

Activating the Sales Mindset

By Jo-Anne Hill, JH Hospitality, January 2017

It is often the largest expense in a hotel and determines its financial success or failure, and yet, it is rarely challenged. What is it? It's the sales and marketing department. Making sure it is set up for success is what activating the sales mindset is all about.

In the last decade, the complexity of the sales and marketing operation has increased exponentially. With so many new hotels opening, often crowding an already saturated hotel market, sales and marketing leaders are required to re-evaluate the hotel's points of differentiation, re-establish its market position, and develop a new strategic direction every time a direct competitor arrives on the scene. As the business thinker for the hotel, the director of sales and marketing works with the team to develop these key components, and getting them right has never been so important.

Adding to this complexity, leaders are required to guide the hotel through the maze of uncharted waters such as digital marketing, the intricacies of OTAs (online travel agents), and the latest revenue tools, while at the same time being an effective leader, able to attract and keep the best talent in the marketplace.

These factors – leadership and product positioning and strategy – have the greatest impact on the performance of the hotel. When both areas are working, the hotel enjoys high revenue performance as indicated in the upper right quadrant of the figure below. When there is both highly effective leadership and clear hotel positioning and strategy, the hotel is in the ideal position to enjoy exponential revenue and profit growth.



At the opposite extreme (the lower left quadrant in the figure above) is a hotel that under-performs in the marketplace, falls behind budget expectations, incurs a high volume of lost business, trailing group and/or transient pace, or simply lacks the confidence to win the business. The effect is chaos in the organization with employees not knowing what to do, how to do it, and where to seek help to figure it out. The rest of the hotel has probably lost confidence in the sales team to do the necessary work to generate demand and produce business. When this happens, it's time to dive into the sales organization and figure out what's working, what's not, and what the right plan is to turn it around.

Performance metrics such as RevPAR index are a clear indication of when things need recalibrating. However, even before the numbers start to decline, employee attitudes and behaviors are typically the first clues that something is awry. Are employees happy? Is there an unusually high turn-over within the sales and marketing department? What are the results from the latest Employee Satisfaction scores? How easy is it for sales managers to make a sale?

When team members are unhappy, frustrated, or there is a lack of trust in the environment, it usually manifests into slow response times, lack of follow-up, inaccurate or incomplete information, and a general malaise about the business. All of this results in frustrated customers.

In one hotel where we conducted a sales and marketing review, the sales team asked prospective meeting planners, who had taken the time to contact the hotel, to send an email with their requirements such as the number of people attending the event and the number of guest rooms required. This came about because there was fear of retribution from leadership who wanted control and to avoid mistakes. This was one of the many examples of surprising practices that I have encountered. In each case, workarounds were developed that had seemingly logical reasons they were put in place, but sometimes, even without leadership's knowledge, this became the standard business practice.

Another hotel had operated as the 'lone-wolf' since it opened 25 years ago and throughout that time remained number one in the market for rate and occupancy. It was regarded as 'the' place to go to get married, celebrate special occasions, and it was a desired destination for leisure guests and corporate meeting travelers. After so many years at the top, leadership took its eye off the ball and failed to acknowledge new competitors arriving into the market. Performance began slowly to erode. Finally, the hotel recognized the need for a complete overhaul in positioning and strategic direction. It took years to get back on track and regain the lead, but after objectively viewing the dynamics of the marketplace and their new position within it, they are now back in the driver seat as number one hotel in the area.

Most hotels are somewhere in the middle of these two extremes; however, even then, regardless how minor, adjustments can have a dramatic impact. Customers want to work with the organization where it is easiest to do business: calls are answered promptly with a minimal number of transfers; responses to inquiries are handled accurately, timely, and completely, with all questions answered; customers are valued and hotels are appreciative of their business.

