

Promoting In-House Sales

OPENING DILEMMA

The food and beverage manager has spent several thousand dollars on a marketing study to determine the dining needs of in-house guests. The chef has rewritten each menu to reflect those needs. However, the bell staff and front desk clerks continue to recommend the MidTown Deli around the corner as “a nice place to get something good to eat anytime of the day.”

As the hospitality industry grows more sophisticated, with concern for delivering quality services, maximizing potential sales in all profit centers of the hotel is important. Additional sales to current guests—in the form of future reservations, in-house dining, room service, lounge and entertainment patronage, gift shop purchases, and the like—will assist in producing a favorable profit-and-loss statement. The front office plays a key role in promoting these sales, and the front office manager must develop and implement a plan to optimize the sales opportunities available to the front office staff. This plan includes focusing on areas for promotion, developing objectives and procedures, incentive programs, training programs for personnel, budgets, tracking systems for employee feedback, and profitability.

CHAPTER FOCUS POINTS

- Role of the front office in a hotel's marketing program
- Planning a point-of-sale front office

The Role of the Front Office in Marketing and Sales

The front office is often seen as an information source and a request center for guests and hotel employees. Front office staff may need to field questions such as: “Has the front



Figure 13-1. Displays such as this one alert guests to in-house entertainment. (Photo courtesy of Lincoln Plaza Hotel & Conference Center, Reading, Pennsylvania.)

office manager produced the room sales forecast yet?"; "Is there a block of rooms available for June 3–7?"; "To which rooms is this seminar group assigned?"; "Is there someone on duty who can greet and provide information for the tourist group that is arriving this afternoon?"; "Has the daily event board been set up in the lobby?"; or "Has the daily message been set on the great sign?" These are typical questions asked of the front office by other departments in the hotel. These tasks are a necessary part of any hotel's operations. However, today more than ever, hotel management demands more of the front office.

In an article published in *Canadian Hotel and Restaurant*, Avinash Narula reports:

As market conditions have changed, the nature and importance of the functions performed by the front office have also changed from being an order-taking department to an order-generating or sales department. If one looks at the balance sheet of any hotel, it will become obvious that the major portion of the profits, on average 60 percent, come from room sales.¹

This change in the nature of the front office's role, from a passive order taker to an active order generator, challenges the front office manager to review the front office staff's established routine. The front office manager needs to figure out the best way to direct the energies of the staff to support the efforts of the marketing and sales department.

