

Combating Economic Woes

We have all heard about it. With the sub-prime mortgage market collapse, the impact to the housing market and credit markets and the major stock markets fluctuating wildly—across the country and around the world—the economy is clearly facing some difficult times. As the hospitality industry lags in reaction to the general economy, these economic challenges will inevitably affect performance of virtually **each and every hotel** across the country.

So, when and how does a property proactively address these influences? The “when” is today. Most hotels are in the midst of the budgeting process right now. Industry experts are suggesting Q4 through 2009 will pose difficulties with many **hotels projecting flat to slight declines** in occupancy and RevPAR. This is a general guideline, with sub-markets performing better or worse than the overall market. However, the realities of history are that when the economy falters, the hospitality industry is right behind following the same curve downward. So hotel operators need to be planning for it and respond to these trends in the general economy.



To assure maximum performance, the cost side of the P&L needs to be closely scrutinized – as it should be every year. However, many of our clients this year, more so than in recent years, are going through their P&Ls with a fine-toothed comb. The objective should be to remove “fat” or take out the costs that can be easily managed down. For some this means looking line-by-line and asking the question, “Can this be reduced or eliminated without hurting operational performance?”

As Warner Consulting Group consistently leverages **cost-reduction efficiencies**, contact us to set a time for review of your current expenses and provide our insights to reducing expenses in this area. Again, each dollar saved can mean increasing budgets in other areas or simply improving the bottom-line of the hotel.



got referrals?

Know a property that needs our help? Contact Dave Shanks at WCG and let him know. We are glad to offer a referral fee for leads that become consulting engagements. Simply email the prospect's contact and property information and Dave will do the rest.

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Going Green? Not So Fast

Over the past year we have been reviewing numerous articles and company literature regarding the movement to go green in the technology and telecommunications environment. While we agree that going green, at face value, is the right thing to do, it's become **more of a sales strategy** than an environmental movement. For example Avaya recently launched a “green” PBX that they claim can cut your energy costs by up to 50% in one year (specific to the cost of energy to run a current PBX versus their new PBX). To accomplish this, the new phone system is smaller and – like many new phone systems – looks more like a rack mounted network than the traditional cabinet full of cards. In addition, they have programmed the IP phones to power down after not being used over a set time period.

The catch: this new “green” PBX will cost you two times the cost of a comparable PBX system. Once you compare the actual energy “savings,” the cost of the PBX, and the comparative cost for another PBX (should you even need a new one), you'll find much of the “green” movement to be more a marketing gimmick than a real business value. Go green without giving away your green.

“All new ideas begin in a non-conforming mind that questions some tenet of the conventional wisdom.”

- H. G. Rickover