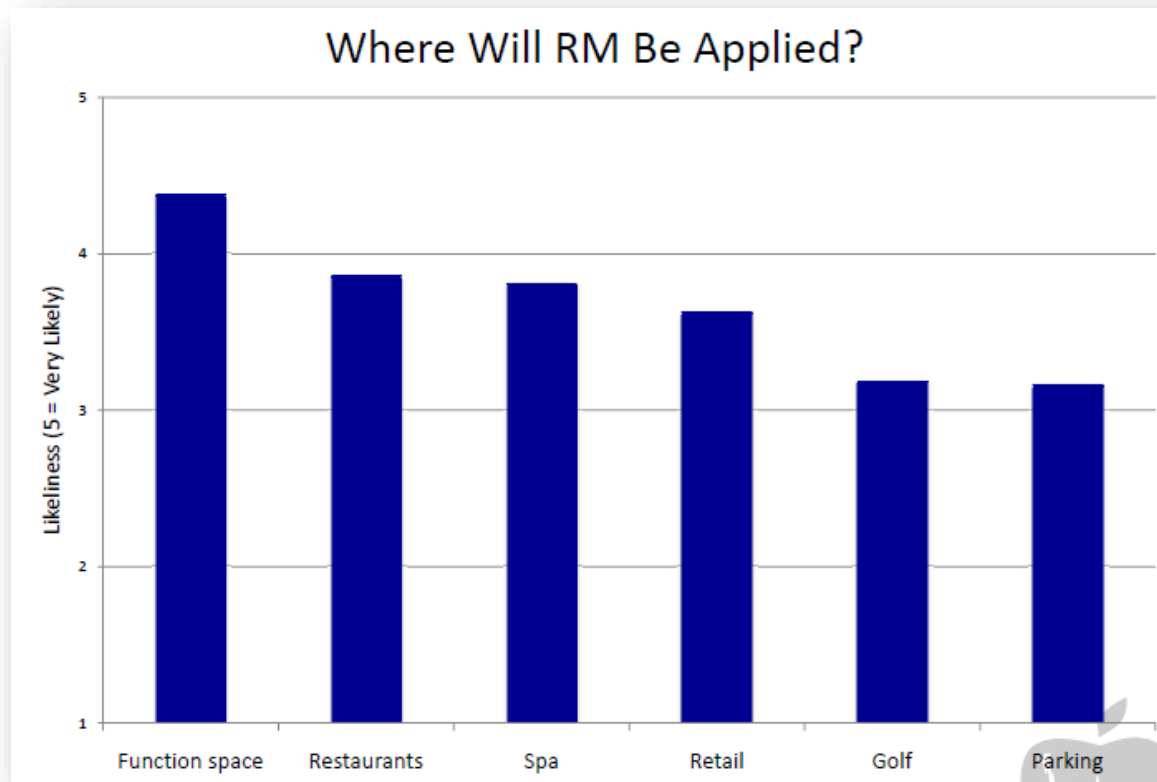
... not just in Guest Rooms

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# Why focusing on Function Space?

Group business represents a large percent of revenue potential for many hotels, with function space revenues being the second largest revenue contributor to a hotel



\* Survey by Sherri Kimes, Professor at Cornell University conducted in July 2011

# Most common trouble spots

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Undersold  
Function  
Space



