

## Hayek Global College - People Factor/ Management and its best practices

### Flexible rooms

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The objective of this doc is to present the Flexible Rooms initiative, the description of the product and the product roadmap required for development.

**Intro.-** Cancun airport receives on average, between 250 and 300 flights per day, with +12% of them arriving between 5:00 and 10:00am, at least 3 hours before the earliest check in time. On the other hand, +30% of the daily departure flights are scheduled +4 hours after the check out time. This results in +40% of the total passengers having some conflict between the check in/check out time and their flights.

Some hotels offer early check in / late check out upon availability and with unproportional extra fees (20% of daily rate for 2 extra hours; +1.5x). Some OTAs include these as free benefits in their loyalty programs. However, it is also upon availability, so customers cannot rely on this when planning their trips.

There are two main reasons for this “lack of flexibility”. The first one is costs, as it is more efficient for any hotel to plan their clean-up schedule in a tight range, and also reduces the need for multiple shifts and extra hours. The second is to maximize the use of their inventory, as it helps them to align the flow of guests arriving and leaving. This, in an ideal situation, allows the hotel to reach its full occupancy.

However, seasonality plays a major role in the hotel industry; there's not only low season where occupancy lies below 40% (traditionally May, June, September), but even in high season, like December-March, there are multiple days, weekdays and weekends, where the hotel encounters low occupancy. In these situations, the hotels tend to be more flexible, offer day passes and give special promos to locals. They have a limited reach through their direct channels and because of that, the impact of these initiatives is usually small.

Flexible Rooms is a new product, to be implemented by an OTA, leveraging the current hotel inventory and customer reach. This feature allows the hotels to:

- Sell rooms with fully flexible check in/check out times, selected by each customer. The Hotel will select the time limits, if this benefit will have an extra charge or if it will be complementary, and even to do geo-segmentation.
- Sell day passes, setting up the included benefits, as well as the time limits.

Each hotel will determine the maximum inventory available for this feature, as well as the occupancy threshold that will trigger it. This way, when a hotel has an occupancy below that

threshold, the system will start offering the selected products. Once the hotel reaches that threshold the system will pause Flexible Rooms.

**Customer:** Even though this feature will be adopted by hotels (supplying partners), our final customer is the guest. Leisure or business travelers who need flexible time in the hotels, in order to fit their flight schedule. I.E family arriving in Cancun early before the check in time (usually 1-3pm). I.E2 Business persons having a late return flight, needing a place to work until their flight (check out usually at 11-12).

**Solution:** To offer a solution to hotels, where as an automatic rule, if they have < 40% occupancy (or a threshold based on their breaking point), the platform would be able to sell a specific percentage of rooms on a flexible model. This model would consider renting the room from 5 and up to 12 hours, offering competitive rates, proportionally calculated by the nightly rate. This would give capability of offering day passes in resort destinations.

**Product:** A feature for OTAs (Online Travel Agencies) that is already connected with each hotel availability and pricing. This will help in adoption, as OTAs already cover +75% of the hotel market in Mx, reaching +20MM customers. Development investment will be reduced as it will leverage the availability and pricing that each hotel defines. This will only require hotels defining their threshold and their max availability for flexible rooms.

### Main competitors

Competitor	Service Provided	Advantages	Opportunities
Credit Card Companies.- Amex, Visa, Citibank	They offer a business lounge with multiple services in major airports.	Included with the annual fee - no extra cost.	Not family friendly. Not 24/7
Resort/Day Pass apps - Resortpass/Daycation	They sell day pass through an app	Specialization gives them a platform built on their specific needs.	Low Inventory (number of hotels in their app) and reach (number of customers)
Hotels - direct channel - Accor, IHG, Hyatt	They offer day pass when their availability allows it.	They sell it directly - no commission.	Their reach is limited as customers need to call directly to ask for availability. No flexibility. Fixed time.

## Comparative Advantages

Day Pass Apps - Resortpass, Daycation	Although these apps are focused on this segment, they don't have a global reach, and the investment required to do so is quite high. Also, the inventory is fully focused on this segment, so hotels can not sell traditional (higher volume) in order to reach a healthy mix.
OTAs - competitors	As this product is currently unavailable for major OTAs, launching this feature would give an advantage vs other OTAs, in terms of product awareness and development.
Credit Card Companies - Amex, Visa, Citibank	Their product is limited to a specific customer type in a very specific situation (being early at the airport) and the development needed for a similar solution is not in their scope.
Hotels - Direct Channel - Accor, IHG, Hyatt	Increasing their reach into a global audience is the biggest challenge for independent hotels, while for hotel chains it is more possible but requires a big investment in dev. weeks.

## Opportunities

OTAS already have the majority of hotels listed in their websites and their reach is global. This would accelerate the adoption in both ways. Having the inventory of each hotel will allow us to set automatic rules in terms of availability to trigger this product, allowing us to sell both types of rooms simultaneously.

## Strategy

**1. Customer Experience (CX) survey.**- Send a survey to a sample of customers with demographic diversity, to understand their needs, asks and possible challenges in their experience.

**2. Select an initial team.**- For a first stage we will only need a Product Manager, a Developer Lead and a POC for commercial teams.

