

THE OVERVIEW

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HOSPA Education and Professional Award Winners Announced



HOSPA

Hospitality Finance, Revenue and IT Professionals
Education & Training

Annual Awards Luncheon 2012
Wednesday 19th December
The Ballroom

The Autumn Statement and draft Finance Bill - what you need to know

The listening project - a New Year's resolution for 2013

Welcome to THE OVERVIEW

A Happy New Year to all our members!

This first edition of our monthly journal for 2013 focuses on the achievements of our learners and members during 2012. The year closed with the HOSPA Annual Awards Ceremony, held at the Park Plaza Westminster Bridge, London, where the winners of the HOSPA 'Hospitality Professionals Awards'; 'Company Commitment to Professional Development Awards'; and the 'HOSPA Student Awards', were all honoured. All the details can be found on pages 3 to 9 and also on our website. Congratulations to all our winners.

If you are pondering on your New Year's resolutions for 2013, the article by leading talent recruitment specialists FM Recruitment on page 15 will give you plenty of food for thought when planning your professional development objectives for the year ahead. Membership with HOSPA can help you to achieve these goals - for information on all the latest events, meetings and network opportunities visit the HOSPA website events page at www.hospa.org and don't forget to add to your favourites. All the latest details are also available via our group on LinkedIn, Facebook and Twitter - follow us @HOSPAtweets.

HOSPA membership also includes unlimited access to EBSCO's learning resources which provide on-demand access to content that helps educate and inform. With up-to-date resources available in a variety of formats - eBooks, videos, journal articles, book review summaries and best practice reports - members have on-demand access to current information from respected thought leaders. Access to this resource can be found through the members' area of the HOSPA website.



The next start date for our courses in Financial Management and Revenue Management is at the end of February - to learn more about these programmes and how to enrol, visit www.hospa.org/education/ or call the Education and Membership Services Office.

We look forward to supporting and engaging with all our members during 2013 with events, education and networking opportunities.

Debra Adams

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Sponsor of The Overview



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HOSPA

Hospitality Finance, Revenue and IT Professionals

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www.hospa.org

HOSPA

Hospitality Finance, Revenue and IT Professionals
Education & Training



HOSPA recognises **academic excellence**

The Education Committee were delighted to recognise at the Annual Awards Lunch in December, the successes of the HOSPA Student Award Winners 2012 studying during the year on the HOSPA Education and Training Programmes in Financial Management (ETPFM) and Revenue Management (ETPRM).

Cash prizes and certificates were then given to the top HOSPA ETP students, based on their results in each of the HOSPA examination categories for the Financial Management and Revenue Management training programmes, on courses commenced September 2011 and February 2012.

From the September 2011 cohort, the prize winners are:

Education Programme in Financial Management

Stage 1: Introduction to Financial Accounting - Stephanie Quinto, Jumeirah Beach Hotel

Stage 2: Operational Management Accounting - Sarah Kundi, Brown's Hotel

Stage 3: Strategic Management Accounting - Elena Popova, Deloitte

Education Programme in Revenue Management

Stage 1: Introduction to Revenue Management - Christina Willey, Whitbread Hotels & Restaurants

From the February 2012 cohort, the prize winners are:

Education Programme in Financial Management

Stage 1: Introduction to Financial Accounting - Jolanta Pieczulis, Jurys Inn Birmingham

Stage 2: Operational Management Accounting - Judith Marx, Hotel Pulitzer/Sheraton Amsterdam Airport

Stage 3: Strategic Management Accounting - Sarah Kundi, Brown's Hotel

Education Programme in Revenue Management

Stage 1: Introduction to Revenue Management - Emma Smith, Whitbread Hotels & Restaurants

Stage 2: Operational Revenue Management - Christina Willey, Whitbread Hotels & Restaurants

HOSPA Outstanding Student of the Year 2012

The 'HOSPA Outstanding Student of the Year' 2012, was won by Jolanta Pieczulis, Jurys Inn, Birmingham.

Jolanta received a crystal trophy and a HP Laptop sponsored by FourteenIP. Jolanta also won a cash prize and certificate for best performance in the February 2012 HOSPA ETP examinations in Financial Management for Stage 1: Introduction to Financial Accounting.

Jolanta started her career as a hotel receptionist at Jurys Inn Nottingham, whilst also studying for a degree in Tourism and Travel Management. However, after a year in this role she moved into the Finance department, where she decided she wanted to stay. She told us:

"I started as an Income Auditor and then increased my knowledge and skills through in-house training and practice. However I soon felt that I needed to broaden my knowledge in Finance. My Financial Controller suggested ETPFM at HOSPA and I can already feel the benefits of joining the programme. My knowledge of Finance within the hospitality industry has increased immensely. Recently, I've been promoted to Graduate Manager and I'm relishing the new challenge. I hope the future will bring further successes, both at work and in the next two stages of the course."



The September 2011 HOSPA Financial Management Education Programme examination prize winners were:

Stage 1 - Introduction to Financial Accounting 2011, was won by Stephanie Quinto, Financial Executive, Jumeirah Beach Hotel, Dubai.

Having gained a degree in Business Management, Stephanie started her career in a bank overseas, where she worked for 5 years. This experience gave her a wide knowledge which she decided to apply within the hospitality industry. In 2007, Stephanie took the opportunity to work as a Finance Assistant at Jumeirah Beach Hotel LLC in Dubai.

In 2011 she was promoted to Financial Executive, Stephanie explains: *"Whilst in this role, I was chosen by our Director of Finance to take HOSPA Finance and Accounting courses in order to sharpen my knowledge in hospitality operations to become an efficient Financial Accountant. After completion of this course, I would like to continue my studies to attain the level of competency of an effective Finance Manager."*

The winner of the Stage 2 - Operational Management Accounting 2011 award and the Stage 3 - Strategic Management Accounting 2012 award was Sarah Kundi, Accounts Assistant, Brown's Hotel, London.

Initially Sarah studied law at university, however, having decided she did not want to pursue this further, Sarah chose to follow a career in hospitality. Sarah gained an accounts intern position in Brown's Hotel and has now been with the hotel for two and a half years. She explains how studying with HOSPA has been of benefit to her:

"The HOSPA course has been a great introduction into Finance for me as I had no previous background in this field. I am really interested in progressing with Food & Beverage Management and a future idea that I would love to pursue would be to set up and run my own restaurant. I think the HOSPA course gives a great insight into the requirement and knowledge needed when setting up and running a business along with highlighting the positives and pitfalls."

Stage 3 - Strategic Management Accounting 2011, was won by Elena Popova, Audit Associate, Deloitte.

Elena has been working in the hospitality industry for approximately three and a half years. Although she started her career in operations, she desired to both learn and contribute more through applying her bachelor and masters degree in accountancy, she explains:

"That is why I moved to the Finance office and concentrated in revenue analysis. I found the nature of the work very interesting and my Finance Director offered to support me in studying Financial Management with HOSPA. I found the programme very useful, efficient and relevant to my work and I truly enjoyed it. Currently I am studying towards ACA with Deloitte and I am looking forward to putting all I have learnt into practice."



The September 2011 HOSPA Revenue Management Education Programme examination prize winners were:

The winner of the Stage 1 - Introduction to Revenue Management 2011 award and the Stage 2 - Operational Revenue Management 2012 award was Christina Willey, Regional Revenue Manager North West, Whitbread Hotels & Restaurants.

Having always had a passion for travelling, Christina decided to complete an AVCE in Travel and Tourism and a BA (Hons) in International Resort Tourism Management. During her studies, she gained a wealth of experience, working in various positions in both hospitality and tourism operations. After completing her degree Christina took up a role within TUI's Early Trading Department, where she was responsible for the yield management of various areas within their portfolio. However, wanting to develop further, Christina decided to move to Whitbread. After just under a year working with the Central Revenue Management team, she joined the Regional team as a Regional Revenue Manager for the North West and Ireland. She told us:

"Revenue Management is exciting and there is a great thrill to making money through spotting opportunities and acting on this information. My future plan is to continue developing my Revenue Management skills and progress accordingly."



The February 2012 HOSPA Financial Management Education Programme examination prize winners include:

Stage 2 - Operational Management Accounting 2012, was won by Judith Marx, Finance Futura Trainee, Sheraton Amsterdam Airport and Hotel Pulitzer, Amsterdam.

After finishing her A-Levels, Judith started a two and a half year traineeship at the Kempinski Hotel Falkenstein in Germany. She then gained further experience and training in Food & Beverage Management whilst travelling, firstly in the US, then to the UK, where Judith started studying, and then to the Netherlands, where she completed her studies. It was during her time at Hotelschool The Hague in the Netherlands, that Judith realised she enjoyed all Finance related modules the most.

After completing her studies, she went on to be accepted onto the Starwood "Finance Futura" programme whilst working at Starwood Hotels Amsterdam (Sheraton Amsterdam Airport and Hotel Pulitzer). She explains:

"Since this summer I have been working in the function of Assistant Financial Controller. The programme is due to finish at the end of December and I am in the application process for my next position as Assistant Financial Controller."



The February 2012 HOSPA Revenue Management Education Programme examination prize winners include:

Stage 1 - Introduction to Revenue Management: Emma Smith, Central Revenue Manager, Whitbread Hotels & Restaurants.

Emma, a keen explorer, developed a passion for the hospitality industry which resulted in working for a number of hospitality operations, from privately owned hotels though to large hotel chains in both the UK and USA. She has experience working in Accommodation and Conference & Banqueting Sales, Systems Project Management and Hotel Revenue Management.

Emma explains how studying with HOSPA has been of benefit to her: *"The HOSPA Revenue Management education programme has fine tuned my Revenue Management skills giving me valuable confidence as my career progresses."*



Financial Management and Revenue Management Programmes 2013

We are currently taking enrolments for the March 2013 intakes to both the Financial Management Programme and the Revenue Management Programme. These courses enable you to earn while you learn leading to accredited awards to prepare you or your teams for working in Finance and Revenue Management roles in the hospitality industry. For more details about the courses, entry requirements and fees visit www.hospa.org/education/education-and-training-programmes or call the Courses Administrator, **Jane Scott, on 01202 889430.**

Learners awarded Associate (Certified) membership of HOSPA following successful completion of their financial management studies during 2012:

Karen Armstrong,

Accounts Assistant, Radisson Blu Hotel Durham

Josie D'Cruze,

Accounts Clerk, Sheraton Heathrow Hotel

Axel Dormans

Robert Gerhardt,

Credit Manager, Jumeirah Madinat

Philip Littlefair,

Finance Manager, Principal Hayley Palace Hotel

Caroline Mihelikova,

Revenue Controller, Principal Hayley Beaumont House

Ian Millington,

Credit Controller, Principal Hayley Wotton House

Kevin Moseley,

Assistant Brand Financial Controller, Village Hotel Group

Ricarda Neims,

Reservation & Revenue Manager, St James's Hotel & Club

Nina Peuser,

Assistant Financial Controller, Red Carnation Hotels

Elena Popova,

Audit Associate, Deloitte

Constantijn Schouten,

Finance Supervisor, Trafalgar Hilton

Aleksandra Stavridis,

Assistant Financial Controller, Red Carnation Hotels

Leonardo Yecguanchuy,

Accountant, Chesterfield Palm Beach

Mohamad Zayour,

Food & Beverage Cost Controller, Sheraton Skyline Hotel & Conference Centre

Well done to **all** our students!

HOSPA honours Industry Commitment to Professional Development

The success of our students is dependent on lots of hard work and commitment to studying whilst working full time. Success is also due, in part, to the support offered by the companies sponsoring the students with their studies.

For this reason, HOSPA is delighted to award each year the Company Commitment to Professional Development Award. In order to be nominated and selected for this award a company must demonstrate outstanding commitment to supporting professional development opportunities for their associates. This year the HOSPA winners for this award were:



Corporate Employer of the Year 2012 - awarded to Whitbread Hotels & Restaurants for their ongoing commitment and support to the HOSPA Revenue Management Programme. The award was accepted by Emma Smith, Central Revenue Manager.

Whitbread's story began in August 1720 when Samuel Whitbread was born. Samuel began a brewing apprenticeship in 1736 and went on to establish his first brewery six years later. In 1750, he moved his brewing operations to Chiswell Street, London, and in doing so created the first purpose-built mass-production brewery in the UK. In 2001 Whitbread sold its breweries and refocused from the pub and bar business to hotels and restaurants.

