



# The Sales and Marketing AUDIT:

## A Proven Way to Build Business

Invite an expert outsider to take a fresh look at what you're doing to maximize sales and you may be surprised at the many new opportunities that lie before you that you have been too close to see.

**BY HARVEY CHIPKIN**

**A**n old Saturday Night Live skit featured a sendup of self-help talk shows with two actresses soliciting pleas for help from audience members. No matter what the problem — be it emotional, psychological or spiritual — the advice was the same: “Have you looked at yourself; have you really looked at yourself?”

At a time that may be unlike any other in the history of the hospitality industry, it is a good idea to take that tongue-in-cheek advice seriously. Not only should salespeople and marketers look at themselves as they never have before, it is also wise to bring in an outside consultant to conduct a “sales and marketing audit.”

That means a thorough review of everything your business does as far as sales and marketing — holding nothing sacred and everything open to tinkering or major overhaul.

Take Vijay Dandapani, a successful operator of hotels, whose Apple Core group owns several economy properties in the New York area. Dandapani is a veteran, savvy operator, but when he wanted to reposition a property in Hempstead, Long Island, he called in Leora Halpern Lanz, who runs HVS Marketing Communications, because he believes “there’s nothing like a pair of fresh eyes” to look at your property.

“It behooves any hotel or company,” continues Dandapani, “to bring in someone to audit a project.”

Similarly, the Best Western in Cambridge, Massachusetts is now in its third generation of ownership by the Lingos family. Despite that history, the three sisters who now operate the property also called in Lanz, says Nicole Lingos, one of the sisters, “to make sure we are maximizing sales. Sometimes you have to ask someone from the outside to come in and help you see where you’re going.”

Even the most luxurious product might need outside scrutiny. According to Chad Crandell, president of Capital Hotel Management, which owns the Ritz-Carlton Kapalua on Maui, “We wanted to validate a strategy that was in place and so we brought in a consultant, David Brudney.”

Hotels are not the only travel segments seeking an outside look. Recently, Tourism Vancouver called on Frontline, a consul-

tancy run by Brudney and another veteran hotelier, to take an in-depth look at its operations to help decide, according to Paul Vallee, executive vice president, “if we were doing everything we could.”

“It’s useful,” says Vallee, “to have people experienced in the industry do an external review.”

Neil Salerno, another industry veteran who conducts audits, says, “fresh eyes” can “sometimes find opportunities you stopped seeing months or years ago. An outsider might see things instantly that insiders have been missing because they’re thinking tactics rather than strategy.”

As an example, Salerno points to one client – an Orlando hotel, very close to a regional airport that handles many charter flights from Europe.

He asked how much business the hotel got from that airport and was told that no salesperson from the hotel had ever been there. After a sales effort was initiated at the airport, business developed quickly.

### Veterans Step In

A network of marketing and sales experts, most with impressive industry experience, are performing intensive audits of hotels, convention and visitors bureaus, and other travel-related enterprises.

These consultants claim that demand for their services is a result of seismic shifts in the industry – a time when owners and asset managers are taking a closer look at their properties; and when old-line traditions of teaching fundamentals have been neglected.

According to Salerno, “Many hotels hire experienced salespeople on an out-sourced consulting basis to provide a quick boost of reality to their team’s direction.” In the case of Tourism Vancouver, says Vallee, “Several factors contributed to our putting this project out for review. We are looking at convention center expansion; we have had growth in room inventory; and we have had some turnover in management with younger people coming in. All that, combined with macro-economic factors affecting our business, resulted in our deciding on this audit.”

Often, it is a combination of long-term goals and immediate concerns that lead to the hiring of an auditor. According to Crandell, there were two issues that led to Brudney’s being brought in: turnover at

the director of sales and marketing position and a drop in group business.

Part of Brudney’s mandate, says Crandell, “was to benchmark the competition; to measure whether we had lost market share or were simply being affected by the economy.

“Sometimes,” says Crandell, “it’s just a matter of taking a look at how the hotel is operating and the culture which it has evolved. Is it a positive culture, meeting objectives of revenue performance at the top line or looking at the best practices of competitive hotels? Are there ideas that can be adopted or modified to achieve better results?”

