



## 2013 Hospitality Logistics Summit

Sponsored by UPS

May 15-16, 2013 - Las Vegas, NV

# Executive Summaries of Selected Sessions





# 2013 Hospitality Logistics Summit

May 15-16, 2013 – Las Vegas, NV

At the 2013 Hospitality Logistics Summit, UPS and hospitality industry leaders shared ideas, discussed best practices, learned more about economic challenges, and provided working examples of bold solutions being put into practice by procurement and logistics experts. The panel discussion and presentations by industry leaders provided insights on the role of logistics in lowering operating costs and leveraging technology to improve visibility throughout the supply chain.

Here are few key takeaways from my experience at the 2013 Hospitality Logistics Summit:

- Economic conditions forced those in the hospitality industry to rethink their supply chains. Today a new business model is beginning to emerge in this industry.
- Hospitality leaders are looking to form long-term strategic relationships to help manage transportation, lower costs, and provide the level of service their guests expect.
- Logistics and supply chain management can play a key role in helping properties better manage their expenses.
- Properties can increase profitability and guest satisfaction by outsourcing business centers.
- Technologies such as vendor order management and UPS Trackpad can improve the customer experience and increase visibility of orders, shipments, and on-site packages.
- Sustainability is an essential part of today's hospitality experience.

The logistics of the hospitality industry is complex. The pace of change continues to accelerate with opportunities in new markets. Working together, we can stay ahead of those rapid changes and prepare our supply chains for the future.

Sincerely,

A handwritten signature in black ink that reads 'Alex Ortolano'.

Alex Ortolano  
Marketing Director  
Hospitality Logistics

## Table of Contents

Summary Title	Speakers	Page
Hospitality Logistics Summit Recap		4
Hotel Logistics, Trends and Implications	<b>Jack Holmes</b> <i>President, UPS Freight</i>	6
Best Practices for Sustainable Hospitality Logistics	<b>Brian Becker</b> <i>Sustainability Solutions Manager, UPS</i>	8
How to Grow Business Center Profit through Outsourcing	<b>Barrie Erickson and Ted Price</b> <i>Non-Traditional Sales Development, The UPS Store®</i>	10
Technology to Improve Hospitality Procurement Processes	<b>Johnny Warren</b> <i>Director, UPS Customer Solutions, IT Practice Area</i>	12
Speaker Profiles		14

# Hospitality Logistics Summit Recap

## Overview

Competitive and economic challenges have forced those in the hospitality industry to change their business model to better manage expenses, while continuing to grow revenues and deliver high levels of guest satisfaction. This emphasis on expense control has resulted in a greater focus on enterprise-wide logistics – an area that has not traditionally been a priority or source of industry expertise. By collaborating with logistics experts like UPS, hospitality companies can drive down costs, improve margins, create greater efficiencies, and optimize staffing and resources.

To fully leverage logistics for hotel supply chains, UPS has invested heavily in technology designed to provide hospitality companies with greater visibility and control of their inbound supply chain. UPS also helps companies reduce transportation expenses while becoming more sustainable, and is enabling properties to increase revenue and profitability by outsourcing their business center.

Each area of focus represents a way that UPS is working with hospitality industry companies to develop solutions that allow hotel and resort properties to improve their operating efficiency and guest satisfaction while controlling costs.

## Context

On May 15 and 16 at The Mirage Resort in Las Vegas, leaders from the hospitality industry came together for the 2013 Hospitality Logistics Summit, sponsored by UPS.

Speakers and participants engaged in interactive discussions of industry trends, shared supply chain best practices, focused on the role of logistics in lowering operating costs, explored how to effectively leverage technology to improve visibility throughout the supply chain, and discussed new opportunities to increase profitability, such as outsourcing business centers.

A brief recap is provided below from each session. More detailed executive summaries of selected sessions follow.

## Summit Recap

### Session 1: Hotel Logistics, Trends and Implications

- Due to economic conditions, the hospitality industry has had to be more effective at managing expenses, such as those related to their supply chain.

Before 2007, the primary business model of the hospitality industry was to concentrate primarily on expansion and revenue growth. During the downturn of 2008, it became apparent that to be successful, hospitality businesses could no longer focus solely on revenue growth. Out of necessity, companies in the

hospitality industry began to tackle the logistical challenges and change their model to better understand and focus more on managing the expense side of their operations.

One way to do this is for hospitality companies to divest themselves from certain non-core functions to focus on their core competencies – like running 4- and 5-star resorts and satisfying hotel guests – and their unique value proposition. UPS believes that the successful business model in the hospitality industry will be a balance of revenue growth and expense controls.

- Logistics and supply chain management can play a key role in helping properties better manage their expenses.

While hospitality industry participants excel at satisfying guests, areas like logistics and supply chain management have traditionally not been core competencies or priorities. This represents an opportunity. By focusing on logistics and outsourcing to companies such as UPS which has deep expertise in this area, it is possible for hospitality companies to lower their overall supply chain costs, improve operating efficiency, and gain greater control and visibility over their hotel supply chain.

### Session 2: Best Practices for Sustainable Hospitality Logistics

- Logistics is sustainable.

A supply chain that can optimize transport across multiple transportation modes can deliver both environmental and financial advantages. In addition to having a “rolling laboratory” with vehicles that use various alternative fuels, UPS works with customers to help them measure, manage, and mitigate their carbon emissions, and then enables companies to market the positive steps that are taken. By focusing on sustainability, hospitality companies can build their reputation and strengthen their brand as a sustainable leader.

### Session 3: How to Grow Business Center Profit through Outsourcing

- Properties can increase profitability and enhance guest satisfaction by outsourcing their business center.

By outsourcing their business center, properties can increase revenue and profits, decrease expenses, and focus staff on what they do best: satisfying guests. Working with The UPS Store®, properties are finding new ways to lower costs and improve guest services, leveraging The UPS Store brand to improve guests' perceptions, and increasing business center revenue.

#### Session 4: Diversity Best Practices in Procurement

- Entrepreneurial and diverse hotel owners see the potential to improve their profitability by focusing on and better managing their procurement process and supply chain.

