As an IT professional, there are three categories of questions that I frankly try to duck. The first category is the cocktail party question, the inquiry that comes at you suddenly during an otherwise enjoyable social event. There you stand, nearing the olive at the bottom of your second drink. You’ve just begun to ingest a cocktail, and some new acquaintance swoops in to ask which laptop you buy and how much to spend. You would think that nothing says “not right now, please” like a half-eaten pig-in-a-blanket, but you’d be amazed. Those things work like little lightning rods for ill-timed IT questions.

High avoidance category No. 2 is procedural questions asked by elderly persons, including but not limited to, one’s own parents. Not that I dislike elderly PC users – I think it’s great that everyone is out there finding meaning on the Web. It’s just that I am asked for assistance with a program I’ve never seen or used as though it were the only piece of software on the planet. Beyond that, the question is almost always frustratingly vague, something along the lines of, “You know when you go into the genealogy program and you press that picture thing at the top of screen that gives you all the stuff you want only sometimes it doesn’t, so you hit that other button on the side so you can do different things like go up or back or down or start over? Well, when I do it, the whole thing jumps down the screen and sort of goes off the edge and almost always the phone starts ringing right after. Now what’s up with that?”

But the most difficult category of all is the ROI question. The ROI question is posed by the general manager or chief financial officer of every property immediately following a well-thought-out proposal for a brand new technology acquisition. “If we buy this,” the GM/CFO asks, “how many additional room nights will this investment produce?” It’s not a difficult question; it’s just that neither one of us particularly cares for the typical correct answer: none.

Despite everyone’s best technical efforts, there is usually no straight line to be drawn from the installation of virtually new technology to a measurable increase in occupancy. I sincerely wish there were – my GM/CFO unit is smart and cooperative and I could buy anything my mind imagines and my heart desires, so long as I can guarantee a defined quantity of room nights in return. I’ve never been told no so long as I deliver, but as the genie of the lamp once noted, therein lies the rub.

If you read Jon Inge’s article on resort technology in the last issue of Hospitality Upgrade (Fall, 2007) then you are familiar with the automation proliferation within our niche. Despite the time, effort, and money that our resort devotes to the systemization of every aspect of a guest’s stay, we have yet to have the first guest tell us that they chose Pinehurst over all the other hotels and resorts around the world – need or want great quantities of technology but we can’t rely on the age-old room-nights ROI approach to justify our needs and wants to the purse string holders. The situation requires a fresh perspective and better answers for the ROI questions your leaders ask.

To help me find this new perspective, I took advantage of the fact that almost everyone who doesn’t work in IT has “helpful” opinions about what we should be doing. Rather than fight this pent-up avalanche of caring and support, I took advantage of it by interviewing key staff members at the resort. I asked them which technologies they personally liked, what they personally looked for when they traveled, and what they felt our guests and staff members most wanted. I asked them which investments they felt we should make and which ones we should avoid. Although each respondent represented his or her own area, their overall opinions represented a wide spectrum of thought and helped me identify some interesting trends and ideas.

I soon found that I was able to classify the staff requests for systems and purchases into one of two sweeping categories of my own making. The first category is administrative technology, those products that the typical guest doesn’t see, never uses, and couldn’t name for cash or prizes. These are products that truthfully have no relevance to western civilization as we know it, but represent 80 percent of your installed technology and your vendor contact. Administrative technology does something for your operation rather than your guest – it keeps your records, balances your books, computes your inventory, helps you find your employees (radios and pagers), cuts payroll checks, keeps track of sick and vacation balances, and generally keeps chaos at bay.

Administrative technologies may output something to the guest (such as a reservation confirmation from your PMS or a sales receipt...
from your POS systems), but their real purpose is to replace the
army of minions that your company would need to employ if such
systems were not in place. This is the first better answer to the ROI
question: The return on your administrative technology investment
is the savings realized by purchasing systems to perform required
tasks electronically versus the cost of making no system purchase
and performing those same required tasks manually. The return is
cost containment and that is measurable. Your basic law of survival
for administrative technology is that the system being considered
must save operational resources (money, employees’ minds) over
its lifetime or it shouldn’t be purchased.