A four-decade veteran of the hospitality industry, Brudney has been doing “reviews” (a word he prefers to audits) for 25 years. He says he hung out his shingle because he recognized a change in the industry when, “Owners who had been absentee landlords in the 1960s and who never read a marketing plan, had become much more hands-on. And they wanted someone to take a hard look at their asset.

“My job can be summed up in the phrase, ‘Validate expectations’ ” says Brudney; “I try to bring with me the best practices in sales and marketing and apply my experiences at Hyatt, as well as at Westin and Marriott.”

In the last couple of years, Brudney has formed the Frontline partnership with David R. Evans, who recently retired as executive vice president-sales and industry relations for Starwood after heading up Westin’s sales efforts for 25 years.

“I’ve watched this industry,” says Evans, “go from the hotel business to the business of hotels being run by asset managers.” In recent decades, says Evans, “We saw some very fundamental things we used to do well go by the wayside.” While stressing that, “I am not being critical of individuals,” Evans adds, “the role of regional vice presidents of marketing changed. They assumed other responsibilities because of different industry pressures. I saw a need for a non-invasive, non-threatening third party, independent review that would help owners and asset managers.

“Today,” says Evans, “a regional marketing vice president doesn’t necessarily have the time to get down where the rubber hits the road and get involved with the

care and feeding of sales associates.”

Evans believes that sales and marketing performance can be measured, adding, “Someone has said, ‘What gets measured gets done.’”

Another industry veteran says she has taken her in-house experience and applied it to her own company. Sandy Heydt, who was director of marketing for eight years at the luxurious Rittenhouse Hotel in Philadelphia, says, “I do exactly what I did in the hotels for which I worked; I get familiar with how the operation runs and then get it up to speed.”

### The Auditing Process

What exactly does the auditor or reviewer do? Brudney recently spent several days at the Ritz-Carlton on Maui and, says, “I did not hit the Jacuzzi or beach once. I spent an hour each with every member of the sales and marketing team and half a day with the GM; I spent a full day visiting the competition.

“I read all the documents that were relevant,” Brudney continues, “including booking pace, Star Report, and much more. Then I came back and did a report on why group business had dropped. I interviewed incentive houses and validated why incentive business had dropped.”

To insure a “scientific” measurement of sales and marketing performance, Brudney uses a template including a series of questions that helps to evaluate the direct sales force. The questions deal with account coverage; handling the SMERF market; groups sales strategy — whether proactive calls are made, how many sales calls, how many site inspections.

He also asked where leads are coming from, what third parties the hotel is using to generate leads, a review of the international sales office, an overall assessment of lead generation; insuring that salespeople are receiving proper direction.

“All of these,” says Brudney, “are benchmarks. In the 60s and 70s, we had experts who would go into a hotel and work with the director of sales and come up with specific recommendations. Now that’s our job. We might point out budgetary weakness or recommend software or note Web site deficiencies.

“You can’t offer options to an owner or management company,” says Brudney “unless you look at all aspects of what

they're doing. I'm a big proponent of integrated marketing programs. If it's not integrated, you might have a GM taking ownership of local advertising while a director of sales and marketing is in charge of the national campaign — and they're not on the same page."

Evans has developed a three-part template for his reviews, including:

- A nine-page checklist that includes competition analysis, market segment analysis, strategic partners, and alliances

- A template for an assessment tool for sales and marketing leaders

- A five-day activity schedule for auditors, including interviews with sales associates and other executives, property inspection, visits to competitive properties, etc.

"It's all flexible," says Evans; "we will review the templates before we get started so it is customized for a client."

Evans talks to whomever he can on the property, including the chef; he also checks to see if the hotel's operators have even met members of the sales team. He says that kind of fundamental too often is overlooked.

Very important to the review at the Ritz-Carlton Kapalua, according to Crandell, was "the ability to understand what is and isn't working at other hotels — perhaps stimulating a different thought process or different approach to selling that might be beneficial.

"That might include," says Crandell, "different computer applications, different ways of handling public relations, a different lead referral network — in general doing things differently, but better."

Even items in a marketing plan that have remained the same for many years must be reviewed, says Lanz. She gave the example of one client, a mid-priced suburban hotel that has been using the same sales strategy for 13 years. "We studied their operation for three months," she says, "and showed that they didn't take advantage of the programs provided for them by their brand. They didn't even participate in the preferred hotel program the brand offered for selling to travel agency consortia.