Andy Ingraham, CEO of NABHOOD (National Association of Black Hotel Owners, Operators, and Developers), whose members currently own and operate more than 500 hotels, described the importance of diversity in hotel ownership and in the procurement process. He has learned that when hotels have a diverse supplier base, their costs go down. He has also learned that when renovating a hotel, 10% of a contractor's bid is often related to shipping costs because the shipping process and supply chain aren't being well managed. He sees significant opportunities for hotels to better manage their costs and increase their profits by lowering their procurement costs.

#### Session 5: Distinguished Hotel Executive Panel: Change, Challenge, and Opportunity – Strategies and Tactics for Hotel Logistics Success

- Hospitality industry supply chain leaders are looking to form strategic relationships to help manage logistics, lower costs, and provide the level of service their guests expect.

In a wide-ranging discussion, a panel of supply chain leaders from the hospital industry featured David Jeshurun, Director of Logistics and Strategic Sourcing at MGM Resorts; Hedy Woodrow, Senior Vice President, Retail, at Wynn Resorts; and David O'Harra, Director of Warehouse Operations and Logistics at Caesar's Entertainment.

Among the insights shared were:

- *The economy has forced those in the hospitality industry to rethink their supply chain.* The challenging economy has forced leading hospitality industry players to rethink their business and their supply chain approach, which involves evaluating logistics operations and processes.
- *Supply chain leaders want long-term strategic relationships.* To help manage their supply chain, these industry leaders want to form long-term strategic relationships with companies who understand their business and culture.
- *Panelists want supply chain providers who deliver the same level of service that they do.* These panelists are part of 4- and 5-star properties that deliver a consistently high level of service to their guests. They want to align with supply chain providers who are able to deliver the same level of service.

— *These hospitality leaders want greater visibility into their supply chain, particularly their freight costs.* With increasing scrutiny on managing expenses, these leaders want greater visibility and control over their freight costs so they can better manage these expenses.

— *Enhance internal and vendor compliance.* These leaders recognize that a key part of having an efficient supply chain is having employees and vendors who comply with supply chain guidelines. Keys are having clear guidelines, communicating them, and being able to closely monitor compliance.

#### Session 6: Enhanced Performance through Collaboration – MGM and UPS

- MGM has completely changed how it manages its logistics operations, resulting in greater efficiency and lower costs.

David Jeshurun of MGM Resorts explained that his company doesn't have a logistics department. MGM has decided that the best way for them to manage and control their logistics is through effective collaboration, which is now paying great dividends.

Previously, MGM had a manual receiving process, looked at lowest delivered price, and had limited knowledge of their freight costs. Buyers gave little thought to the mode of transport.

That has now changed. In collaborating with UPS, MGM now focuses on the total cost of ownership, including freight; sets rules for the mode of shipment; consolidates its freight spend; uses technology to provide greater visibility of orders; and seeks to be more efficient and sophisticated in managing its supply chain, resulting in lower costs.

#### Session 7: Technology to Improve Hospitality Procurement Processes

- Technology is a critical component of the hospitality supply chain strategy to drive greater efficiencies.

Through technologies such as vendor order management and UPS Trackpad® dock-to-guest visibility tools, hotel and resort properties have greater visibility of their orders, shipments, and on-site packages. Properties can use these technologies as tools to leverage their freight transportation spend and manage vendor compliance effectively. Hospitality companies that work with UPS to customize these technologies have been extremely satisfied with the results.

# Hotel Logistics, Trends and Implications

Speaker: **Jack Holmes**, President, UPS Freight®

## Overview

The hospitality industry's focus on exceeding guest expectations is unchanged. But what has changed – out of necessity – is the business model, which has shifted to balance revenue growth and expense control. This focus on cost control makes logistics more important than ever. Logistics provides a critical way to drive costs out of the hospitality industry's supply chain. UPS knows logistics and is committed to working with key players in the hospitality industry to help reduce costs, drive efficiencies, and improve visibility throughout the supply chain. Through such working relationships, hospitality companies can leverage UPS's logistics expertise and focus on the core activities of running hotel operations and delivering the right guest experience.

## Context

Jack Holmes described the keys to success in the hospitality industry, the business model changes taking place, and the increasing importance of controlling costs through logistics.

## Key Takeaways

- Meeting and exceeding expectations is the key to success, especially in the hospitality industry.

Every day consumers have countless hospitality options and make decisions based on their expectations of service and value. This is certainly the case in Las Vegas, where more than 3 million guests visited in February 2013 and chose from over 150,000 hotel rooms. Each choice was based on the guest's expectations – which were exceeded, met, or fallen short of. Truly successful hospitality businesses consistently exceed expectations.

---

*"All business – and I would argue especially the hospitality business – is about expectations: meeting them, failing them, or – if you want to be truly successful – exceeding them. Businesses are built on expectations."*  
— Jack Holmes

---

- The future of the hospitality industry is about consistently delivering on the basics, and doing so on a global basis.

Three areas will drive the future of the hospitality industry:

- *Delivering a better guest experience.* Due to the competitive nature of the hospitality industry, hotels can't stand still. They must continually innovate and improve their guest experience.

- *Providing brand value at each touch point.* Every interaction shapes a consumer's perception of their experience. Therefore, it is necessary to provide exceptional experiences at every touch point.

- *Expanding globally into new and emerging markets.* All businesses are now competing globally or are looking to expand into international markets. Exciting things are happening as hospitality players globalize.

- A new business model is emerging in the hospitality industry. Prior to the economic downturn, the traditional business model in the hospitality industry was to grow revenue fast, while growing costs less fast, thereby expanding margins.

But in the downturn of 2008 (which persisted into 2009), it became apparent that to be successful, businesses cannot focus solely on revenue growth. Businesses in all industries, particularly hospitality, must better understand and manage the expense side of their operations. One way for hospitality companies to do this is to focus on their unique value propositions while divesting themselves of non-core functions.

Going forward, UPS sees the most attractive model for the hospitality industry as growing revenue while maintaining expenses; margins will expand by controlling costs. UPS can help hospitality companies control costs by driving out costs through logistics, transportation, and supply chain management.

