

The activities, training, and reporting relationships of today's REVENUE MANAGERS

The use of revenue management, combined with channel management, has dictated the need for trained individuals who can assist in contributing to the bottom line profits of the hotel and the value of the asset. Just as revenue management software has become more specialized, so is the need for managers to undertake the activities and understand the strategies and tactics required to enhance hotel revenue performance given a dynamic and complex marketplace. A profile of who these revenue managers are and where they fit in the organizational hierarchy of a hotel organization was the driving question for this research study. Our objectives in conducting this study were to: identify the demographic profile of revenue managers (organizational level, demographics, career path, job responsibilities), identify important activities and training needs (resulting in distinguishing tangible and intangible skills), and describe the level of satisfaction and accomplishment revenue managers possess in their current positions.

[BY SUSAN GREGORY, ED.D. & JEFFREY BECK, PH.D.]

One hundred and ninety three managers in the revenue management discipline were surveyed during the first two weeks of May 2006 using an online format. The main section of the survey was developed by interviewing leaders in hotel revenue management positions to identify activities deemed important for success as a revenue manager. Demographic profile questions were adapted from a Convention General Managers Instrument developed by Kline, Breiter and Gregory (2006). Questions related to how managers spend their time on activities were adapted from research conducted by Beck and Knutson on sales managers' activities in lodging properties (2006). Prior to implementing the survey, a pilot study was conducted using approximately ten current hotel revenue managers. Results from the pilot sample were used to modify the final survey. Statistical techniques were used to: 1) determine if one or more variables have a relationship with another variable, 2) identify cause and effect relationships, 3) detect common themes in revenue manager's activities, and 4) compare the importance of the activity to job success and the importance of training involving that activity.

DEMOGRAPHICS

Of the managers responding, 66 percent were revenue managers, 18 percent were directors of revenue management, and the remaining were reservation managers, and corporate level directors. Of the revenue managers responding, 70 percent reported to the general manager and 18 percent to the director of sales. Of the reservation managers



FEDERAL RESERVE NOTE
UNITED STATES OF AMERICA

THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

1 E

ONE DOLLAR

FEDERAL RESERVE NOTE
UNITED STATES OF AMERICA

K 81203115C

WASHINGTON, D.C.

11



ONE DOLLAR

responding, 50 percent reported to the general manager and 38 percent reported to the director of sales. The other most frequent reporting relationship was to the corporate/regional director of revenue management. Twenty-five percent of the respondents came to the revenue management discipline from reservations. Next most frequent were front desk and revenue management at other hotels/companies. Interestingly, 9.6 percent came from the housekeeping discipline.

The majority of the managers responding was between the ages of 30 to 39 years old, and had seven or more years experience in the lodging industry. Sixty-three percent of the respondents reported that they worked between 41 and 50 hours per week. Forty-eight percent of the respondents reported salaries between \$40,000 and \$60,000. Fifty-nine percent of the managers reported bonuses as a percent of salary between 12 and 21 percent.

HOW REVENUE MANAGERS ALLOCATE TIME

One of the questions of interest in this study was the amount of time revenue managers allocated to tasks. Table One describes all of the tasks and how all of the respondents spent their time. Specifically, 33 percent of respondents spent 16-20 percent of their time in evaluation of revenue management activities, and 22 percent spent the same amount of time forecasting the property's room revenue. Between 11-15 percent of the respondents' time was spent on each of the following: setting and maintaining rates, interacting with other managers, and developing strategies. Thirty-nine percent of the respondents reported they spent less than five percent of their time on customer relationship management, and 55 percent spent less than five percent attending non-revenue management meetings. See table on page 63.

Respondents were asked about future plans and career aspirations. Over 96 percent of respondents indicated that they plan on staying in a revenue management position for the next two years. This may mean that they want to stay in the same position with the same title or a different title (Director of Revenue Management)

or to be promoted. Only three percent indicated that they plan on leaving the hotel industry.

FACTOR ANALYSIS OF ACTIVITIES

Because of the large number of activities about which the respondents were surveyed, a statistical technique known as factor analysis was used that groups the activities into underlying clusters or groupings of common activities. The factors are given names to identify a theme that represents the activities within. Based on the question, "what activities are needed for you to be a successful revenue manager?," five factors or themes were uncovered in the statistical analysis: team-based interpersonal competencies, core technical competencies, Internet and group management competencies, personal communication competencies, and comprehension of trends in strategic pricing.

