
A Very Good Time For That Sales Audit

By David M. Brudney, ISHC, September 2001

When is the best time for hotel owners, operators and lenders to contract for an independent, comprehensive sales and marketing audit? The answer? Anytime is the time. A good sales audit is appropriate especially when hotels and resorts everywhere begin to experience the full impact of a soft economy - - a sharp decline in business travel, a reduction in attendance, rescheduling or cancellation of corporate meetings. Along with the traditional “belt tightening,” operators need to make certain nothing is being overlooked in sales and marketing.

Isn't it the operator and/or management company's responsibility to audit sales and marketing and why does sales require an audit separate from operations? Stakes are too high today and hospitality sales and marketing has become much more sophisticated. Sales and marketing expenditures average between 5 and 7 percent of total revenues with many operators demanding a 20-to-1 ratio, revenues v. expenses. Operators, by nature, tend to become too enamored with their press clippings and over time can develop an unhealthy “know everything” attitude. Given today's competitive climate, vigilante consumerism, Internet shopping, the cost of sales and the staff turnover factor, owners and operators are served best by bringing in a professional consultant with a “fresh set of eyes” to conduct a truly independent audit. This is not a job for accountants and out of work general managers. Only hotel marketing consulting specialists who've earned their stripes should be conducting sales audits.

Owner concerns, questions driving need for audit. Here are some examples of reasons why owners and operators have agreed to comprehensive sales audits:

- Owner and operator not in agreement over property's positioning
- Chain's sales and marketing support programs and services fully optimized?
- Yielding and revenue management systems in place and effective?
- Data base management and mining resources in place and effective?
- CRO and aligned GDS exceeding expectations in the delivery of room nights and revenues?
- Sales department deployed, equipped, funded, directed, productive and monitored correctly?
- Thousands of future definite and tentative group room nights on the books, verifiable and authentic?
- Sales, catering, convention services and reservations departments meeting all industry standards?
- Would another brand help deliver new and better business, greater occupancy and drive rates?

What can the consultant “uncover” from conducting the audit?

- Sales staff too engaged in reactive selling.
- Sales files marked “dead,” failure to follow up on general inquiries, lost business, former hot prospects, turned over to new, dynamic outsourcing firms to convert into fresh leads and actual definite business.
- Sales staff improperly deployed.
- Missed opportunities for cross-selling, rebooking and potential referrals.
- Absence of a strong, effective public relations program.
- Critical markets underdeveloped, e.g., SMERF (social, military, education, religious, fraternal), leisure.

Audit Benefits. Perhaps the greatest benefit of all following a comprehensive audit is the peace of mind owner and operator receive from the consultant's final report card and the attestation that the sales and marketing operation is in good shape, in good hands and performing at a very high level. Recommendations are made and many times the consultant is engaged to facilitate specific implementation and monitoring. Here are some further examples of how clients have benefited from sales audits:

- Lender for multi-million dollar application on a luxury mega-resort delayed in opening, required independent attestation as to the veracity of half-a-million future group room nights. Hotel passed with flying colors.
- In consideration of a multi-million dollar refinancing loan on a mega-hotel, lender required an independent evaluation of the hotel's sales and marketing operation. Hotel received outstanding rating.
- Owner/operator of a large, chain-affiliated airport hotel used an independent sales audit to trigger a major redeployment of the sales team and a new commitment to group room nights growth. The hotel is experiencing its third consecutive year of significant improvement in both rate and occupancy.
- Owner of a full-service, flagged, upscale hotel in a secondary market had serious concerns about the brand's ability to deliver higher-end business and leisure guests and contracted for a full sales and marketing audit. Sales staff received high marks, general manager was reassigned and a change in flags is pending. In addition, the owner uses a brand new checklist whenever visiting and reviewing the property.

Who pays for these audits? Typically, it's the owner. I believe the operator should pay for the audit because it is in the operator's best interests to have periodic independent sales and marketing reviews. Any good operator should welcome such an audit and adopt any and all specific improvement recommendations that may be justified.

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