---

*"What we're looking to do is drive cost out of the hospitality industry through logistics."*

— Jack Holmes

---

- There are many similarities between hospitality industry companies, especially those in Las Vegas, and UPS.

While hospitality industry companies and logistics providers are in very different industries, there are many similarities:

- *Being customer focused, customer driven.* The hospitality industry and UPS both "live and die" based on customers' impressions of the service provided. The keys to success are delighting customers over and over so that existing customers are satisfied and new customers are attracted.
- *Providing services 24x7.* The hospitality industry and UPS never have downtime. Hotels are serving guests at all times, and UPS always has planes in the air and trucks on the road, providing services for customers.
- *Thinking globally.* Hotels are increasingly part of global operations, which require strategic providers (particularly for logistics) that have global breadth and expertise. UPS is global, managing the flow of goods, funds, and information in more than 220 countries and territories.

- *Focusing on sustainability and stewardship.* Sustainability is an essential part of today's hospitality experience. It matters to many guests and employees, and matters to organizations deciding where to hold their meetings and conventions. It may be a marketing opportunity for hotels that understand and manage their carbon footprint, and is definitely an area where hospitality companies do not want to be on the defensive. For UPS, sustainability is part of everything the company does and is an area of competitive advantage.
- *Leveraging technology.* Hotels will increasingly utilize technology and data to increase efficiency, reduce costs, improve service, and personalize the guest experience. Technology is particularly valuable in the supply chain as it provides visibility and accountability. For UPS, the commitment to and investments in technology are key differentiators to reduce logistics costs in the hospitality industry. Importantly, UPS does not expect properties to adapt to UPS's technology. UPS is leveraging its capabilities in collaboration with hotels and resorts and is developing technological solutions to meet each property's unique needs.

---

*"When you work with UPS, you know that you are working with a company that has the same goals and commitments as you."*

— Jack Holmes

---

- **While these many similarities are important, there are also major differences in areas of expertise.**

The overall goals and focus on customer service are similar, but what differs between hospitality companies and UPS are areas of expertise. Hospitality industry leaders know what guests expect and work every day to provide a memorable guest experience that meets and exceeds those expectations.

UPS knows logistics and knows the cost side of business. UPS's presence in the day-to-day supply chain of hospitality industry organizations will drive down costs and free up hospitality experts to focus on what matters most.

---

*"We understand the cost side of the business like no other."*

— Jack Holmes

---

- **Improvements in logistics can reduce a hotel's transportation costs and improve the experience for guests and staff.**

An example of a hotel's inbound receiving operation illustrates some of the challenges that are faced and shows the benefits that can be derived through greater control of inbound logistics. In

this example, the hotel had three docks and received deliveries from three trailers and via three cargo vans. Numerous delivery personnel presented paper manifests.

## Challenges

The types of challenges common in such a scenario include:

- *Congestion at the inbound docks.* Managing the inflow of shipments can result in a logistics battle. Trucks that have to wait their turn at the dock may leave if the wait is too long.
- *Lack of shipment visibility.* Typically, properties don't know what shipments are arriving and when they are arriving.
- *Excessive staffing.* If properties are not aware when their shipments arrive, they must have manpower on the dock to be prepared at all times.
- *Lack of understanding of freight costs.* With numerous paper-based manifests, it is virtually impossible for a hospitality organization to know its true freight costs.

## Solutions

Many benefits can be realized by working with UPS to control inbound logistics. Ways that UPS can help hospitality companies reduce costs and improve efficiency include:

- *Reduced dock congestion.* Using UPS for orders limits the number of carriers at the dock.
- *Better shipment visibility.* Hotels know where their orders are and when they will arrive.
- *Better allocation of manpower.* By consolidating orders and shipments, and knowing when a shipment will arrive, better staffing decisions can be made and costs reduced.
- *Expert resources.* UPS can designate on-the-ground experts to help hotels and their vendors maximize efficiency.
- *Better business visibility.* Through the use of technology, paperwork can be dramatically reduced and hospitality leaders will have much better data to understand their business and costs. Better data provides better insights, resulting in better decisions.

---

*"Logistics done right gives you the flexibility and freedom to focus on your core challenges and responsibilities, so you can do your business while we do ours."*

— Jack Holmes

---

# Best Practices for Sustainable Hospitality Logistics

Speaker: **Brian Becker**, *Sustainability Solutions Manager, UPS*

## Overview

Sustainability is increasingly on the radar of companies in all industries, including hospitality, as customers and other stakeholders want to work with sustainable companies. Sustainability has long been important to UPS, which is pursuing multiple strategies to improve its own sustainability and decrease its carbon footprint. Also, UPS assists customers on their sustainability journey by measuring their carbon emissions related to shipping and helping them manage and mitigate emissions with service options like UPS carbon neutral. Customers can support their brand by proactively marketing their sustainability commitment and results.

## Context

Brian Becker provided a deep dive on sustainability, describing why organizations are increasingly focused on sustainability, summarizing aspects of UPS’s sustainability strategy, and explaining how UPS offers options to help customers become more sustainable.

## Key Takeaways

- Several factors are driving the heightened awareness and interest in sustainability.

There are several reasons why sustainability is generating attention among corporations, including leading hotels and resorts. These include:

- Environmental realities.** Climate change is increasingly accepted as real. With global population growth and new market demand from countries such as China and India, taking care of the earth’s limited resources (i.e. air and water) are increasing concerns.
- Stakeholder interest.** Multiple stakeholders are interested in the environment. Governments around the world are adding new laws and regulations, forcing companies to stay abreast of these changes. Non-governmental organizations (NGOs) can express views that result in good or bad press for companies. Shareholder and investor organizations rate and pressure companies based on their sustainability actions and results. Consumers aren’t just looking at the quality and cost of a company’s goods and services; they are also assessing how companies behave. Also, employees increasingly want to be part of a company that takes sustainability seriously.

In addition, business and government contracts are asking more about sustainability metrics in RFPs and RFIs. This is a growing trend in the hospitality industry as some event and convention RFPs are asking questions about sustainability.

- Competitive necessity.** In some situations, it is important for companies to demonstrate positive steps toward becoming more sustainable to keep up with competition. In other situations, sustainability can result in greater operating efficiencies, bottom-line savings, differentiation, and even a competitive advantage.

