MARKET REPORT

Parking Asset Management - Part III

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More Than Spare Change: Spare Cash In The Parking Couch...The Third Edition of a Three Part Series on Parking Asset Management Success

In the first two parts of this series, I wrote about how to find money lurking within your hotel parking operation at urban and airport properties. In this last edition, we will examine a resort property that utilized the Parking Asset Management services of HVS/Ultimate Hotel Parking Solutions to find cold hard cash, not coins, in the proverbial cushions of the couch. Much like the airport and urban properties, at this resort we discovered some significant operational and financial flaws that had flown so far under the radar for years, that nobody even realized the value of fixing them. Before we even arrived on site, we knew that a 500 room resort and conference center with nearly 1,500 parking spaces should generate far more revenue than just $300,000 annually. We had one obvious and primary focus: revenue control. The resort's valet parking operation was the first major revenue control concern. It started with the valet claim tickets. First, they were not issued to valets and accounted for each shift. Instead, they were there for the taking, which pretty much meant the cash was there for the taking as well! Furthermore, the claim tickets captured no more data than the guest's name. No room number. No arrival or departure date. No vehicle damager survey—a vital component to guard against costly fraudulent or erroneous damage claims. But even the perfect claim ticket couldn't solve the biggest issue at this valet operation: posting parking charges to guest folios. This process was rife with opportunities for error. Valets jotted guest names on a sheet of paper that was turned into the front office for posting during the overnight. In theory, it may sound like a good procedure, and it could have been, but there was no system of checks and balances. Nobody confirmed that any of the charges were in fact posted. If the overnight staff couldn't read a valet's handwriting, or if the guest name was misspelled, or if the room was registered under a different name, more often than not those postings were simply skipped in the interest of time. A major loss. The self parking operation was worse. With no access control (i.e., parking gates) on the entire property, self parking revenue was collected under a pseudo honor system. At check-in, front desk agents would ask the guest, "Did you park with us?" If the guest answered in the affirmative, the agent would post a parking charge to the guest folio. Believe it or not, I am not going to suggest that guests are liars. To the contrary, they almost always tell the truth when asked about parking—especially if they think they are going to get a dashboard pass or mirror hangtag that will prevent them from getting towed! At any rate, the real problem was that more often than not, the agents simply did not ask the initial question. Poof! Revenue gone. It is fair to suggest that the solutions to these issues might be obvious. But you can only arrive at a solution if you settle on the fact that you have a problem in the first place. That's where the financial issues come into play. The hotel tracked the performance of its parking operation through a few revenue line items. All associated operating expenses were lumped into other hotel operating departments, with labor charges lumped

in with Front Office labor. The result was no easy or obvious ability to gauge the profitability, or lack thereof, of the parking operation. No way to realize there was a problem, and therefore, no opportunity to craft a solution. Needless to say, we developed a statement of profit and loss for the parking department, incorporating all revenue and direct expenses. We used that to create a forecast against which performance could be measured to quickly identify any future issues—disproportionate expenses or revenue shortfalls. And with respect to revenue, naturally we fixed that as well. A redesigned valet ticket, an accountability system for the issuance of tickets, a new valet log and most importantly, a parking posting audit function increased valet revenue by over 50 percent. On the self parking side, training current and new front desk agents on the importance of inquiring about parking on check-in, combined with a numbered dashboard placard made a huge difference. First, guests were routinely asked the parking question, and if they were given a parking placard, there was an audit trail to make sure each issued placard had a folio posting associated with it. These simple procedures increased self parking revenue by well over 100 percent. All told, parking revenue more than doubled. With no increase in operating expenses, parking revenue was on pace to double from $300,000 to nearly $700,000, a true cash flow windfall. At the core of this illustration is a key concept: expertise. Hoteliers know hotels. We know hotel parking. If you let a Parking Asset Manager dig around your couch for a while, you too might find the spare change, the stack of bills, or even that diamond ring.