Today, Whitbread own six well known brands, including Premier Inn, Costa and Beefeater Grill, operate in 25 countries, employ more than 40,000 people worldwide and serve approximately 21 million customers a month.

Whitbread have demonstrated an unquestionable commitment to train and invest in their people; spending £3 million annually on training and development and have supported the HOSPA Revenue Management Education Programme from the launch in 2011.



SME Employer of the Year 2012 - was presented to St. Ermin's Hotel, London - part of MGallery Collection of memorable hotels by Accor - and was accepted by Therese Scully, Financial Controller and Hilary Archer, Human Resources Manager.

St Ermin's Hotel, a 4 Star property based in central London, has a rich history. Originally a mansion block, built in 1889 by E.T Hall, the building is located upon the site of a 15th century chapel dedicated to St. Ermin. In 1899 the block was converted into a hotel and its new owners, with the help of J.P. Briggs, the famous Victorian Theatre designer, undertook a major refurbishment much of which is evident today.

In 1940, Winston Churchill invited what were to be the founding members of the Special Operations Executive (SOE) to the hotel for a meeting. A whole floor of the hotel became the SOE's headquarters during World War Two where the group would carry out covert operations whilst MI6 were located two floors above. The St Ermin's Hotel has been a long term supporter of the BAHA and now HOSPA Education and Training Programme in Financial Management.

HOSPA AWARDS for Outstanding Hospitality Professionals 2012

The winners of the prestigious 'Hospitality Finance, Revenue Management and IT Professional Awards of the Year 2012' were also announced on 19th December at the HOSPA Annual Awards Ceremony in London.

Nominees for these HOSPA Award Categories had to have an exemplary track record, be willing to train and lead their staff, be totally dedicated to the hospitality industry, with the intention of remaining in the profession, demonstrate strong attention to detail, keep abreast of current codes of practice and command respect within the hospitality sector and wider business community.

Hospitality Finance Professional 2012, sponsored by PKF, was awarded to Adolf Schauer, Financial Controller, The Cavendish London.

Adolf has 12 years experience as Assistant Finance Controller and Finance Controller in retail and hotels. Neil Braude, Hotel Manager at The Cavendish London explains why Adolf is so deserving of this prestigious award: "Adolf Schauer joined The Cavendish Team in 2007 as Financial Controller. The Operating Profit has grown by 25%, despite the impact of the recession and reduction in premium corporate travellers and conference and events. Adolf has made a huge contribution to this by ensuring our growth in RevPar has converted to EBITDA.



Adolf Schauer (centre) receiving his award with Sponsors Stuart Collins (left) and Robert Barnard (2nd from right), Diana Mountain, Chair of HOSPA's Finance Committee (2nd from left) and HOSPA Chairman Paul Dukes (right).



"In the years I have worked with Adi he has demonstrated his sound technical accounting skills, our Annual Audit Score is always outstanding, he is a true leader, he networks extensively to source innovative applications to drive our business forward. His Assistant Yusuf last year was awarded Aspiring Manager of the Year from the Institute of Hospitality as a direct result of the development programme Adi has developed with him over the past four years, ensuring we have stable committed and productive Finance Team supporting our entire Operations Team to deliver outstanding results not only in Finance but across the whole Balanced Scorecard."

Adolf responded to receiving the award with the following comment: "I am extremely honoured to be awarded 'Hospitality Finance Professional of the Year 2012'. I am grateful for the recognition I have received for my work, as I am sure that every other nominee for this award would have been equally worthy of receiving it. This award could not have been achieved

without the inspiration I have received from my team and my colleagues at The Cavendish London, for whom I have deep respect, and from whom I have derived the strength to challenge myself and perform better at each stage. I sincerely thank everyone especially Ciaran Fahy, CEO of Ellermann Investment (Hotel division), and Neil Braude Hotel Manager at The Cavendish Hotel London. Thank you!"

Robert Barnard, partner for Hotel Consultancy Services at PKF and sponsor of the HOSPA award, commented: "My colleague Stuart Collins and I were delighted to present the 'Hospitality Accountant of the Year' award for 2012 to Adolf Schauer, Financial Controller at the Cavendish Hotel. Adi has demonstrated his commitment to the hospitality industry through his professionalism and his engagement with other aspects of the operations which has resulted in spectacular results in challenging trading conditions. He has also undergone the demanding process of the hotel's takeover which has earned him high praise from both sides of the transaction."



Clinton Campbell celebrating his award with members of the HOSPA Revenue Management Committee (HRMC), from left to right: Warren Mandelbaum; Cheryl Hawksworth; Corinne Bellaby; Clinton Campbell; Ally Dombey and Neil Corr.

The Hospitality Revenue Management Professional 2012 award, sponsored by Infor, was presented to Clinton Campbell, Group Revenue Manager, Apex Hotels.

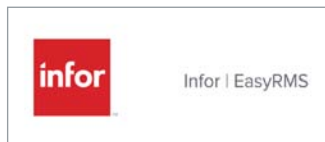
Clinton was nominated for the award by Angela Vickers, Managing Director at Apex Hotels. She comments:

"In the two years since Clinton joined Apex Hotels he has demonstrated a real talent in the field of Revenue Management. Having joined initially as Revenue Manager for London he was quickly promoted to Group Revenue Manager as it was clear Clinton had the ability to achieve much in his chosen field.

"Notable achievements include heading up a Group GDS project which involved switching from Pegasus Utell to Sabre Synxis. The implementation went very smoothly and was extremely well executed. In addition to GDS connectivity Clinton was also instrumental in leading the changeover from an in-house online web booking system to the Sabre Booking engine. He was responsible for a seamless changeover in setting up all connections with key OTA operators. Both these projects were managed and executed against a backdrop of a new Apex hotel opening in London. Clinton continues to challenge current practices and is always trying to improve operational procedures. Whilst he is continually looking to keep Apex at the forefront of revenue best practices he does appreciate the fundamentals of his

field and is able to engage with people at all levels within the organisation."

Upon receiving the award Clinton commented: *"It's a great honour to receive this award in front of the leaders of today's hospitality providers and in such a great setting! I'm very thankful to Angela Vickers (MD Apex Hotels) and Yousif Al-Wagga (Operations Director) for the nomination and for the kind words used to support it. To be recognised for what I thought was "just doing my job" is very rewarding. I have a great Revenue Team at Apex and with their support and the added support of my fellow committee members on the Revenue Management (HRMC) committee I have been able to apply my experience to the strategy of Apex Hotels. We are all too aware of the challenging trading conditions that hotels are facing at the moment and this often makes traditional Revenue Management techniques tough to implement and as such we have had to make use of different opportunities, channels and practices. The success was a combined effort from all areas."*



Infor, sponsors of the HOSPA RM award, commented: *"Infor Hospitality are very pleased to award the 'HOSPA Revenue Manager of the Year Award' to Clinton Campbell at Apex Hotels because as a supplier of hospitality software we know just how important maximising revenue is to hoteliers in the current testing times.*

"Clinton has made quite an impact in a relatively short space of time, being promoted to Group Revenue Manager not long after joining the company and has demonstrated not only an exceptional talent for Revenue Management but has also been key in managing a GDS supplier and Web Booking change to drive revenue. We all believe if you have a good Revenue Manager, a good Revenue Management system and a hotel that is geared towards maximising revenue in all departments, there is no reason why you should not be able to outperform all of your direct competitors and always be that one step ahead. Infor Hospitality would like to wish Clinton all the very best and congratulate him for earning this award."



The Hospitality IT Professional 2012 award, sponsored by Fourteen IP, was won by Kate Roberts, Senior Director Information Resources Central Services, Marriott Hotels.

From working within the hotels, to running the IT team, Kate has worked her way up within Marriott. She started working for the company when Marriott in the UK was a franchise run by Whitbread and has remained through numerous changes, expansions and re-organisations. Kate is now responsible for IT across Europe.

Neil Tolley, Business Development Director for Fourteen IP Communications and sponsor of the award commented:

"I was delighted to present the award to Kate, I have been fortunate to work with Kate on a number of projects over the past 10 years or so and cannot think of anyone more deserving of an award, Kate is a real one off and a pleasure to work with and the award gives recognition of the journey she has made through her career with Scott Hotels, Whitbread and Marriott. Well done Kate."

Special HOSPA Awards



Mark Lightbound (middle) with HOSPA Chairman, Paul Dukes (left) and HOSPA CEO, Carl Weldon (right)



Debra Adams with Professor Peter Jones MBE, Director at Wentworth Jones and Chair of the HOSPA Education Committee

Mark Lightbound

Receives Special 'Outstanding Services to BAHA and HOSPA' Award at the 'Annual HOSPA Hospitality Finance, Revenue Management and IT Awards 2012'

In the presence of nearly 300 guests at the annual HOSPA Hospitality Finance, Revenue Management and IT Awards, held at the Park Plaza Westminster Bridge, a special HOSPA Award – an engraved crystal trophy for 'Outstanding Services to BAHA and its Successor HOSPA' - was made to Mark Lightbound, Director of Finance at Coombe Abbey Hotel, near Coventry, and Lumley Castle Hotel, near Durham (both part of the No Ordinary Hotel Group). Mark is retiring from his voluntary role as BAHA then HOSPA Treasurer after eighteen years' loyal and devoted service to the Association.

Mark started his career as an Articled Clerk at Dolby Summerskill & Co whilst studying at Liverpool Polytechnic from 1972 to 1976. He then moved on to become Accounts Management at Melarose Limited from 1976 to 1977 and soon after took the role of Assistant Accountant at Salisbury Produce Marketing Company until 1978.

In June 1978, Mark started working within the hospitality industry, firstly as a Relief Accountant for Zimbabwe Sun Hotels and then working his way up, he became the group's Management Accountant in 1982.

From October 1983 to 1992 Mark worked as Financial Controller for Gleneagles Hotels PLC and Guinness PLC in a number of their hotels. He then moved to Marriott St Pierre Hotel and Country Club in 1993 where he was Financial Controller until

1997, also having the responsibility of being Regional Financial Controller from January 1994 until January 1995.

From 2000 to 2007, Mark worked at The St David's Hotel & Spa (now Rocce Forte) as Financial Controller and later, from 2010 to 2011 Mark gained the position of Cluster Financial Controller at City and Country Hotels. He is now Director of Finance at Coombe Abbey Hotel and Lumley Castle Hotel and has been since October 2011.

Commenting on Mark Lightbound's award, HOSPA Chief Executive Carl Weldon said: "We are greatly indebted to Mark for his voluntary commitment to the work of the Association, spanning many years and culminating in 2004 with him agreeing to become BAHA Treasurer. Mark's outstanding contribution has helped BAHA evolve and in 2011 become HOSPA, and be the growing and thriving Association it is today."

Debra Adams

Receives First Ever 'HOSPA Paragon Award'

Debra Adams, Head of Education Services at HOSPA and Director of arena4finance, has become the very first recipient of the HOSPA Paragon Award. HOSPA Chief Executive Carl Weldon and HOSPA Chairman Paul Dukes presented her with this new prestigious HOSPA award for her outstanding achievements on behalf of the Association – together with her exemplary commitment and dedication to BAHA then HOSPA – in her roles as Head of Education and Membership Services. The full story will be published in the February edition of The Overview.



Julian Demetriadi
CommunicationsPoint

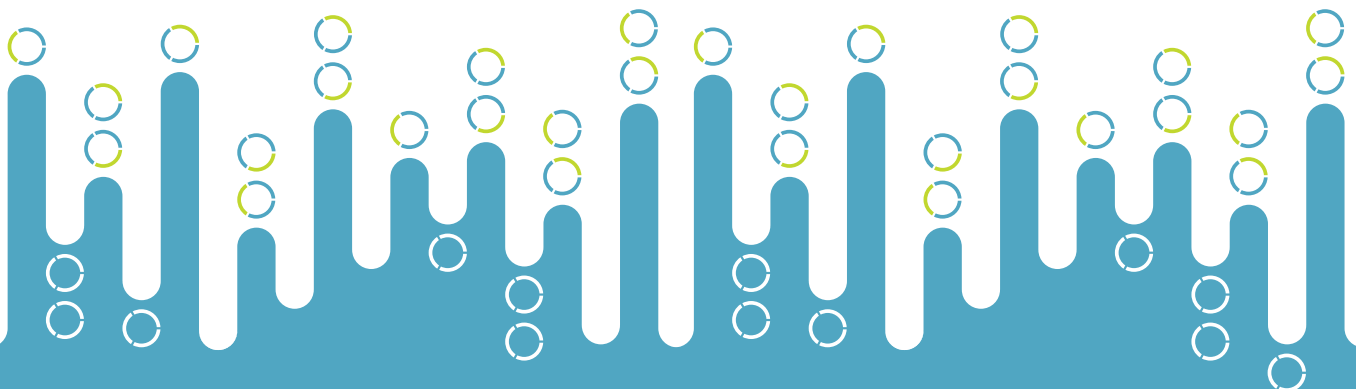
Details for HOSPACE 2013 will be released shortly – visit www.hospace.net for the latest update.

