

Hotel Revenue Management: Every Square Inch Matters!

By [Mark Davis](#), President & CEO, Sun Hill Properties, Inc | October 16, 2022



What do you do with a destination hotel located at the gate of a major Entertainment Capital Theme Park that closes due to the impact of a forced shut down by state and local government jurisdiction?

Of course, following suit would have been the easier decision, which many local hotels and businesses did to minimize expenses. The better question to ask ourselves was, "How can we keep as many of our 300+ Full time team members employed who depend on us for their family's well-being?"

The second question we asked was, "Who needs our services to sustain their new normal of responding to the impact of this global pandemic?" Every crisis creates new opportunities to innovate and leverage a proactive productive response with positive results for those who embrace the challenges to adapt.

The best outcome is to engage with all stakeholders and partners to evaluate reality and respond with practical and sustainable actions for all concerned. The key is 360-degree transparency and timely communication to all members with messaging that promotes calm and a commitment to stick together, listen, learn and act on logical responses to what is controllable and uncontrollable.

The natural and most urgent response to extreme drastic revenue loss is to conserve. It helps to have tried and tested leaders on the team to brainstorm and bring out the playbook from past lessons learned. Economic cycles can generally be predicted with time to implement strategies to manage a market shift. However, effects from natural disasters like hurricanes, fires, floods, or unpredictable pandemics, with immediate impact are much more difficult to evaluate and navigate for positive outcome. From reduction of staffing to zoning the 30K sq. ft of non-essential space, every square inch, as well as every minute, must be reviewed and scrutinized to limit the loss.

An immediate necessity was to reduce 24 stories to a manageable zone of essentially required space and efficiently operating the tasks and services to remaining guests. All events quickly cancelled, rendering the 34K sq ft. of meetings and event space and 25% of typical staffing at least temporarily unnecessary. When a hotel typically operating at 90%+ occupancy annually is reduced to 10% to 15% almost overnight for an undetermined time creates panic and concern for staff and investors. It becomes urgently vital to communicate and provide resources for any impact to staff as the most important message to create a sense of calm and belief of survival and sustainability.



Every Square Inch: Every Resource Must Become Part of The Solution

Revenue generation is vital for any business to survive, however, to thrive takes innovation and adapting to the conditions presented. It became quickly recognizable that the key industry of service needs through the pandemic was health care providers, both people and products. Our sales team secured a contract with Front Line Medical Groups providing housing for the flood of specially trained healthcare personnel providers to staff the hospitals. Connecting the need for available room inventory with a safe place for these individuals to rest and recharge for the long shift hours was mutually advantageous as many hotels shuttered their room inventory completely. This commitment to serve in a needed capacity quickly recovered what used to be occupancy as low as 10% to a sustainable 55%+, providing jobs to 60% of our loyal team members was great progress and a win-win solution.

Additionally, out of precaution for the vastly growing virus cases, state and local authorities shut down all indoor sit-down food service. Being a full service Four Diamond hotel, Food Service is an essential service expected from our brand's tier core value. Led by Vice President of Sales and Marketing, Chelsie Camire the team created a new venue matching the expectation of our customers for an elevated outdoor food and beverage experience. "Five on the Hill" was born, converting a portion of the vehicular arrival circle to an elegant high demand social hot spot and an elevated lounge experience.

From Culinary to engineering, to menu and mixology, the entire team embraced what was possible to create an experience which as our brand founder Conrad Hilton would say, would help "spread the light and warmth of hospitality". Experience the Hill became our theme for continued success. Building on the foundation of past successes to weather and endure a temporary slowdown, empowering innovation and creativity, once again became the spark for something unique and beautiful.

A requirement to restrict indoor dining was the catalyst to expand outdoors and we used every square inch available to answer the call of replacing what would have been lost revenue. An oasis literally created in the parking lot with elegance and flair has become a hot spot in Hollywood Hills. Of course, in Hollywood it requires extraordinary flair to deliver the expectation of the experience. From a napkin sketch to lights, camera, action, Five on the Hill has quickly exploded to 17,000 followers and growing in popularity. Guests, celebrities, and neighbors who enjoy gazing over at their home in the hills and into the Southern California soothing sunset, the ambience allows the patrons to unwind and de-stress. A social gathering place right in your friendly neighborhood, it happens at the Hilton Los Angeles Universal City.