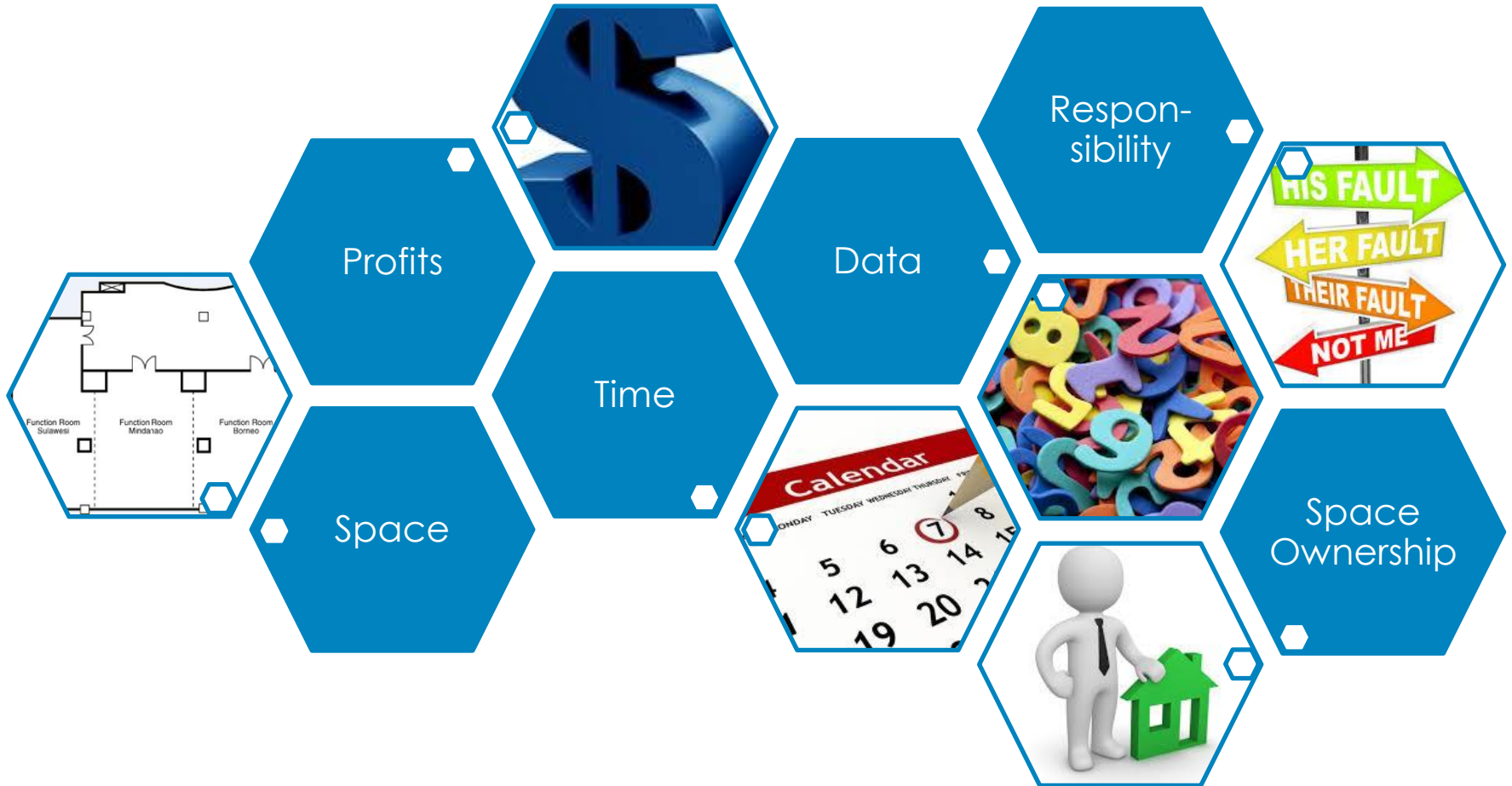
Unsold  
Function  
Space



Displaced  
Groups



# Added complexities to Guest Room RM



# Function Space Key Capabilities

- Analyze & evaluate value of displacement
- Price guest rooms & function space optimally
- Optimize pricing based on total profit goals



- Apply advanced SAS<sup>®</sup> analytics
- Forecast demand by day and day part
- Validate & override demand as needed

- Preserve function space for groups with guestrooms in high demand
- Release space to function-only events during low demand



# FSRM is a Balanced Transformation

It takes more than a great tool to manage M&E revenues

**PROCESS**

**TECHNOLOGY**



**PEOPLE**

“ The most important question for those implementing FSRM is 'How are we going to organize ourselves?' ”  
IDeaS FSRM Client

