

And Now, A Word From Chicken Little.....

The sky is falling. Maybe not this year, perhaps not even the next, but make no mistake this frothy market will go flat at some point. Now, this might seem far off in a market like New York where they are closing hotels faster than you can increase room rates, but in places like Dallas and Chicago where significant supply in the pipeline this might be sooner than one would hope.

As an Owner or Manager, this mid-summer moment might be the best time to pause and ensure that your battle plan is in place so that it can be integrated into your 2007 budget plan.

A plan that is worked up with actions prioritized by your executive team with input from every level of your organization to varying degrees will have more 'buy-in' and make take some of the sting out of painful decisions that may be necessitated by falling business levels in the future.

Once a plan is in place, everyone must understand how the plan works, the 'triggers' and their responsibilities both collectively and individually. Everyone should be clear on the dollars to be generated/saved with the plan so that the results can be measured.

Now I could give you a laundry list of things to cut, but chances are you are a grizzled veteran in reducing expenses and typically in a downturn the natural impulse is to cut like mad. Rarely, however, can one cut your way to profit so let's explore some ideas to drive revenue which will cover a variety of expense 'sins'.

Analyze the Revenue lines: Understanding each revenue line, how it is generated and how it might be impacted will be critical to managing revenues during a downturn. You should try and focus the majority of time on the revenue that produces the most profit. This might seem obvious, but as a consultant I have seen many organizations kill themselves for a dollar that only nets 10 cents rather than the dollar that nets 90 cents. Run scenarios with your sales team now to develop strategies if certain segments start to fall off.

Customer Relationships: When is the last time you spoke to your best customers? Not the last time they received an e-mail blast or spoke to your sales manager - - No, I mean when did **YOU** speak with them. Do not take your best customers for granted. Make yourself indispensable to them. What have you done for them lately? Everyone appreciates a personal gesture, everything from a great set of theatre tickets to the hand-written personal note. Use these good times to spoil your clients, but in a manner that has meaning to them.

New Services: Use downturns to introduce new service or amenities. When everyone is complaining about the lack of business, be the one constantly winning attention from your markets and the public. By being creative and innovative, you can win new business and secure current clients. The great benefit of using slowdowns to

introduce new offerings is that there is less competition and more 'eyeballs' if you roll out your services in the media savvy manner.

Public Relations: Look for media friendly means to tell a story about your business. Concentrate on generating storylines that are centered around such keys to the media as 'biggest/best', kids/animals, 'man bites dog', celebrities, history or new services. Make certain that your staff have media training, that you have a PR company or team that has access to the important media figures in your area and that you create storylines that will attract interest. Offer yourself as the local hotelier that journalists speak to when they are looking for a quote or content. An effective public relations plan can be just as powerful and perhaps more powerful than advertising.

Concentrate on the top line revenues and those looming tough decisions may be fewer.

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