"That was fine when times were good and they were the only game in town," says Lanz; "now times are tougher and they have a strong competitor. It was time to make changes, at the very least to use all the resources at their disposal."

Heydt's approach, too, depends on the

project. Sometimes her contract with a hotel is extended. "I ask," she says, "Is the marketing plan good? Can we follow it? Can we squeeze a little more out of it?"

The consultant says she has been somewhat surprised by what she finds in the offices of the hotels at which she spends time. "I can't tell you," she says, "how many directors of sales and marketing simply haven't been trained, partly because of the boom years, but whatever the reason, it has to change during these times."

Heydt says at some hotels even previous customers are not called on a regular basis — not to mention prospecting potential business down the street.

### **Not Taking It Personal-ly**

In speaking to marketing and sales auditors, words like "non-invasive" and "sensitive" arise with some frequency. It makes sense because auditors are, in effect, outsiders brought in to provide on-the-ground and in-depth reviews, which could lead to significant changes.

Heydt has a master's degree in psychology and considers human resources a priority. "I talk to each person individually," she says, "and try to make him or her feel comfortable. I ask what they would do differently, what their frustrations are; I ask how they would run things if they could — their eyes light up on that one."

"You always have to be careful with what you learn," says Heydt; "I don't share the confidences I get."

Many sales and marketing executives spend so much time doing reports, says Heydt, "they are not doing the fundamentals. I could look in some of their computers and not find a cohesive record of contacts with customers."

Salerno adds, "When I go to a property I look for positives and try to reinforce those positives. Personalities must be dealt with but I leave that to the management."

"We made it clear to both the consultant and our staff," says Vallee at Tourism Vancouver, "that this was not a review of individuals but a review of processes and how we could do better.

"You must have the right style," says Evans; "because hotels are often reluctant about giving you access. But there is a need for more scrutiny of things that have traditionally been the private property of brands. We have to let owners and

asset managers have more access because the brand's credibility is at stake here. Brands can't simply say that some information is off limits."

Lanz' view is that, "We are not judging anybody. We are not there to judge, we are there to document what they're doing. If there's an opportunity to strengthen or refocus an effort, that's what we will tell them. They might have a passion for what they're doing but they might still need fresh eyes to take a look."

Evans agrees, saying, "We do name names, but this is not a human resource review, and it has to be handled gracefully. We discuss personnel with a division head and will keep a copious record of all interviews to support our findings."

According to Dandapini, "This could have a negative connotation, that an owner doesn't know what he's doing — but nobody should feel threatened when an expert helps them to retool."

Crandell says he first consulted with the sales and marketing team at Ritz-Carlton to insure they were supportive of the auditing process. He says, "You should go into this with the owner and management company on the same page; it's meant to be a positive, constructive review."

Some auditors believe they must go beyond simply being "sensitive" toward employees. According to Salerno, "One problem in the industry is that mentors have disappeared. Too many directors of sales did not have mentors; they have been replaced with more and more reports, more and more meetings, and more and more pressure from owners. I encourage hotels not just to train, but to create a culture of mentoring. I always had that and I think it is crucial."

Salerno sees himself as a mentor during his visits to hotels and tries to create an "ongoing mentoring relationship." But he also tries to instill mentoring in his clients' culture.

"The first question I ask of a salesperson," says Salerno, "is 'what is your job?' And you would be amazed to find out how different their answer is from the GM's when asked how he or she sees that salesperson's job."

### **Ready — Action!**

What clients are looking for from auditors are specific recommendations — so an

actionable report is critical.

According to Vallee, "We wanted to ensure that whatever results come out of our review are actionable. One reason we hire consultants from the hotel industry is that they use language we understand and can help us facilitate their suggestions."

The report, says Evans, starts with an oral presentation to the GM before he leaves a property. The report includes specific action recommendations. If requested, a phase two allows Evans to actually implement, facilitate and monitor the plan.

While many of her clients do have a marketing plan, says Lanz, "in many cases it's just a lot of rhetoric. We don't do a 500-page plan; we provide a series of sales and marketing action steps; we deal in specifics."

Lanz does not deal in mission or vision statements, but more in positioning statements. "Tell me in a one sentence," she says to clients; "who you are and where you want to go from here?"

