

Kennedy Training Network

Text of Doug Kennedy's Remarks At The Opening of the HSMIAI Revenue Management Conference Minneapolis, MN June 19, 2006

Welcome to the third annual conference HSMIAI Revenue Management Strategy Conference. My name is Doug Kennedy and I'm pleased to announce that this year we have our biggest turnout ever. More than 180 of you have managed to carve-out time from your already over-stuffed schedules to join us here today, and I want to thank you.

I'm also pleased to announce that this year we've also had record support from our conference partners, with 13 companies represented in our partner showcase today, and I want to thank you.

Our board has a trio of accomplishments to announce today, and Barb Bowden our Chairperson will have more details for you shortly. But first, as the advisor for this group for the past three years, I have to tell you that I am not only proud but also a little amazed especially at this year's board in particular.

Last September, your advisory board was on a retreat in a meeting room at The Peabody in Orlando. I remember clearly that as each subcommittee chairperson rattled off their goals and target dates, I couldn't help but to glance over at Bob to check his reaction. He and I both know how easy it is for association boards to set lofty goals, but how challenging it is for people to follow through, especially volunteers who have other priorities to juggle.

Now I've known Bob for over 10 years As a chapter VP, as an instructor for HSMIAI U, as a marketing partner when I co-owned HSA training. When you know people you learn to read them.

So at the meeting when our Publications Chair Tim Wiersma presented a timeline that would result in a RM publication to be distributed at this conference, leaving us only 8 months and we'd not even done a call for authors, I looked for a hint of skepticism on Bob's face. But here was no sign of doubt. By the way, the books are in a box somewhere, hidden in this room to be handed out later today.

As we continued around the room and Courtney announced that our Education/Events group had two presentations ready, Bob's face remained unchanged; if he had any doubt we could find enough qualified, reliable, volunteer presenters you'd never have known it. By the way, we've since had more than 1,000 participants be exposed to these presentations which have happened in cities including San Diego, Miami, NYC, and Ottawa to name a few.

Finally, it was time for Elizabeth Cambra, Chair for our Certification sub-committee, to present her timeline for launching a revenue management certification in less than 12 months from start to finish, a goal even I thought was a little aggressive. This time I noticed that Bob did in fact grimace – but just a little – and I don't think anyone else in the room noticed but me because on the surface, Bob remained undauntedly supportive.

I guess the defining moment to show me just how committed Bob Gilbert was to the revenue management profession was when signed the deposit check to commission our so we could stay ahead of our production deadline before we'd even had a chance confirm our first sponsor. But thanks to visionary companies such as our SecureRes, Amadeus, and our hotel publishing partners represented here in the room today, this commitment has been fulfilled.

So Bob Gilbert, I want to thank you personally. I want to express that this profession owes you a great deal of gratitude. Now for those of you who know Bob, he's usually the one giving recognition to others, so I would now take just a moment to ask Bob Gilbert to stand and be recognized for taking a chance on this year on the profession of revenue management.

Most of all, I want to thank you the participants for turning out today. As I look in the audience I see many of you who have been with us all three years; it's just as exciting to see new faces and we hope to welcome you back annually.

Your HSMIAI Advisory Board has put countless hours into organizing and producing this conference. We hope to bring value to all stakeholders here today; that when we conclude the conference at 5:30pm today you will consider it an invaluable investment in your time.

Which brings me to introducing the theme of this year's conference – the Politics of Revenue Management before I turn it over to Barb.

The story goes that our group organized a conference planning sub-committee several months ago and its first task was to come up with a theme for the conference. We had all been racking our brains to come up with ideas. About that time I happened to get a call from a client friend of mine who is the COO of a major gaming company who had called to check a reference on a VP of Revenue he was thinking of hiring, who eventually got the job.

Anyways, during our chat this top-tier COO says... "You know Doug, we have already have the best systems in place; we've bought the best technology and we've got the best consultants helping with strategy. But what we still desperately need is someone who can manage the politics of it all and get our people all focused on the same revenue goals instead of turf-protecting."

So when the planning committee asked for suggestions for themes, I offered up The Politics of Revenue Management, thanks largely to my client friend Chuck who was just checking a reference. At the end of the day I hope you will agree it was a perfect theme to tie-in the programming our board has put together for you.

Now as many of you know, my day-job is being a hotel industry speaker and trainer across all brands, geographic locations, and market segments. In making the rounds these days it seems to me there's a huge discrepancy between the way revenue management is practiced from one company to the next.

On one side of the equation, you have hotels that have embraced revenue management as an integral part of their entire corporate culture; besides having a director of revenue, they also have a general manager, director of sales, a director of operations, and even owners and investors who understand the concept of profit optimization.

At the other extreme, you have hotels that still believe revenue management is nothing more the new

title of their old reservations manager, who is now in charge of electronic distribution channels since the reservations agent function was outsourced to cut down on transaction costs.

Why this discrepancy? How is it that some company cultures have evolved while others have been stuck in their past ways?

It's been said that revenue management is both an art and science, but perhaps we should say revenue management is mostly about political science. In today's industry environment, most financially successful hotels have the necessary technology; those that don't no longer have an excuse, as there is a wide variety of supplier/partners here today who are marketing systems for all individual needs and budgets.

No, it's not the systems that are holding so many hotels back from succeeding, but rather the people and the corporate politics. It's the director of sales who stands up at the end of the revenue management meeting and says, "Yeah, but I still think we should take them because it's a sure thing," after the transient displacement forecast and banquet-room demand forecast both indicate peak demand.

It's the general manager who sits atop an org-chart where the revenue management is at a supervisory level and sees nothing wrong with the concept.

It's the vice president of operations who still thinks that revenue management is a person rather than a core hotel management function crossing all disciplines within his or her company.

It's the owner/investor who doesn't see the need to pay for "extras" like the comp-set pricing and market penetration reports and says "Why can't they just check the Web and call around themselves?"

To remove these barriers, we first need capable revenue management professionals who possess the analytical skills necessary to collect and evaluate the multitude of reports and data resources and make sound decisions. But we also need revenue management professionals who can bring more than the numbers to the executive committee meeting

Today you will here some of the top minds in your profession address these and other issues.

Today you will have a chance to formulate new ideas; to migrate your strategies, to think about a new way of doing things back home.

Today you will be contributing to the advancement of the profession of revenue management which will ultimately benefit all stakeholders from the investor - to the general manager - to the frontline worker, and most of all, - to the revenue managers of tomorrow who are still in high school today.

Next I give you HSMAT's President Bob Gilbert.