HOSPACE 2012 breaks all previous attendance records!

Building on the success of HOSPA's acclaimed 2011 Annual Conference and Exhibition, HOSPACE 2012 – entitled 'Taking the Investment Forward – Making the Most of the Investment in Your People and Business to Create Value' – again broke the previous year's attendance record when it was held on 22 November at the Sofitel Hotel, London Heathrow at Terminal 5.

Over 400 delegates, speakers and IT exhibitors gathered for what proved to be a highly informative, productive and enjoyable day that opened with an excellent Industry Overview presented by Konstanze Auernheimer, Director of Marketing & Analysis at STR Global, and Liz Hall, Head of Hospitality & Leisure Research at PricewaterhouseCoopers (PwC).

Following the Industry Overview, a prestigious panel of top hospitality industry executives put the current hottest hospitality issues, trends and developments under the microscope in a special 'Leaders Panel' discussion. Under the skilful guidance of HOSPA Chairman Paul Dukes – also Chairman at Kew Green Hotels – the Leaders Panel comprised HOSPA President Robert Cook, Chief Executive of De Vere Hotels & Village Urban Resorts; Surinder Arora, Founder and Chairman of Arora Hotels; Grant Hearn, Chief Executive,





HOSPA's Career Investment Development Scholarships



Travelodge; Angela Vickers, Managing Director, Apex Hotels; and Stephen Cassidy, Area Vice President at Hilton Worldwide. Key observations arising from the discussion included:

• In the current climate, don't wait for the economy to improve – instead think smarter, be creative, be innovative and entrepreneurial.

• In this environment, your employees tend to be forgotten. Developing your people is essential, as are apprenticeship schemes and attracting starters to the industry. Working with universities and colleges to develop management courses is also important – creating a pipeline to potential good leaders.

• Should the industry have a dedicated Minister for Tourism? It was agreed that it would make sense to have a dedicated Tourism Minister. It was also mooted that the UK should follow the US example where President Obama established a cross departmental committee to drive tourism, to take on board important considerations such as immigration.

It was then the turn of a distinguished panel of hotel finance experts to examine one of the greatest challenges currently facing the UK hospitality industry – the crucial issue of obtaining hotel finance. Under the skilful chairmanship of HVS Chairman Russell Kett, the hotel finance panellists – who discussed 'Getting the Wheels of Finance to Turn Again' – included: Sylvia Matthews, Senior Vice President, Finance, Jumeirah Group; John Stuart, Financial Director at BDL Management – the UK's largest multi brand and hotel management company; Graeme Smith, Partner, Zolfo Cooper Corporate Finance, who leads Zolfo Cooper's activities in the hotel sector; and Bob Silk, Relationship Director, Hospitality & Leisure Team at Barclays Bank PLC.

Commenting on the 'Finance Panel' session, Russell Kett said: "Boosting investment in the world's hotel sector is the single biggest challenge facing the sector today. Despite strong buyer interest in the global hotel market and plenty of equity available, not least from the Far East and Middle East, there are few hotel transactions taking place outside key locations and gateway cities across Europe.

"In the UK, there is little investor appetite in the provinces where hotel trading continues to languish in all but the best-run hotels. Obtaining debt finance for hotel acquisitions is tough and a number of re-financings due in the next year will prove challenging to accomplish in the current environment without a significant chunk of fresh equity and an understanding bank."

Drawing the morning sessions to a close, HOSPACE 2012 then examined Revenue Management. As Revenue Management becomes an ever growing force to be considered in the hospitality industry, an expert panel put Revenue Management's contribution to the industry under the microscope.



Under the astute chairmanship of Professor Peter Jones MBE – Director at Wentworth Jones and Chair of the HOSPA Education Committee – a leading panel of hospitality Revenue Management practitioners and authorities on the subject scrutinised: ‘What is the Revenue Management contribution to strategy and future leadership in hospitality?’ The panellists included: Chris Cooper, Group Director of Revenue Management, Rocco Forte Hotels; Pamela Carvell, Owner of Pampas Marketing and Life President, Hotel Marketing Association; Mark White, General Manager, Millennium & Copthorne Hotels at Chelsea Football Club; and Jim Cockell, Group IT Solutions Director, National Express. Facilitators for the discussion were HOSPA Revenue Management Community (HRMC) Chair Warren Mandelbaum; and HRMC Deputy Chair Cheryl Hawksworth.



Commenting on the HOSPACE 2012 Revenue Management discussion, Warren Mandelbaum said: “Right now, Revenue Management is a well established force to be considered – its practices are tightly interwoven within the fabric of any commercially led organisation. This multi-faceted function has evolved from a purely tactical one focussing on yield, to having a far greater responsibility encompassing numerous areas – impacting Marketing, Sales, Distribution, Technology and Social Media to name but a few.



“Strategic company objectives and goals can only be accomplished with the appropriate strategy in place, usually managed by Revenue Management. Should these be out of place within the market or simply incorrect, the entire organisation is negatively impacted – highlighting the importance of having the correct Revenue Management strategy in place.” The afternoon sessions kicked off with the HOSPACE 2012 IT Debate. Under the adroit guidance of HOSPA IT Community Chair Bryan Steele, Managing Director of Jireh-Tek, the panellists discussed the motion: ‘Can outsourced IT services really support the needs of Hospitality IT for both internal business requirements and guest services?’ The panel of leading hospitality IT professionals included: Jeremy Ward, Senior Vice President IT, Kempinski Hotels; Chris Huggett, Senior Vice President Networking Business, EMEA, Hewlett Packard; Paul Missen, Vice President Technology EMEA, Mandarin Oriental Hotel Group; Joanne Stanford, Group IT Director, De Vere Group; and Raman (RP) Rama, Principal Vice President and Chief Technology Officer/Chief Information Officer at JHM Hotels, and President of Hospitality Financial and Technology Professionals (HFTP).



There were arguments for and against the motion, but the prevailing conclusion was that outsourcing IT requirements to a cloud-based system could not only save money and expand the breadth of expertise, but remove many of the headaches – such as trying to keep abreast of ever changing IT technological developments, along with the cost and necessary IT expertise involved.



The afternoon Educational Workshops – which were all presented by companies and organisations that are specialists in their particular fields – were designed to enhance Continuing Professional Development (CPD) and support the theme of the one-day event: ‘Taking the Investment Forward – Making the Most of the Investment in Your People and Business to Create Value’. Each of the ‘Interactive Educational Workshops’ were placed into streams for Finance, Revenue Management and Technology – with subjects that respectively include: ‘Welcoming International Travellers to the UK with GB Knowledge and Dynamic Currency Choice Services’; ‘The Great Revenue Management Divide’; and ‘Building the Business Case for IT Investment and Networking Modernisation’.

HOSPA would like to thank all the companies and organisations, presenting the HOSPACE 2012 Educational Workshops, for their invaluable time and support. They included: Acentic, Atos, Avvio, Barclaycard, Beacon Purchasing, Daisy, Global Blue, HM Revenue and Customs (HMRC), Hewlett Packard, IDeaS, Infor, Micros Fidelio, PAR Springer-Miller, Rate Tiger, Sabre Hospitality Solutions, Solution Builders, The NAV People, Upskill People, and Xn Hotel Systems.



During the coffee, lunch and tea breaks, HOSPACE 2012 attendees were able to benefit from a growing and increasingly influential Exhibition of hospitality technology solutions – providing delegates with a ‘one stop shop’ to view and interact with the latest and ‘best in class’ technologies – covering all eventualities for any hospitality business, whether they be start-up, established independent, or multi chain-owned, operations.

A highly successful HOSPACE 2012 ended with a superb Gala Dinner where upbeat diners were taught to play African drums under the interactive supervision of Drum Café, followed by competitive entertainments and dancing into the early hours of the morning!



Jim Doyle

Jim Doyle is a member of a number of NED panels across the UK, including PKF, Grant Thornton and PWC. A Fellow of CIMA and HOSPA, Jim has worked at Board level since 1988. To find out more please go to www.jadfms.co.uk.

Experience on tap

Whatever the size or scope of your business, a non-executive director (NED) can provide invaluable insight, guidance and stability when you need it most. In this article Jim Doyle, a Fellow of HOSPA, shares some of his experiences of taking this key role, revealing the extent to which a NED can prove invaluable – especially in unexpected circumstances.

It was June 2011 when, as the non-executive Chairman of a software company, I received some devastating news. After a short illness the Managing Director, one of the founders and major shareholders of the business, had died.

Any board of directors needs to ask itself the question of what would happen in such an event – indeed, it is one of the key questions that they can expect their NED to ask them. The board must carefully consider the robustness of the company's Risk Register, and what contingency plans are in place in the case of such an adverse event, in this case the loss of a 'key person', at the highest possible level. Recognising the possibility of such a loss, and its ramifications, can be the basis for establishing financial cover from a commercial insurance policy. However, the suddenness and sadness of losing a colleague and a friend is not in truth something that one can emotionally prepare for. Such was the situation in which I found myself, effectively having to steady the helm while the Board itself was reeling from the shock.

My immediate challenge as the non-executive Chairman was to ensure that objectivity was kept to the fore across the small organisation. The company had to continue to fulfil its orders, to support and reassure its software customers, to improve and develop its current release, to maintain its Quality Assurance Systems, and to pay its suppliers and staff. The mantra 'Keep Calm and Carry On' is seen everywhere these days, but still it would not have been inappropriate if emblazoned on the company's front door.

The Board obviously needed to debate its reaction to the loss of one of their own, agree between them the most sensible way forward in the immediate and medium term, and also carry its shareholders along that route. It was incumbent on the executive directors to reassure their teams that there was no need to be concerned about the ongoing health of the business. One of the features of this particular company is the 'large ticket' nature of its training systems: six figure purchases, bureaucratically slow by nature, aimed at medical and educational institutions, notwithstanding the current economic climate. The company's strategy remains global in scope, based on cooperation with sector specific local distribution networks, reflecting the timescales involved. Three months after the death of the MD, five

systems were sold into Australia via our Sydney based distributor with whom we had established a relationship in 2008. This was as reassuring psychologically as it was commercially. It also reaffirmed the message that the company and its strategy are more than the sum of its parts. It was a creditable achievement that reflected the passion the MD had, and which his colleagues still have, for the business, which continues to look forward to an exciting future.

It is interesting that this same company recently exhibited in Boston at a location impacted by Hurricane Sandy. Monday's seminars and presentations were curtailed at 2pm as a result of the superstorm, but by Tuesday normal business was restored. Perhaps bolstered by their experience of handling the bereavement of their friend and colleague, I am confident that the directors and staff on the ground in Boston had no difficulty in putting the inconvenience of a disrupted conference into its proper perspective.

Vital skills

A freelance director operating through a limited company can add value in a non-executive basis at little risk. If introduced by a trusted adviser, there are no upfront recruitment fees and no redundancy package if the chemistry proves inert. Accounting partnerships such as PKF, Baker Tilly, PWC and Grant Thornton maintain a panel of such NEDs, comprising professionals from many fields, and advisers can 'matchmake' suitable directors to businesses for maximum benefit.

Financial institutions including large banks can often benefit by bringing in appropriately experienced interim panel members. Several years ago, I was called upon by a hotel business to construct a medium term P&L, balance sheet and cashflow on behalf of the directors, so that their bank could take an objective view of a business which had been 'flagged up' as living dangerously close to its covenant constraints and funding limits. The bank had asked its advisers for an opinion, but the advisers, having discovered that no robust forecast existed, had to stand back from actually producing the forecast – as they would subsequently need to perform a due diligence exercise upon that forecast, and obviously could not do both. The forecast needed to be independently produced by the directors, approved by the directors and the results of the exercise owned by the directors, before the bank's advisers could meaningfully challenge the

key assumptions built into the model. So I was introduced, and we drew up a formal agreement between the hotel and my company outlining the scope of the work I would perform. The model was built using six years' retrospective monthly numbers as a foundation. Following detailed conversations to hammer out reasonable and robust assumptions with the directors, I was able to generate firm forecasts of the forthcoming 18 months, supported by recent experience of being a full time Finance Director within the leisure industry.

