

## Reconfiguring your Phone Switch

If you are upgrading from an existing call accounting system to the Five Star Call Accounting you can skip the changes to your phone switch, because they most likely were done when you installed the previous call accounting system. On the other hand, when you convert from 'HOBIC' or 'Autoquote' (as the old system is commonly known), and when Five Star Call Accounting is installed, have your phone service company make some changes to the programming of your switch. Have them configure the phone switch to permit the following dialing sequences:

Dial 9 and the number for a local call.  
Dial 91 and the number for a long distance call  
Dial 9011 and the number for international calls.  
Dial 80 and the number for Bell Calling Cards  
Dial 81 and the number for 1 800 type calls.

Have them configure the switch to deny (block) the following:  
8011  
and 90.

If your switch cannot permit 9011 but block 90, have it configured to block 90 altogether and permit 8011 or 80 altogether.

Probably the only change required from how your switch works now is permitting the 91 sequence for allowing direct dial long distance. Most likely your switch is presently set for all of the other rules.

These changes are done with simple commands the phone service company will make using the phone console. Have them do it when they make the cable that runs from the switch to the call accounting computer. Don't try to do it yourself. You will probably incur a cost of up to \$150 for the service call to run the cable and reconfigure the switch.

Many switches can be programmed to not send short calls or local calls or administrative extension calls to the call accounting system. We suggest you have your phone service company set the switch to send all three of these types of calls. That way you can control all aspects of call accounting from Five Star and you won't need to involve the phone service company in the future if you change your policies. Five Star can easily set the minimum duration of a call for calculating charges, as described below. If your switch is set to not send calls shorter than say 45 seconds (which is common) then even if you want to charge for 30 second calls you can't, since call accounting won't get them. If you don't want to charge for local calls now, but might in the future, and if the switch is set to not send local calls to the call accounting, you won't be able to here either. And last, if administrative calls are not sent, you can't take advantage of Five Star's ability to show you the number and cost of your staff calls.

Because your switch may be set to not transmit local calls, short calls or administrative extension calls, we request that when you are testing a new installation of call accounting, that each test call you place should come from a bedroom (I.e. not from an administrative extension) it should be long distance, and not local, and it should be at least a minute long. This way we can be sure your switch will transmit the call to the call accounting. We suggest you call your mother for test calls. She wants to hear from you any way!

## Changing the Information Card in the Room by the Phone

Change the cards by the phone in each room to say:

*Dial 9 and the number for a local call. Local calls are 50 cents (or free, or whatever).*

*Dial 9 and 1 and the number for a direct dial long distance call. Long Distance charges will be added to your guest folio.*

*Dial 9 and 011 and the number for international calls. Long Distance charges will be added to your guest folio.*

*Dial 8 and 0 for calling card, collect or operator assist calls. There is a charge of \$1.00 per call for these services (or whatever).*

*Dial 8 and 1 and the number for 1 800 calls. There is a charge of \$1.00 per call for these services (or whatever).*

*Please note: call charges begin automatically after 6 rings.*

If you don't advise your guests of the change they will continue to dial 81 for long distance, and so these calls will be routed through the HOBIC operator, and you will not enjoy the savings of direct dial calls. You still need to permit the 81 calls though so calling card and 1 800 calls can be routed through the HOBIC lines for the reasons described in the section below.

When the switch has been changed to follow these rules, you must go to a bedroom to test them. Try a call using each of the following :

9 and the number for local calls (this should work and with no operator intervention)

8 and the number for local calls (this should be blocked)

91 and the number for long distance (this should work and with no operator intervention)

90 and the number for long distance (this should be blocked)

81 and the number for long distance (this should work and the HOBIC operator should ask the room #)

80 and the number for long distance (this should work and the HOBIC operator should ask the room #)

9011 and the number for international (this should be blocked)

8011 and the number for international (this should work and the HOBIC operator should ask the room #)

Also try each of these calls from an admin extension. If you have a different dial prefix for admin calls, such as dialing 7 and the number, be sure to test these as well, and set up the rules in call accounting.

## Dealing Effectively with Short Calls

HOBIC has some inherent problems call accounting does not have. Call accounting will never charge a call to a wrong room or forget to call you back with the charges, or call you back late after the guest has checked out. However it does have one inherent disadvantage when compared to HOBIC. That is, the switch creates a call record for every call made, and sends the record to the call accounting system whether the call was actually answered or not. Since the switch is the origin of the call record (and since it has no way of knowing if the call was actually answered) unfortunately call accounting systems have no way of knowing either. That means if a caller makes a call, and no one answers, a call record is generated. On the other hand, HOBIC would not call back for calls when the call is not answered.

There is an option to your service you can purchase from your phone company that can eliminate this problem, but we see it only very occasionally. It is called 'Called Party Answer Detect.' It is a technique your phone company offers that can notify the switch that the call was answered. The switch responds by sending a call record to call accounting only if the call was answered. Since few properties have this feature, we will assume for the rest of this section that you don't. If you do have it, set the minimum duration on your call accounting to 0 so all calls that are sent from the switch are charged, regardless of the length.