(Attention, service purists: please don’t explain to me that
every system we operate somehow serves the guest. Yes, I know
– we are all cogs in that great big machine we call guest happiness.
I might even agree with you, but that concept does nothing to help
us get a handle on the investment value proposition. So, momentarily
suspend your disbelief and go with me on this. I think you’ll see why
shortly.)

The second category is competitive technology. These are items
placed within guest reach for their use. These are items for which
guests may have or may develop a preference. Once a preference
is developed, the guest has a comparative basis with which a
purchase decision can be made. In my mind, what really distinguishes
the competitive technologies is that they all have some sort of guest
interface. These are the technologies that are seen, used and perhaps
even remembered by your clientele.

Competitive technologies include the hotel’s Web site, elec-
tronic brochures and communication pieces, virtually all of the
in-room services offered and the brand-name products (or resort
sports equipment) that lie sprinkled about for guests to hire or
use. Competitive technologies also include the products that the
guest must self operate (the door entry system, the clock-radio, the
television voice mail messaging and wake-up call services) or expect
to find handy (the MP3 player, on-demand video entertainment and
convenient Web access).

Guest needs and wants are massively subjective. Every property
or chain sets its own product and service standards, and in turn every
guest selects goods and services from the choices being offered. A
guest’s age, gender, purpose of travel, personal interests, available
time and general health all help determine the election or rejection
of service offerings.

One other crucial note: competitive technology is both dynamic
and progressive. Yesterday’s luxury amenity is today’s baseline re-
quirement. Consider the two major milestones established 50 years
ago in hospitality technology: the inclusion of a telephone and a
television in every room. Now, try applying the ROI question to
these technologies. How many destination resort room nights per
year are directly attributable to the presence of a telephone and a
television in every room? Answer: zero. How many rooms could that
same resort expect to book next year if it didn’t offer telephones and

The return on the competitive technology investment is the market’s
perception that the property competes favorably with (or surpasses) the other properties within the desired competitive set.
televisions? Answer: zero. So this leads us to our second better ROI answer: The return on the competitive technology investment is the market’s perception that the property competes favorably with (or surpasses) the other properties within the desired competitive set. The ROI on your competitive technology is your customer’s recognition of your brand and the shaping of their perception that you are a legitimate player in your league. It is your price of admission to the club, and everyone else’s barrier of entry. How many room nights does building this perception generate? Answer: all of them.

When you approach the problem of IT investment from the administrative and competitive perspective, the purchase rationalizations become easier to evaluate. Administrative system investments become far more formulaic: If X is greater than Y then it’s a no brainer. The real trick is computing X and Y accurately. (For example, we’ve decided that we will purchase new electronic HVAC systems that can be regulated from any Internet-enabled PC, but we will do that when the system costs are cheaper than staffing a second or third shift engineer to regulate them the old fashioned way. That math seems pretty straightforward but the cost of the engineer must also include recruiting, training, turnover, the positive and negative effects of staffing changes on employee morale, plus the value of the other tasks that get done while the engineer is present on the property. The jury is still out on this purchase.)

The truly spirited conversations about IT investments arise when you’re buying competitive technology, and the input is anything but formulaic. When you walk the aisles at HITEC and IH/M&RS, it’s the competitive technology vendors who sell psychology and equipment at the same time. They emphasize prestige, creature comfort, a wow factor and the intangible sense of arrival. Why else would a “well-known” hotel chain commission a proprietary clock radio design that is available to their guests and no one else? Why would another unnamed hotel chain feel that a chocolate chip cookie warmer is an essential piece of front desk technology? These issues speak to the brand and to a sense of belonging. Technology is merely a means to an end.

A question like why are we doing this is a dead giveaway that you are on the brink of a competitive technology investment. The common mistake that most GM/CFO units make is to ask the IT department to answer that question when they should really be looking to their guest surveys, their marketing department and their competitive analyses. We humble technicians can present options, provide purchase specifications, resolve compatibility questions and estimate budgets. We all have opinions about the merits of competitive technologies, but very few of us check in and pay rack rates to help justify our judgments. The most valuable opinions rightly come from another quarter.

With a little luck and a fresh approach to technology investment evaluation, I think that I may be down to only two kinds of questions that I have to duck. So now, if you will excuse me, my mother is still holding on line two.

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