The key conclusion was that the fundamental business was sound, profitable and cash generative. However, the long term loan's repayment structure, put in place at the point when the directors bought into the business, put too much liquidity pressure onto the business's ability to generate EBITDA over the short to medium term. The perceived trading problem manifested by the bank's internal 'overdraft warning' system was then fully understood. Assured by the conclusions of the advisers' subsequent 'due diligence' exercise, the ongoing relationship between the bank and the directors returned to a normal state of health, focusing on trading issues and positive discussions over future capital spend that would enhance the forecast performance over the medium to long term.

The value of versatility

NEDs can also operate in the public sector – I have worked in this capacity on the Trust Board of an Acute Hospitals Trust. Company law dictates that all NEDs of a private sector business share the same legal responsibilities and obligations as the executive directors. Taking on those legal responsibilities as a layman operating within the medical field should not be taken lightly, but the value that one's commercial experience can add to a Trust Board makes such a role an interesting and rewarding one to both parties.

Understanding the bureaucratic nature of the NHS is as intellectually challenging as it is time consuming. The monthly Board Pack was encyclopaedic. Certainly, holding Trust Board meetings in part in public session was a new experience for me. During my time as a NED I chaired Consultant Appointments Committees (having first taken the required HR training courses), sat on the Capital Project Board that had delegated powers to oversee the building of a new cardiac unit and a new oncology facility, and I learned a great deal about senior employee

reward and retention issues as a member of the Remuneration Committee. The professional challenge of helping a Trust Board achieve non-profit objectives should not be underestimated. When one's organisation can be punished by having too large a financial surplus at year end as well as having a deficit, it does cause the grey cells to operate in a different way! In a Trust whose income is £1m daily, £365m pa, achieving a break-even position allows a tolerance of less than 0.3% of turnover.

Any board of directors wishing to appoint a NED can expect to gain from experience accumulated from other industries and sectors. They can also expect to be challenged. A creditable NED will walk away from a board that he or she believes is taking the wrong path, but by challenging from an 'I'm on your side' perspective, their overriding aim should always be to find the best way forward, to be constructive, and to be an invaluable ally. There are very few business decisions that are so low in risk and cost, and yet which offer so much potential value, as the appointment of a credible, professional non-executive director. Their ability to move between companies and sectors, to constructively challenge the status quo, and their willingness to share their experience and ideas can fertilise business growth.



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Avenue9 delivers services to enhance every customer touch point, including Property Management Systems (PMS), guest technology, and EPoS. And it makes the dream of no pain, easy and accurate bookings, become a cost effective reality, seamlessly incorporating all the structures within the sector.

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Avenue9 is a Gold member of HOSPA, and is off to a flying start securing business with a mix of hotel groups, from single property businesses to multinational chains.

Kevin Edwards as Sales Director, a role he also has within Claritas Solutions, is delighted with current progress, he says: "Avenue9 is geared up to provide clear thinking IT solutions to hotels, restaurants, pubs and leisure clubs, and to provide the vital platform needed by the sector for comprehensive, efficient and future growth."

To find out more about Avenue9 please go to www.avenue9solutions.com.



Chris Denison Smith
Director

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The listening project: a New Year's resolution for 2013

As senior financial managers, we are used to making decisions based on the numbers in front of us. We know how to 'read' the data, make projections, draft budgets and produce reports. But how good are we at communication with our colleagues, customers and other 'players' in the hospitality market? Specifically, how well do we listen?

The best managers can walk the tightrope of listening and talking with grace and balance. These tips aim to help you become a better listener in 2013.

What is good listening?

We are all taught to listen to our parents and teachers but few of us receive advice on how to be a truly good listener. Yet by developing the empathy of a deep listener - an active, disciplined listener - we will be able to tease out more value and insight from our day-to-day business encounters.

According to Bernard Ferrari, author of *Power Listening: Mastering the Most Critical Business Skill of All*, the three most important aspects to good listening are:

1. Being respectful.
2. Talking less than we listen.
3. Challenging the assumptions in a conversation.

Let's look at them one by one.



into submission. They don't phone you up day in day out with the next great deal or special offer. The best of the best - the ones who keep customers for the long term and who generate dependable revenue and repeat sales - are those that carefully listen to the issue in hand, ask a few probing questions to identify whether their service can fulfil a need, and then, if it does, clearly articulate a solution."

And the same is true for all conversations, which are, after all, negotiations of one sort or another.

If we accept this idea, then it makes sense to follow the lead of the great salespeople by making the most of our 'talking' role in the conversation. We should be asking the sort of questions that move the conversation along or usefully redirect it. As financial managers we understand the value of time and the need to meet targets and deadlines. We can play a valuable role with operational colleagues by listening strategically and steering the conversation objectively. Of course, there is a balance to be struck here, between guiding the direction of conversation and respectfully allowing for asides, digressions and the natural flow of human communication.

1. The respectful listener

Successful business people exhibit many common characteristics, but perhaps the most universal is the sense to surround oneself with talented people. These key staff and colleagues will typically be expert in their business speciality (and very likely more expert than the business owner).

So far, so good.

But the key to success is not so much about having a great team. Rather, it is listening to it. Without the ability to respectfully listen to the expertise round the table, a huge opportunity could be wasted. In simple terms 'two heads are better than one' (in most cases).

But how many of us have encountered these situations:

Bosses who insist on meddling in the minutiae to maintain a veneer of control.

Directors who won't trust their team specialists when they voice their opinions.

Politicians who refused to build a 'cabinet of many talents' because they were determined to stick to a party line. They just wouldn't listen.

By not listening to the views and advice of team members, managers dig their own grave. Gradually respect is withdrawn. People start to avoid conversations. Innovation cannot happen in these circumstances.

These 'hearing-challenged' managers may get a temporary fix from public displays of power. But we can be sure Evan Davis won't be inviting them to join the Dragons' Den panel. In contrast, the most successful business people are usually delighted to credit their expert colleagues. They know the value of loyalty.

2. Stop talking and start listening

Most of us would sagely nod our heads to the idea that we should 'listen more and talk less'. But it's easier said than done. Whether talking to customers, sussing out suppliers, or appraising staff, the urge is to jump in with responses at every turn.

It helps to take a leaf out of the salesmens' book here. There are few better than Ian Cochrane of Gazing Performance:

"The most successful salespeople are not those that batter you

3. Challenge the norms

Let's take this idea forward one more step. The most useful conversations are those where some kind of breakthrough is made. Again and again such breakthroughs come about because there is enough trust between those chatting for all to truly listen carefully.

Of course, it's not realistic to expect earth-shattering revelations from every conversation! Rather, we seek any progressive step that takes a relationship, project or initiative forward.

Yet such forward movement is rarely achieved by being passive. The good news is that respectful listening will reveal the undercurrents of meaning which can so often be hidden. Deep listening gives you the insight and courage to challenge the often rather staid ideas and beliefs that characterise business conversations. This is particularly true where one is perceived as the 'senior' partner in a two-way exchange.

As senior Finance personnel, it can be our job to challenge the numbers and previously accepted outcomes. This can often lead to improved results.

To ask a challenging question can take courage. But by listening attentively and allowing customers to share without interruption, such questions are more easily formed. Respectful listening reveals the true drift of meaning in conversation, giving us freedom to challenge the norm and get to the nub of most issues.

How to 'listen' to non-verbal cues

Anyone who has ever recruited new team members will admit that a candidate's body language is massively influential on their chances of success. And the research backs this up. One US study indicated that up to 93 per cent of communication effectiveness is determined by non-verbal cues. We can't always put our finger on it, but even when meeting someone for the first time, the way they walk, sit, hold their head or settle their arms does affect how we perceive them.

'Love at first sight' - the ultimate in reading body language?

Do you know someone who has experienced 'love at first sight'? Can there be a logical explanation to the phenomenon?

Although 'love at first sight' is clearly the immediate reaction to someone's attractiveness, reading body language surely has a role to play.

It is well known that the first few minutes of a relationship are a fair barometer of its future success, and the mutual interpretation of body language - with its body posture mirroring and physical signposting - is certainly working overtime at such meetings.

Financial managers' tips for 'listening with your eyes'

Don't concentrate on one aspect of a person - take a view of the whole person.

Look for expressions, eye contact, posture, hand and feet movements.

Trust your gut. Your interpretation will probably be right. And it will get even more accurate with practice. Watch out! If the words don't match body language, the body language is telling the true story.

Watch out! If the words don't match body language, the body language is telling the true story.

How to use social media as a listening tool

Social networking is often perceived as a lot of meaningless chatter. But with the right strategy and resources, platforms such as Facebook, Twitter and LinkedIn can offer real business benefits to the hotel trade. Finance managers, often involved in making decisions about which activities to invest in, should sit back and think seriously about social media.

Many free, third party tools have sprung up that allow us to monitor what is being talked about online. These listening tools - such as Hootsuite and Tweetdeck - can be set to search for keywords, phrases or brand names so mentions can be checked and acted upon.

A typical example would be where a Bournemouth Hotel is 'listening' for mentions of the word 'hotel' within say 50 miles of Bournemouth town centre. It would pick up tweets. These tools are not difficult to use and can provide insights into what people are talking about. Indeed they are becoming an increasingly important customer service channel.

Resolve to become a better listener in 2013

As senior financial managers, there's no doubt that numbers, complex spreadsheets and detailed reports are paramount - in fact, they often drive the success of a hospitality operation. But if you focus on listening (actively and accurately) in 2013 it will make you a better manager, colleague and professional all round.



Starting from the top line. Why is it almost impossible to define Total Sales in the hotel industry?

A Look at Rooms Revenue

By Howard Field



When I took on the role of lead project consultant for the HFTP Global Hotel Accounting Users Guide project, I thought this would give me the chance to address some of the many definition issues which users of

hotel management accounts come across. Wouldn't it be useful for there to be some standard wording which could be understood by operators, owners and their advisors - and for teachers and students?

No harm in having this as an idealistic objective, so I set out to start with the top line, with a definition of Total Sales - or Total Revenue as it is called in the Uniform System of Accounts for the Lodging Industry (USALI). And more specifically in this article, revenue under the Rooms category.

What follows shows just how challenging the task of arriving at one definition is, and why it will continue to be. I have tried to explain why, as well as to share some thoughts about how current revenue management, accounting and statistical practices often produce a high degree of blindness, and how they could lead to even better results.

Not everyone uses the term Sales or Revenue. Alternatives are Turnover and Income. Sometimes the term Gross is used instead of Total. Revenue or Income are often more inclusive terms than Sales (see Wikipedia on 'Revenue' for a useful explanation about usage of these terms, and the comparison between the United Kingdom and the United States).

The fact that the USALI exists, and is so widely used within the industry should make the task easier. Not that easy, as I will explain by starting with how the USALI defines Total Revenue, and I will continue to use the word Revenue for this article.

Defining Total Revenue, Per the USALI

The USALI does not give a full definition of Total Revenue - which is why it is difficult to draft the relevant clause in leases, management or franchise agreements. The USALI's current edition is the 10th edition, which was published in 2006. This edition requires that its categories and allocations are followed precisely in order for hotel accounts to be stated as being in conformity with the Uniform System. So how it arrives at Total Revenue in this edition is where I will focus.

For Total Revenue, the most important factor is to distinguish between revenue and expenses, then to address the allocations between the revenue categories. To accomplish the latter means understanding the elements from which this is derived, and how allocations of revenue are made.

A technicality which can have an impact on revenue allocations relates to taxation. Rates of value added, sales and other taxes may vary according to the revenue type. Taxation definitions for these purposes could materially affect a hotel's ability to follow the USALI standards. The USALI breaks down a hotel's business into four main categories or departments.