# Extending RM Discipline into Meetings & Events

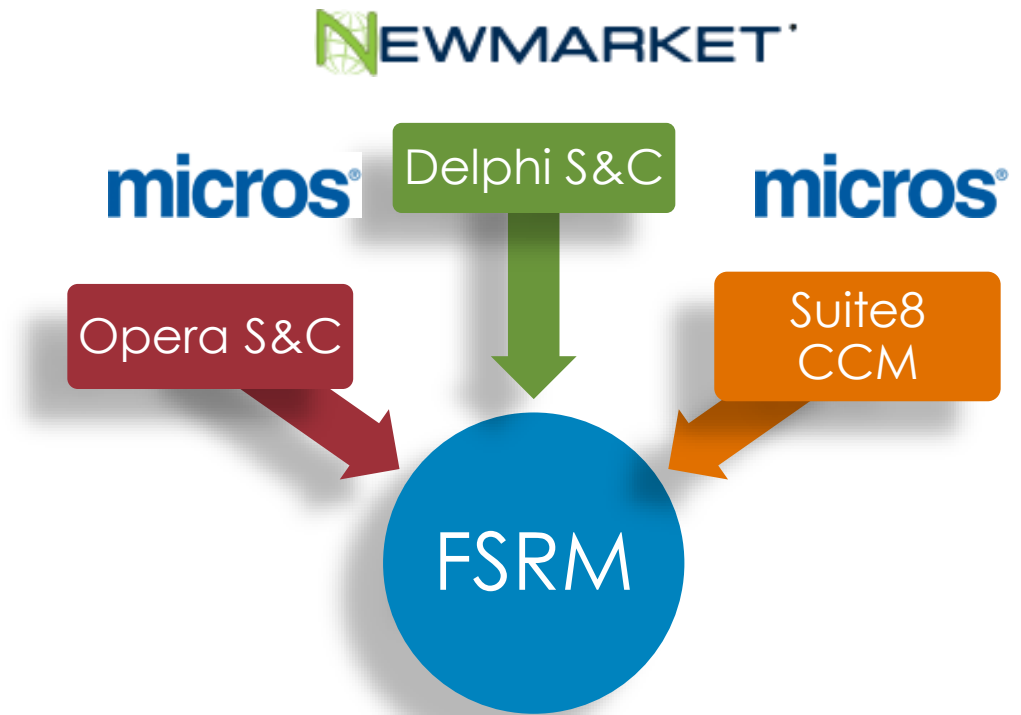
The path to Total Revenue Performance is an organizational change



# 01: Sales & Catering Data Quality

## Sales and Catering Data

- Minimum of 1 Year of Data
- Ideally 3 years
- Stable Market Segments use for at least 1 year



