

# HY824

Technology Edition  
Entering The  
Everything-Data Decade



**The Hotel Yearbook**  
Foresight and innovation in the global hotel industry



# Do's and Don'ts of Hotel Revenue Management Systems: Key Guidelines for Success

Effective revenue management is essential for optimising profitability and maintaining a competitive edge in the hospitality industry. Central to this effort is using Revenue Management Systems (RMS) properly. When configured and utilised correctly, these systems can significantly enhance efficiency and a hotel's revenues. However, maximising the benefits of RMS requires adherence to best practices and avoiding common pitfalls.

This guide outlines the key DOs and DONTs of using hotel RMS. It was compiled from 20 in-depth interviews with revenue management experts and the extensive experience of these two professors with RMS.

Following these guidelines will help you leverage your data and RMS to their fullest potential, ensuring that they support your revenue goals and operational efficiency. By understanding these critical aspects, you can maintain a robust and effective revenue management strategy that aligns with your hotel's overall business objectives.



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## ✓ Do's

### 1 Ensure that the RMS configuration and the implementation are done correctly.

These critical steps involve setting up the system to accurately reflect the hotel's inventory, pricing structures, and business rules.

### 2 Attend regular client-service meetings with your RMS provide

to discuss and explain issues of concern. Regular meetings with your RMS provider are essential for maintaining a strong partnership and ensuring the system is tailored to meet your hotel's needs.

## ✗ Don'ts

### 1 Override the RMS's recommendations without valid reasons.

Overriding these recommendations without valid reasons can undermine the system's effectiveness and lead to suboptimal decisions. Valid reasons for overrides might include unforeseen events, data anomalies and strategic decisions.

### 2 Override the RMS's recommendation frequently.

This can reduce its predictive accuracy and effectiveness. RMSs are designed to optimise pricing and inventory decisions based on comprehensive data analysis and algorithms.

## ✓ Do's

### 3 Understand which variables are used for unconstrained demand forecasting.

Understanding these variables allows you to better evaluate and interpret the RMS's recommendations and make appropriate adjustments.

### 4 Set clear guidelines and criteria for when overrides are permissible.

Specify whether the override should be an input override (adjusting forecasting variables) or an output override (adjusting final recommendations). Additionally, decide on the frequency (how many overrides are allowed within a specified time) and the magnitude (percentage of increase or decrease) of the overrides.

### 5 Recognize that humans are prone to biases

and consciously try to avoid or minimise them. This can be done by ensuring that override decisions are always grounded in objective information and thorough analysis rather than unsupported intuition or assumptions. a.k.a. gut feeling.

### 6 Regularly monitor the impact of overrides

on revenue and occupancy. Overrides can be necessary in certain situations, but their impact on key performance indicators should be carefully monitored.

### 7 Always document the reasons for each override

to maintain transparency and accountability. This best practice can lead to more informed and effective revenue management decisions.

## ✗ Don'ts

### 3 Forget to document each override and its rationale.

to maintain transparency and accountability in revenue management. This practice ensures a clear record of why decisions were made, which can be invaluable for future reference and analysis.

### 4 Bypass established procedures and company guidelines for overrides.

These procedures ensure that overrides are implemented thoughtfully and based on sound reasoning.

### 5 Avoid making bold override decisions

but be mindful not to overestimate your ability to make correct decisions. The system is there to help and not replace or compete with you. Hence, cooperate and collaborate with it.

### 6 Accept RMS recommendations hook, line, and sinker.

Even when the system's recommendations align with your expectations, it pays to play the devil's advocate and ask yourself, what if you and the system are wrong?

### 7 Be overly influenced by the outcomes of your previous override decisions

to make current decisions unless the conditions are the same and related. Always remember that current and past decisions may look similar but are independent.

### 8 Overlook competition

but learn to move beyond anchoring your decisions to only the competitive set and trust the system.

**8 Train the revenue management team**

on how to implement and manage overrides properly. The training should emphasise how the team can perform overrides without disrupting the system's learning. **Therefore, the system must be recognised as part of the team.**

**9 Know that in normal times, an 80:20 rule of no overrides to overrides is acceptable.**

A system reconfiguration may be necessary if the override rate is consistently above 20%.

**10 Understand that overreliance on the system's recommendations solely takes away the art of revenue management.**

So, it is important to remember that the system does not have the heart to determine guests' feelings and the long-term impact of the decisions on satisfaction and loyalty.

**9 Ignore internal and external stakeholder pressures**

on human-system interactions - they are real. Do not be fazed by them unless they are data-driven and factual!

**10 Note that no overrides are as concerning as too many overrides.**

Hence, do not prevent overrides or set rigid rules to stop them. This could lead to dissatisfaction and lack of proactivity.



