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# Annual Revenue Management Best Practices: 3 Things Every Vacation Rental Manager Should Do



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# The Three Things



**There are three things you should do every year as part of your marketing and business planning process. Especially in 2021, getting best practices in place will ensure no money is left on the table.**

- **Goal Setting + Key Components of Annual Planning**
- **Have a Weekly or Monthly Strategic Review Cadence**
- **Audit Channels + Merchandising**



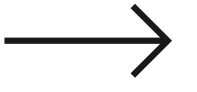
# Goal Setting



**Goal setting** often has to fight the reputation across industries and organizations being viewed as time-consuming. Our purpose is to debunk this mindset and even recharge the importance of goal setting in order to plan and prepare for a successful 2021. When done in increments throughout the year, the time-consuming challenge becomes much more obsolete. When done strategically as a team, there is zero time wasted. So why is goal setting so important?

To make better decisions. Using the SMART acronym\*: specific (or strategic), measurable, (assignable) attainable, realistic, and time-bound, we'll weigh in on the why what and how of goal setting by starting with a forecast. In George T. Doran's article, There's a S.M.A.R.T. way to write management's goals and objectives it's highlighted, "the establishment of objectives and the development of their respective action plans are the most critical steps in a company's management process."

# Goal Setting



## RICHER LOGIC



S.

Strategic -  
Requiring analysis  
and planning to  
drive the business  
forward



M.

Measurable -  
Metrics are used to  
track performance



A.

Attainable -  
Targets are within  
reach



R.

Realistic -  
The trajectory is in  
range



T.

Time-bound -  
Goals have a  
specified start and  
end

# Goal Setting



Many hospitality operators use at least **three types of forecasts**, sometimes blended or linked together with similar formatting, often and less ideally independent of each other.

- An **operational forecast** is the backbone for resource planning. This is where the staffing matrix comes together and properly understanding the expected volume of business, allows managers to allocate service and projects accordingly.
- The **revenue forecast** drives the operational forecast, as it is demand based. Market fluctuations, events, consumer mix all play a part in the development of the revenue forecast.
- The **full financial forecast** ties top-line revenue to the profitability of the business and is often owned by accounting or the financial leader.

When the operational, revenue and financial forecasts have interplay, departments are communicating, goals are aligned and strategic decisions are made as an organizational community. There is a balance to be achieved where the forecast is built from leaders listening to the eyes and the ears of the business, wherein their employees are validating the direction of the forecasted trends. If there are three forecasts moving about our inboxes, what are the goals we're actually focusing on? This will differ by the size of your portfolio, your place in the business cycle or even the broader economy.

# Goal Setting



**Operations teams are heavily reliant on labor cost controls to run the department. Human capital is one of the most challenging expenses to manage, which puts it at the forefront. Additionally, the operations team may measure review scores, the unit turn cost (or minimum acceptable rate/break-even), cleanliness and property maintenance and even community outreach. We all know it takes many more positive reviews to make up for one bad review, which is why this hyper-focus should be implemented with the SMART approach.**

**Revenue leadership has a responsibility toward market share, total revenue from all revenue streams, rate growth and orchestrating the optimal business mix. The financial team consolidates forecasts to deliver on profitability, portfolio growth and acquisitions, business solvency and cash flow.**

# Goal Setting

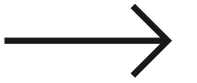


**Whether your 2021 is defined by cost control, sustainability or maximizing growth, there are levers to pull to get there and it all starts with documenting goals.**

## **How do we do it?**

- 1. Start with a monthly view at a minimum and a daily view, if your data supports it. Benchmark against similar units in your portfolio and the market, looking at unit type, bedroom count, max occupants, features, amenities and location. Third-party market representatives of both the channel and business intelligence service providers have copious amounts of data they can share with you, when you're an active partner with them.**
- 2. Analyze the market's demand drivers ranging from school schedules (or closures) to the day of week a Holiday will land, then document where trends exist that may impact consumer booking behavior. The macro lens may be viewed by joining industry-led virtual conferences and speaking to industry peers about how what's going on in the world is impacting their businesses. The importance of these varying angles is to ensure there is a harmonious view of the health of the unit or portfolio, allows for strategic decisions calibrated with swift actions to grow your customer base, while delivering on full asset profitability.**

**When the world is quickly changing, the backbone of a solid forecast attune to business key objectives will allow for nimble decision-making. Scenario Planning: An aggressive, moderate and conservative view may be as simple as using a multiplier to as complex as a daily impact analysis. The root of successful forecasting is to calibrate often. When goals are established and shared throughout an organization, the payoff is collective leadership and a holistic strategy.**



## ANNUAL REVIEW

strategy checklist

### VALUE ASSESSMENT

- feature and amenity changes
- renovations
- positioning,
- consumer shopping behavior
- service level
- technology enhancements
- fee schedules
- turn cost
- base rates

### SEASONALITY

- availability
- shoulder dates
- promotions
- restrictions
- deposit and cancel policies
- weekly/monthly discounts

### DEMAND DRIVERS

- events
- day of week strategy
- projected attraction attendance
- airline statistics

### CONTENT

- guest journey mapping
- share of voice
- search engine optimization (SEO)
- visual story
- usability audit
- test shop
- schedule blog posts
- collateral
- email templates
- review channel mapping





# Weekly Cadence and Strategy →

**As part of a weekly strategy meeting you can include:**

- **Weekly post-mortem of the week that just actualized**
- **Competitive rate shopping**
- **Using market data overlaid with your own data 7-day pick-up and 90-day pace**
- **Curating a strategy toolbox to fit your portfolio**
- **Digital search trends**



# Audit Channels and Merchandising



To understand how you stack up in the market (looking at total supply – that is what the customer is seeing), there are details worth your time to review at least 1 or more times per year. Especially with COVID-19, management companies and hosts are trying new things. The opportunity to attract different customers has never been greater.

- **Cancel policies:** Because short-term rental technology, in many cases, can't support varying cancellation policies for different stay dates, it is important to make this decision based on the risk and reward for each unit. More flexible cancel policies have higher conversion, but managing length of stay and revenue risk of cancellation is an important consideration.
- **Cleaning protocols or tagging:** With COVID-19, Airbnb, VRBO, and other channels have evolved the levers to communicate standards to a potential guest. Auditing whether or not you've updated your listings with the new levers can influence your visibility and ultimately conversion. **Wifi (new speed options):** As wifi has become a critical filter for many travelers, ensuring you've included the search term and detailed bandwidth and capacity, will improve conversion.
- **Price/Value Analysis:** Every time a new property is onboarded, this attribute scoring model methodology should be a best practice. In addition to the onboarding process, a larger comp set market overview should be reviewed. This could be as part of an annual business or marketing plan process.

# The Wrap-up



**In summary, these 3 actions are key to starting off right in 2021:**

- 1. Basic goal setting**
- 2. Regular strategic reviews**
- 3. Going into the new year with a clean distribution and policy audit**



\*Doran, G. T. (1981). "There's a S.M.A.R.T. way to write management's goals and objectives". Management Review