*“Factoring environmental concerns into strategic decisions can be a source of competitive advantage.”*

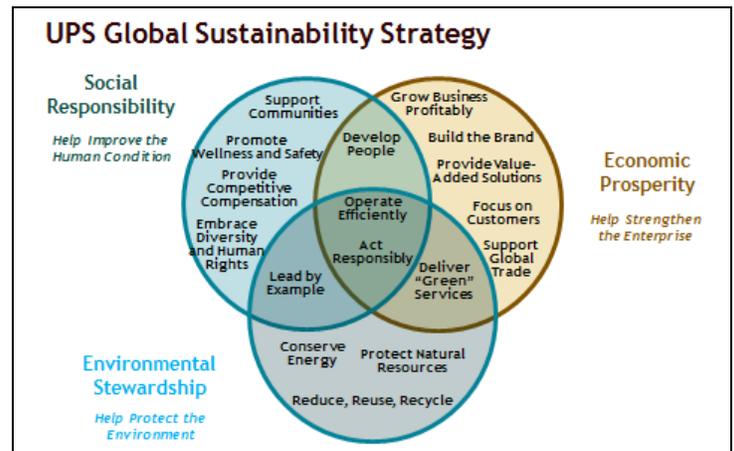
— Brian Becker

- UPS’s global sustainability strategy is broader than just the environment; it is focused on the triple bottom line.

UPS takes a holistic view of sustainability, including:

- Environmental stewardship.** This includes reduce, reuse, and recycle, as well as conserving energy, protecting natural resources, and other positive environmental steps.
- Social responsibility.** This is about helping improve the human condition and includes embracing diversity and human rights, promoting wellness and safety, and supporting communities.
- Economic prosperity.** This entails actions such as focusing on customers, supporting global trade, and building the brand.

Common in each aspect of the triple bottom line is acting responsibly and operating efficiently.



- UPS employs several strategies to reduce its carbon footprint. Key strategies are:

- The “rolling laboratory.”** UPS has built a fleet of more than 2,500 vehicles that use different types of alternative fuels, including propane, electricity, compressed natural gas (CNG), liquified natural gas (LNG), and different types of hybrids. This fleet has now logged close to 300 million miles and

serves as a laboratory in generating valuable learning and propelling new technologies to commercial viability.

- *Optimized logistics network.* UPS has created a proprietary system of telematics, where sensors are placed on package cars which provide incredibly valuable data related to carbon emissions. By analyzing this data UPS has improved the efficiency of its vehicles. For example telematics cut idling time, saving over 650,000 gallons of fuel; telematics improved stops per mile, saving more than 5 million miles of driving; and routing technology has resulted in avoiding about 85 million miles of driving.

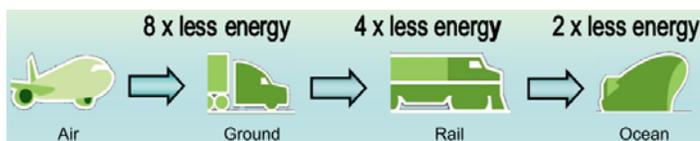
---

*"We are leveraging technology to be more efficient, safe, and sustainable."*

— Brian Becker

---

- *Flexible intermodal shifting.* UPS knows that different modes of transportation use different amounts of energy and have different carbon footprints. Ground uses less carbon than air; rail uses less than ground; and ocean uses less than rail. An intermodal transportation network allows UPS to shift to the mode that is most energy and time efficient. As a result of shifting modes, UPS avoided 11 million tons of carbon emissions from 2008 to 2011.



- *Air and ground fleet efficiencies.* UPS has established different sustainability metrics for its air and ground fleets.

- **UPS helps customers on their sustainability journey.**

UPS works with customers in a systematic way to leverage information and logistics to augment existing sustainability programs. Key steps are: measure carbon emissions, manage and reduce them, mitigate the remaining carbon output, and enable the firm to build its reputation by marketing the actions taken.



**Measure**

Accurate measures are essential to support sustainability claims and to prevent accusations of “greenwashing.” To assist customers, UPS can perform a Carbon Impact Analysis that uses a Carbon Emissions Calculator to measure the climate impact of an organization’s UPS shipping. UPS provides detailed reports customized to each business, and UPS’s methodology is verified and certified by credible third parties.

In particular, UPS helps clients understand the Scope 3 emissions. (Scope 1 emissions are direct emissions from a company’s facilities or vehicles. Scope 2 emissions are indirect emissions from areas such as business travel, capital goods, and purchased goods and services. Scope 3 emissions are indirect

emissions from upstream or downstream activities, such as transportation by suppliers when distributing goods.) In particular, UPS helps clients understand their Scope 3 emissions for items transported by UPS.

**Manage**

UPS provides services and offers advice on various choices that companies can make to reduce carbon emissions. Immediate results can be achieved by using UPS’s technology to optimize transportation, by using UPS’s fleet, which is 100% SmartWay certified (analogous to Energy Star in the transport system). Also, companies can shift to electronic billing or paperless invoices, and can use UPS My Choice, which helps reduce unnecessary stops for residential deliveries.

Longer-term management strategies include supply chain optimization, logistics and inventory planning, and packaging design services. Another example is green consulting, which involves identifying the key drivers of an organization’s carbon emissions, along with the impact of emissions and the difficulty in implementing initiatives to reduce emissions.

**Mitigate**

Even after taking steps to measure and manage carbon emissions, organizations still need to offset the remaining emissions. To become carbon neutral, organizations can mitigate their carbon output by purchasing offsets. UPS offers customers the ability to purchase offsets on a transactional basis using the carbon neutral option for specific small package shipments, or contractually for all UPS services, based on a customer’s specific shipping characteristics. The purchase of offsets funds projects from around the world with a positive climate impact.

**Market**

After organizations have accurately measured their carbon footprint, and have taken steps to manage and mitigate their carbon emissions (which can include offsetting Scope 3 emissions), they may want to market what they have done to make their commitment known to end customers.