**3. Presenting the product.**- Define a product that covers customer needs, how it would be presented, what characteristics would make this a special feature for them and how it would work. This to give clarity and understanding if the product fulfills the customer needs or not.

**4.- Build the project roadmap.**- Measure the project and define all the resources needed to complete it. Calculate the impact in CX, HX, financials, etc. Define a timeline with deliverables for each stage of the project.

**5.- Develop a Minimum Viable Product.**- Work on a beta version of the feature for further testing, in order to get the initial feedback and identify possible blockers/challenges.

## **Cost Structure**

As this feature is intended to be integrated by an existing OTA, it will follow most of the current costs such as traffic paid channels (Google, Trip Advisor, Trivago), marketing and others.

The current cost for the development team is: 4 Headcount with a possible growth up to 6 (+2 Developers and 1 Account Manager).

[create table — Product Manager 100k USD / Developer 2X 90k USD / Program Manager 90k USD - total HC cost 370k USD p/year. Breakdown with base/ Performance bonus and additional.

We will need to assess the number of development weeks required, as it is behind the number of dependencies in the system and also on how many markets will be included in the pilot test and then in the launch.

Based on the initial assessment, it will require between 30-50 weeks to develop this feature with the initial headcount

## **Pricing Strategy**

The biggest OTAs have a very defined pricing strategy, charging a commission (usually between 15-20% of the total cost paid by the customer) for hotel bookings, depending on the programs.

It is a value based pricing strategy as it considers the company baseline, the local competitive landscape and usually follows some trends depending on each region. This commission is not negotiable in most of the cases. Therefore, as flexible rooms follow the same logic of connecting customers from all around the world with all the available accommodations, this product would follow the same structure, charging 15% of the total price paid by the customer and 18% if the hotel is part of the Preferred Program. The invoicing process will remain the same in terms of frequency and dates.

As a strategy to introduce the product and increase adoption in relevant markets, we will offer incentives to the hotels, reducing the commission to 10% for the first 3 months. This will allow them to test the product, get familiar with the logical rules that will trigger it and onboard them.

## Goals

For this project, we have defined multiple goals for each team. Each goal will be monitored on a weekly basis, through a meeting with all the relevant stakeholders and support teams to communicate progress and alignment.

Goal	Specific	ETA	Owner
Finish MVP	Present final doc to stakeholders and leadership team Reach 50% of development Feedback sessions with all commercial teams and 20 hotels from initial markets.	W10-W11	Product M
		W18-19	Developer Program M
Train Teams	Create internal materials (training deck and support docs) for internal teams, to be delivered before the initial hotel sourcing Create support materials for hotels, as well as the guidelines for Customer Support executives.	W25-W45	Product & Program M
		W27-W47	
Achieve 20% adoption	Confirm eligible hotels for initial testing. Create tracking mechanism for sourcing targets Reach 20% adoption from eligible hotels list. Reach 50% adoption from eligible hotels list. Reach 100% adoption from eligible hotels list Deliver testing results to stakeholders Define full launch	W20-W40 W22-W42 W32-W52 W34-W56 W38-W58 W40-W50 W40-W50	Product M

## HC Required

**Product Manager.**- This role will be in charge of managing resources, coordinating the team and reporting to main stakeholders.

**Developer Lead.**- This role will be responsible for managing the dev resources (HC, dev hours/weeks) to build this solution.

**Program Manager.**- This role will be responsible for the communication with hotels and commercial teams, getting relevant feedback and ultimately, in charge of the adoption for launched destinations.

## Competency mapping

### 1. Product Manager

<b>Knowledge</b>	Industry	How the industry works, competitive landscape and current trends.
	Hotel Mgmt	How the current OTA model interacts with the hotel management, inventory management and revenue optimization.
<b>Functional Skills</b>	Product Mgmt Tool	How to connect each product team involved in the project, tracking progress of each deliverable
	Data Mgmt System	To be able to extract, transform and analyze data from the company's database.
<b>Soft Skills</b>	Communication Skills	To be able to communicate effectively with each stakeholder, transmit a clear message and give correct visibility to LT.
	Situational Leadership	To be able to lead the project by leading different roles and teams, working with tight deadlines and dealing with ambiguity.
<b>Behaviors</b>	Customer Oriented	As this is a new feature that will improve CX, we need to focus on the customer and working backwards.
	Ownership	To act as an owner of this project, being committed to the right delivery of a high quality feature.

### 2. Developer

<b>Knowledge</b>	Platform Architecture	How is the platform and its multiple systems built in order to develop this feature
	System dependencies	What are the technical dependencies between the different systems that need to be considered for the development (payments, invoicing, inventory, etc).
<b>Functional Skills</b>	Programming	To be able to program and build this feature.
	AB Testing	To be able to run AB tests, track its results and convert that data into relevant insights.
<b>Soft Skills</b>	Communication skills	To be able to create a mechanism to communicate progress, risks and results with relevant stakeholders.
	Leadership skills	To lead effectively a team of developers, setting goals and owning the team results.
<b>Behaviors</b>	Ownership	To take the ownership of the project, the deliverables and all potential blockers and setbacks.