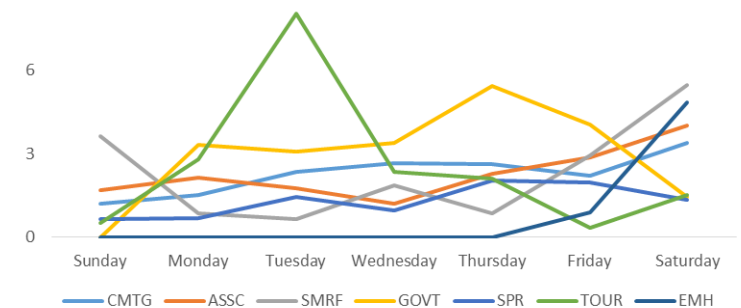
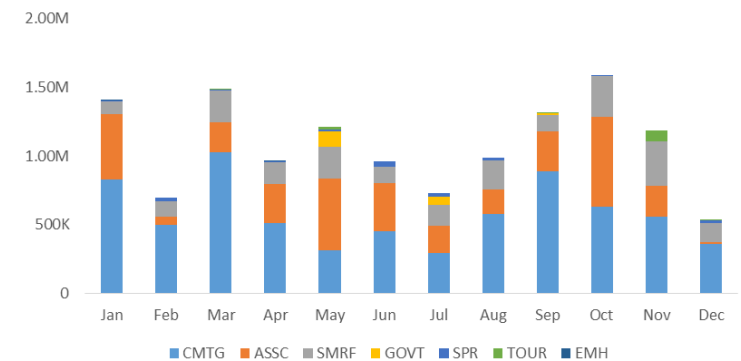
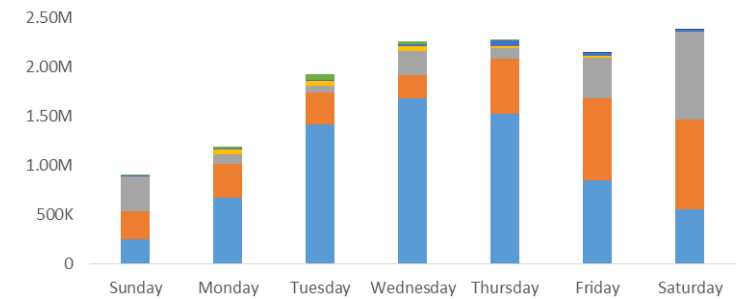
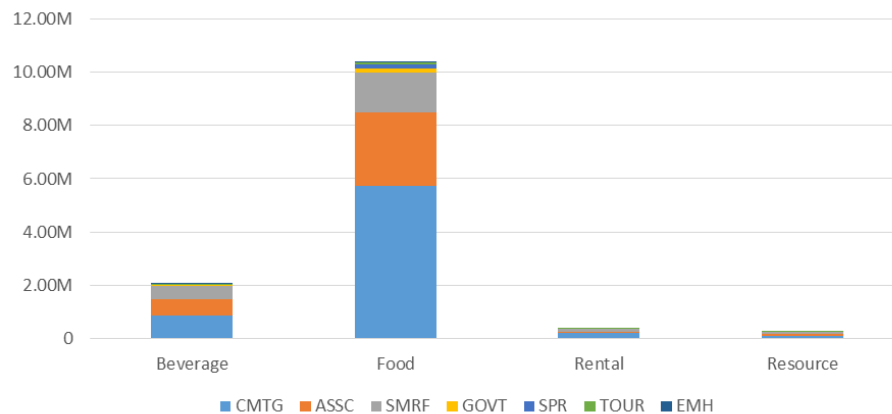
# 01: Data Considerations

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- What is available and is it accurate?
  - Standard reports?
  - Interface with PMS?
  - Actuals updated?
- Processes
  - All opportunities entered?
  - Statuses assigned consistently?
  - Segments assigned correctly?

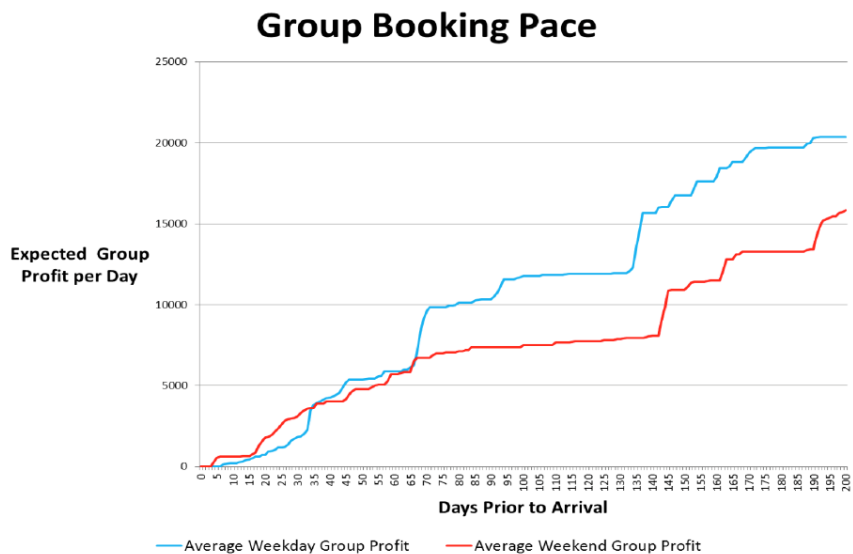
# 02: Metrics: Utilizations, Revenues V Profitability