UPS helps customers market their sustainability activities in a variety of ways that build brand equity. This includes having access to the UPS brand, with labels that can be applied to packages indicating a company’s environmental actions, and with UPS-branded emails that indicate carbon neutrality.

---

*"By measuring, managing, mitigating, and marketing their sustainability efforts, companies can build their reputation and brand over time."*

— Brian Becker

---

The most practical way for UPS to begin working with customers is by conducting an assessment to establish an organization’s baseline, and then deciding how to go about reducing carbon emissions. There is a real opportunity for companies in the hospitality industry to take the lead in sustainable business practices.

# How to Grow Business Center Profit through Outsourcing

Speakers: **Barrie Erickson** and **Ted Price**, *Non-Traditional Sales Development, The UPS Store®*

## Overview

UPS is collaborating with the hospitality industry to find innovative ways to increase hotel revenue, profit, and guest satisfaction by outsourcing a property's business center. This enables the hotel to provide guests a wider range of high-quality business services, which better meets their needs and enhances their experience. For properties this can improve profitability and leverage The UPS Store brand to improve the guest perception, while allowing hotel staff to focus on their core competencies of serving guests.

## Context

Barrie Erickson and Ted Price described The UPS Store's outsourced business center concept and explained the specific benefits for the hospitality industry. They also shared how this concept is being adapted for smaller hotel properties.

## Key Takeaways

- The UPS Store business center concept helps properties turn a cost center into a profit center.

The UPS Store is a wholly-owned subsidiary of UPS, and the franchisor of the largest network of business services retailers in the United States with more than 4,700 locations. This includes centers in a wide variety of venues where professionals need business services, such as hotels, convention centers, military bases, and other non-traditional locations.

The concept of The UPS Store business center is more than just replacing a property's traditional business center with The UPS Store. It includes:

- *A full-service branded business center.* The UPS Store replaces a hotel's business center with modern technology, trained staff, and multiple services such as pre-event online printing, packaging, office supplies, and notary.
- *A facility management solution.* The UPS Store can provide a complete facility management solution, which involves managing inbound and outbound documents, packages and freight shipments for the property and its guests. This involves accepting and tracking shipments when they arrive at a property's dock, storing in a secure storage location, informing guests when a package arrives, and handling billing. The UPS Store can also oversee a property's lost and found shipping and in-house mailroom management.

Executing an outsourced business center involves The UPS Store being seamlessly integrated with the hotel's operations. To facilitate this integration, operators and associates from The

UPS Store participate in hotel orientation, training, and ongoing hotel staff meetings.

- Hospitality industry participants who have outsourced their business center have gained four key benefits.

The main benefits of outsourcing their business center to The UPS Store – shared by hotel properties that have done so – include being able to focus on core competencies; enhanced guest satisfaction; financial benefits; and competitive advantages of working with a leading brand and franchise organization.

## Benefits of Outsourcing Hotel Business Center Operations



## Focus on Core Competencies

Operating a business center is not a hotel's core business. It can be expensive and distracting for staff members. In contrast, this is exactly what The UPS Store does.

---

*"Business center operations – that's what we do every day, and we have the processes and systems in place."*

— Ted Price

---

The UPS Store provides logistics technology such as UPS Trackpad® to track inbound and outbound packages from dock-to-guests for hotel properties. The UPS Store provides valuable pre-event support for organizations holding conventions and guests attending them. This can involve printing and copying, including large-format posters and banners, as well as receipt and storage of packages and documents. After an event, The UPS Store provides outbound shipping and logistics services, and can often be a property's last touch point with a guest.

Another area that can at times be expensive and distracting for a hotel is dealing with lost and found shipping, such as when guests mistakenly leave items in their rooms. One hotel, for example, spent \$400,000 in a year returning to guests the items they had left behind. By taking over this responsibility, The UPS Store manages this process and charges guests to ship an item back to them that they have left behind. This eliminates the extra cost and distractions for the hotel staff.

Also, outsourcing the business center to The UPS Store usually results in “growing the pie.” This is because The UPS Store is a for-profit franchise operation that seeks to increase business center profits. It wants to help bring meetings to the property and wants to capture revenue opportunities from events and guests.

Through these expertly provided services, The UPS Store helps a hotel achieve higher levels of guest satisfaction and takes on responsibilities so staff can focus on satisfying guests. Also, as part of a property’s team, The UPS Store’s owners are often involved in helping inform and sell meeting planners on the benefits that the business center provides when holding an event at the property.

---

*“We focus on the business center operations so the hotel staff can focus on serving guests.”*

— Ted Price

---

### Enhanced Guest Satisfaction

Outsourcing business center operations enhances the overall guest experience. One way to achieve this is by using UPS technology, tools, and processes to ensure packages get to the right guest or meeting. Lost shipments can easily result in poor customer satisfaction scores, since it is rarely a priority for hotel staff and is a major source of dissatisfaction for guests.

Having The UPS Store on-site provides access to business center and shipping experts who know how to deliver award-winning event support as well as flexible hours and staffing. Also, The UPS Store provides business services such as printing, notary, fax services, and in some hotels, mailbox services, which can be provided on a fee basis to employees and entertainers.

Guest satisfaction is also enhanced through the world-class customer service that The UPS Stores provides. And, just as the presence of the Starbucks brand at a property enhances a guest’s perception, so does a trusted brand like The UPS Store.

### Financial Benefits

The financial benefits are what interests many hotels, resorts and convention centers. These benefits include:

- *Increased revenue.* By outsourcing the business center, a hotel is able to receive rent and a share of the revenue generated. Revenue can increase because The UPS Store actively sells and markets its services to meeting planners and guests, which keeps customers on-site. Also, having The UPS Store on-site provides packaging and shipping services for the hotel’s retailers, helping increase their sales.
- *Decreased costs.* Hotels save money by being able to re-allocate business center staff and resources. The hotel is also relieved of the duties in hiring and training business center associates. The UPS Store will also take responsibility for installing and maintaining business center equipment and up-to-date technology.

- *Reduced investment.* Instead of having to invest in equipment and training, these investments will be made by The UPS Store. On average in 2012, the total investment made by a new The UPS Store hotel business center franchisee was between \$145,000 and \$220,000. As a result of these investments in the hotel business center, the typical contract is for a five-year term, with an option to renew for five years.