Within the factor *team-based interpersonal competencies*, the following activities were identified:

- Lead business revenue review meeting
- Analyze financial statements and market data
- Develop and deliver effective presentations
- Establish credibility with hotel's managing committee
- Work closely with DOS on short- and long-term pricing
- Communicate with sales team
- Demonstrate assertiveness in meetings
- Work closely with IT sales manager to determine volume account production/pricing for new accounts
- Demonstrate flexibility in verbal debate regarding strategies and tactics
- Articulate complex strategies or topics (written and oral)

Within the factor *core technical competencies*, the following activities were identified:

- Manage group block activities
- Manage/monitor Internet systems to maintain consistency with property strategies
- Maintain property Web site
- Develop working relationship with all third-party market managers

Within the factor *Internet and groups management competencies*, the following activities were identified:

- Interpret market trends as they relate to the property
- Match group and transient market needs with hotel needs

Within the factor *personal communication competencies*, the following activities were identified:

- Manage group or interpersonal conflict situations effectively
- Mentor/coach reservations and front office personnel in revenue management strategies

Within the factor *understanding of trends in strategic pricing*, the following activities were identified:

- Design strategies to maximize revenue from a rate and occupancy perspective
- Analyze and identify trends using yield and forecasts reports

THE NEED AND DESIRE FOR TRAINING

Based on the question, "how important is it for you to receive training in the following areas to be successful as a revenue manager?," four factors or themes were uncovered in the statistical analysis: team-based interpersonal competencies, core technical competencies, Internet and group management competencies, and comprehension of trends in strategic pricing.

Within the factor *team-based interpersonal competencies*, the following activities were identified as important training topics:

- Establish credibility with the hotel's managing committee
- Communicate with sales team
- Demonstrate flexibility in verbal debate regarding strategies and tactics
- Demonstrate assertiveness in meetings to maximize revenue opportunities
- Develop written communications
- Work closely with the IT sales manager to determine volume account production and pricing for new accounts
- Develop and deliver effective presentations to all stakeholders
- Work closely with DOS to determine via-

REVENUE MANAGER'S TIME SPENT ON STATED ACTIVITIES

PERCENTAGE OF TIME	0-5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-40%	41-50%	TOTAL*
Setting and maintaining rates	15	28	38	32	23	17	14	13	180
Interacting with other managers	23	31	46	26	17	12	19	8	182
Evaluation of revenue management activities	6	23	33	51	30	13	15	11	182
Customer relationship management activities	91	34	20	11	2	4	5	10	177
Forecasting the property's room revenues	8	19	39	44	19	19	14	14	176
Attending non-revenue management based hotel meetings	100	44	17	3	4	3	5	2	178
Developing strategies	2	24	44	41	30	16	11	15	183
Other	27	19	5	5	4	2	3	5	70

*Total number of respondents in survey

bility of both short- and long-term group bookings from a pricing and availability perspective

- Timely completion of all revenue management reports
- Articulate complex strategies or topics in a clear and concise manner (written and oral)
- Manage group or interpersonal conflict situations effectively
- Lead business revenue review meeting

Within the factor *core technical competencies*, the following activities were identified as necessary training topics:

- Demonstrate knowledge of all tools and reports available to conduct proper analysis
- Create accurate and dependable forecasts
- Demonstrate responsibility for developing both pricing and distribution/inventory strategies for transient and group within the planning horizon and beyond

- Develop and implement revenue strategies
- Analyze and identify trends using yield and forecasts reports
- Design strategies to maximize revenue from a rate and occupancy perspective
- Prepare occupancy and revenue forecasts
- Match group and transient market needs with hotel needs

Within the factor *Internet and groups management competencies*, the following activities were identified as important training topics:

- Manage/monitor Internet systems to maintain consistency with property strategies
- Maintain property Web site
- Develop working relationship with all third-party market managers
- Optimize the use of all Internet channels
- Mentor/coach reservations and front office personnel in revenue management strategies
- Manage group block activities

Within the factor *understanding of trends in strategic pricing*, the following activities were identified:

- Analyze financial statements and market data
- Interpret market trends as they relate to your property

Using the above factors as a guide, a comparison of the most important job activities needed to be a successful revenue manager and those activities which have the highest training need were calculated. When developing training for current and potential revenue managers, a variety of competencies in the area of team-based interpersonal skills and core technical skills were identified. Activities considered not as critical by respondents, but those they wanted more training in, might be driven by the need to be viewed as a competent revenue manager with the core technical skills.