- Detect trends:
  - By segment
  - By month
  - By day of the week
  - Revenues
  - Utilization
- Use the analysis to verify processes



# 02: Metrics: Lead Time

- Understand your lead time:
  - By Event Type
  - By Segment
  - By Revenue / Profit Levels
  - Day of the Week
  - Month
  - Season



Business Type	Revenu Levels	Leadtime	Blocked Rms	Ttl Revenues
Local Catering	0	180	0	\$ -
	1-200K	147	0	\$ 5,622,877
	200-500K	186	0	\$ 10,056,900
	500K-1M	222	0	\$ 7,825,388
	1M-2.5M	158	0	\$ 6,547,896
	2.5M-5M	136	0	\$ 4,080,000
	5M+	256	0	\$ 10,456,754
<b>Local Catering Total</b>		<b>173</b>	<b>0</b>	<b>\$ 44,589,815</b>
MICE	0	240	563	\$ -
	1-200K	201	28	\$ 35,860,130
	200-500K	253	77	\$ 79,670,182
	500K-1M	232	150	\$ 131,044,174
	1M-2.5M	268	307	\$ 311,434,506
	2.5M-5M	258	632	\$ 316,517,706
	5M+	283	1502	\$ 825,381,659
<b>MICE Total</b>		<b>237</b>	<b>261</b>	<b>\$ 1,699,908,357</b>
<b>Total</b>		<b>229</b>	<b>228</b>	<b>\$ 1,744,498,172</b>

## 02: Metrics: Lost / Cancelled

- Understand why and when you loose business
- Verify if your denied business is being tracked

Revenue Levels	Ttl Revenue	Lead Time	Dys lost before Arrival	Days b/w creation & lost	Length of Stay	# of Events
0	\$ -	207	136	71	2	73
1-100K	\$ 66,786	243	86	157	2	96
100-250K	\$ 162,677	228	113	115	2	123
250-500K	\$ 358,027	258	135	122	2	165
500-750K	\$ 622,400	234	138	96	3	84
750K-1M	\$ 3,487,047	268	163	106	4	363
Total	\$ 4,696,937	250	136	112	3	904

Lost Reason	Ttl Revenue	Lead Time	# Dys b/w creation & lost	# Dys lost DBA	# of Events
NA	\$ 1,662,299	258	107	151	26
Agency Lost	\$ 3,020,669	277	87	190	36
Room Rates Too High	\$ 1,003,923	243	66	178	25
City, Selected Anohter	\$ 3,553,398	228	71	157	103
No Response from Client	\$ 1,021,606	270	146	125	327
Mtg Space not Suiteable	\$ 1,559,336	275	142	133	94