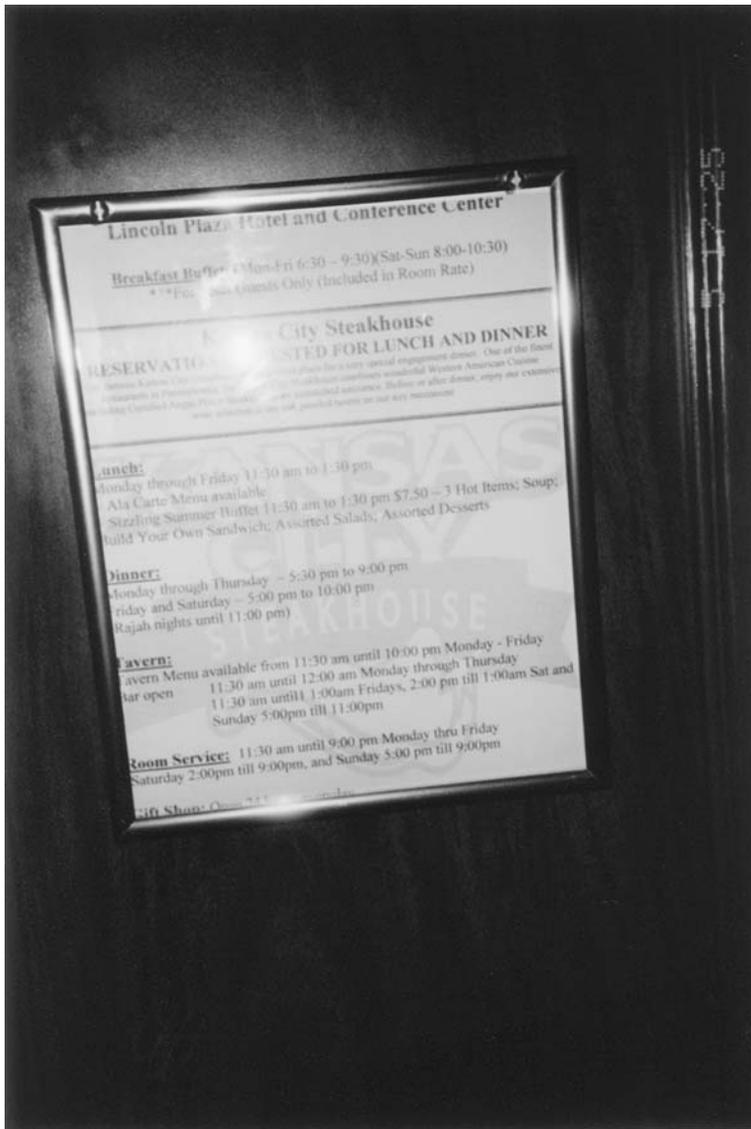


Figure 13-2. Advertising other areas of the hotel at the front desk is an opportunity for marketing and sales to encourage profitability. (Photo courtesy of Lincoln Plaza Hotel & Conference Center, Reading, Pennsylvania.)

The front office manager must first consider the attitudes of the front office staff. These employees have been trained and rewarded for accurate performance of clerical tasks, playing a passive role in the sales of services. How easy will it be to transform them into active salespeople, persuading guests to purchase additional reservations, services in the dining room and lounge, or products in the gift shop? At the outset, most front office managers would say this is a tall order. Established, routine habits are comfortable and

HOSPITALITY PROFILE



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Mr. Johnson relates the two primary ways in which he relies on the front office to do his job—communicating the needs of a group and operational issues. First, his office prepares a group résumé of an incoming group that outlines the details of paying the bill, approvals of persons allowed to bill to master accounts, and descriptions of concierge service for the front office staff as well as other details of the nature and needs of the group. His department also prepares a banquet event order that sum-

marizes the details of a banquet, such as location, time, and menu. Second, there is a daily “coaches meeting” held early in the day with various department heads to discuss check-in and checkout patterns, storage requirements, and comment-card review.

His department also relies on the front desk staff to screen phone calls and channel them to the right person. This saves valuable time for the sales staff so they can spend their time “selling” instead of “screening.” Because the front desk is on the front-line of hospitality, Mr. Johnson relies on the front desk to deliver on promises that were made in sales negotiations. He also depends on the front desk staff to load accurate details of a group registration into the computer.

Mr. Johnson encourages students of hospitality management to keep their career options open and to investigate the many opportunities both in the front and the back of the house.

less stressful. However, the front office manager is a member of the management team and will need to interact with members of the team as well as the employees as a plan is developed.

Planning a Point-of-Sale Front Office

To plan for a **point-of-sale front office**, a front office staff must promote other profit centers of the hotel. This planning includes setting objectives, brainstorming areas for promotion, evaluating alternatives, drawing up budgets, and developing an evaluation tool for feedback. Without a plan, a point-of-sale front office will have little chance of being successful. This plan should be developed in consultation with hotel management, department managers, and frontline employees from various departments. Team members are selected to assist in ensuring that a workable, profitable plan is developed.

Some of the goals Narula provides for the front office as it adopts a sales department attitude include the following:

- Sell rooms to guests who have not made prior reservations.
- **Upsell** [encourage a customer to consider buying a higher-priced product or

service than originally anticipated] to guests who have made prior reservations.

- Maintain the inventory of the product, i.e., the rooms.
- Convey information to guests about other products available for sale at the property, for example, food and beverages. The objective of the front office is to sell all available facilities at the hotel to the guests. Front office staff is probably the most important means of letting the guest know what services are available.
- Ensure that maximum revenue is generated from the sale of rooms by striking a balance between overbooking and a full house.
- Obtain guest feedback.²

If we take these goals as well as Narula's other goal of increasing communication between the front office and marketing and sales, then the planning can begin. Valuable information about the guest, essential for formulating an effective marketing strategy, can be conveyed by the front office staff. Changing market conditions require that such information be used by the marketing and sales division.³ Based on this suggestion, we can infer that the marketing and sales department needs the vital feedback regarding customer satisfaction with the availability of hotel products and services.

Set Objectives

The ultimate goal of a sales-oriented front office is an increase in revenue from room sales, food and beverage sales, and sales in other hotel departments. A front office manager who wants to develop a plan for a point-of-sale front office must set realistic objectives. What is it that he or she wants to accomplish? Should restaurant sales be increased by 10 percent, lounge sales be increased by 15 percent, gift shop sales be increased by 20 percent, or business center sales be increased by 25 percent? Developing these objectives is carried out in consultation with the general manager and other department managers. The end result of these consultations may be one realistic objective that states: "Increase business center sales by 15 percent." This may be the objective for the next several months. A new objective would then be planned for future months.