### The Franchisee Advantage

By outsourcing to The UPS Store, a hotel gets a committed, focused business center operation. Each center must adhere to clear The UPS Store brand standards and comply with regular reviews. Franchise owners for each property are carefully screened, are personally involved in the oversight of business operations, have a significant personal investment in a center, and their profits are tied to the center’s performance.

As part of their commitment, owners don’t just receive training by The UPS Store; they also go through the hotel’s training to ensure they are providing service that is consistent with the property. Hotels that have outsourced their business center to The UPS Store have found reliable, committed owners who consistently deliver outstanding service.

---

*“The UPS Store owners have a vested interest in making sure the business succeeds.”*

— Barrie Erickson

---

- *The UPS Store has evolved its model for smaller properties.*

Historically, The UPS Store’s outsourced business center concept has been for properties of at least 500 rooms and 100,000 group room nights per year. The UPS Store is adapting this concept for smaller properties, with 250–500 rooms and 50,000 group room nights annually. These properties, many of which do not currently offer business services, want to provide valuable services to travelers, generate more revenue, and enhance guest satisfaction, while keeping staff free from being pulled away to make copies or locate a package.

The model for properties of this size is to provide flexible staffing and to have business center associates on-site whenever a convention is in-house. When there is not a convention and occupancy is lower, it is operated as a self-service business center tied via video-conferencing to a nearby The UPS Store location for any needs that cannot be met via our self-service business equipment. In such a model, The UPS Store is on-site daily to manage all inbound and outbound packages and shipments for the hotel and guests. This model, based solely on a revenue share, has been successfully implemented in multiple locations.

---

*“The UPS Store business center can turn a cost center into a profit center and allow a hotel to reallocate its resources.”*

— Barrie Erickson

---

# Technology to Improve Hospitality Procurement Processes

Speaker: **Johnny Warren**, Director – UPS Customer Solutions, IT Practice Area

## Overview

UPS's Vendor Management technology can help improve the hospitality supply chain by providing greater visibility and control of orders and inbound shipments. Shipment modes and routing can be customized based on a property's business rules. Better control of vendor compliance with shipping instructions is essential before goods are shipped. Greater visibility will enable effective cost control and inventory management.

UPS's Trackpad<sup>®</sup> integrates with the hotel's property management system and connects UPS's shipping information with hotel guest information. As a result, hotels have greater visibility regarding a guest's package, providing greater guest satisfaction and more efficiency for the property.

## Context

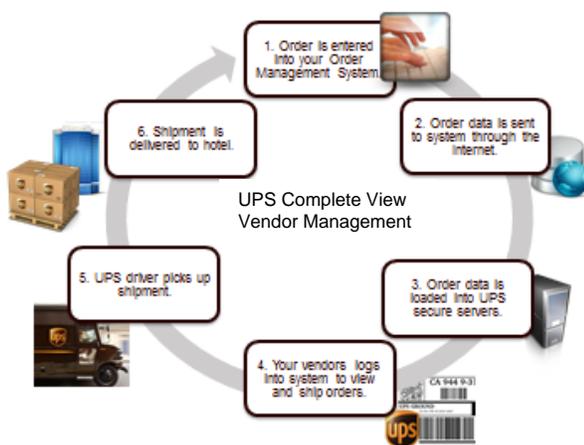
Johnny Warren described UPS Complete View<sup>®</sup> Vendor Management and explained how properties can use it for greater control and visibility of inbound shipments. He also discussed the features and benefits of the integration of UPS Trackpad and the hotel's property management system.

## Key Takeaways

- UPS Complete View Vendor Management provides a property greater visibility and control of its supply chain.

UPS Complete View is a product suite that provides greater supply chain visibility. As part of this suite, Vendor Management offers a state-of-the-art tool that enables users to enter purchase orders and then monitor each order and shipping event.

## System Overview



- Orders are entered into Order Management System. Buyers input orders into their existing Order Management/Purchase Order System. Along with orders, properties can specify business rules. For example, a hotel can set rules regarding the shipment mode for orders from a vendor.

---

*"You can specify your business rules in the Vendor Management system."*

— Johnny Warren

---

- Order data is sent through the Internet to UPS Complete View Vendor Management. Orders from the property are sent to an FTP site. As long as data is in a recognizable format (like csv) and has the right fields, it can be received and used by UPS. This allows UPS Complete View Vendor Management to work with almost any order management system.
- Order data is loaded into UPS secure servers. Once data is loaded into UPS's database it is accessible by vendors, who receive notification of an order. To receive notifications, vendors must be registered in the system. Participating properties can send information to vendors requesting that they register and can provide a link to do so. Every registering vendor needs a unique ID number.
- Vendors login to view order information and ship orders. After orders have been entered into Vendor Management and those vendors have been notified, they can login and view orders that have been assigned. Vendors can also see the specific information about each order. Using this data, vendors adhere to each hotel's unique business rules and print UPS shipping labels. Full order details are available and are communicated in real time back to the ordering property, including transportation charges, tracking numbers, and SKU/carton-level details.
- UPS driver picks up the shipment. Once a label for an order has been generated, UPS picks up the shipment and transports it based on the specified business rules.
- UPS delivers the shipment. The hotel receives the order along with visibility throughout the entire process.

Hotels using UPS Complete View Vendor Management can see how orders and shipments are progressing, including which orders have shipped and in what quantity. For example, a hotel ordering 200 units of an item can see if all 200 shipped, or if a lesser quantity has been shipped or if there is still a quantity remaining to be shipped. For orders that have not yet shipped, the order can be revised or even cancelled. To assist in the process, the "Package Wizard" enables users to create a single shipment or create an order with multiple packages.