## 03: Team Incentives

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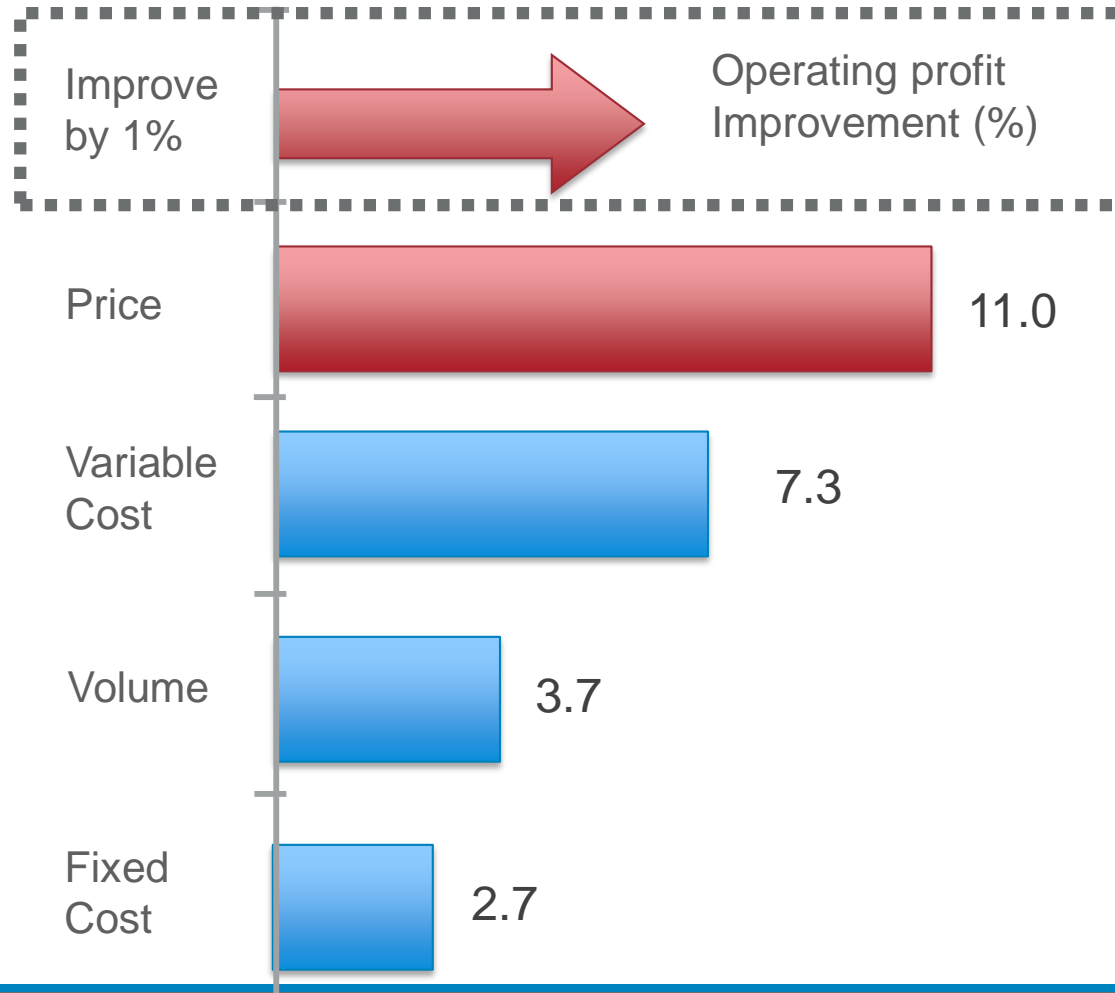
- Targets, rewards
- Catering and non-catering based revenue assessment
- Segmentation performance
- Incremental revenues
- Customer lifetime value
- From Sales to Profitability measurement





# 03: Price & Profitability

## Comparison of Profit Levers



Source: 2003 McKinsey & Co study of 1,500 companies across a range of industries on the impact of different profit levers.

## 04: Ownership of Function Space Revenue Mgmt

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# 04: Ownership & Guidelines