Brainstorm Areas for Promotion

When developing a program to increase front office sales activity, the front office manager, in conjunction with other department directors and employees, should identify as specifically as possible the hotel products and services to be promoted. A typical outline of promotional areas would be as follows:

- I. Front office
 - A. Reservations
 1. Upselling when reservation is placed
 2. Additional reservations during registration and checkout

- B. Rooms
 - 1. Upgrading of reservation during registration
 - 2. Promotional packages
 - 3. Office rentals
 - 4. Movie library rental
 - 5. Computer games for children
 - C. Secretarial services
 - 1. Photocopies
 - 2. Dictation
 - 3. Typing
 - 4. Fax transmission
 - 5. Laptop computer rental
 - 6. In-room videocassette recorder rental
 - D. Personal services
 - 1. Baby-sitting
 - 2. Shopping
 - 3. Bell staff assistance with luggage and equipment
 - 4. Concierge
 - a. Theater/music/art tickets
 - b. General tourist information
 - c. Tours of the area
 - d. Airline reservations
 - e. Emergency services
 - f. Information on local transportation
- II. Food and beverage department
- A. Restaurants
 - 1. Special menu items of the day
 - 2. Signature menu items
 - 3. Special pricing combinations for diners
 - 4. Reservations
 - 5. Gift certificates
 - B. Room service
 - 1. Meals
 - 2. Early-bird breakfast service
 - 3. Party-service
 - 4. Snacks
 - 5. Beverages/alcohol
 - C. Banquet service
 - D. Lounge
 - 1. Specials of the day
 - 2. Special theme of the day
 - 3. Featured entertainer
 - 4. Promotional package

III. Gift shop

- A. Emergency items
 - 1. Clothing
 - 2. Toiletries
- B. Souvenirs
- C. Promotional sales in progress

IV. Health facilities

- A. Swimming pool
 - 1. Availability to guests
 - 2. Memberships/gift certificates
- B. Jogging paths and times of organized daily group runs
- C. Health club
 - 1. Availability to guests
 - 2. Memberships/gift certificates

Evaluate Alternatives

Planning teams have to determine which concepts produced in a brainstorming session warrant further consideration. This task is not always easy, but if the team refers to stated goals and objectives, then the job is much simpler. In this case, the overall purpose of the program would be to maximize sales by the front office staff of front office, food and beverage department, gift shop, and health facilities products and services. The team must decide which area or areas would be most profitable.

Devise Incentive Programs

During the brainstorming part of planning for a point-of-sale front office, the team should also consider supporting concepts that will play an important part in the success of a sales program—incentives. The point-of-sale plan should include an **incentive program**, which entails understanding employees' motivational concerns and developing opportunities for employees to achieve their goals. This will encourage cooperation among the frontline employees who will implement the point-of-sale plan.

The front office manager is responsible for determining how each employee is motivated. Many motivational strategies require a financial commitment by management. These costs must be included as a budget line item. When the owner can see additional sales being created as a result of these programs, the idea of sharing some of the profit is more acceptable.

Motivation, understanding employee needs and desires and developing a framework for meeting them, is an essential part of developing a point-of-sale front office. The question becomes, How does a front office manager discover what employees want? A number of theorists have explored this area; the theories of Douglas McGregor, Abraham Maslow, Elton Mayo, and Frederick Herzberg provide insight into what motivates employees to behave in desired ways (see Table 13-1). Once a front office manager knows what em-

Table 13-1. *Theories of Motivation*

McGregor	Theory X Theory Y	Human beings have an inherent dislike of work. Work is as natural as play or rest.
Maslow	Satisfying individual needs	Used a triangle to indicate various levels of human needs; the most basic needs of food, clothing, and shelter must be met before higher-level needs such as self-actualization.
Mayo	Recognition of individuality in employees	Supervisors who recognize each employee as being special will achieve greater results than supervisors who treat employees as a group.
Herzberg	Hygiene factors	The only factors that lead to positive job attitudes are achievement, recognition for achievement, responsibility, interesting work, personal growth, and advancement.

employees want, he or she must develop a means of meeting these needs in return for the desired behavior. The front office manager must work with the general manager and human resources department to develop effective programs that meet the employees' needs. In this process, effective programs are defined by the employee.

