

UT MBA grad analyzes meeting space needs

Gaylord Hotels boasts more than 1.5 million square feet of meeting space across three properties. The key to Gaylord's continued success is increasing utilization of its meeting space. A University of Tennessee Professional MBA graduate helped crack that code.

The company

Gaylord Hotels is part of Gaylord Entertainment, a New York Stock Exchange hospitality concern based in Nashville. Gaylord's hotels include Gaylord Opryland in Nashville, Gaylord Palms outside Orlando and Gaylord Texan outside Dallas.

Convention hotels live or die by the sale of their meeting space. They make money on guest rooms, but it's overwhelmingly the convention attendees who buy guest rooms.

The issue

Gaylord wanted to increase the demand for its meeting space. Tony Bodoh, a manager of operations analysis for Gaylord who completed his MBA in 2002, was assigned this challenge.

Bodoh's first step was to interview and shadow 60 people from the hotels to learn how the sales, convention services and catering departments operated. He documented information bottlenecks and identified problems common to all depart-

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ments, such as a disconnect of information between sales and convention services (the department that plans and executes events) and duplication of data entry among the departments.



Bodoh

With this data, Bodoh began to examine how Gaylord's customers (meeting planners) utilized its facilities. He reviewed years of meeting space records and noted a pattern. Customers tended to use all three sizes of Gaylord meeting space in a predictable order — breakfast and a keynote speech in a banquet hall; large presentations in a theater-style ballroom; and small group discussions in classrooms.

Bodoh recognized a bottleneck in the process — more demand existed for the classrooms than could be accommodated. As a result, customers could only buy as much meeting space as the bottleneck, or classrooms, would allow; this resulted in a loss of sales.

"Not being able to accommodate our customers with meeting space needs caused us to lose a tremendous amount of business," Bodoh said. "Through my in-depth analysis, I was hoping to turn this trend around."

The solution

Bodoh combed the Internet and other resources, including one of his professional MBA professors, Dr. Mandyam Srinivasan. With Srinivasan's help, Bodoh sought to adapt the "Theory of Constraints," to the hospitality and meetings industry. Unable to find literature that specifically outlined how to apply the theory to his particular problem, Bodoh created his own method.

Bodoh researched scores of competitive properties and found consistency between how their and Gaylord's meeting space was designed. He built a mathematical model representing the industry's current allocation and showed the impact that a correctly designed mix would have on utilization and profitability. His results were

reviewed and adjusted by the convention services team. The product of this collaboration was used to determine the optimal mix and size of meeting room space.

"Tony's analysis was on target and very timely for us as we continue to aggressively grow as a company," says Greg Ashley, vice president of finance and operations analysis for Gaylord. "Optimally designing the flow and utilization of our meeting space allows us to maximize the yield on our hotel rooms, and Tony's work is enabling both of these items to converge in a manner that will be very beneficial to our hotel business going forward."

The outcome

Gaylord recently announced expansions of Gaylord Opryland and Gaylord Texan resorts and will incorporate the proportionate meeting space parameters that were identified in Bodoh's work.

In addition, Bodoh's findings are being incorporated into new Gaylord hotels including the Gaylord National, expected to open in April 2008 outside of Washington D.C. and future acquisitions.

Case Study is provided by the University of Tennessee College of Business Administration.