**Dr. Ibrahim Mohammed**



**Basak Denizci Guillet**





Hospitality Tech  
Industry Calendar  
2024-2025

**HITEC® 2024 Charlotte**  
Jun 24 – 27, 2024  
Charlotte Convention Center

**HSMAI Americas - Commercial  
Strategy Conference**  
Nov 25 – 26, 2024  
Charlotte Convention Center

**HITEC Technology Investment  
Conference**  
Jun 27 – 28, 2024  
Charlotte Convention Center

**2024 Hotel Data Conference**  
Aug 7 – 9, 2024  
Grand Hyatt Nashville

**Skift Global Forum 2024**  
Sep 17 – 19, 2024  
The Glasshouse, New York

**HEDNA Asia Distribution Conference**  
Sep 23 – 24, 2024  
Siam Kempinski Hotel Bangkok

**FHS World 2024**  
Sep 30 – Oct 2, 2024  
Madinat Jumeirah Conference &  
Events Centre

**HSMAI Asia - Digital Marketing  
Conference**  
Oct 10, 2024  
Phuket

**Hospitality Tech Expo**  
Oct 15 - Oct 16, 2024  
Excel London

**ITB Asia**  
Oct 23 – 25, 2024  
Marina Bay Sands Singapore

**The Hospitality Show 2024**  
Oct 28 – 30, 2024  
San Antonio, TX, United States

**Cvent CONNECT 2024 - Europe**  
Nov 5 – 7, 2024  
Hilton London Metropole

**International Hotel Technology Forum  
Asia 2024 (AHTF)**  
Nov 12 – 13, 2024  
Pan Pacific Singapore

**Hotel Technology Forum (HTF) 2024**  
Nov 18 – 20, 2024  
Rancho Palos Verdes

**The Phocuswright Conference**  
Nov 19 – 21, 2024  
JW Marriott Phoenix Desert Ridge  
Resort & Spa

**HSMAI Middle East - Commercial  
Strategy Conference**  
Nov 26 – 27, 2024  
Conrad Dubai

**HSMAI Europe Revenue Optimization  
Conference**  
16 Jan, 2025  
London

**HEDNA Global Distribution  
Conference: North America**  
Jan 27 – 29, 2025  
Catamaran Resort Hotel and Spa

**ITB Berlin 2025**  
Mar 4 – 6, 2025  
Messe Berlin

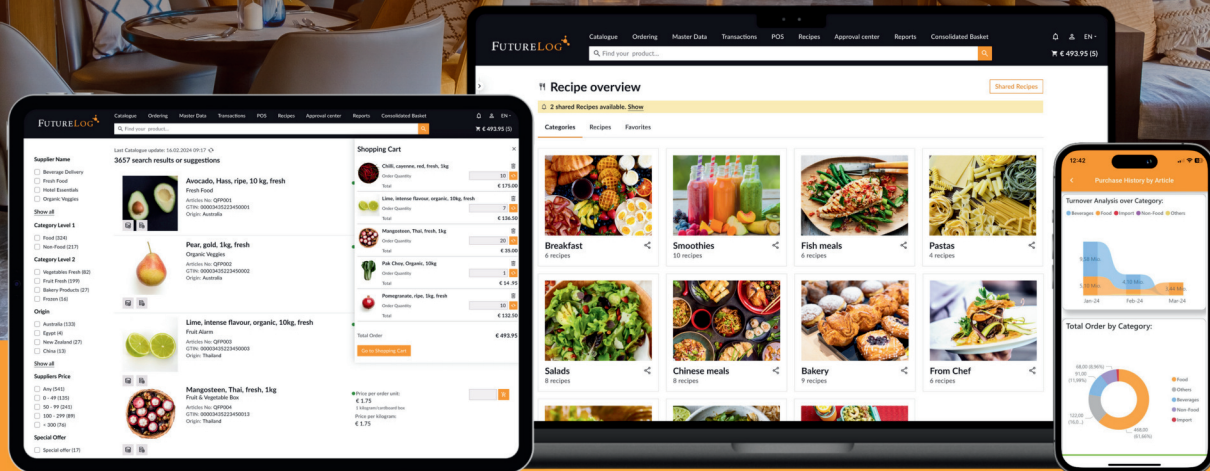
**International Hotel Technology Forum  
2025 (IHTF)**  
Mar 18 – 20, 2025  
Lisbon

**HITEC DUBAI**  
May 27 - May 29, 2025  
Dubai World Trade Center

**HITEC® 2025 Indiana**  
Jun 16 – 19, 2025  
Indiana Convention Center

# FUTURELOG

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“

FutureLog has transformed the way we handle the ordering process across our entire group. Now we're fully automated, we have streamlined communication with our suppliers, it's so easy to use and it has saved our teams so much time and effort.

- Denis Karalić, ACHAT Hotels

”

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