These are termed:

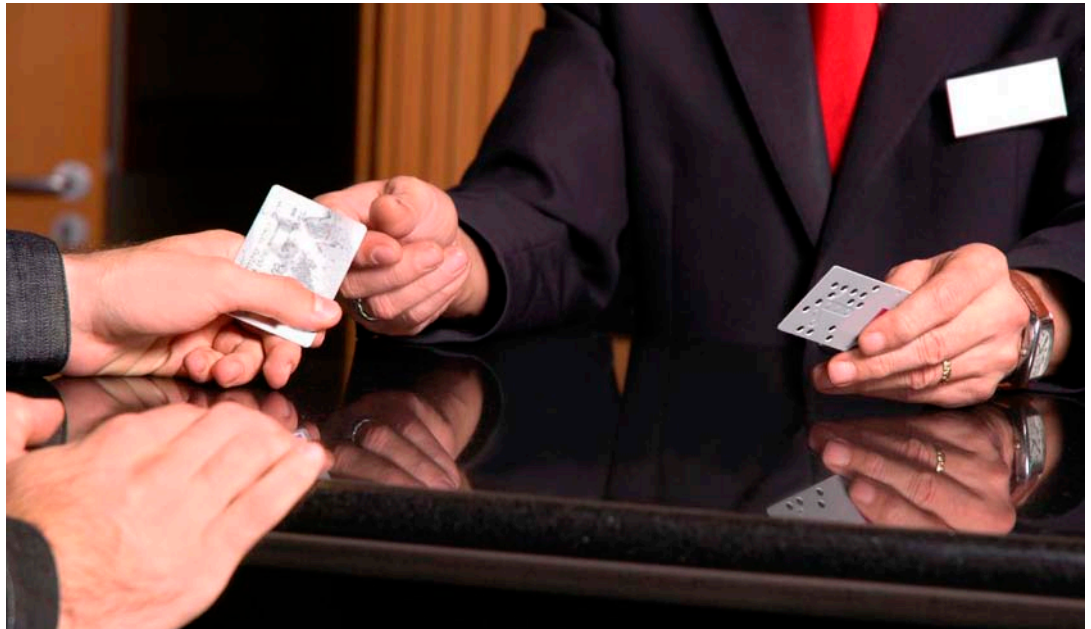
- *Rooms*
- *Other Operated Departments*
- *Food and Beverage*
- *Rentals and Other Income*

These are treated as the principal sources of the hotel's revenues, with detailed directions on what comprises the revenues in each category. Adding together the Total Revenue lines in these categories produces the hotel's overall Total Revenue.

A shortcut to a definition where the Uniform System applies might be 'Total Revenue comprises revenues from Rooms, Food & Beverage (food and beverage encompasses meals and drinks and the hotel catering business), Other Operated Departments, Rentals and Other Income, as stated by the USALI.'

A Closer Look at Rooms Revenue

In this article, I will specifically examine and comment on the Rooms revenue category. Sometimes hotels use terms for Rooms such as Apartments, Accommodation or Bedrooms. Rooms is described in the USALI as the hotel's primary source of revenue. Some hotel developments incorporate so many other facilities, that Rooms may not contribute the highest percentage of Total Revenue. (Note that it is not the physical sale of a room which is being referred to here, it is the revenue from the rental of the room as accommodation.)



The USALI takes some six pages to describe how the Total Rooms Revenue is derived and sub-categorised. The basic factors covered include:

- *Defining individual and small groups as transient rooms revenue;*
- *Defining groups of 10 or more rooms as group rooms revenue;*
- *Treating independently contracted blocks of rooms let for periods over 30 days as contract rooms revenue; and*
- *Adding as other Rooms revenue, such items as:*
 - *Revenue from guaranteed payments for rooms reservations where the guest did not arrive or cancel within the required period,*
 - *Day use revenue from guest rooms rented for purposes other than overnight accommodation or where catering is not provided (if catering is provided, then the revenue is recorded in Food & Beverage), and*
 - *Fees for early and late departures, and charges for cots and rollaway beds.*

Following this so far? This is where it starts to become much more complicated.

Issues With Rooms Revenue

There are several issues which arise with Rooms revenue. Those highlighted by the USALI include:

1. Package (or Inclusive) Revenues:

In this situation, a formula related to 'market value' is mandated by the USALI. This is used to allocate the balance of the revenue for the services directly provided by the

hotel, after first deducting any amount payable to third party vendors (for items in the package provided by them). Practices in hotels often vary from the USALI formula. The result is that revenue allocations across the categories will not have been made in the same way by all hotels, even if they state that their management accounts and statistics comply with the USALI.

There is then the problem of whether services and use of facilities provided by the hotel and incorporated in the rooms or package price should be accounted for as revenue, or if they represent a recovery of a cost.

If revenue, then the question is should this be in the Rooms category, or one of the other revenue categories? If a cost recovery, then how do you reflect this in the other revenue or cost centers?

Such decisions will affect where revenue and expense amounts are shown in the accounts and the related departmental operating statistics.

A current hot topic relates to Internet access. There is not yet an industry standard for whether hotel guests are charged for Internet access or if it is an overhead expense. Prospective guests who check whether Internet access is subject to a charge before making their reservation may not select the hotel, and hotels that do charge for this access may not receive return business from guests who object. However, those hotels that treat the Internet charges to their guests as revenue, will often argue that they make a good recovery or return on investment from charging for this service.

This situation will have to change. Data indicates that the cost of providing the average level of Internet access required by guests who actually use it is less than US\$2 per access. The costs of providing other utilities consumed by guests, such as water, electricity and climate control, where no specific charges apply, are materially greater than those for a guest's Internet access in a full service hotel. This suggests that the idea of charging for Internet use should be seriously reconsidered.



wholesaler resells the room, governs the revenue to be included in Rooms for these sales.

Where rooms are sold at rates controlled by the hotel through retail travel agents, or intermediaries acting in a role which introduces customers (such as for residential conventions or functions) to the hotel, the transaction is treated as between the guest or customer and the hotel. The rate paid by the guest or customer is based on the agreed retail rate for the room, and this is the revenue amount included in Rooms. Under the USALI a corresponding liability is recorded for commission, payable to the agent or intermediary that is allocated to commission expense in Rooms.

In the case of packages which include the room and other services, the agent or intermediary may receive a commission on the whole package. The USALI indicates that commission is generally treated as a Rooms expense, regardless of whether other services are provided.

The ways in which hotel rooms and other services are being marketed, using technology and various forms of intermediary, are blurring the lines between wholesale and retail. This trend will continue, and in the meantime the subject causes confusion and impacts how hotel revenues and the related costs are managed. Added to which are issues such as sales, value added and tourist taxes, and consumer price protection legislation.

As an accountant, I am coming to the view that what should be shown in hotel operating accounts is the revenue based on charges before accounting for discounts or commissions, with the values of wholesale discounts and retail commissions being shown separately as deductions to arrive at net revenue. If this direction were to be followed, achieved room rates should be based on the net revenue, which in the end is the most important measure.

A case is often made that Internet charges should apply where use is greater than a standard level. Technical developments are likely to continue to reduce the cost of providing Internet access, and, guests will expect reliable, secure and adequate access to be provided. Is this provision any different from allowing unlimited access to TV, use of heating or air-conditioning, or taking hot showers?

Where there is a specific charge for Internet access, under the USALI this is allocated to Revenue in the Telecommunications sub-category of Other Operated Departments.

Note also the USALI's approach is that where an incidental service is provided, such as part of a brand standard, no revenue allocation is made. This means that there will be variances in the revenue and statistical recording between hotels that make a charge and those that have rates which offer differential services between classes of guest or room. Common examples of these are where breakfast is inclusive in the standard room charge, or where a facility such as access to an executive lounge with free food and beverage items is inclusive within certain guest or room categories.

2. Wholesaler Revenues:

The USALI identifies as wholesalers intermediaries who contract for allocations of rooms that they then resell to travel agents or to the open market, often through the Internet as a dot-com wholesaler or an Online Travel Agent (OTA). These rooms are generally blocks that have been significantly discounted, by typically 25–30 percent. Here, the transaction is treated as one between the hotel and the wholesaler. The net rate received by the hotel from the wholesaler, instead of the rate at which the

For franchise, management and related agreements where fees and other charges are based on revenues, the case might also be made that these costs should be deducted from revenue, especially when they are incurred through being attached to a brand attached to the franchise or management company.

3. Resort Fees and Surcharges:

These are described in the USALI as fees and surcharges payable in addition to the room rate to allow the guest to use facilities such as fitness, spa, pool, transfers from airports, sport and recreation facilities, and for local phone calls or Internet access.

The USALI states that such charges are recorded as revenue if the services are normally supplied by departments within the hotel (for example, if it has its own spa), allocated based on the relative value of the components normally supplied by the relevant departments. If it is not possible to allocate the services to a revenue producing department, the amount is recorded as Other Rooms Revenue in Rooms.

There must be a history about when resort fees and surcharges were first introduced by hotels. For some they were added when the market made it difficult to raise room rates, others used them as a way of generating revenue for facilities that were costly to

provide. And for some, when market demand was at a level where valuable revenue could be raised from guests making use of the facilities. These charges are not universally applied, and recent market comment suggests that there are growing objections to their level and justification.

As with other add-on charges or inclusive services, variances occur in practice for brand, market or other factors. This means that accounting for them as revenue or cost recoveries can cause confusion in how the Resort Fee and Surcharge revenue is allocated. This is especially true when compared with how the USALI treats Package revenue elements, where interpretations of 'market value' and 'relative value of components normally supplied' have to be considered.

4. Mixed-ownership Lodging Facilities:

The USALI describes these as relating to hotels where condominiums have been developed, creating 'mixedownership' entities. Examples are timeshares, fractional or whole ownership. Whether they are operated as a hotel business, and revenues should be treated as Rooms, will depend on the facts and circumstances in each case.

The USALI gives some guidance on this subject, but due to its complexity, and other legal factors which differ internationally, will not be further dealt with here.

5. Service Charge:

One common, and major, issue for international hotels is the treatment of service charges. The USALI is based largely on U.S. standards, where service charge does not generally apply on Rooms. The subject is only addressed in Food and Beverage, where it is stated that service charges automatically added to any food or beverage sale must be recorded as Other Revenue in Food & Beverage.

It follows that, if a service charge is automatically added to a room charge, this should logically be accounted for as Other Revenue in Rooms. The Total Revenue for Rooms and all the relevant statistics would include this revenue. This would be a deviation from the current edition of the USALI, and would need to be specifically provided for in a Total Revenue definition to avoid disputes.

Service charge in the hospitality industry generally is a complex subject, that needs to be discussed separately, and will be the subject of another article.

6. Other Material Issues:

As has already been illustrated, department allocations and whether an item is revenue or a cost recovery is most important where specified revenues are linked to commission, franchise or management fees, rents or other obligations. Regardless of whether the USALI applies, I have to ask whether focusing on the room unit and revenue per available room are the most meaningful ways to measure yield and performance.

With so many sources of hotel business, and the range of rate combinations offered to meet market requirements, a standard

tariff rate for a hotel room is almost irrelevant. Hotel room rates are freely quoted in the media, often without qualification as to their nature and origin. There is a significant difference between rates which are derived from retail sources related to prices quoted for marketing purposes, and the net rates which are derived from accounting records and from actual revenues achieved.

Generally, revenues quoted for retail businesses will be gross, which can be inclusive of taxes (commonly VAT is included in published retail sales data). Hotel prices as quoted for marketing and sales purposes do not always include taxes, and therefore they will not reflect the total amounts payable for accommodation.

Statistics for rooms revenues drawn from quoted tariffs, and retail sources such as the Internet, will differ materially from those reported using USALI definitions for average room rates and total rooms revenues. The USALI statistics will always be net of taxes, and after internal accounting allocations have been made.

It has become common for hotel revenue, room rates, performance, yield management and other market and operating statistics to be related solely to rooms. Therefore the significance of non-rooms revenues and multiple occupancy has often been lost.

Hotels may have extensive facilities used by nonresidents. Hotels often have major restaurant and bar operations which attract outside trade. The same applies to meeting and banquet, leisure and spa facilities. These sometimes generate more than 50 percent of the hotels' revenues.

As well as the number of guest rooms, the capacity of a hotel can be measured by the potential number of guests who can be accommodated, and the revenue can be assessed against the number of sleepers or bed spaces occupied. These alternatives are especially significant for hotels with tourist or convention facilities.

Even more relevant to today's hotel industry structures, where the property ownership is very often separated from its operation, are measures related to a hotel's revenues as real estate. In this context, concentration on Rooms related statistics may be less relevant than considering revenues per unit of area of the hotel. In this way, owners can compare returns from their investments in different classes of real estate, such as retail, residential and offices.

This article is the first chapter from a longer paper, to read the full paper please refer to: October/November 2012, Volume 27 Number 5 issue of The Bottomline, the journal of Hospitality Financial and Technology Professionals.

You can find out more information concerning the Global Hotel Accounting Users Guide project at www.hftp.org.