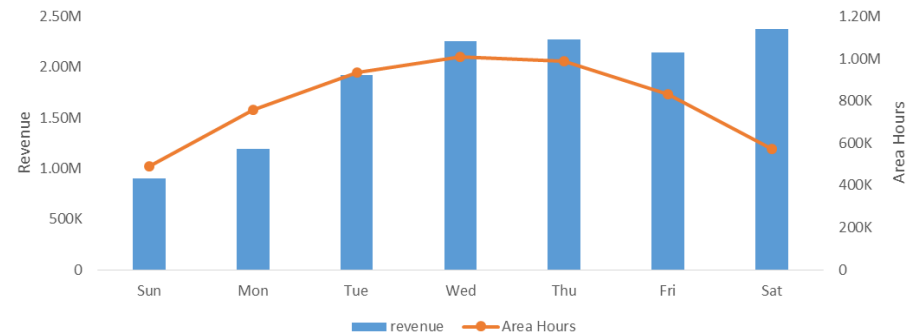
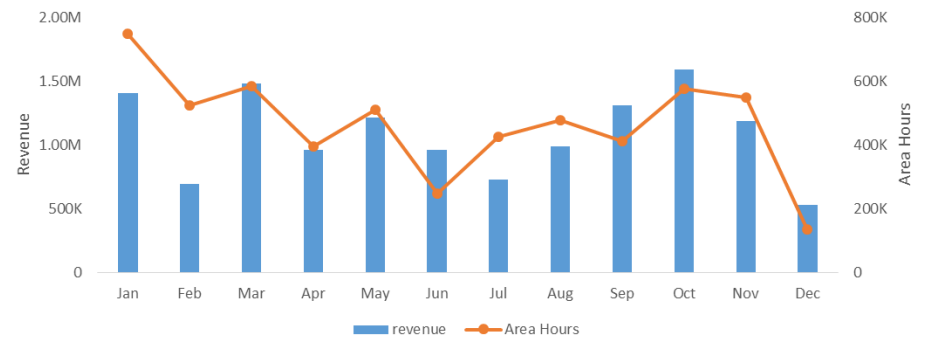
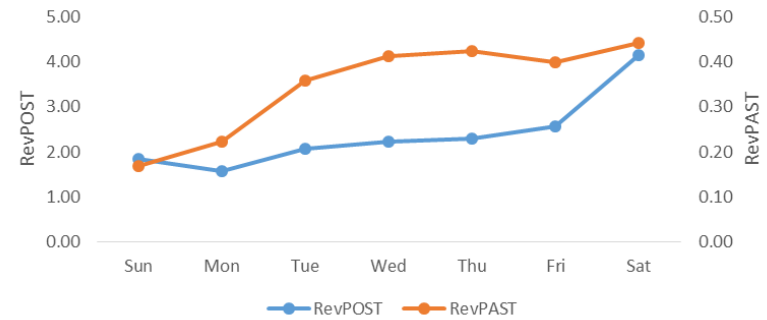
- Confirm your free-sell guidelines
- Should you have different guidelines by season or day of the week?

Business Type	Revenu Levels	Leadtime	Blocked Rms	Ttl Revenues
Local Catering	0	180	0	\$ -
	1-200K	147	0	\$ 5,622,877
	200-500K	186	0	\$ 10,056,900
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	5M+	283	1502	\$ 825,381,659
MICE Total		237	261	\$ 1,699,908,357
Total		229	228	\$ 1,744,498,172

# 05: Revenue Management, S&C Alignment

- Create standard reports :
  - By Month
  - By Day of the Week
  - By Segment
  - By Room Type

- **Share the success with the team!**



# 05: Alignment: Demand

- Price by Demand – use what you have learned from your utilization & revenue/profit analysis
- Share your strategy with a Demand Calendar
  - 1<sup>st</sup> step: by Day
  - 2<sup>nd</sup> step: by Day Part
  - 3<sup>rd</sup> step: by Room Type

MARCH						
MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

# 06: Demand Pricing: By room, by day part, catering only

**IDEAS™** | REVENUE MANAGEMENT SYSTEM Welcome: ideas\_admin | My IdeaS | System Alerts | System Tools | Help | Show Me | Logout

[@ A Glance](#) [Business Forecast](#) [Manage Controls](#) [Monitor Performance](#) **Function Space** [My Links](#)

[Demand Calendar](#) [Configuration](#) [Forecast Validation](#) [Evaluation](#) Search a new view or property  [Define Views](#)

**Lake Palace**  
Room Capacity: 462 Rooms System date: Mar-09-2014

**Business Summary**

**Day Part Configuration**

Morning	6AM
Noon	10AM
Afternoon	2PM
Evening	6PM

**Monthly Summary**

Average Utilization Forecast	31%
Average Utilization On-Books	30%
Open	0
Closed	0
Evaluate	23

**Month to Date Summary**

Average Utilization	18%
Average RevPOST	0.33
Average RevPAST	0.03
Total RevPOST	2.31
Total RevPAST	0.24
Average ProPOST	0.65
Average ProPAST	0.08
Total ProPOST	4.58
Total ProPAST	0.56

March 2014

April 2014

July 2014

August 2014

**Sat, 15 Mar 2014 (6 Days to arrival)**

**Function Space Summary**  
Indivisible Rooms Booked: 5

Day Part	Indivisible Rooms
Afternoon	COMM, EPMC, EMCC, LEHD, NAUT
Noon	COMM, EPMC, EMCC, LEHD, NAUT