In the case of the Best Western in Cambridge, recently renamed the Best Western Tria (Greek for three, representing the three sister owners), Lanz and her team helped the property through a repositioning.

"We spent two days there," says Lanz, "mostly picking the brains of the GM and sales director. We also visited the competition and compared their strengths and weaknesses.

"We told that client," she says, "that their competitive set of hotels was different from what they thought."

While a financial audit represents a different process, Lanz includes in her sales and marketing audit a determination of whether clients need to spend more in certain areas; "our action steps," she says, "will let them determine how much they want to spend."

Those action steps vary by client; examples, according to Lanz, include:

- Dealing with third party online sites and how to manage them daily.
- Reviewing a property's image on the GDS systems to insure that the information is accurate and that the hotel is being promoted properly.
- Packaging a product to appeal to consumers still reluctant to travel by focusing on regional travel.

While agreeing that a financial plan is not necessary, Evans says, "Sales managers

should know how to read a P&L statement if they're going to sell rooms." Evans also believes that "many salespeople today are not selling food and beverage; that's a serious mistake."

Some clients might not need much change. Says Evans, "We might just tell them to add one sales manager; or if they have three sales managers covering the group market in a 200-room hotel, to reassign one."

Brudney, says Crandell, "gave us an actionable report (after an October 2002 audit); many of the recommendations are being acted upon."

### Maintaining Momentum

Follow-up to an audit is crucial. Says Brudney, "We always recommend a 30-60-90 day review; our report is thorough enough so a company can run with it. It won't be rocket science but it will need follow-up."

Lingos says she and her sisters have implemented many of Lanz' suggestions. She explains, "Each of us has a copy of the plan and we refer to it. We have done 90 percent of what she suggested and it has already helped. We now know we are doing everything we can."

Of course, auditing is a never-ending process. Says Lingos, "we now have a relationship with Leora and call her on occasion. And we will do a more complete audit every couple of years."

At Apple Core, Dandapini says, "We are following Leora's plan pretty closely and it's an ongoing process, not something you can do overnight. We have already seen some results in terms of new business. And we will work with her on our new property, which is our first newly built hotel."

"I will call clients once or twice a month or even visit occasionally," says Heydt, "to insure that my recommendations are being followed. It's the underlying changes that will increase revenue later because people are doing the right thing. If the fundamentals are not maintained, they will drop the ball."

As Salerno notes, "The common wisdom is that when you leave a seminar you remember 20 percent of what you heard and that goes down to 1 percent a month later without reinforcement. You can't let down."

At Tourism Vancouver, says Vallee, "We will see how the first 100 days go, then reconvene our stakeholders to determine where we are. We will then decide on the

next step."

However, Vallee says his bureau is already considering bringing in outsiders to review other aspects of their operation — like leisure travel or the travel trade. The current review targets meeting business.

### Going It Alone

As with any strategy, an outside audit might not appeal to every operation. Some seek that "fresh look" from within. According to Randy Griffin, area director of sales and marketing for Renaissance Hotels Florida, "I come to my team regularly and we throw everything onto the table. We run our office in a very democratic way and decide which vehicles would be most effective. Sometimes, another layer of eyes is just another layer."

And Wayne West, regional manager of Lane Hospitality, which manages a variety of brand-name hotels says, "At the end of every month, we require our people to determine if we spent our dollars the way we were supposed to. We go in there and make comments about how they adapted the marketing plans. It gives our folks at the corporate office the opportunity to revisit everything on a continuing basis."

But according to Brudney, "Peer review doesn't work because objectivity is questionable; the whole process becomes compromised. We don't come in with a hidden agenda and we're not performing a witch hunt. We objectively assess and validate expectations. We try to provide a sort of 'seal of approval.'"

Evans adds, "There is always a problem of 'buddies.' And that leads to self-perpetuating problems."

"When you're consumed with day-to-day operations," says Lanz, "it's difficult to stop and look around; it's very helpful to have someone dedicated to taking a top-to-bottom look."

Crandell adds, "Brands tend to operate in the same way because of a corporate culture. By going outside you can bring in a best practices approach from outside the brand."

The bottom line: whether a company decides to bring in an outside consultant or believes it can objectively tackle an audit in-house, stepping back and reviewing everything on the sales and marketing front is worth considering. If not now, when? ■