Creating an Elevated Experience Extraordinary

The best work is produced with collaboration of all the stakeholder's talent and experience. Anything worthwhile begins with a vision and buy-in from the individuals who will execute and deliver the standards expected. Our team consisted of a cast of stars with many necessary essential roles:

- The visionary, Chelsea Camire, VP of Sales and Marketing and team: image, FF&E design look and feel, uniforms, atmosphere and ambience, market launch, social media campaigns continue
- Finance team: providing the capital planning to execute the start up
- Engineering team: structure plans, safety compliance, layout, lights and sound
- Culinary Food & Beverage team: Menu and wine paring, special cocktails and flights, signature table side experiences, staffing and training
- Executive team: soft opening to test the execution and role of making the vision a reality, critique and adjust items for optimal impact for customers

It definitely takes a village to deliver on a vision to become a reality, Kudos to our cast of stars.



Evaluate Public Space for Opportunity Zones for Retail: Every Square Inch Matters

Point-of-Sale kiosk services and retail shops are very common in high traffic areas of hotels, especially productive in high end luxury hotels and resorts. Common services include items such as Baristas, grab-n-go kiosks, Concierge services, shipping and printing self-services, jewelry and fashion shops, car rentals, ATM's and the list goes on and on. Best practice is to ensure that all guest facing staff report guest requests for items and services. With this data it is easy to evaluate which services will be successful and how much store front space or simple kiosk prime locations are needed to position throughout the facility. Merchandising all key touch point zones with appropriate retail goods, eg: pool toys, sunglasses, sunscreen, sun-hats at the pools. Retail success depends largely on simply exposure to people.

The typical hotel will have 3 to 5 guests per room at a destination location. All of these guests are potential retail customers requiring convenience to services and products that deliver across specific point of sale opportunities to satisfy the moment. It does not take huge square footage to position these POS impacts to a steady stream of capture potential daily. Every square inch adds up and will positively impact the P/L to create new revenue and profit. It is important to adjust and tailor the offerings to the demographics of the daily population for optimum success. As leisure and business guest interact, they all have different needs and values on a day-to-day basis and with accurate data collection on the daily sales, we will obtain better perspectives on guest needs and increasingly gain the ability to predict items to eliminate or add for the future.

In summary, we took a risk and lived by the adage "nothing ventured, nothing gained." I am sure we have all seen the variety of isle kiosks in your favorite mall or shopping centers. Often you see even the retail shops will have a shop-in-a-shop because all it takes is traffic. Your hotel has conquered the biggest challenge by just having occupancy. What started as an innovative response to a pandemic requirement of outdoor dining has exploded everywhere you look. Why not your hotel?

There are spaces inside and outside your property that will bring a surprising positive impact to your bottom line if done well. Use every square inch you can find where there is already a captive audience just waiting to discover a new opportunity to experience something different. This vision has become our moto to "Experience the Hill"! By nature, we are all explorers; build it and they will come. Enjoy the journey to discover the hidden value in the various unique inches that already exist around you.

Main Image: Five on the Hill-an elevated lounge experience at Hilton Los Angeles Universal City



Mr. Davis

Mark Davis is President/CEO for Sun Hill Properties, Inc., hotel management group located in Hollywood Hills Universal City, CA. His offices are at the flag ship property, Hilton Los Angeles Universal City, the largest hotel of the San Fernando Valley California. He oversees hotel acquisitions, development, and operations for the company since joining the group in January 2012. Since joining, Mr. Davis has grown the company hotel key inventory by 63%, with expanding rooms internally as well as three acquisitions, currently 785 rooms and 4 properties, increasing NOI by over 400%. The group has filed an expansion project with the City of Los Angeles to expand the Hollywood Hills location by 395 rooms, full-service spa, two pools including a roof top elevated restaurant lounge concept overlooking Sierra Madre mountains and Hollywood Hills iconic location, pacing to open by late 2025. Mr. Davis raised his children in the industry purchasing a restaurant at the age of 28 and expanding to three properties before he joined the John Q. Hammons group in Springfield, MO. his college town. With his entrepreneur background, over the next 30 years, he was given the nick name, "The Fixer", as a repositioning expert successful in diverse markets and various hotel management groups coast to coast. Mr. Davis can be contacted at +1 818-509-2013 or mark.davis@sunhillprop.com

[Extended Biography](#)

The Hotel Business Review is a weekly journal of best practices in hotel management and operations and is available at www.hotelexecutive.com. HotelExecutive.com retains the copyright to the articles published in the Hotel Business Review.

Articles cannot be republished without prior written consent by HotelExecutive.com.

© 2022 Cummins Communications