**Utilization Forecast**

Day Part	Forecast	Action
Morning	20%	<a href="#">Evaluate</a>
Noon	58%	<a href="#">Evaluate</a>
Afternoon	58%	<a href="#">Evaluate</a>
Evening	0%	<a href="#">Evaluate</a>
Day Total	30%	<a href="#">Evaluate</a>

**Guest Room Summary**

Actual Occupancy	
Group	24
Transient	132
<b>Total</b>	<b>156 (34%)</b>

Forecast	
Group	24
Transient	147
<b>Total</b>	<b>171 (37%)</b>

[Last Year](#)

23 Sun 24 Mon

2 UTIL:12% 3 UTIL:0%

9 UTIF:1% OBU:1% [Evaluate](#) 10 UTIF:66% OBU:66% [Evaluate](#)

16 UTIF:0% OBU:0% [Evaluate](#) 17 UTIF:21% OBU:21% [Evaluate](#)

23 UTIF:2% OBU:1% [Evaluate](#) 24 UTIF:2% OBU:0% [Evaluate](#)

30 UTIF:1% OBU:0% [Evaluate](#) 31 UTIF:4% OBU:1% [Evaluate](#)

27 Thu 28 Fri 1 Sat

6 UTIL:21% 7 UTIL:8% 8 UTIL:1%

13 UTIF:91% OBU:90% [Evaluate](#) 14 UTIF:35% OBU:34% [Evaluate](#) 15 UTIF:30% OBU:30% [Evaluate](#)

20 UTIF:44% OBU:42% [Evaluate](#) 21 UTIF:38% OBU:36% [Evaluate](#) 22 UTIF:3% OBU:2% [Evaluate](#)

27 UTIF:6% OBU:1% [Evaluate](#) 28 UTIF:91% OBU:89% [Evaluate](#) 29 UTIF:2% OBU:0% [Evaluate](#)

★ Special Event ● Forecast Override ■ UF High ■ UF Medium ■ UF Low  System Date ■ UTIL: Actual Utilization ■ UF: Utilization Forecast ■ OBU: On-Books Utilization

Last Updated: 12:00:00 PM - Monday 10-Mar-2014 © 2014 IdeaS | Privacy

# 07: Profit Alignment of RM and Sales & Catering



Set revenue /  
profit  
expectations



Analyze your  
group  
requests



Look at  
displacement



Think about  
Profits not  
Revenues!



# 08: People, Process & Technology: Success

- Data Integrity
- SOPs
- Free sell guidelines
- Forecasting, reporting
- Success measurement
- Ownership & Empowerment
- Technology investment & ROI
- Training, Education Programs

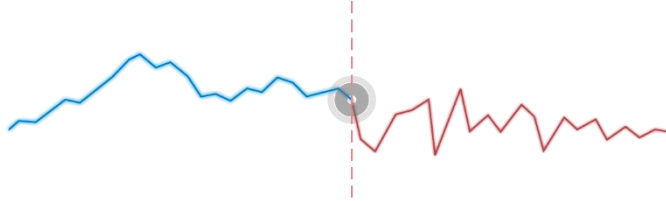




# The End Game

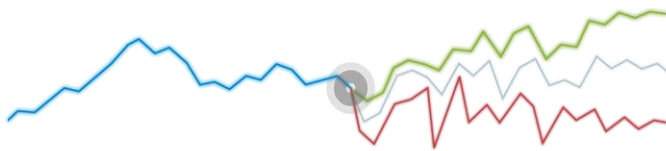
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## FIND OPPORTUNITY



**Anticipate** & **seize** pricing opportunities for **profitability** & **growth**

## EMPOWER ACTION



**Take** strategic, operational and tactical **actions**—in **record time**

## DRIVE IMPACT



Turn **actions** into tangible **results** across the enterprise

# Thank you!

James Dickson  
Regional Account Director  
[james.dickson@ideas.com](mailto:james.dickson@ideas.com)



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