Howard Field is a hospitality sector specialist. His concentration is on standardised accounting systems. He has authored guides to the USALI 9th and 10th editions, as well as other financial guides for the industry. Howard is currently the lead consultant for the Global Hospitality Accounting System Users Guide, which is being produced by HFTP. He is also the recipient of the 2012 HFTP Paragon Award. Please contact Howard at hf@howardfield.com if you would like to discuss the project in more detail.



Marios Gregori

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PKF is a Patron of HOSPA and a member of the Accounting and Finance Committee

The Autumn Statement and draft Finance Bill - **what you need to know**

Marios Gregori, tax partner at PKF, highlights some of the key announcements affecting hospitality businesses.

George Osborne's move back to an Autumn Statement (rather than a Pre-Budget Report) was intended to signal a change from the previous administration and focus on macro economic issues rather than be a mini-Budget. However, it seems that he has learned that if the economic news is bad, it is important to show how you are dealing with the problem (or at least distract observers) by announcing eye-catching tax measures. Equally, when it came to the draft Finance Bill, it seems he was determined to get his U-turns in before public campaigns started.

The first welcome change was the U-turn on the annual investment allowance (AIA); it will increase from £25,000 to £250,000 per annum for a period of two years from 1 January 2013. This had been reduced from £100,000 to £25,000 with effect from April 2012. 100% first year allowances (FYA) for expenditure on energy efficient equipment are also to be extended until April 2018. A longer term incentive to invest came through the announcement of another cut in the main rate of corporation tax to 21% from April 2014 making it increasingly likely that the Government will achieve a 20% flat rate of corporation tax by April 2015.

Although the introduction of anti-avoiding rules to tackle stamp duty land tax (SDLT) avoidance on high value residential properties will go ahead, they should not now affect hospitality businesses. An annual residential property tax (ARPT) for non-natural persons who own UK residential dwellings valued at more than £2m will be introduced from 1 April 2013. The revised ARPT proposals now feature a number of helpful exemptions including where the property is:

- *held by property development, rental or trading businesses including new businesses (provided it is not occupied by a connected person)*
- *run as a business (i.e. the property is open to the public on a commercial basis, or as a venue or for accommodation)*
- *held to provide employee accommodation.*

The exemption for property held by property development, rental or trading businesses will also apply to the 15% SDLT charge on acquisition by non-natural persons of residential property valued in excess of £2m. This will allow the normal 7% rate for such properties to be charged in most commercial situations. However, if the property ceases to be held for the purpose for which the relief was claimed within three years of the acquisition date, the full 15% becomes payable.

Similarly, non-resident non-natural persons that qualify for one of the ARPT exemptions will also be exempt from the proposed new capital gains tax charge on disposal of such properties, as will trustees. Where a charge does arise, it will only be on the part of the gain arising after April 2013 (rather than over the whole period of ownership as originally suggested) but tax will be payable at 28%.

The exemptions and amendments to these new charges ensure that hospitality businesses, even those operating from a building with incorporating residential accommodation, should not be affected by the new rules whatever the ownership structure.

For leased premises, new anti-avoidance measures are to be introduced to simplify the lease premium rules. These measures will limit the availability of lease premium relief where leases are actually in excess of 50 years duration, but are drafted so that for tax purposes they are treated as short leases (effectively creating an artificial tax deduction for the lessee). The rules on abnormal rent increases will be abolished and there are to be simplified reporting requirements where a lease continues after the expiry of its fixed term or an agreement for the lease is substantially performed before the actual lease is granted.

Hospitality businesses may not be looking forward to the introduction of real time information (RTI) with enthusiasm especially as it has been confirmed that there will be in-year penalties for late filing of RTI returns. Fortunately, the existing penalty regime for year-end returns (or the final full payment submission) will continue to apply for 2012/13 and 2013/14. However, in-year penalties will begin from April 2014 and be levied for a month when an RTI return is filed late, i.e. when the return is filed after the reportable payments are made to employees (but if several weekly payroll returns are filed late in the same month there will only be one penalty). Each employer will be permitted one late return in a tax year without a penalty but subsequent defaults will trigger penalties which will be geared to the number of employees on the payroll: the more employees the larger the penalty.

Employers will be sent demands for payment of any penalties on a quarterly basis with interest added if they are not paid within 30 days. There will be additional tax-geared penalties where a return is more than three months late.

However, there are also welcome amendments to make the administration of late payment penalties simpler by allowing a de minimis amount for payment errors to be ignored (i.e. where the payment made is very close but not identical to the amount due).

The concept of creating a new employment status of 'employee shareholder', where employees give up employment rights in return for a share in their employer, was not well received in a recent consultation: only 3 of the 209 respondents were interested in using it. However, the Government is pressing ahead with draft



legislation covering the relief from capital gains tax (CGT) on shares owned under such arrangements and has confirmed that the limits for relief will be £2,000 to £50,000 worth of shares at acquisition.

The income tax and national insurance contributions (NIC) that would arise on receipt of the shares is widely seen as an overwhelming disincentive to use the scheme so the Government is considering a special relief to limit this. It is expected that such a relief would only exempt the first £2,000 worth of shares. Readers old enough to remember the profit-related pay scheme will probably realise why the Government is nervous about creating such exemptions.

Confirmation that the annual allowance for pension contributions will decrease from £50,000 to £40,000 and the lifetime allowance from £1.5m to £1.25m from 6 April 2014 may affect senior employees. At present, it is not clear whether the multipliers to be applied in respect of defined benefits schemes will be adjusted before April 2014. If the multipliers are not reduced, the new limits are likely to result in many more individuals in final salary pension schemes facing tax charges (both annually and on taking pension benefits) based on the level of their pension entitlements.

Finally, draft legislation for the much debated general anti-abuse rule (GAAR) has been published and received a cautious welcome from most. Here it is clear that the Government has listened to the concerns of businesses and advisers by delaying the GAAR start date until Royal Assent (to allow more time for guidance to be produced), exempting schemes that accord with established practice agreed with HMRC at the time and softening the 'double reasonableness' test. The independent role of the GAAR advisory panel has also been strengthened.

Overall, hospitality businesses fared better than many had expected: welcome news at the start of another challenging year.

Going Glocal for Building Efficiencies is the New Normal in the Hospitality Industry

It's clear and sharp as a trend – going global to leverage cost and process efficiencies is the new normal in the hospitality industry. Glocal, going global while retaining a 'local' flavour of business, using Shared Services Organisations (SSO) or third-party approach (outsourcing) is the centerpin of most business strategies. Glocal influences the manner in which a hospitality company manages its human capital, financial capital and technology, undisputedly its three most important components.

When implemented with the right approach and in the right manner, glocal organisations (SSOs / outsourcing as in Business Process Outsourcing [BPO]) bring in significant benefits, including:

- *Reduction in costs: Compared to a distributed model, average savings of 25-30 percent are not unusual by making use of economies-of-scale.*
- *Accumulation of intellectual and capital assets.*

- *Service-oriented focus on internal clients: An efficient SSO helps optimise the internal client experience, focusing on service output – thereby allowing the front-line departments to enhance the end-customer experience.*
- *Alignment with external competition: Using active data throughout a customer journey and passive data through different geographies and departments, the shared services center can gather valuable strategic information, including that of competition. It can use that data to align itself to the external environment by analysing its own strengths and weaknesses and setting the right benchmarks.*

Taking Glocal Organisations to the Next Level When You Already Have One

With the business environment in the hospitality industry becoming more competitive, the next generation of glocal organisations are expected to be flexible, collaborative and technologically nimble to keep up with rapidly shifting business dynamics.

This calls for a significant change in the perception and utility of a shared services unit. The benefits — lower cost, efficiency, standardisation and better governance — are now de rigueur. The senior management should now encourage the heads of their functional units to create a list of three to five value creating initiatives focused on generating a return above the company's cost of capital.

Questions that can help you deliberate on what you have:

- *Is our glocal function adding value to the organisation beyond mundane processing and tactical tasks?*
- *Do business units view the glocal model as a strategic partner?*
- *Do we have a roadmap to move up the value chain?*

- Are we equipped with best practices and automation?
- Are we tracking the efficiency and effectiveness quotient of our glocal model?
- Is our glocal unit enabling our organisation to become fact-based and insight-driven?

The next generation of glocal organisations should exhibit the following characteristics:

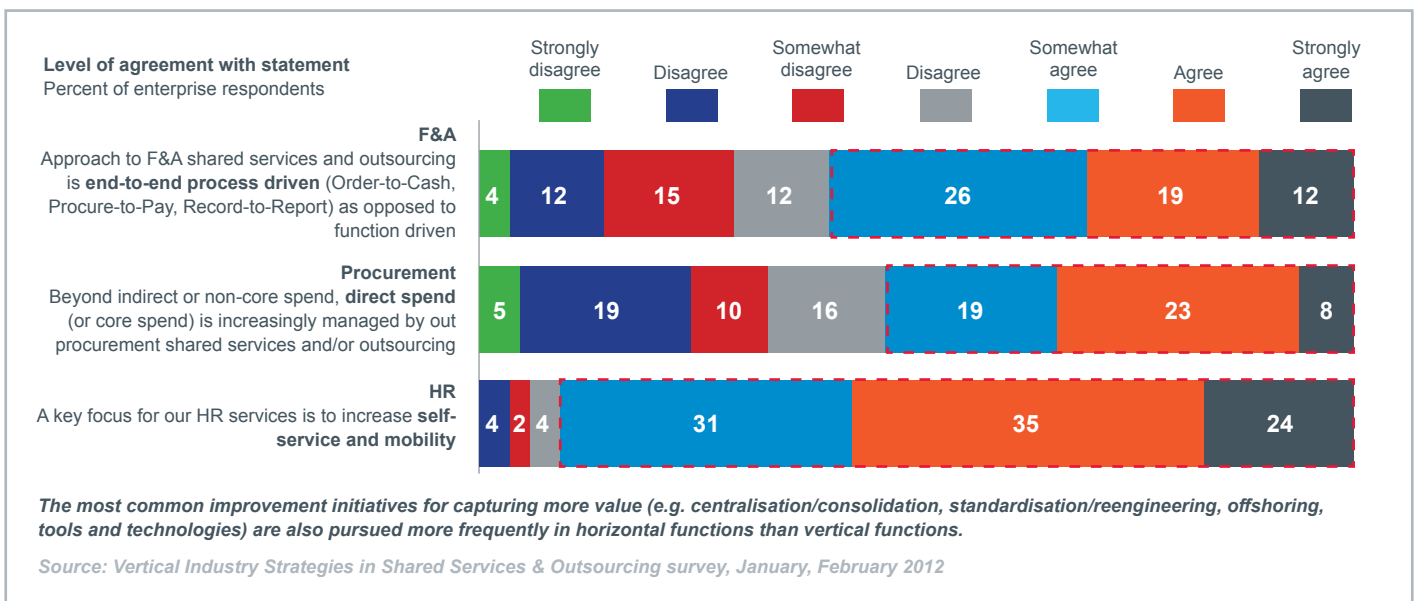
Location Agnostic

Glocal organisations are now shifting to global service delivery models with regional hubs and Centers of Excellence (CoE). There has been significant growth lately in Latin America, Eastern Europe, China and the Philippines. These centers have shown a specific cultural alignment to developed geographies and have adapted themselves to support new regions / languages. Also with the advent of technology, information across multiple centers can be exchanged in nano-seconds.

New Services and New Operating Models

Glocal organisations are blending their offerings into hybrid models (shared services and BPO) providing back-office, transactional services through third-party set-ups. Consider a scenario where a BPO provider has established operations in a specific location where the SSO and its business units are looking to grow. By leveraging the BPO's existing infrastructure, the SSO can improve speed to market, avoid start-up costs and still take advantage of labour arbitrage savings.

As per a joint survey conducted by Everest and Shared Services Outsourcing Network (SSON), enterprises showed a higher propensity for pursuing new sources of value through changes in the delivery model. The survey further reveals that enterprises are pulling advanced value levers to further optimise horizontal functions:



The experience of managing similar operations remains a key point though, as glocal organisations need to act as a seamless support structure to the business unit.

Advanced Analytics and Enterprise-wide Data Management

It's conventional to think that only support services and non-strategic activities should be bundled into the glocal model. While this has been the trend so far, glocal models, especially BPO set-ups have moved up the value chain significantly, in terms of offering innovation and highly automated process solutions bundled with analytics. BPOs are also up the curve in terms of aligning themselves to the industries they cater to. Building a glocal model can be invaluable when a hospitality company is trying to acquire, serve, grow or retain a new / existing customer base. With the right experience and tools, hotels can now look to identify customers with high buying propensity, identify drivers for satisfaction and their impact on loyalty and repeat purchases.