The objective of the sales incentive program for front office employees is to encourage the front office to promote products and services in various areas of the hotel, including the front office, the food and beverage department, the gift shop, and the health facilities. Each promotional area may be considered, or the front office manager might choose only a few areas, perhaps those that generate the most revenue, as incentive targets. A few examples follow:

1. *Upgrading a reservation during registration:* If a desk clerk can sell a room package costing \$95 to a guest who has a reservation for a \$75 room, a percentage of that \$20 increase in sales will be awarded to the desk clerk.
2. *Selling a meal in the hotel's restaurant:* If a desk clerk successfully encourages a guest to patronize the hotel's restaurant, a percentage of the guest's check will be rebated to the desk clerk. At the restaurant, when the guest presents the VIP Guest Card signed by the desk clerk to the waiter or waitress and receives VIP service, the desk clerk receives the rebate.
3. *Selling room service:* If a desk clerk succeeds in convincing a guest to use room service, a percentage of the guest check is rebated to the clerk. The guest presents a VIP Guest Card signed by the desk clerk to the room service person, which proves that the sale was the result of that clerk's efforts.

Theories of Motivation

Douglas McGregor

Douglas McGregor theorized that management views employees in one of two ways. These theories are referred to as Theory X and Theory Y. Theory X states that the average human being has an inherent dislike of work and will avoid it if he or she can.⁴ Theory Y states that the expenditure of physical and mental effort in work is as natural as play or rest.⁵

These two views of how human beings approach their jobs are vastly different. Theory X states that the supervisor must constantly expend direct effort to force the employee to do the job. Theory Y states that the employee brings to the job innate skills and talents that the supervisor can develop through an effective administrative and communication network. Supervisors who give serious thought to these two views will discover that sometimes they feel that one employee works best under Theory X, another employee works best under Theory Y, and yet another will require a combination of Theory X and Theory Y. This is exactly the intent of McGregor's efforts. He wants the supervisor to look at each employee as an individual who responds to a particular type of supervision.

Abraham Maslow

Abraham Maslow theorized that an individual's needs can be categorized by levels of importance, with the most basic need being the most important. The hierarchy of needs he identified was:

- Fifth level:* self-actualization, self-realization, and self-accomplishment
- Fourth level:* self-esteem and the esteem of others
- Third level:* love, affection, and belonging
- Second level:* safety (security and freedom from fear, anxiety, and chaos)
- First level:* physiological (food, clothing, and shelter)⁶

Maslow further theorized that individuals will strive to meet the first level of needs before even considering the second, and so on up the ladder. The physiological needs of food, clothing, and shelter must be provided for (by the paycheck) before the employee can be concerned with safety, stability, and security. The need for love cannot be a concern until the individual has satisfied his or her physiological and safety needs.

The front office manager can use Maslow's theories to identify the needs of individual employees and design programs that are appropriate. If an employee's wages do not cover his rent, he will want this physiological need for shelter met and will find a tuition-assistance program meaningless.

Through formal and informal communications, the employer should learn which needs are of utmost importance to each employee. Every employee has reached a different level in the hierarchy of needs, and it is important that supervisors recognize this. The front

office manager should consider what levels of need each employee has met before attempting to provide for the next level of needs.

Elton Mayo

Experiments conducted at the Hawthorne plant of the Western Electric Company in Chicago, Illinois, from 1927 to 1932 led Elton Mayo to conclude that supervisors who recognize each employee as being special will achieve greater results than supervisors who treat employees as a group.⁷ The employee who is recognized for special talents and skills will find this recognition an incentive to continue to do a good job. The front desk clerk who is recognized for being able to sell additional services in the hotel may find this rewarding; it may fit into her career progression plan. This recognition may motivate the employee to duplicate the task in other areas and at other times.

Frederick Herzberg

Frederick Herzberg contends that factors such as “supervision, interpersonal relations, physical working conditions, salary, company policies and administrative practices, benefits, and job security are actually dissatisfiers or hygiene factors. When these factors deteriorate to a level below that which the employee considers acceptable, then job dissatisfaction ensues. The factors that lead to positive job attitudes do so because they satisfy the individual’s need for self-actualization in his work.”⁸

According to Herzberg, minimum hygiene factors must be set to prevent a nonproductive environment. He believes that organizations that provide less than these are creating an atmosphere for dissatisfied employees. However, a truly productive organization requires improvement in the motivation factors: achievement, recognition for achievement, responsibility, interesting work, personal growth, and advancement. Herzberg questions whether, if a hotel provides five vacation days a year, that will be a motivational factor for a front desk clerk, if all other hotels in the area also offer five vacation days to their front desk clerks.⁹

Applying Motivation Theories

Applying these motivation theories is a managerial challenge for the front office manager. It offers the opportunity to review the needs of the employees to establish some framework for day-to-day contact and incentive programs.