But how does a hotel general manager or owner determine what is wrong in order to fix it? An objective, deep dive into the sales and marketing organization is required to figure out the root cause of the issues. Only when the problems are identified, and an action plan is developed and implemented, can the hotel get on the right track toward high revenue performance. To make this happen, a five-step deep dive is required:

5 STEPS TO ACTIVATE THE SALES MINDSET



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These five steps provide a 360-degree view from the perspective of the employees, customers, stakeholders, and the overall marketplace. In addition, it looks beyond at historical data for trends and insights as well as to future goals and vision.

Having conducted this process at various hotels around the world, it comes down to one or all of these core areas: ineffective leadership, ambiguous hotel positioning, or lack of strategic direction (the latter two often go hand-in-hand). When corrected, we have seen an increase in annual revenue between four percent and 25 percent after one year from the start of the review. As an example, for a hotel producing an annual revenue of \$20 million, that's \$800,000 to \$5 million additional revenue!

Take the following quick audit to see how your hotel's sales and marketing organization scores. Does everyone on the team have a sales mindset? Does it need activating to achieve better results?

Hotel Sales & Marketing Self-Audit

Take this simple, 25 question audit to get a snapshot of potential trouble (or success!) areas within the sales and marketing organization at your hotel. Respond to each question by ranking on a scale of 1 to 5, with 1 being non-existent and 5 being above and beyond.

Employee Morale

1. Do sales meetings happen regularly? Does the hotel general manager occasionally drop-in?
2. Is the Employee Satisfaction Survey (or similar feedback) satisfactory and improving?
3. Is the employee turn-over volume acceptable? Are open positions filled in an acceptable time frame?
4. Are the sales and marketing team respected throughout the hotel?
5. Is leadership effective?

Sub-total Employee Morale _____

Customer Satisfaction

1. What is the TripAdvisor ranking of the hotel? Are you happy with this?
2. Is the transient pace ahead or behind same time last year for the next six months? Is this in keeping with the strategy?
3. Is the group pace ahead or behind same time last year for the next 12 months? Is this in keeping with the strategic direction?
4. Does the hotel have a program to acknowledge repeat guests, including knowing the personal preferences of top customers?
5. Does senior leadership (general manager, rooms division manager, etc.) at the hotel know the top five customers for the most important market segment?

Sub-total Customer Satisfaction _____

Ease of doing business

1. Are lost business reports (especially for group) reviewed regularly and comparable with previous year's lost business?
2. Does that hotel have a mystery shop process in place to hear and see how sales people are communicating with customers and their speed of follow-up?
3. Does the sales team have recent photos of every room type, suite, and function room that are professionally taken and show the hotel at its best? Are they posted on the website? Do sales people have easy access to them so they can send them directly to a client?
4. What is the plan for finding new business (prospecting)?
5. Is booking conversion calculated and are you happy with the results?

Sub-total Ease of doing business _____

Performance

1. Are there weekly (or more) revenue management meetings? Are they effective? Does everyone have a voice?
2. How well is the hotel performing compared to the competitive set? (RevPAR, RGI)
3. How well is the hotel performing compared to budget?
4. At any time, is everyone on the sales team able to communicate the hotel position and a big picture view of the direction for the year?
5. Is there an effective off-season action plan that is in place six to 12 months in advance?

Sub-total Performance _____

Total Score _____

Scoring

- | | |
|------------|---|
| 101 to 125 | This sales and marketing department rocks! Keep doing what you are doing. Reward and recognize the team and do everything you can to keep the director of sales and marketing! |
| 76 to 100 | The sales and marketing organization is doing well; however, some adjustments could have a dramatic impact. Check areas that have a lower score and challenge the team to come up with ways to improve. |

- 51 to 75 Sales and marketing at this hotel is concerning and requires an objective view to get them on track to be effective. It may require coaching and training of leadership,
- 50 or less This hotel is either in or heading for challenging times. Find an outside expert to quickly get the hotel back on track. It will probably require a leadership change as well as new strategic direction.