Business leaders in the hospitality industry, who aspire to create new levels of business value, should view the second generation of glocal organisations as an opportunity to deliver even greater value-added services on an enterprise-wide basis. As the world gets smaller and more accessible each day, implementation of an efficient glocal model can help create a platform for profitable business growth and better organisational structure.

Key Terms

Glocal - Going global while retaining a 'local' flavour of business.

Business Process Outsourcing - A method of subcontracting various business-related operations to a third party.

Shared Services - Refers to the provision of a service by one part of an organisation or group where that service had previously been found in more than one part of the organisation or group.

More information relating to the contents of this article can be found at www.cimaglobal.com and www.icaew.com.

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Scotland's Hotels: Glass Half Full

Economists paint varying scenarios on the future of Scotland's hotel performance based on economic models and algorithms. A realistic monthly outlook that can be fed into their assumptions is the unique hotel sales-on-the-books information collected and collated by the LJ Forecaster system, operated for the past ten years by market research firm, LJ Research.

At a HOSPA Regional Members Meeting in Edinburgh in October, LJ Research briefed attendees on the performance of hotels looking at trends in Scotland's major cities – Edinburgh, Glasgow and Aberdeen – with comparisons against a few key English destinations – Manchester, Liverpool and Birmingham. These cities, along with Glasgow and Edinburgh, make up the top five destinations for international visitors after London in the Office of National Statistic's International Passenger Survey.

Looking at occupancy trends from August 2008 to August 2012 (see Chart 1), it becomes clear that Edinburgh and Glasgow follow a strong seasonal pattern: volumes peak during the summer months and demand is lowest during the first quarter of the year. English cities also see a dip in tourism in January; however, benefitting less from soaring occupancy during the summer period their performance at the start of the year is closer to the 12-month average.

Chart 1: Occupancy Rates

When looking at forward bookings as at 1st of September 2012 (i.e. confirmed and tentative sales-on-the-books for the next 12 months) and contrasting these with forward bookings from the same time a year ago (i.e. 1st September 2011), it becomes clear that Glasgow's near future looks bright (see Chart 2): their forward bookings were higher than last year for 11 out of 12 months due to a combination of high-impact conferences, sport-events and concerts. However, tourism demand for Edinburgh is anticipated to be weaker compared to a year ago. Meanwhile, Aberdeen, Europe's oil and gas capital, continues to demonstrate strong future demand aided, in particular, by a buoyant business sector.

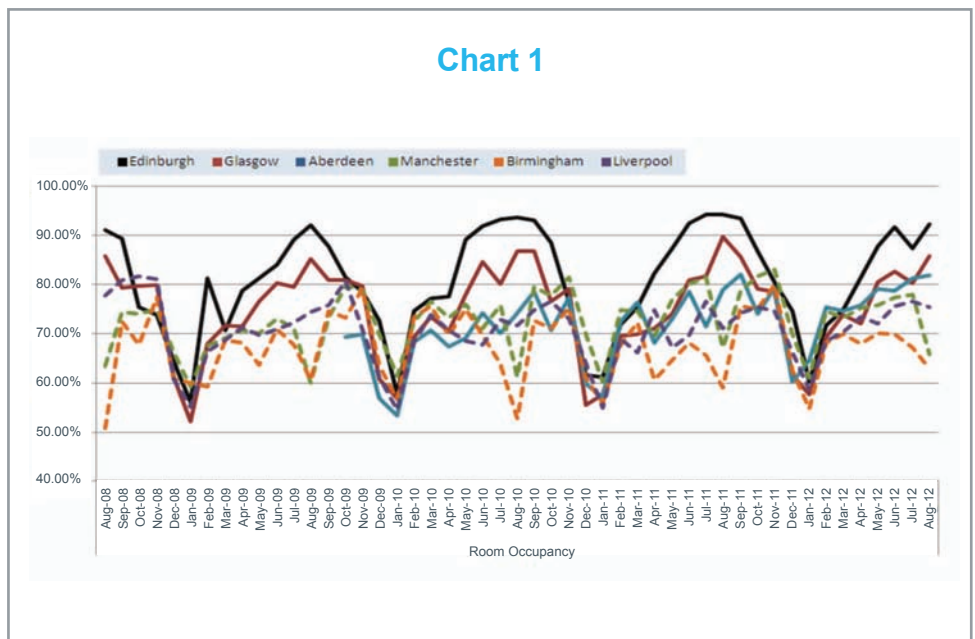


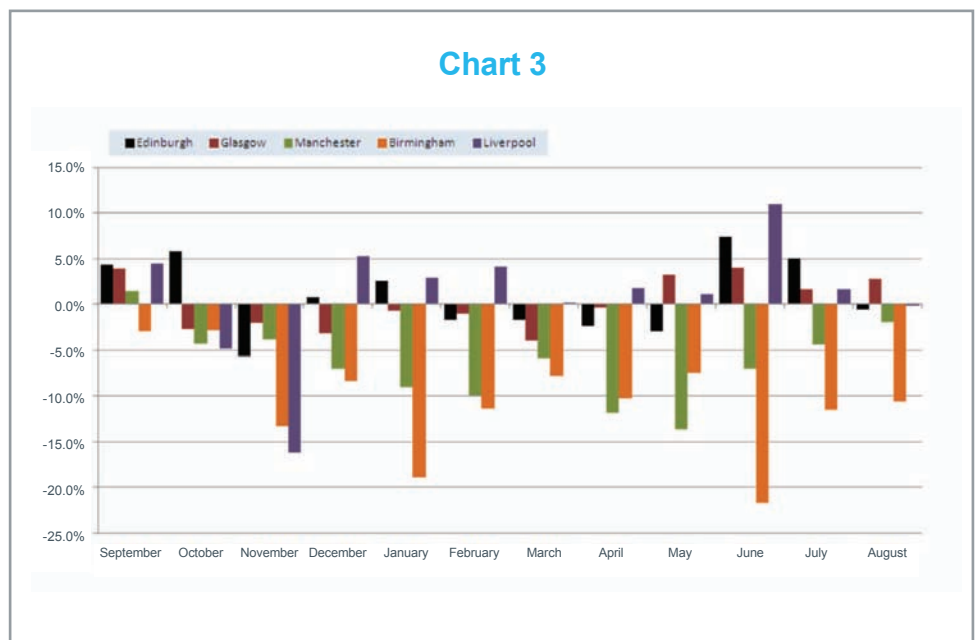
Chart 2: Fwd Bookings 1st Sept 2012 v 1st Sept 2011

The status of the UK economy and its transition from recovery to growth continues to be a topical and contentious subject in current debates. In understanding the context of today's economic backdrop it is interesting and relevant to compare the level of forward bookings as at 1st of September 2012 with those from 1st of September 2008 – just 2 weeks before the collapse of Lehmann Brothers and the impending banking crisis (see Chart 3).



Chart 3: Fwd Bookings 1st Sept 2012 v 1st Sept 2008

For Edinburgh and Glasgow consumer confidence appears to have returned to pre-crisis levels as forward bookings are roughly on par with the levels recorded in September 2008. However, comparable data amongst two of the three English destinations, Manchester and Birmingham, suggests tourism demand continues to fall below pre-crisis levels, which is likely to be influenced by a range of factors including conference activity as well as leisure and business consumer demand.



The LJ Forecaster is a hotel benchmarking and revenue management tool that helps understand consumer demand and inform market / destination revenue management. In conjunction with its integrated events calendar, it is used by revenue managers and sales staff to help make strategic decisions on OTA-allocation, pricing, marketing and overall room inventory management. Increasingly, it is also helping hotel revenue staff assess the degree to which their own forecasts are in line with destination level performance and confidence.

Similarly, LJ Forecaster data is used by DMOs and Tourist Boards to inform and evaluate marketing campaigns and activities as well for ongoing monitoring and measurement of tourism performance.

Coming soon...

HOSPA Members' Meeting - London

Guest Facing Technology

This event is to be held at the citizenM Hotel London, from 6.00pm for drinks with presentations beginning at 6.30pm.

The date of this members' meeting is yet to be confirmed. To register your interest, please email wayne.gosden@hospa.org with your details.



November bounce back for pub and restaurant sales

- Like-for-like sales ahead 3.4% on 2011
- New openings keep total sales up 6.5%

Britain's leading pub and restaurant chains saw a bounce-back in sales in November thanks to later school half-term holidays. Collective like-for-like sales were up 3.4% on the same month last year, according to latest data from the Coffer Peach Business Tracker, the industry's sales barometer.

The result follows a 1.7% like-for-like sales decline in October caused by school holidays in many parts of the country being in November this year against October last year.

Total sales among the 24 companies contributing to the Tracker data were up 6.5% in November, against a more modest 1.6% increase in October, reflecting continued new outlet openings by the leading operators.

"School half terms are invariably a good time for eating-out sales, with London trading ahead of the rest of the country last month and restaurant chains doing marginally better than pubs too," said Peter Martin of Peach Factory, the business intelligence specialist that produces the sector Tracker, the sector's biggest and most comprehensive performance barometer, in partnership with Coffer Group, Baker Tilly and UBS.

"However, the big half-term boost at the start of the month masked a more sober performance over the rest of November," added Martin. "Sales in latter weeks were depressed as people appeared to be more reluctant to go out, possibly saving their cash for December's pre-Christmas period. The market will hope so."

Underlying Tracker figures for the 12 months up to the end of October show combined year-on-year like-for-like sales running ahead 1.5%, broadly in line with the general trend for 2012.

Regionally, the Coffer Peach figures showed the London market trading more strongly than outside the M25 during November.

Trevor Watson, Director at Davis Coffer Lyons, said: "The resurgent figures for November show there is continued long term steady growth in food and drink spending away from the home, particularly inside the M25. Many operators are hoping for favourable weather in the run up to the holiday season to support seasonal sales. Leisure park trade should also expect to see a boost as a result of new film releases over the next few weeks."

Ali Aneizi, Co-Head of Leisure and Hospitality at Baker Tilly, added: "The November like for likes are a much welcome reversal of the decline posted in October. It's now all hands on deck for the festive season with many operators banking on a bumper trading period. However, it remains to be seen what will happen in December. The industry has some way to go to beat the 9.9% like for likes posted in December 2011. As far as regional variances are concerned, London has again outperformed the rest of the country, a trend which has continued for eight months in a row."

Jonathan Leinster, Head of UBS European Leisure Research, said: "The comparative period on 2011 was not easy and therefore this represents a good performance. However, December faces a difficult comparative, and therefore the trade will be hoping for a pick-up against the weaker data in later November."

"After strong like-for-like growth in 2011, site growth picked up from August 2011 and was averaging over 4% from September 2011 to April 2012, before starting to decelerate. The deceleration appears to be continuing, with lower site growth probably reflecting the impact of mixed like-for-like performances in 2012 on investment plans."

Monthly sales: National		
Total year on year sales growth		6.5%
Like for like sales growth		3.4%
Monthly sales: Inside M25		
Total year on year sales growth		6.5%
Like for like sales growth		4.1%
Monthly sales: Outside M25		
Total year on year sales growth		6.5%
Like for like sales growth		3.2%
MAT: National MAT turnover change for last 12 months		
% Total sales growth compared to previous 12 months		5.5%
% Like for like sales growth compared to previous 12 months		1.5%

Pub and restaurant group monthly sales performance for past 12 months

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
LFLs	9.9%	- 2.1%	- 3.7%	1.9%	- 2.0%	2.6%	1.3%	-0.2%	2.1%	0.7%	-1.7%	3.4%
Total	13.7%	2.2%	0.6%	6.3%	1.9%	6.5%	5.0%	3.6%	6.2%	4.1%	1.6%	6.5%

Source: Coffer Peach Business Tracker. Coffer Peach Business Tracker is powered by Demographix

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HOTSTATS

The intelligent route to higher hotel profits

UK CHAIN HOTELS MARKET REVIEW - November 2012

London hotels suffer second worst profit decline of 2012

Hotels in London suffered declines across all headline performance measures this month which led to a 5.6% drop in profit per room as the wave of euphoria which London hoteliers have been riding since the summer came crashing down, according to the latest HotStats survey of approximately 560 full-service hotels across the UK by TRI Hospitality Consulting.

Whilst November 2011 was a stinker, with profit per room dropping by 2.4% for hotels in the capital, the same month this year was far worse. Aside from the 9.3% decline in Gross Operating Profit per Available Room (GOPPAR) in June, at 5.6%, this month was the worst year-on-year drop in profit in 2012.