The front office manager who reviews these motivational principles will learn that each member of his or her staff requires a different style of motivation. For example, Maslow’s hierarchy of needs provides a way to determine motivational techniques based on level of need. The employee who works to be with people, the employee who is moonlighting to earn additional income for a family, and the employee who is working

toward becoming a supervisor of the department will each require different motivational strategies. Someone who works to maintain social relationships is not concerned with an additional 50 cents per hour. This person might be more motivated by knowing that he or she can work the holiday shift. The person who is moonlighting would not be motivated by health insurance benefits if his or her primary job provides that benefit. An additional 50 cents per hour will motivate this person, as will the assurance of a specified number of scheduled work hours. The person working toward a supervisory position is not motivated by a better work schedule; it is the chance to be trained in all the various jobs in the front office or the opportunity to sit in on a general staff meeting that will motivate this employee.

Mayo's work on recognizing the efforts of the individual gives the front office manager the opportunity to explore the connections among communication, satisfaction, and cost savings. A few words of encouragement about continuing to do a good job, an expression of personal concern about the employee's family or close friends, or recognition of an outstanding performance will make the employee feel special, even in a large hotel.

Herzberg offers the supervisor a different approach to motivation. He claims that the chance for self-actualization—personal growth and fulfillment—improves performance. While the employee needs an adequate salary, job security, benefits, and the like, these are expected to be present in the job. Anything less than what is expected will cause dissatisfaction. Applying this theory requires the supervisor to analyze both the “hygiene factors” of a job and the opportunities for self-actualization. What is the hotel providing that should be appreciated but is not? Why doesn't the company picnic or holiday party get the group together? The answers to these questions are at the crux of employee motivation.

Training Programs for a Point-of-Sale Front Office

Another supportive concept to consider during the brainstorming part of planning is the training required to allow the successful delivery of sales techniques. It is not safe to assume that all front office personnel are born salespeople; indeed, it is probably safer to assume that no one is a born salesperson. The fear of rejection or of intruding on others when pitching a sale is far too real for many people. The front office manager must reduce the negative perception about sales by training and encouraging the staff. Otherwise, the program is doomed to failure. The objective of training is to develop and teach employees methods to use to promote various profit centers of the hotel.

The job of selling is more attractive if employees believe they are presenting opportunities to the guest. Front desk personnel who believe their suggestions are intended primarily to improve the guest's visit will feel more comfortable with the idea of selling. Confidence in selling will develop if the point-of-sale program is introduced gradually, promotion by promotion, giving employees a chance to try out various techniques. Incentive programs will strengthen employees' commitment.



Figure 13-3. *Planning the videotaping of a training session will assist in developing a unique aid. (Photo courtesy of Radisson Hotels.)*

An often overlooked but very effective practice is to allow front office employees to experience the services and products they sell. Familiarity with and appreciation for the chef's specials, the luxury of an upgraded room, the equipment in the health club, the new merchandise in the gift shop, and the personal assistance provided by the concierge enable the employee to promote these areas knowledgeably and enthusiastically.

Training concepts for each of the areas listed in the promotion target outline must be detailed. It is not sufficient simply to tell a front desk clerk to sell a higher-priced room to a guest with a reservation during registration. Employees should receive suggestions on what to say and when to say it: timing is an important part of the sales opportunity.

Using the video techniques discussed in Chapter 12, such as videotaping role-playing episodes of the desk clerks promoting hotel products and services within the hotel to the guest, is an extremely effective training procedure. These episodes do not have to be elaborate. They only need to highlight simple approaches to presenting opportunities that enhance the guest experience.

The front office manager who wants to use video as a training option needs to do a little homework first. Preparation for video training requires some thought as to just which skills and behaviors need teaching or reinforcement. Discussions with the directors of other hotel departments (marketing and sales, food and beverage) will provide a basis for promotional concepts. The front office manager will want to take an objective look

FRONTLINE REALITIES



A few of the senior desk clerks have expressed distaste for having to promote future reservations at checkout. What do you think is the basis for their view? How would you handle the situation?

at the salesmanship skills of the front office staff. How outgoing are they? How adept are they at recognizing the needs and wants of the guests?