### Benefits for hotels using UPS Complete View Vendor Management include:

- *Seamless visibility.* Hotels can provide order details electronically to vendors, which then generate shipping labels based on specified business rules. Packaging and shipping details are communicated electronically in near real time.
- *Greater control.* By specifying business rules, hotels have much greater control over their entire supply chain. Hotels can control how vendors can and cannot ship, and vendors only have the ability to change the type of service provided if the hotel allows this in their rules.
- *Multiple shipping options.* UPS Complete View Vendor Management supports UPS domestic small package services and UPS Freight® LTL and truckload services.
- *Billing management.* All shipments are billed to a customer's UPS account number, enabling more efficient processing of shipments with rules determined by the hotel.
- *Cost savings.* The ultimate benefit of a more visible and efficient supply chain is lower costs. Transportation is coordinated and vendor compliance is managed before a shipment takes place. Inventory can be closely managed and shortages, delivery delays, and stockouts are prevented. And, hotels can more easily go global, purchasing and receiving shipments from vendors across the globe.

One piece of advice from a property that has implemented this solution was not starting with all vendors at once. Start small with a subset of vendors, learn about process changes, and then grow the number of participating vendors over time.

### ■ The integration of UPS Trackpad increases operating efficiency and enhances customer service.

UPS Trackpad is a robust technology and suite of products that uses state-of-the-art handheld computer technology and innovative software to enable tracking and shipping processes. UPS Trackpad is a solution for:



- Tracking documents and parcels from dock-to-guest (from mailroom to consignee).
- Tracking assets (such as furniture, computers, etc.).
- Enabling shipping processes where the use of a larger computer is not feasible.

UPS Trackpad has undergone a certified integration with OPERA, a property management system from MICROS used by many hotel properties. This integration allows packages to be delivered through a seamless step-by-step process consisting of:

1. *Inbound delivery.* Packages are delivered by UPS or any other carrier to the hotel. (This is a multi-carrier solution.)
2. *Scan packages.* All carriers' barcoded packages are scanned, and UPS Trackpad creates barcodes for packages with missing codes.
3. *Process packages.* The name of a guest receiving a package is keyed into OPERA, and the package is stored in a specified location.
4. *Guest/internal deliveries.* Through OPERA interface, guests are alerted of the package and the package is delivered. Upon delivery, package and signature are scanned.
5. *Internal deliveries.* Staff makes final internal delivery and uses UPS Trackpad to scan barcode and signature.
6. *Information sharing.* History and proof of delivery are available along with a variety of reports.

The benefits of this integration include enhanced customer service: guests can receive information at check-in or during their stay about the location and status of a package. Information about a package and reservation can be connected. Packages are not lost, key entry errors are reduced, and packages are smoothly delivered. This reduces calls from guests and saves staff time to look for a package while supporting a business center's value-added services. It also improves a hotel's efficiency, particularly in managing trade show and convention shipments.

## Speaker Profiles

### Noel Massie

*President, UPS – Southern California District*



Noel Massie began his UPS career in 1977 in Oakland, California. Currently, he serves as President of the South California District of UPS and is responsible for all operations, customer relationship management, and revenue management of just over \$3 billion annually. The District employs nearly 20,000 employees and serves over 150,000 customers daily.

Over the years, Noel has served in many capacities within the organization and in locations all around the country. His experience includes working in daily operations, engineering, learning and development, and at UPS's Corporate Headquarters in Atlanta.

Noel attended San Jose State University's School of Engineering and has a degree in Business Management from LaSalle University.

### Jack Holmes

*President, UPS Freight*



Jack A. Holmes is president of UPS Freight, a leading provider of regional and less-than-truckload (LTL) freight services in the United States, and of UPS Freight Truckload, with operations ranging from Dedicated Transportation Services to Transactional Truckload, and from Truckload Brokerage to Dry and Refrigerated Intermodal. He also oversees UPS Freight's operations in Canada, Mexico and Puerto Rico.

Jack's career in transportation began 34 years ago outside of Philadelphia, Pa., while still attending West Chester State University, where he began his career in an entry-level position unloading trailers on a pre-dawn shift. Jack was also a delivery driver prior to being promoted into management, where he would hold leadership positions in Operations, Engineering and Human Resources. Jack attended the Cornell University School for Industrial Labor Relations.

Twelve years ago, Jack was promoted to President and COO of the company's Western States based in Salt Lake City. Since that time he has held the same title in numerous locations across the country prior to his promotion as President of UPS Freight.

Jack's more notable assignments included presiding over UPS's Chicago Area Consolidated Hub (CACH) – UPS's largest automated ground package sorting facility – and heading the transition team for UPS's largest-ever domestic acquisition, the purchase of Overnite Transportation in 2005. During his tenure with Overnite, now UPS Freight, the LTL carrier has increased its market share each year since the acquisition.

Widely respected for his foresight and business acumen, Jack has served on the Virginia Governor's Advisory Council on Revenue

Estimates, the Virginia Business Council, the Richmond Management Roundtable and the boards of both the United Way of Greater Richmond and Petersburg and the YMCA.

### Brian Becker

*Sustainability Solutions Manager, UPS*



Brian Becker is a Sustainability Solutions Manager in the Customer Solutions segment at UPS. Brian is responsible for working with customers in the Retail, Professional Services and Consumer Services sectors in the US, and presenting them with Sustainability Solutions that will help them cut costs as well as grow revenues. Brian has been with UPS for 22 years, and has experience in Operations, Marketing, Sales and Solutions. He holds a Masters of Business Administration & Marketing degree from the University of Michigan.

### Barrie Erickson

*Non-Traditional Sales Development, The UPS Store®*



Barrie Erickson is the National Franchise Sales Manager with The UPS Store corporate offices. She has over 20 years of experience in the transportation and logistics industry with UPS and overseas with Toll Group Australia. She currently oversees the traditional store development sales for The UPS Store nationwide. She also has experience in Non-Traditional sales and development; working directly with hotels and other special venues, developing logistics solutions for business

center services.

### Ted Price

*Non-Traditional Sales Development, The UPS Store®*



Ted Price is currently the Director of Non-Traditional Franchise Development at The UPS Store, where he is in charge of expanding the franchise into unique retail venues where business services are required. These include sites such as hotels, universities, convention centers, military bases and other limited-access retail locations where our services are required.

Ted first joined Mail Boxes Etc. in 1989 and has since held a variety of domestic and international positions within the home office and in the field. Most recently he served as The UPS Store Director of Franchise Sales. He also was the International Operations Manager for The UPS Store and spent four years in Toronto, Canada on The UPS Store Canada senior management team as the Vice President of Franchise Sales and Business Development.