It is because of this problem with all call accounting systems (the problem is really a limitation of the switch's inability to distinguish an attempted call from an answered call) that we recommend that you put a

sticker like “Please Note: Call charges begin automatically after 6 rings.” right on the telephone. We have seen simple metallic stickers on the phone with this message. It can go a very long way towards relaxing the argument at the desk on check out over the call where the phone rings 20 times for the person who is not home.

There is a parameter in the Call Costing screen (on the Call Accounting Setup screen) called the Minimum Duration that can help with this limitation, and it is actually the most important parameter in your whole call accounting rules screen.

	Cost/Minute	Min/6Sec	Disc. Code	Minimum Duration	Minimum Cost	Maximum Cost	Charge Code
411 Calls	1.25	S		4.00	1.25	1.25	T6
911 Calls	0.00	S		0.00	0.00	0.00	
Local Calls	0.50	S		4.00	0.50	0.50	T1
Near Area Long Distance	0.46	S		4.00	2.50	0.00	T2
N.America Long Distance	0.68	S		5.00	2.50	0.00	T2
International Calls	5.50	S		8.00	5.50	0.00	T2
1 800 Calls	1.00	S		5.00	1.00	1.00	T6
1 900 Calls	10.00	S		8.00	20.00	0.00	T2
1 976 Calls	5.00	S		8.00	20.00	0.00	T2
Operator Assisted Calls	1.00	S		5.00	1.00	1.00	T6

It works with the Min/6 Sec field. When the Min/6 Sec field is set to M (minutes) the Minimum duration field works in minutes or fractions of minutes. When the Min/6Sec field is set to S the Minimum duration field is set to work in 6 second increments. For example, set the Min/6 Sec field to S and the Minimum duration field to 4 and any call shorter than 24 seconds (i.e. 4 x 6 second increments) will not be charged to the guest folio. The idea is that a call that is shorter than 24 seconds is likely an unanswered call. With this setting Five Star will not charge the guest for a call shorter than 24 seconds in this example.

We suggest you set the Min/6 Sec field to S, i.e. so the Minimum duration field will work in 6 second increments. The alternative is to set it to M so the Minimum duration field would be filled in with fractions of a minute. For example, using the M(inutes) selection you might enter .50 for a 30 second minimum length. The result is the same, it is just a matter of how you like to think, in 6 second increments or in fractions of a minute.

Managing the Minimum Duration is the most important number in the system in generating revenue. Why? Because if you set it too low you get more complaints about charges for incomplete calls, If you set it too high you miss a great deal of profit, because the shortest calls are also more profitable. Some hotel managers set it high to reduce the complaints. But a 30 second call happens to be your most profitable call. It typically costs you under 20 cents. But most properties charge \$2.50 plus 38 cents a minute plus 30% mark up or more. This is the structure HOBIC charges, so most properties set the call accounting system to charge the same way, so the savings are not passed on to the guest. Thus this 20 cent call generates  $(\$2.50 + .38) + 30\%$  or more than \$3.80!

We did a study of a 100 room property in the fall season that was generating about \$200 per month in call profits. They had set the minimum duration to 36 seconds. Their Bell phone bill reported about 30 calls lasting exactly 30 seconds, or about \$170 in missed profit. That adds to nearly \$2000 per year!

So how do you get the minimum duration number down without generating too much ill will with guests over short calls? Some of our users have shown us how this can be done very effectively. They set the rates high and the minimum duration at about 24 seconds. They feel that they generate excellent profits from their phone system as a result. And when a guest complains that they didn't make a call, the response is a crisp and reliable "Oh yes Mr. Smith, I will correct that off your bill immediately." And since adjustments like these are so simple and fast in Five Star front office, you can't lose. These managers feel that the ratio of adjusted calls to paid profits is low, but at the same time the guest is never wrong. Being that cooperative can even win you points with a guest! Changing the minimum duration at the property we studied generated \$1600 additional revenue per year with no reduction in guest satisfaction.

## Changing Traffic Patterns on your Phone Lines

When you use HOBIC and not a call accounting system, your phone lines out of the property will be of two types. HOBIC lines are routed to a special operator called the HOBIC operator, while some of your lines are standard phone lines, like any home or business would have. The HOBIC lines are necessary when you don't have call accounting because you need a way to identify the room a call comes from and what the charges are. When you do have call accounting, the HOBIC operator is not necessary since the call accounting can determine the source and destination and length of the call, and hence the charges.

When a call goes through the HOBIC operator, there is a basic charge of about \$2.50 per call depending on the phone company that supplies you the service. The long distance charges are calculated by the phone company at what is called the 'full tariff rate' which is something like your rack rate – i.e. the maximum rate you are allowed to charge for the service. This is why the minimum charge you typically see from a HOBIC operator routed call is about \$2.88. That is \$2.50 basic charge plus 38 cents for a 1 minute charge. By routing the call through your regular lines, you bypass the HOBIC operator, and pay the same rate you would pay for any long distance call. These days, a 1 minute call to anywhere in North America is under 20 cents, and can be as little as 5 cents.