The front office manager must then decide which specific promotional areas will be highlighted in the video. At the outset, the front office manager may want to choose only one or two areas. With these promotional areas in mind, the front office manager should write a script for the role-playing episode. It should include the specific behaviors or skills that the employee is expected to master.

Producing the video will involve scheduling a time that is conducive to shooting a video. Employee work shifts will have to be adjusted accordingly. Time for rehearsal will also have to be planned. The planning will also need to take into consideration budgetary issues regarding the rental or purchase of a video camera and related equipment.

Budgeting for a Point-of-Sale Front Office

The front office manager will incur costs in operating a point-of-sale front office, including expenses involved in implementing incentive programs, producing training materials, and spending time to plan. These costs, while not meant to be overwhelming, should be anticipated. If all appropriate steps are taken, the income from increased sales should far outweigh the additional costs. This projection of sales and related expenses is very useful when deciding which marketing ideas to explore.

Feedback

Feedback on the evaluation of the success of the front office staff in promoting other areas of the hotel is an important consideration in preparing a point-of-sale front office program. How will the front office manager know if the staff is using the sales techniques in which they were trained? How does the front office manager determine how the staff feels about this program after the novelty wears off? How does the guest feel about being presented with all these alternatives? How financially successful is the program? Front office managers will not be able to tell exactly how effective this promotional strategy is, but they must make an effort to obtain as much feedback from staff and guests as possible.

This information will be very valuable in planning future promotional ideas, incentive programs, and training programs. The objective for this part of the plan could be stated as “to develop feedback systems concerning employee performance, employee attitude, guest perception, and profitability.”

Guest Test

The standard **guest test** is one in which an outside person (known as the **plant**) is hired by the hotel to experience hotel services and report the findings to management. This test will enable the front office manager to evaluate the sales performance of the front desk clerk. If an unknown plant presents herself with a reservation and is greeted with “Yes, we have a reservation; please sign in,” the front office manager knows that the front desk clerk is disregarding the sales procedure. The front office manager should discuss with the employee why the procedure was not followed. Perhaps the goals of the employee have shifted from a larger paycheck to a more reasonable work schedule. Or maybe he or she forgot there was a choice of incentives for the job. Perhaps too many guests were responding negatively to the promotion, and the clerk gave up trying. This information may indicate that unwanted goods or services are being targeted for promotion.

When the management of the hotel prepares the written information on the guest comment cards, questions concerning alternative promotion targets should be listed. Choices offered by hotel staff, such as upgrading reservations or information received about restaurants, gift shops, additional reservations, or other areas of the hotel, may be included. This information provides feedback as to whether the suggestions were made and how they were received. There is always the chance that guests may perceive an offer as pushy.

Financial Results

Another method for evaluating the program is reckoning the actual financial results. Were the anticipated profits outlined in the budget achieved? Use of a VIP Guest Card indicates to the restaurant manager that the guest was referred by the front desk clerk. Similar types of controls will enable management to pinpoint the origins of room reservations, gift shop purchases, and other sales. A recordkeeping system must be established to reflect the amount of money awarded to front office employees as incentives to increase sales in targeted areas. The details of this recordkeeping system must be worked out with the various department directors and the controller.

Planning a Point-of-Sale Front Office—An Example

A typical planning session for preparing a point-of-sale plan might be as follows: The front office manager has scheduled an informal meeting with the director of marketing

and sales, the director of food and beverage, and a few frontline employees from each of the respective areas. Prior to the meeting, she has asked each of these members of the planning team to think of a few promotions they would like to stress in the next quarter. The food and beverage director begins the discussion by mentioning the following promotions that will run in the dining room:

1. Eat Wisely in January: Choice of entrée from the Eat Wisely lunch or dinner menu includes a free pass to the hotel health club.
2. Valentine Special in February: Dinner for two with choice of appetizer, dessert, or house wine at no charge.
3. Luncheon Special in March: Soup and salad bar free with entrée.

The director of marketing and sales wants to increase room sales during this quarter and suggests the following:

1. Increase convention bookings with I've Been There referrals.
2. Develop Weekend in the City packages.

After discussing the various promotions, all team members agree that the Eat Wisely menu and the I've Been There promotions should be the targets of front desk sales efforts. Incentives such as cash awards to front office employees for participation in Eat Wisely and I've Been There will be used. The team agrees that an in-house video should be developed to assist in training employees.

