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The Price of Change
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Despite what is happening with the tech stocks on Wall Street as you read this, technology improvements are coming, and they're coming fast. I just love reading those quotes of people years ago stating things like the telephone will never become popular with Americans, or that the television will never replace the radio. And, was it your grandparent who thought the shots of Neil Armstrong on the moon were actually from a back lot in Hollywood?

As all technology improves it forces people to change the way they do things. Some call that a cultural change. Some call it a change in the way we do business. Some say we must change our roles. The constant word here is change. Unfortunately, most people are reluctant to change even when you can show them how much it will help them. Sometimes, it's simply amazing how reluctant people can be.

I learned this lesson very early on in my consulting career. (Bear with me here.) A hotel management company with nine hotels hired me to help out with their inability to make any phone profits (this was back in 1992, the heyday of hotel telephone profitability). They had cash registers at the front desk with no call accounting interface, meaning that they had to manually post every phone call.

In the process of shopping for a new 1+ and 0+ carrier, I arranged a deal where the carrier would purchase all new property management systems (PMS) for the hotels, at no cost to the hotel management company. This would have brought the company out of the 70s and right into the 90s in one fell swoop, in addition to reducing costs on long distance, increasing 0+ commissions and increasing folio phone revenue with a direct interface from the call accounting system to the PMS.

The client decided to go with the carrier, but not to get the free PMS. Instead, they spent \$1,500 per hotel to add a card into the cash registers (which were so old they were no longer supported by the manufacturer) to have the call accounting interface. Why? They believed that their staff was so entrenched in their current processes that the learning curve was too steep. Five years later, they spent over \$100,000 on PMSs.

Recently I was at a Fortune 100 management development center (a pseudo hotel environment). They had an extensive network in place already. We were installing a new, network-based call accounting system. Prior to this, the Friday night auditor would print out a weekly report of every phone call made by every admin extension (a report so thick that it took numerous trees to supply the paper). That night auditor would then spend a couple of hours cutting up the report into respective departments, copying the pages (another couple of trees) and then placing the reports into department heads' mailboxes for review.

It took over two hours to convince this client that all of this could be automated by the call accounting system. It could run the same reports, and several other more detailed reports, and then place the files in a folder on the network for each department head. Even better, the managers could then have training on how to access the call accounting system and query even more specific details to better manage phone usage. All of this without even looking at a tree. The reluctance? What was the night auditor going to do on Friday night now?

These were examples of reluctance when times were good. Today, times are not so good. I can just imagine what levels of reluctance are now permeating the thought processes of the decision-makers. If they were afraid to make attempts at positive changes when the good times were rolling, what is the fear factor now?

Change, positive change, is imperative in a down economy. To be successful, you must be able to see past the bad times and prepare for the rebound. One of the ways to do that is to shop for bargains. I know a guy who owns a company that makes and sells computer circuit boards. Within a couple of weeks after Sept. 11, he was on a plane to Hong Kong. Why? The market for computer chips took a nose dive and he went out there to buy about \$20M in chips at about 25 cents on the dollar. He now has a huge inventory of inexpensive boards. The market for circuit boards (actually, the devices that need them to operate) is rebounding. He's going to make a killing. He's younger than I am and will be able to retire, if he wanted to, with a 9-digit savings account.

A leading hotel PBX manufacturer has 50 brand new systems collecting dust in a warehouse somewhere. You can get 'em cheap. A competitive local exchange carrier (CLEC) is offering a promotion where any new client can sign up, risk free, for inexpensive T-1s with a nine-month acceptance period (this is on top of free installation, T-1 card reimbursement, monthly recurring charges 25 percent less than the LEC and 8YY commissions). There are several vendors currently trying to sell products or services with deferred payments. You could reap the benefits of that new product or service now and not have to pay for it for six more months, or structure a deal based upon occupancy going back up.

Now is the time to buy. If you sit in your office trying to look busy with occupancies one-quarter of what they should be, hoping not to fall under the ax, you are doing it all wrong. Make a change, take a step forward, distance you and your hotel from your competition. Do it now while you can afford it. Do it now while your competition shakes in fear. Do it now and distance yourself from your competition to the point it may take them years to catch up.

The hotel industry is huge. There are many other industries that are dependent upon hospitality. If hotels are hurting, these other companies are hurting. They are going to do what it takes to stay alive. Deals are there for the making. If your hotel is going down the tubes, if you are sitting there doing the same thing everyday while your hotel slides down, nothing is going to improve. You need to change. Go out to your vendors, find out what is available and make a change.

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