

LOSING REVENUE ON GUEST 411 CALLS

What you can do to minimize your losses.

LES SPIELMAN

You may not be happy about the return on your telecommunications investment, but you need to maintain telephone service in order to rent rooms. So what can you do to minimize your losses and maximize your return on investment?

How Am I Losing Revenue?

Most of the nation's local exchange carriers (LECs), and your local telco company have all decided that they are now in the business of supplying you telephone number information, not only in your local area, but also

throughout the nation.

So you think (logically) that your call accounting system (CAS) already charges \$0.75 for each 411 information call, so you must be covered for all information calls, right? *Wrong!* Remember, your actual cost is \$0.75, but most CAS systems are programmed to charge that price with no mark up.

After the LEC 411 operator center (all automated) gives the requested number to the guest dialing 411, a recording is played by the LEC that says something like: "If you wish, we can connect you to that number; simply touch the number one



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on your touchtone telephone."

If your guest presses number one on the touchtone phone, then your property will be charged a connect

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fee of \$0.33 to \$0.50 to *connect* that information call. And guess what? That guest can speak for as long as they want *on one of your lines* and at your *expense* for as long as they like.

Here's some math to contemplate, right to your bottom line: The initial local 411 charge to the property to call 411 costs between \$0.50 to \$0.75. Then add the \$0.33 to \$0.50 cents for the connect fee

and your true cost is between \$0.88 and \$1.25. So you just lost \$0.50 for that 411 call. But wait a minute, the guest touched that number one key on their guestroom phone and now the guest is talking for free! *You* are now paying a per minute charge for that guest and your call accounting system cannot pick it up, and you can't suppress the phone equipment from dialing that fourth digit, that ominous number one to

authorize direct connection to the 411 number requested.

Is THAT ALL THAT I AM LOSING?

No folks, we wish it were, but there are more possible charges. As previously stated your telephone company (LEC) now has decided to supply its customers with long distance directory service by dialing 411. Okay, so your guest requests a number in another state or outside of your local area and now the initial information charge is between \$1.75 to \$2.25. Your guest hits that magic one button on their guestroom phone and zap, you are hit with another \$0.33 to \$0.50 for that long distance connection.

So your initial cost is about \$2.25 without the guest even saying one word to the other party. Now figure in what you would be charging for long distance rates: \$1.00 per minute, or \$1.50 per minute if you had captured the call revenue beyond the 411 connection fee. A five minute conversation translates into lost revenue of over \$7.50 per call, while you collect just \$0.75 for that 411 call. The average hotel has 10 guests making 411 or XXX-555-1212 calls a day. Ten times \$7.50 equals \$75.00 per day, multiply that by 365 days a year equals \$27,375 a year per property. That \$27,375 is not lost revenue; it is an actual *expense*.

Is THERE MORE?

Yes, the LEC charges you \$0.75 for a local information call. But if the guest is calling for information within your state, and outside of your local calling area, the information call can cost you between \$1.00 to \$2.00 for that call. Now we have an even bigger "gotcha" — international information. If your guest calls for international information, those information calls start at \$2.00 and go up from there. It varies by country being called. Eight out of every ten CAS surveys we have conducted indicate that *all* information calls are set to charge the guest \$0.75.

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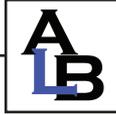
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SO HOW DO I CORRECT THIS?

If you have a maintenance contract with your PBX or call accounting vendor, call them first and get a copy of all rates that you charge your guests. Make sure that you are charging your guest a markup on the rates that you are paying the telephone company. Check with your local telco to find out how much you are paying for local, intrastate and interstate calls, as well as the range of calls for international information. If your Telco won't help you, get a good consultant who can assist you. You will be amazed at how fast you will stop those leaks.

Once you have the information from your Telco company, you should compare that information with what your call accounting

vendor has programmed for your property. After you compare the actual cost you are paying against what you are charging your guests, call your Call Accounting vendor back and have them reprogram the CAS system to the correct charges that you would like to charge your guests. Don't forget about your mark up! If you have a maintenance contract, there will be no fees from your CAS vendor. If your system was put in within the past 12 months, it should also be free of charges. **ALB**

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