### 3. Program Manager

<b>Knowledge</b>	Industry knowledge	Advance knowledge of the hotel industry, the competitive landscape, the current trends and tools available.
	Inventory management	Inventory/pricing strategies for hotels and resorts and the tools that the main OTAs use to maximize sales.
<b>Functional Skills</b>	Product Implementation	Experience in launching new products for multiple markets and strategies to increase product adoption.
	Performance tracking	Create mechanisms to track performance, identify opportunities and get insights from partners.
<b>Soft Skills</b>	Communication skills	To work as a bridge between the product team and the commercial teams and hotels, translating feedback into opportunities.
	Influencing skills	Influencing the commercial teams to lead the right execution while tracking performance .
<b>Behaviors</b>	Customer focus	To focus on the customer needs as well as the hotel sales maximization.
	Ownership	To take the ownership of the project, the deliverables and all potential blockers and setbacks.

### Talent Attraction and Recruitment

As Flexible Rooms is a product planned to be launched by OTA (which already have the 3 different roles in their organization, the first approach would be recruiting internally.

However, if it is external recruitment, we plan to use 3 different sourcing channels (referral, social and advertising)

This would be the recruitment process for each role:

1. **Product Manager**.- Phone screening - First Interview with Hiring Manager - Situational Judgment Test (STJ) + Technical skills test - Communication assessment - Final Interview Round.
2. **Developer Mgr.**- Phone screening - First Interview with Hiring Manager - Technical skills assessment - Final Interview Round.
3. **Program Manager**.- Phone screening - First Interview with Hiring Manager - Situational assessment - Communication assessment - Final Interview Round.

Role	Phone Screening	First Interview	STJ	Communication Test	Assessment	Final Interview Round
Product Manager	X	X	X	X	X	X
Developer Mgr	X	X			X	X
Program Mgr.	X	X	X	X		X

**Phone Screening.**- Using the described sourcing channels and filtering with using the defined knowledge and functional skills for each role.

**First Interview.**- This interview will be hosted by the Hiring Manager, to deep dive on the core skills (functional and soft) defined for each role. Also to give the candidate clearness on the process, answer any question about it, etc.

**STJ.**- In these tests, we will evaluate the judgment and behavior of each candidate, through day to day situations of each role. The purpose is to observe how each candidate will react, identify main behaviors strategic thinking.

**Communication Test.**- For roles that require great communication (verbal and written) skills, we will assign a communication assessment, where each candidate will be responsible for creating a presentation or a document. With this we will evaluate not only the way they communicate, but also their ability to transmit clear and structured messages.

**Assessment.**- For roles that require a deeper level of knowledge (industry or technical), we will use an assessment about some topic related to the industry or to the role. With this we will evaluate their knowledge and also their communication skills.

**Interviews.**- For the Interviews, we will use S.T.A.R (Situation - Task - Action - Result) methodology, as it will help identifying behaviors through past experiences.

This is an example of a baseline question for Commercial POC, using this methodology:

“Could you please share with me a situation where you worked on a new product that needed major changes in order to serve your customer needs? How did you work with your internal stakeholders to do so and what was the result?”

1. Situation - context - what was the situation?
2. Task.- What was your responsibility?
3. Action.-
4. Results.- What was the result of that? How did you measure it?

This technique will help identify both behaviors and soft skills, and allow to do follow up / deep dive questions based on the experiences shared.

## **Talent Development and Training**

As this is a new product, one of the tasks of the Program Manager will be to train the commercial teams on how the product works, how it will work, and how it fits our customers needs and the hotels strategies.

For this, we will create the following:

- Training deck, with all the product characteristics, how to opt in, the commercial pitch, potential objections, etc.
- Support materials for hotels, both on the extranet and shareable decks.
- Email campaigns to increase the awareness of the hotels.
- Webinar for the hotels, focused on the logic behind the product, the main benefits, costs, etc.

For the product team, based on the competency mapping above, we will focus on:

- 1.- Communication Skills: The expected outcome is for the team members to be able to communicate effectively with multiple stakeholders, peers and partners.
- 2.- Leadership Skills: With this training we want to develop the situational leaderships that will help the team members to lead across different scenarios, be able to work and lead under pressure and influence peers and stakeholders.

Based on the current training structure and materials of the company, we will evaluate if the training is already created, or if there is a need for new ones.

## **Retain Talents**

In order to track the engagement within the team, identify potential risks and opportunities, we will use monthly surveys, including the following topics:

- Work-life balance.-Are you satisfied with your current work-life balance?
- Recognition - Do you feel recognized for your work?
- Work satisfaction.- Are you satisfied with your current role?
- Manager satisfaction - Are you satisfied with your manager?

We will also use monthly meetings to review the results, brainstorm as a team actions and agreements and ask for extra feedback.

We will use a fixed compensation package, with base salary in the middle/high segment of the industry benchmark + variables based on performance, with uncapped accelerator bonuses.

As this is something new within the main OTAs, we expect the competitors to scout and reach some of our team members, however, as it is a new product, the expansion roadmap will provide internal growth opportunities to the team.