

Hotel News Now

Vital information for hotel decision makers

Data drives profits with one version of truth

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Data that delivers one version of the truth of your numbers, in every business climate, can fuel your profitability.

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HNN columnist

I am often humbled and amazed by the collective intelligence in our industry. Although budget challenged, our industry is long and strong on ideas, talent and technology.

Instinctive “good” decisions were the trademark of many of our early industry success stories—when experience and smaller property portfolios honed our “instinctive” decision-making skills. As our industry grew by more products and expanded portfolios, operations became more complex and data more available. STR metrics went from post monthly, to monthly, to weekly, to daily. (STR is parent company of Hotel News Now.)

Better tools such as business intelligence, long used in other industries, were introduced to ours. Even with budget limitations, BI solutions are now established and affordable. This gives our industry more timely decisions, less trial and error, and more solid well-thought-out paths into a changing landscape.

Here are three examples. They all use BI platforms that collect and consolidate data from multiple sources for decision making.

1. Motivating property engineers

One company with 90 properties under ownership or management recently shared a unique strategy it uses to drive profitability: It motivates its property engineers.

The company gathers daily performance data from all its properties, and then filters the data to indicate hotels that had greater than 95% occupancy. Next, it filters those high-occupancy properties for the number of that day’s out-of-service rooms. Then, it multiplies the out-of-service rooms by the same day’s average daily rate to show exactly how much money each out-of-service room cost the property.

This gives a clear picture of missed revenue. Management takes that number to the chief engineer. It gives the maintenance team a dollars and cents example of the importance of keeping rooms in operation. It also gives the engineering staff a stake in property profitability.

2. Forecasting weather and data

Another example of solid decision making from one version of the truth is a world-class hospitality and entertainment company. This organization closely aligns its operational forecast with the region’s weather forecast. The 14-day rolling weather forecast, and historical performance reports, helps management budget properly and improve profitability.

This is especially valuable going into the weekend. If the weather is good, the company knows historically how much more it can charge for rooms. It also staffs up based on the weather’s historical impact on performance. On snow days, it lowers rates and watches energy consumption. On hot days, more refreshment carts are put out. During off-season, the company books more guaranteed group business at stable rates. Again, for the smart use of data-driven strategic intelligence in any budget climate, I would put our industry up against any other.

3. Asking questions

A third example is a nationwide hotel chain that analyzes volumes of data for daily forecasting. This includes property performance, comp-set and guest sentiment data.

This chain also looks at guest preferences and activities, and links it all to daily revenue.

Executives ask the data:

- How did we finish the month versus where we expected to be, and why?
- How did the properties compare to a competitive set based on STR data, and what changed?
- What brought customers to the properties?
- What kept customers there?
- What did customers do while on property?
- What would bring them back?

The profitable, effective use of strategic intelligence signals a maturing in our industry’s trust of data accuracy. A regional VP or property manager holds in his hand all the data he needs to make an informed decision that increases profitability.



Mobile devices remotely access, on one handheld display, data from property management systems, outside sources like STR, customer-relationship-management databases, guest surveys, accounting systems, and even time and attendance numbers. A traveling executive can view all of these numbers in one place on her tablet or even on a smartphone.

The data is available while she waits at the airport. She can drill down to the lowest level of detail with her mobile to oversee operations. She may evaluate not just property performance, but also what created the outcome and why—and then take appropriate action, if needed.

Data that delivers one version of the truth of your numbers, in every business climate, can fuel your profitability. It gives you a way to peer into what, otherwise, is unknown.

What's coming in the future? One of the industry's major brands uses data to make computer-generated decisions based on forecasted predictions. Managers might not need to even review the analysis. The software informs, and decides.

It is mid-morning on a sunny day in our industry.

Jay Troutman is president of Aptech Computer Systems, Inc., which is credited with introducing business intelligence into the hotel industry. The Pittsburgh-based company is a solid resource of hospitality professionals. They lead the hospitality industry in leveraging change by valuing human relationships and applying technology to solve business problems for people.

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