The front office manager has scheduled a time to shoot the training video, selected and scheduled a few senior employees to be the actors, arranged for rental of a video camera and related equipment, and received approval for the projected costs. After several days of writing and editing, the following script is ready:

Desk clerk: Good morning! Welcome to The Times Hotel. Did you have a pleasant trip to our city?

Guest: The airport was pretty busy, and getting a cab was unreal. Is it always this busy out here?

Desk clerk: At this time of year, there are usually several conventions in town. The city schedules extra public transportation, but sometimes delegates who arrive early get caught in the crunch. Do you have a reservation?

Guest: Yes, I'm Thomas Renton, with the Investment Group Conference. My reservation is for a room to be shared with Michael Dodson.

Desk clerk: Yes, Mr. Renton, I have a reservation for you, with departure scheduled for Friday, January 28. Mr. Dodson will be joining you tomorrow. All charges will be

billed to Lawson Brothers Investment Firm. I have your room ready for you. Please sign the registration card.

Guest: Thank you. That certainly didn't take long. After that wait for a cab at the airport, I do appreciate this service.

Desk clerk: We appreciate your deciding to stay at The Times Hotel. Sir, I see from your reservation that you are on the board of directors of the Investment Group Conference. Our marketing and sales department is pleased to provide you with this special weekend pass, good for room and meals on another weekend. Perhaps you will be able to return to see how our new convention hall is progressing. It's scheduled to open this summer. The general manager told us that it will hold up to 10,000 delegates.

Guest: That sounds great. I'll have some free time later this month to use that weekend pass.

A budget for this plan will include the following revenue and expense categories. When the hard facts of projected revenues and related expenses are visualized, planning takes on a realistic dimension. Projected budgets that show how a small cash outlay can produce significant revenue are effective in convincing owners and senior management that a point-of-sale front office program is a realistic and potentially profitable concept.

TIMES HOTEL
Sales Budget—Front Office

Anticipated Increase in Sales

10 lunches @ \$8 = \$80/day × 365	\$ 29,200
15 dinners @ \$25 = \$375/day × 365	136,875
5 room service @ \$20 = \$100/day × 365	36,500
5 room reservations @ \$90 = \$450/day × 365	164,250
5 gift shop referrals @ \$20 = \$100/day × 365	<u>36,500</u>
TOTAL	\$403,325

Anticipated Increase in Costs

Incentives (cash awards for lunches, dinners, room service, room reservations, gift shop referrals)	\$ 15,000
Management planning time	2,000
Employee overtime for producing three videos	3,000
Photocopies	300
Rental of video equipment	500
Hardware accessories	50
Purchase of VCR and monitor	500
Miscellaneous	<u>500</u>
Subtotal	\$ 21,850

Related cost of goods sold:

Food	Lunches	$29,200 \times .35 = \$10,220$	\$ 70,901
	Dinners	$136,875 \times .35 = 47,906$	
	Room service	$36,500 \times .35 = 12,775$	
		<u>\$70,901</u>	
	Room prep [$5 \times 365 = 1,825 \times \$15 = \$27,375$]	\$ 27,375	
	Merchandise	<u>10,950</u>	
		\$109,226	
	TOTAL [$\$21,850 + \$109,226 = \$131,076$]	\$131,076	
	ANTICIPATED PROFIT [$\$403,325 - \$131,076 = \$272,249$]	\$272,249	

The data that the team has gathered in deciding to use the two promotional concepts are useful in deciding whether these ideas will produce a profit for the efforts involved. The incentives, training, and budgets developed will support the operational efforts of the plan. Feedback mechanisms will include the standard guest test, comment cards, and monitoring of the source of sales for both promotions.

Solution to Opening Dilemma

Recommending restaurants outside of the hotel is a common occurrence in many hotels. The reason for this is that front office employees have not “bought in” to the hotel’s profitability goal. It is management’s responsibility to include frontline employees in developing a point-of-sale front office. In this situation, promoting the hotel’s restaurant facility would become the focus of the point-of-sale. Frontline employees also should have the opportunity to decide which promotional programs will be most beneficial to the hotel and to each employee.

Chapter Recap

Front office management includes helping to promote the overall profitability of a hotel. Developing a point-of-sale front office involves developing a plan of action, which includes setting goals and objectives, brainstorming areas for promotion, evaluating alternatives, discussing supportive areas for consideration such as incentive programs and training programs, projecting anticipated revenues and related expenses in a budget, and preparing feedback mechanisms. This simple framework for planning will allow front office managers the opportunity to gain a larger perspective on the issue rather than pushing forward with desperate efforts to produce sales.

