

You Have to Ask

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Every cost element a company faces these days needs to be examined and, where possible, paradigms broken on how we do business. You have to ask...

Facing a new cost reduction engagement with a client in a major metropolitan area, our consulting group needed reasonably priced accommodations at a reliable hotel. As one of many winter sun destinations, seasonal room rates were the norm for our client's locale. We contacted many local lodging providers about servicing our needs for the project's duration — estimated at 6 to 12 months or more. Our requirements involved one extended stay room and accommodations for intermittent visits by our team members.

Soon the standard corporate replies filtered in, with the seasonal rate structure that typified the local lodging trade. Business as usual was happening... Then came a response that broke the paradigm. A combined property with overnight and extended stay facilities located side by side decided to take a risk. They offered our small group substantially lower rates (overnight and extended stay) with no seasonality.

With evidence of this market softness, we quickly seized the opportunity and requested this same rate for our client with their anticipated 1500 night annual local stay volume. This rate represented a 50% year to year cost reduction. The hotel's corporate management initially balked until they realized the potential to gain significant volume from this customer who had spread their requirements across 30 plus facilities the previous year. Convinced by the economics of the potential volume increase, they agreed to extend the rate.

A true win-win-win! Our client saw immediate reductions in travel costs, the hotel reaped the benefits of increased volume in challenging times, and we came out of the box with an immediate quick hit to reduce costs for our client. And the seasonal rate paradigm for this sunny city was broken.

Interestingly, as we talked with other area hotels they were shocked with our new rate expectations. One sales rep indicated that she had a corporate client who had booked over 2000 nights the prior year. They were still paying pre-September 2008 rates and had not even asked about a rate cut! Think of the savings they're missing. You have to ask!

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