Many of our call accounting competitors recommend that you have the phone company remove your old HOBIC lines and replace them with regular lines when you get call accounting. We do not! There are three important reasons. The logic behind getting rid of the lines is that since you will no longer be relying on your HOBIC operator for time and charges callbacks, you don't need the lines. But if you eliminate them, you will need to replace them with new regular lines, or the existing regular lines will be overburdened, and guests will get busy signals when trying to dial out of your property. Here are the reasons to keep your HOBIC lines:

- 1) HOBIC lines actually have a lower monthly rental cost from your phone company than regular lines. In fact they used to be free. We see month rental costs of about \$50 per month for regular lines and \$30 for HOBIC lines.
- 2) It will cost you about \$100 or more from your phone company per HOBIC line replaced for the service of changing the lines.
- 3) This is the big one: There is a loophole in the phone company service if you no longer have HOBIC lines. In this loophole, guests can rip you off. Here is how it works. If you don't have HOBIC you have to allow 9 and 0 as a dialing sequence to permit Bell Calling cards and collect calls to be processed. When you dial 9 and 0 in most phone company areas you hear what is called the "Bell Boing", the tone that signals you to enter your pin number if you are planning to use your Bell Calling Card, or enter the keys that start a collect call, etc.

However, some smart guests have figured out that if you dial 9 and 0 and simply wait, eventually the regular operator comes on (this is not the HOBIC operator, since the guest dialed 9 and 0 not 8 and 0. The guest then says charge this call to my bill, and the operator does, because they don't know this call

is not coming from a regular home or business. (The operator probably thinks – what a dumb person, they could have dialed direct and not bothered me.) But the charge shows up on your bill as regular long distance. And since the guest dialed the call just like a calling card or collect call (I.e, 9 and 0) the call accounting thinks it is that type of call and charges according to the rules you set for an operator assist, calling card or 1 800 type call, usually much less than the long distance charge would be, if charged at all.

You can avoid each of these problems by leaving the existing HOBIC lines. By following the guidelines shown above in the section titled Reconfiguring Your Phone Switch you can keep your HOBIC lines for usage other than long distance. Local and regular dialed long distance and international calls will be routed through your regular lines. However, calling card, 1 800 calls, and operator assisted calls will go through the HOBIC lines. This type of use does not attract the high rates charged for HOBIC long distance. In fact they cost you nothing at all. So you get the cheaper lines, you don't pay the high rates for the HOBIC operator, and you don't pay for the replacement and addition of new lines.

You also beat the guest who could rip you off if you had only regular lines. Why? Because the 9 and 0 sequence is not permitted, but the 8 and 0 sequence is. So when the guest waits for the operator to come on the line, and says charge this to my bill, the operator, who is a HOBIC operator, knows to ask for the room number, and will call back with the time and charges.

We would like to point out that all of our competitors in the Call Accounting business seem to recommend you eliminate your HOBIC lines, and so are not saving you with their advice. Five Star for this reason, and many others, continues to be your best solution!

Of course, the phone company wants you to eliminate the HOBIC lines too! They don't want to provide you with cheaper lines if they are not getting the big rates! So the last and perhaps best benefit of this approach is – you get back at the phone company for all those years of huge phone bills!!!

## Internet Usage

Many properties complain of overload on their phone lines due to guests who use their computers in the evening to access the internet. Calls like these can be very long and can overload the lines you have. The solution may be to get more lines, but there may also be a solution built into your call accounting system. If you set the Call Costing Rules screen (on the Setup Call Accounting Interface screen) so that local calls cost 10 cents a minute with a minimum duration of 20 minutes, you can reduce the problem. Make sure you add a note to your card by the phone in the room that says '*local internet calls longer than 20 minutes are charged 10 cents a minute*'. *Regular local calls shorter than 20 minutes are free.*' A charge like this can discourage computer users from tying up your lines for long periods.

## Optimizing Long Distance Profits

Your phone switch can be the source of the second best profit centre in your property. 'Check In Check Out', the preeminent textbook on hotel management suggests that the phone switch should be your second most profitable department, after the rooms division, and even before the food and bar divisions! We have users of the Five Star Call Accounting system that agree! The biggest advantage of Five Star Call Accounting is the ease of which you can manipulate rates. Many properties change room rates constantly for optimal yield management.

So why do they not do the same with long distance rates? The most common answer we hear from users of other call accounting systems is because they don't know how to. Most other call accounting systems rely on complex rate tables for call costing, while all of the rules in Five Star are found on one easy to use

screen – the Call Costing Rules screen. Many of our users play with rates once or twice a month, to tweak them for optimal yield. The best numbers to change are the near area long distance rate per minute, the North American long distance rate per minute, and the international call rate per minute. Even more important, as discussed above, is the minimum duration number for the three long distance categories. Our users set the rates slightly higher or the duration numbers slightly lower, and then wait a few weeks to see if guests respond. If not, the rates ease higher. If they do, the rates ease lower. Managers who do this report to us significant improvements in profits from the phone system.