A team of managers from various departments who select a few promotional strategies and explain them to the front office staff will generate additional income. The front office manager is responsible for developing a plan for a point-of-sale front office that will provide the basis for a successful and continuous program. This plan must include goods and services to be promoted, objectives and procedures, incentive programs, training programs, budgets, and tracking systems for employee performance, guest response, and profitability. Students beginning a career in the hotel industry will find that promoting in-house sales is high on the front office manager's agenda for success.

End of Chapter Questions

1. Why is the front office often considered an extension of the marketing and sales department?
2. Is it possible to direct the energies of the front office staff to support the efforts of the marketing and sales department? Explain.
3. If you are employed at the front desk of a hotel, do you feel you are an extension of the marketing and sales department? Explain.
4. What is a point-of-sale front office?
5. How would you begin to develop a point-of-sale front office?
6. What are the major goals and objectives of a point-of-sale front office program?
7. Discuss the areas for maximizing sales opportunities outlined in the text.
8. How important are incentive programs to the operation of a point-of-sale front office? Give examples.
9. How would you go about developing a video program for training front office employees in sales techniques?
10. With a classmate, do a mock training session, using the video script in the text. Several students should observe your performance. Ask them to react to what they learned. Do you feel this is what you wanted to convey to train an employee in a point-of-sale front office? Explain your answer.
11. Why is budgeting so important to the success of this program?
12. How do well-constructed feedback systems help the point-of-sale front office program? What should they cover? What do they tell management?
13. If you are employed at a hotel front office and the hotel has a Web site, discuss feedback options on the Web site.

CASE STUDY 1301

The message at the staff meeting of The Times Hotel was loud and clear: increase sales! Ana Chavarria, front office manager, and other members of the management staff meet informally late that evening to brainstorm ideas for increasing sales for the hotel. Eric Jones, food and beverage manager, has brought along a copy of a recent hospitality publication that includes an article on increasing promotional efforts within the hotel as well as increasing marketing efforts outside the hotel. This concept gives Ana an idea: maybe the front office employees, as well as other employees in the hotel, have some ideas about

promoting sales. Eric dismisses that thought, stating that management is the only group paid or trained to think. Frank Goss, director of marketing and sales, wants Ana to explain her idea further.

She feels the front office is a focal point for information for all guests. Maybe having her employees act as “internal sales agents” can increase sales in the hotel. She has a good rapport with her employees and feels they will give it a try. She is willing to put in the effort required to develop a plan.

How should Ana Chavarria proceed to develop an “internal sales agents” plan?

CASE STUDY 1302

Cynthia Restin, night auditor at The Times Hotel, has been discussing the decreased sales in the restaurant with Lorraine DeSantes, director of marketing and sales. Ms. DeSantes recently developed a plan whereby the front office staff would start promoting restaurant sales. This plan was well thought out and even included an incentive plan in which all front desk clerks (several of whom are college students) would receive dental care.

Lorraine approaches Ana Chavarria, front office manager, and asks her, “What’s the problem with

your staff? Why aren’t they pushing restaurant sales like we planned?” Ana asks Lorraine what plan she is referring to. Lorraine reminds her of the plan to increase sales in the restaurant with the assistance of her front desk clerks. Ana says she vaguely remembers her talking about this at a staff meeting, but there wasn’t any follow-up.

What parts of Lorraine DeSantes’s plan were missing? How would you revise her plan for reimplementation?

Notes

1. Avinash Narula, “Boosting Sales through the Front Office,” *Canadian Hotel and Restaurant* (February 1987): 37.
2. *Ibid.*, 38.
3. *Ibid.*
4. Douglas McGregor, *The Human Side of Enterprise* (New York: McGraw-Hill, 1960), 33–34.
5. *Ibid.*, 47–48.
6. Abraham H. Maslow, *Motivation and Personality*, 3d ed. (New York: Harper & Row, 1987), 15–22.

7. Elton Mayo, *The Human Problems of an Industrial Civilization* (New York: Viking, 1960).
8. Frederick Herzberg, B. Mausner, and B. B. Snyderman, *The Motivation to Work*, 2d ed. (New York: Wiley, 1967), 113–114.
9. Frederick Herzberg, personal communication with the author.

Key Words

guest test
incentive program
motivation

plant
point-of-sale front office
upsell