Most important job activities that also have the highest training need:

- Developing credibility with executive team
- The ability to develop effective presentations and articulate strategies
- The ability to communicate with DOS and IT sales
- Assertiveness skills
- The ability to analyze financial data
- How to lead effective and efficient business review meetings

Most important job activities, but with limited training needs:

- The ability to analyze financial statements and market data
- Effective interpretations of market trends as they relate to the property

Competencies not as critical to success of revenue managers, but those in which they want more training:

- Development of written communications
- Conflict resolution skills
- Development and implementation of revenue strategies
- Design strategies to maximize REVPAR

JOB SATISFACTION AND SENSE OF ACCOMPLISHMENT

The respondents were asked questions related to their overall job satisfaction with their current position in revenue management. Their career prospects, level of confidence in their direct supervisor, and their ability to use the knowledge and skills they have acquired had a statistically significant correlation with overall job satisfaction. Their responses indicated loyalty to their employer, and that they would not be easily enticed to move to another company. Their responses also indicated a strong loyalty to co-workers and their immediate supervisor. They certainly care about the fate of the company for which they work, and would do whatever it takes to get the job done.

The revenue managers were asked questions related to their feelings of accomplishment in their current position in revenue management. The responses indicated the autonomy offered in the position. Specifically, the freedom to use

their own judgment, and the ability to work alone and not be micro-managed were significant. Feelings of accomplishment also came from recognition by others that they were experts in the field of revenue management, and when their strategic recommendations were implemented. Finally, that they were rewarded for contributions to the success of the organization led to significant feelings of accomplishment.

RECOMMENDATIONS

• Mentoring programs for younger managers.

Based on the age of the respondents and their time in position, mentoring programs may be an efficient way for new revenue managers to gain confidence in learning to apply revenue strategies, and defend them at various stakeholder meetings. Pricing and inventory strategy should be the focus of mentoring activities for developing future revenue managers. ‘Speech and debate’ type role plays could be an effective technique when working with a mentor. The practice of defending a position in a non-emotionally charged environment will help to develop the confidence of the newly placed manager.

• Continuing education regarding interpersonal communications.

The responding revenue managers have identified several activities involving interpersonal communications with other managers as an area in which they would like more training. When analyzing how they spend their time they indicated that “interacting with other managers” accounts for 11-20 percent of their time. Similar to the training that sales managers attend, revenue managers might benefit from training to sell ideas. Business and technical writing are skills seldom used in hotel operations, but deemed very important to revenue managers.

• Maintain loyalty through stable reporting relationships.

Revenue managers have high levels of loyalty to their organization and have, on average, more than seven years with the

organization. When asked about their feelings about specific aspects of their job, the ability to keep busy, work alone, and use the skills and knowledge that they have learned are very important. That their direct supervisor is competent and inspires them is critical to their satisfaction with their job. The relationship with the direct supervisor (most cases the GM) is very important and may be a result of having the greatest amount of interaction with this person, as is their connection to other people on the hotel management team.

• Not everyone can become a director of revenue management—plan for keeping “good” people that cannot be promoted due to lack of positions. Understanding the individual’s career goals is paramount to retaining the revenue manager. Our research indicates that revenue managers were most often a front office manager/supervisor or reservations manager/supervisor prior to their first position in revenue management. What is not known is whether their decision to enter into the revenue management function was a deliberate choice, or due to lack of career growth opportunities in another area of the hotel.

• Survey general managers about their relationship with the revenue management function.

The function of revenue management over time has been the domain of the reservations department, marketing, or the front office with the general manager having final accountability to stakeholders. The strategic move by many hotel companies to designate a position responsible for development and implementation of revenue management strategies has changed the dynamics of hotel management. Little is known about how general managers view their role in the revenue management function and their perceptions of what the role of the revenue manager is in relation to their position’s responsibilities and authority. ■