Recently Ted was responsible for the development and launch of a new franchise model for smaller hotels to assist with their parcel management

logistics and business services needs. The UPS Store has opened eight of these mid-sized locations since announcing it to the public in April 2012.

Ted graduated with a BA in Economics from Claremont McKenna College and also holds a Master's Degree in International Business from the University of San Diego.

### Andy Ingraham

President/CEO, NABHOOD



Andrew "Andy" Ingraham serves as President/CEO for the National Association of Black Hotel Owners, Operators & Developers, Inc. (NABHOOD), of which he was one of the founders in 1999. NABHOOD was formed to increase the number of African-Americans developing, managing, operating and owning hotels, increase vendor opportunities and executive level positions for minorities, thereby creating wealth within the African-American community.

Andy has spoken or participated as a panelist internationally and domestically on hotel development and multicultural tourism. A few of the conferences were the American Hotel & Motel Association, ALIS, Congressional Black Caucus, The Lodging Conference, Hotel Investment Conference, National Coalition of Black Meeting Planners, Governor's Conference of Florida, Caribbean Ministers Conference and National Association of Black McDonald's Owners Association.

Andy has developed an expertise in marketing and public relations with special emphasis on African American and multicultural tourism. He has over 24 years in the tourism industry specializing in multicultural and Caribbean tourism. He created a number of programs for Caribbean destinations seeking to access the growing African American and multicultural market.

Because of his knowledge and expertise, he is a constant source for articles and has been featured or quoted in the *Wall Street Journal*, *New York Times*, National Public Radio, *Hotel Business*, *Black Enterprise Magazine*, *Black Meetings & Tourism Magazine* and a host of other publications.

### Alex Ortolano

Marketing Director, Hospitality Logistics, UPS



Alex Ortolano is responsible for marketing UPS solutions to current and prospective customers in the hospitality segment. He and his team leverage a deep understanding of customer needs to support new product development, quantified value propositions, and direct sales programs. They keep their hospitality insights fresh by continually analyzing the market, representing UPS at industry conferences, and by regularly meeting with customers.

Prior to his current position, Alex served as Director of Product and Technology Marketing for UPS in Europe, Asia, the Middle East and Africa based in Brussels, Belgium. Under his direction, UPS focused on increasing customer engagement through an expanded offering of supply chain and technology-based services.

A native of New Orleans, Alex began his UPS career in 1999 in the company's international marketing department. He has held various positions of increasing responsibility in retail services, freight forwarding, logistics, marketing and strategy.

He earned a Masters in International Management from the Thunderbird School of Global Management and an MBA from Arizona State University.

### David Jeshurun

Director of Logistics and Strategic Sourcing,  
MGM Resorts International



David Jeshurun is an experienced supply chain and logistics professional with significant hospitality/gaming industry experience. In particular, he has a proven track record in managing categories with centralized spend and requiring customization for remote locations with varying levels of development using communication, collaboration, and consensus building. Since April 2007, David has been the Director of Logistics and Strategic Sourcing for MGM Resorts International. He holds an MBA from University of Chicago, an MS from University of Michigan, Ann Arbor, and a BS from Oakland University in Rochester, Michigan.

### Hedy Woodrow

Senior Vice President, Retail, Wynn Resorts



Hedy Woodrow is a senior retail executive with over 20 years managing/operating stores and running successful divisions. She is a visionary, a passionate, strategic planner and thinker with a broad understanding of luxury retailing. Her career includes launching new stores, growing and expanding brand recognition in luxury boutiques throughout the US. She has a wealth of experience and the intellect necessary to motivate and lead a diverse team of professionals in increasing sales, improving operating income, event planning, inventory control, advertising, buying and merchandising. Hedy has worked with domestic and international manufacturers of handbags, cashmere, sourcing, etc. In addition, she has transitioned stores, worked with store planning and architects on product placement and visual/design layout to increase sales per square foot. She is active in the community and participates by planning and hosting events for local charities to expand the understanding of the charities.

Hedy currently serves as the Senior Vice President of Retail at Wynn Resorts overseeing 20 company owned stores and 18 leased stores with a staff of over 250. Responsibilities include management and operation, increasing sales, maximizing operating results and overseeing all aspects of the retail division. She is also responsible for leasing, as well as working with the current group of leased stores such as Chanel, Hermes, LVMH, Dior, Loro Piana, etc. Hedy frequently attends markets all over the world to ensure the most unique product collection in each store.

**David O’Harra***Director of Warehouse Operations & Logistics,  
Caesar’s Entertainment*

David O’Harra has worked at Caesar’s Entertainment since 1998 where he manages and distributes inventory for 156 retail locations. He has extensive experience in freight management, contract negotiations, and Inbound/Outbound retail supply chain operations.

Prior to Caesars Entertainment, David worked for eight years for Universal Studios in Hollywood managing retail distribution.

During his time at Universal Studios, he also sat on the panel as a member of the MCA Traffic Management Council (TMC), consolidating volume freight agreements with Universal Pictures Universal Studios Hollywood, Universal Studios Florida, Winterland Promotions, Spencer Gifts, and Putnam Publishing (Penguin group).

**Johnny Warren***Director, UPS Customer Solutions,  
IT Practice Area*

Johnny C. Warren, Jr. currently serves as Director of the IT Practice Area at UPS in Atlanta, Georgia. Johnny is responsible for managing a group of Solution Design and Implementation (SOLDI) resources who identify technical solutions to improve supply chain management for strategic and enterprise accounts. His group develops and drives the strategic direction from an IT perspective for sales opportunities and customer solutions.

Johnny’s group is responsible for developing product strategies, requirement documents, and implementing technical solutions designed to create efficiency within the movement of funds, goods, and information.

Johnny started his UPS career in 1989. During his 24 years with the company he has gained valuable management experience in many different capacities including business development, marketing, operations and professional services.

Johnny received his Bachelor’s Degree in Business Administration from North Carolina Central University. In 2000, he earned an MBA in Information Systems Management from Kennesaw State University. He also received a Master’s Certificate in Project Management from George Washington University.