The 1.4% year-on-year increase in food and beverage revenue to £35.50 per available room was not enough to offset the 2% decline in Total Revenue per Available Room (TrevPAR) this month, which was primarily due to the 3% decline in rooms revenue and a 7.1% drop in meeting room hire revenue per available room.

Despite a 0.1 percentage point increase in the proportion of demand attributed to the residential conference sector, this segment was clearly weaker than in November 2011, with the sector rate declining by 7.9% to £148.66.

In addition, rate declines were also suffered in the nondiscounted Best Available Rate (-7.2%), leisure (-2.6%) and groups/tours (-6.7%) segments, which contributed to the overall decrease in achieved average room rate of 2.7% to £136.41 from £140.19 during the same period in 2011.

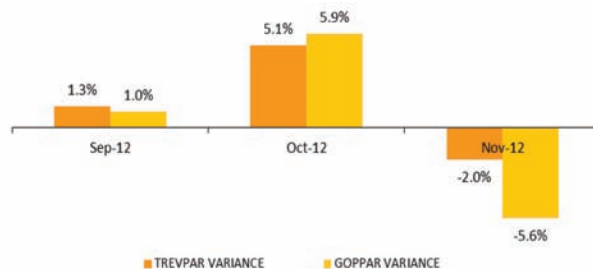
“Not even a 3% increase in the number of visitors to WTM, to almost 29,000 trade visitors, was enough to save face for hotels in London and the drop in achieved average room rate for November was the greatest year-on-year margin of decline in this measure in 2012.

Although volume remained strong in the city and hotels in London are undoubtedly on course to achieve a third consecutive year of profit growth, it is unlikely that hoteliers will be popping champagne corks as they look to more challenging times ahead,” said Jonathan Langston, managing director of TRI Hospitality Consulting.

The decline in revenue levels also led to an uncharacteristic increase in payroll for hotels in the capital, up by 1.5 percentage points to 23.6 per cent of total revenue for the month.

Despite the decline across all measures, profit levels remained high for the city in November at a GOPPAR of £79.10, approximately 5% above the year-to-date average, and at a conversion of 48.6% of total revenue.

LONDON LAST 3 MONTHS YEAR-ON-YEAR CHANGE



HotStats London Main KPIs

LONDON

	Nov '12	Nov '11	Var b/w		YTD '12	YTD '11	Var b/w	
Occ %	82.6	82.9	-0.3	▼	81.8	82.2	-0.4	▼
ARR	136.41	140.19	-2.7%	▼	138.34	132.71	4.2%	▲
RevPAR	112.72	116.23	-3.0%	▼	113.17	109.08	3.7%	▲
TrevPAR	162.62	165.86	-2.0%	▼	154.38	148.28	4.1%	▲
Payroll %	23.6	22.1	-1.5	▼	23.5	23.7	0.2	▲
GOP PAR	79.10	83.77	-5.6%	▼	75.32	71.56	5.3%	▲

ARR - Average Room Rate, RevPAR - Revenue per available room, TrevPAR - Total Revenue per available room, - GOP PAR Gross opportunity profit per available room.

Another damp squib for Provincial hotels in November as costs stifle profit growth

The spark of hope for a strong finish to 2012 for Provincial hoteliers, which was lit in October, has turned out to be a dud as hotels in the Provinces suffered a 4.8% decline in profit per room in November, according to the latest HotStats survey.

Once again, the Provinces overall have successfully achieved increases in both room occupancy (+0.5 percentage points) and achieved average room rate (+0.5%), enabling a 1.2% increase in Revenue per Available Room (RevPAR) to £49.71 from £49.13 during the same period in 2011.

Indeed, this is the eighth month in 2012 in which hotels in the provinces have recorded an increase in RevPAR. Furthermore, in line with the increase in rooms revenue this month, hotels in the Provinces recorded a 2% increase in food and beverage revenue.

However, the total revenue achieved by Provincial hoteliers was negatively impacted by a decline in other ancillary revenues, such as meeting room hire revenue per available room, which suffered a year-on-year decline of 4.8%. And as a result of rising costs, the positive (+1.1%) TrevPAR performance for November was reduced to a 4.8% decline in profit per room to £26.03, equivalent to a profit conversion of 27% of total revenue.

Contrary to the growth in total revenue, payroll levels increased by 0.6 percentage points to 33 per cent of total revenue from 32.4 per cent of total revenue during the same period in 2011.

Additionally, the rocketing cost of travel agent's commissions were once again a focus of concern for Provincial hoteliers as this

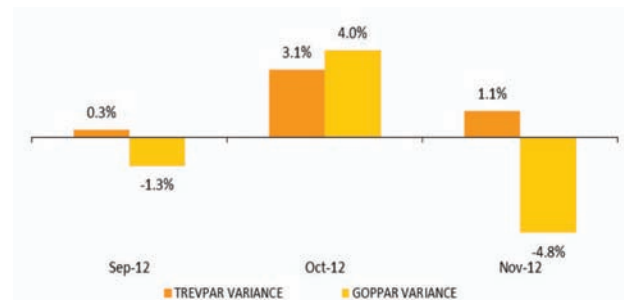
measure increased by 2.6% on a per room let basis, to £5.17, equivalent to 7.3% of rooms revenue.

“Unfortunately, the profit decline recorded by Provincial hotels in November was one of the worst this year and completely undoes the positive performance in October. And whilst costs continue to rise beyond increases in revenue, it is unlikely that hoteliers will get much of a break from the perpetual bad news,” said Langston.

Despite the overall decline in profit per available room in the Provinces, those markets which were burning bright in November included Oxford, Leeds and Plymouth.

In Oxford a 0.1 percentage point drop in room occupancy was offset by a 6% increase in achieved average room rate, which contributed to a 3.3% increase in profit per room, to £45.33, equivalent to a profit conversion for hotels in the city of 39% of total revenue.

PROVINCES LAST 3 MONTHS YEAR-ON-YEAR CHANGE



HotStats Provinces Main KPIs

PROVINCES

	Nov '12	Nov '11	Var b/w		YTD '12	YTD '11	Var b/w	
Occ %	70.7	70.2	0.5	▲	71.4	70.7	0.7	▲
ARR	70.35	70.03	0.5%	▲	69.90	69.51	0.6%	▲
RevPAR	49.71	49.13	1.2%	▲	49.91	49.16	1.5%	▲
TrevPAR	95.38	94.38	1.1%	▲	93.35	92.59	0.8%	▲
Payroll %	33.0	32.4	-0.5	▼	32.6	32.4	-0.1	▼
GOP PAR	26.03	27.35	-4.8%	▼	26.60	27.26	-2.4%	▼



HOTSTATS Briefing Data

UK Chain Hotels - Performance report Currency: £ Sterling



The month of November 2012

	Nov '12	Nov '11	Var b/w	
TOTAL UK				
Occ %	74.9	74.7	0.2	▲
ARR	96.17	97.58	-1.4%	▼
RevPAR	72.03	72.87	-1.1%	▼
TrevPAR	119.20	119.66	-0.4%	▼
Payroll %	28.4	27.4	-1.1	▼
GOP PAR	44.83	47.30	-5.2%	▼
LONDON				
Occ %	82.6	82.9	-0.3	▼
ARR	136.41	140.19	-2.7%	▼
RevPAR	112.72	116.23	-3.0%	▼
TrevPAR	162.62	165.86	-2.0%	▼
Payroll %	23.6	22.1	-1.5	▼
GOP PAR	79.10	83.77	-5.6%	▼
PROVINCES				
Occ %	70.7	70.2	0.5	▲
ARR	70.35	70.03	0.5%	▲
RevPAR	49.71	49.13	1.2%	▲
TrevPAR	95.38	94.38	1.1%	▲
Payroll %	33.0	32.4	-0.5	▼
GOP PAR	26.03	27.35	-4.8%	▼

The Calendar year to November 2012

	YTD '12	YTD '11	Var b/w	
TOTAL UK				
Occ %	75.1	74.8	0.3	▲
ARR	96.47	94.28	2.3%	▲
RevPAR	72.46	70.54	2.7%	▲
TrevPAR	115.11	112.46	2.4%	▲
Payroll %	28.2	28.3	0.1	▲
GOP PAR	43.96	43.06	2.1%	▲
LONDON				
Occ %	81.8	82.2	-0.4	▼
ARR	138.34	132.71	4.2%	▲
RevPAR	113.17	109.08	3.7%	▲
TrevPAR	154.38	148.28	4.1%	▲
Payroll %	23.5	23.7	0.2	▲
GOP PAR	75.32	71.56	5.3%	▲
PROVINCES				
Occ %	71.4	70.7	0.7	▲
ARR	69.90	69.51	0.6%	▲
RevPAR	49.91	49.16	1.5%	▲
TrevPAR	93.35	92.59	0.8%	▲
Payroll %	32.6	32.4	-0.1	▼
GOP PAR	26.60	27.26	-2.4%	▼

The twelve months to November 2012

	Rolling '12	Rolling '11	Var b/w	
TOTAL UK				
Occ %	74.1	73.8	0.3	▲
ARR	96.12	94.22	2.0%	▲
RevPAR	71.20	69.53	2.4%	▲
TrevPAR	114.35	112.04	2.1%	▲
Payroll %	28.3	28.4	0.1	▲
GOP PAR	43.48	42.92	1.3%	▲
LONDON				
Occ %	81.1	81.6	-0.6	▼
ARR	137.44	132.22	3.9%	▲
RevPAR	111.43	107.94	3.2%	▲
TrevPAR	152.79	147.66	3.5%	▲
Payroll %	23.6	23.8	0.2	▲
GOP PAR	74.33	71.38	4.1%	▲
PROVINCES				
Occ %	70.2	69.4	0.7	▲
ARR	69.61	69.38	0.3%	▲
RevPAR	48.86	48.17	1.4%	▲
TrevPAR	93.01	92.23	0.8%	▲
Payroll %	32.5	32.4	-0.1	▼
GOP PAR	26.34	27.10	-2.8%	▼

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Members' Events

Forthcoming events

- Jan 15** **HOSPA Members' Meeting - London Management Contracts & Hotel Valuations**
The first HOSPA members' meeting of 2013 will be held on Tuesday 15th January at the Watson, Farley & Williams London Offices (15 Appold Street, London, EC2A 2HB) from 6.00pm for a 6.30pm start.
- Management Contracts...Tales for the Wary**
Presented by Felicity Jones, Watson, Farley & Williams LLP
- Hotel valuations - is it still all about the price of a bottle of coke?**
Presented by Russell Kett, HVS International

- Jan 21** **Hospitality 2013 - The UK's largest foodservice and hospitality show in 2013**
As in previous years, HOSPA will be present at Hospitality 2013 with its technology hub and lounge area. HOSPA will also be running a series of 'masterclasses' from the hub - go to www1.registerbynet.com/Shows/hospitality13 for your free ticket and visit HOSPA at Hospitality 2013.

- Feb 7** **HSMIA Europe Revenue Management Conference**
HSMIA Europe is proud to announce registration is now open for the third annual Revenue Management Conference in London on 7th February 2013. The theme of this year's conference is "Total Revenue Management - A practical approach to optimising profitability"
- HSMIA are kindly offering all HOSPA members the facility to book at the HSMIA member rate. To do this, simply go to the conference website (www.rmconference.eu) and select "HSMIA member" from the booking options.

- Feb** **HOSPA Members' Meeting - London Guest Facing Technology**
This event is to be held at the citizenM Hotel London, from 6.00pm for drinks with presentations beginning at 6.30pm.

- Feb 18** **HOSPA Regional Members' Meeting - Birmingham**
This event is to be held at the Macdonald Burlington Hotel, Birmingham, on Monday 18th February 2013 from 6.00pm for drinks and canapes with presentations beginning at 6.30pm.
Topic and speakers for this event are to be announced in due course.

- Mar 18** **HOSPA Regional Members' Meeting - Glasgow**
This event is to be held at the Grand Central Hotel in Glasgow, from 6.00pm with presentations beginning at 6.30pm.

- Apr 15** **HOSPA Regional Members' Meeting - Manchester**
This event is to be held at the Midland Hotel, Manchester, Monday 15th April 2013 from 6.00pm for drinks and canapes with presentations beginning at 6.30pm. Topic and speakers for this event are to be announced in due course.

Registration is necessary to attend all the above workshops and meetings: please visit the events section on our website or email wayne.gosden@hospa.org with your details.



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