

Revenue Strategy Requires a Roadmap That Values Impact Over Activity

Three Key Areas for Reflection, Realignment at Hotel Companies

By **Kate Burda**

HNN columnist

November 3, 2021 | 7:48 AM



The past 19 months have been nothing but disruptive. The volatility, uncertainty, complexity and ambiguity has rocked the hospitality space more than any others. Outside of the hospitality industry, organizations had spent a great deal of time, focus and attention on how to lead and create strategy in a volatile environment, yet the terminology or thinking is unacknowledged or even unknown in the world of hospitality.

Leaders, at any level, must be able to create a pathway when the rate of change shifts continuously, it's hard to predict the future, there are multiple and sometimes competing variables to make decisions, and ambiguous data or conflicting opinions within data.

Do we have strategy within our teams that are charged with building revenue? Yes, maybe ... of course, sure we do.



ISHC Global Insights is a partnership of Hotel News Now and the International Society of Hospitality Consultants to bring in-depth analysis to the hotel industry.

Yet, revenue strategy and how commercial teams activate and operationalize in this new economy does not look much different than if we were to open a plan of action from five years ago. In a dozen plans titled “Roadmap for Return,” the goals, strategies and tactics for revenue made up less than a page or two of a 38-page deck.

Teams are waiting for the return, rather than building strategy that is relevant in today's economy. Moreover, leaders aren't sure how to lead teams in new ways to engage with customers within both sales and marketing that is relevant and differentiated for today's environment.

Reductions in staffing and resources should compel companies to look at productivity, and ultimately strategy, in a much different way. In our work, we have seen \$1.3 million to \$2 million of unrealized revenue opportunity due to lack of a good roadmap.

Although no strategy will fully bring back travel before borders reopen or corporate restrictions are lifted, commercial teams have a great opportunity to shift their approach to be less commoditized, more relevant and differentiated, and effectively do less to make it mean more.

A roadmap on top line achievement has never been more critical to future success. There are three key areas for consideration and reflection of what the best do differently to create that roadmap for your sales, marketing and revenue management teams.

1. Set Strategy for the Most Valuable Segments and Possibly Micro-Segments

Often conversations are geared around "moving the needle" within micro-segments of transient or group business. This may not be as effective as we believe. Setting, evaluating or reporting on trends within a micro-segment leads us to feel as though we will affect outcomes, yet it is too broad of a perspective to mobilize, operationalize and most importantly create impact.

Best-of-class teams determine the most valuable segments — those that can be optimized and have the best profit margin — and even micro-segments that can yield the biggest increase.

For example, teams reporting on transient hotel demand and projections that went immediately to pricing might have missed what travelers, even within leisure, were traveling and had the potential to travel, and what sales and marketing teams were doing to capture that revenue.

2. Impact Over Activity

Our industry continues to be operations-centric. We are comfortable with action plans, activity reports and productivity, but we often overlook the measureable impact of those pieces.

Activity fatigue is prevalent as we hold tight to a value of output rather than what is most impactful. In many cases, strategy is skipped all together, and we believe that the financial goal is enough to get us there. Strategy — not the day-to-day or week-to-week tactics — is how we are going to get to the financial goals.

3. Aligned Over SMART

The SMART (specific, measurable, actionable, reasonable, timebound) architecture of goal setting was designed 40 years ago, and it must be aligned to overall strategy. In some cases, tactics that have been vetted and praised, as they fit into this well-known architecture, are contradictory to overall strategy or vision. For example, a team had a SMART strategy of partnering with third-party intermediaries to drive revenue in a key segment, yet the overall strategy was to drive down acquisition cost.

It's important to review how strategy is aligned to financial goals and vision, and if the tactics that teams are carrying out cascade from that focus.

We all have less time, talent and resources to achieve what we have set out to accomplish, but 90% of companies that don't have strategy in place fail. Many companies aren't going through the rigor of strategy planning within

their commercial teams, particularly within sales and marketing. An effective revenue roadmap can help to achieve that future financial vision.

Kate Burda is CEO and founder of Kate Burda & Co., a consultancy focused on improving revenue performance.

The opinions expressed in this column do not necessarily reflect the opinions of Hotel News Now or CoStar Group and its affiliated companies. Bloggers published on this site are given the freedom to express views that may be controversial, but our goal is to provoke thought and constructive discussion within our reader community. Please feel free to contact an editor with any questions or concern.