# THE OVERVIEW

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## Smart Hospitality IT:
inspiring new ways to communicate


**Capital allowances -**
maximising your tax relief

**The role of change management**
in centralising the Revenue Management function

# Welcome to THE OVERVIEW

This month we feature a range of articles to keep you up-to-date on the latest issues including the implications arising from the recent Budget, how to benefit from capital allowances and an update on the latest immigration laws. Students from Oxford Brookes University continue to provide us with summary papers based on their research into Revenue Management topics and Michaela Papenhoff provides a very interesting viewpoint article from Germany on the developments in SMART technology.

During May, we have a number of members meetings taking place commencing with a Revenue Management debate on 9th May for those based in Scotland followed by London based meetings on the 24th and the 28th May. See inside for details.

Tickets are now on sale for the Annual Quiz Night in July - please contact the Membership Services Office for details and to book a place for you or your team.

For further details on all our future events and resources uploaded from past meetings, don't forget to visit the HOSPA website at www.hospa.org.

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## In April's issue...

**2.** Introduction
**3.** Budget 2012 Review
**5.** Capital allowances - maximising your tax relief
**6.** The Immigration Points-Based System and complying with the rules. Are you in the know?
**8.** Smart Hospitality IT: inspiring new ways to communicate
**10.** The role of change management in centralising the Revenue Management function
**14.** Review of the HOSPA Finance and IT Directors' Dinner Forum at Hotelympia
**16.** Members' News
**20.** HotStats - UK - February 2012
**23.** Members' Events & HOSPA Sponsors



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# Good news in the Budget 2012?

James Welch provides a summary of the key points arising from the Budget 2012 and the benefits to the hotel sector.

With general discontent at the Chancellor still rumbling through the press, it would be tempting to think that this was a poor Budget. However, while there may have been less help for the hotel sector than most had hoped for, there were some good news points and few obvious negatives.

Clearly, the cut in corporation tax is good news: it will be reduced to 24% for the year commencing 1 April 2012, 23% from 1 April 2013 and 22% from 1 April 2014. The Chancellor's obvious commitment to achieve a standard 20% rate in the future, possibly even in this parliament, is even better news for businesses considering long term investments.

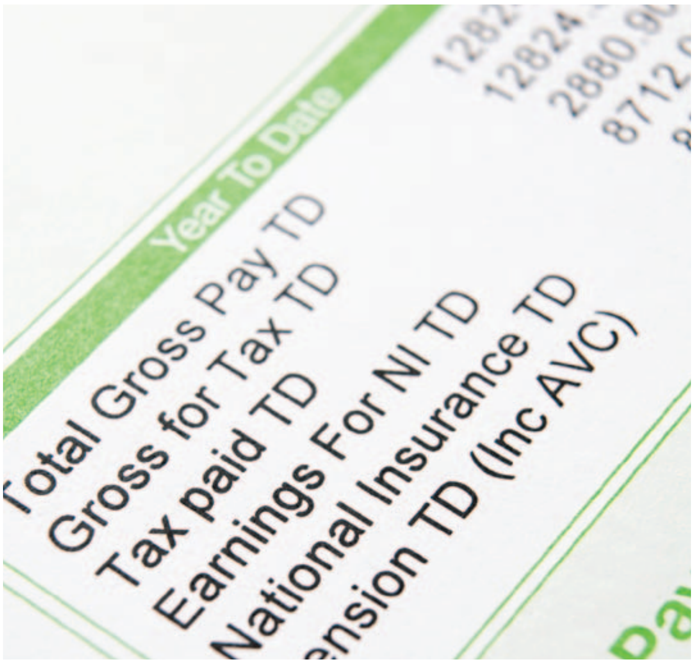
The news is not so good for hotel operators considering purchasing a stately home to create a new country house hotel. The new top rate of stamp duty land tax (SDLT), 7% on residential properties valued at £2m or more, took effect from 22 March 2012 adding to the acquisition cost. Worse still, the SDLT anti-avoidance legislation introduced with effect from 21 March 2012, applies a 15% SDLT rate to residential properties worth over £2m purchased by non-natural persons such as companies, trusts and collective investment schemes. This is to target anti-avoidance schemes that involve transferring a property to a company and then selling the shares in the company so that only 0.5% stamp duty is charged on the shares, rather than the top rate of SDLT being charged on the property.

Although there are exemptions from the charge for developers, the provisional legislation that is already in force seems rather loosely worded and may not apply in all cases. Hotel operators should take detailed advice if they are contemplating purchasing high value residential property to ensure that the acquisition structure does not fall foul of these rules.

A further anti-avoidance measure to apply from 21 March 2012 aims to close down schemes that make use of the SDLT sub-sale relief provisions. This measure will make clear that the grant or assignment of an option cannot satisfy the requirements of the SDLT sub-sales rule.

Underlining all these moves against tax avoidance, the Chancellor announced that he will be taking forward the idea of a general anti-abuse rule (GAAR) with consultation during 2012 and legislation in 2013. The GAAR will apply to SDLT avoidance schemes as well as corporation tax, income tax, capital gains tax and petroleum revenue tax.

Hotels that have a hairdressing salon on the premises may be affected by new VAT rules on 'chair rentals'. In future, such rental arrangements will be specifically excluded from the land and property exemption (in Sch 9 Group 1 item 1) from 1 October 2012. Some hotels with hairdressing concessions have previously been pressurised to contract with each self-employed stylist individually, rather than the salon business, to reduce VAT costs. The new rules mean that hotels can now contract direct




with the salon business without triggering an unnecessary VAT registration by the salon, simplifying the hotel's administration considerably. Sadly, there was no mention of a possible reduced rate of VAT on labour intensive services that many businesses in the service sector had been lobbying for.

On other staffing matters, a package of measures will be introduced to tackle avoidance through the use of personal service companies and to make the rules (IR35) easier to understand for those who are genuinely in business. These will include:

- strengthening specialist compliance teams to tackle avoidance of employment income.

- simplifying the way IR35 is administered, and

- subject to consultation, requiring office holders/ controlling persons who are integral to the running of an organisation to have PAYE and NIC deducted at source by the organisation by which they are engaged (this reflects current HMRC policy).

Any hotels using contractors should review their position, particularly those using senior consultants in their business structure, before the legislation required to implement these changes is introduced in Finance Bill 2013.

At a more basic level, the personal allowance for 2012/13 is to be increased to £8,105 and from April 2013 it will rise to £9,205. The most significant impact of this for employers probably arises from the fact that the trigger point for employees qualifying for automatic enrolment into an employer pension scheme under the new pensions regime from October 2012 follows the level of the personal allowance, at least for 2011/2 and 2012/13. So while lower paid or part time employees will still be entitled to join the company pension scheme, fewer will now have to be enrolled automatically. Along with the delay in the implementation of auto-enrolment for employers with fewer than 250 employees announced in February, this will give hard pressed hotel businesses a little breathing space.

Operators in the wider holiday market should note that, for VAT purposes, holiday caravans will no longer be eligible for VAT zero rating. They are to be redefined as 'caravans that are not designed and constructed for continuous year round occupation' to distinguish them from residential caravans, which are eligible for zero-rating as dwellings. Currently, VAT treatment is determined by the caravan's size, but the new rules will take effect from 1 October 2012.

For guest houses and small hotels, the proposals for simplifying small business taxation set out in the consultation document issued since the Budget will be of interest. In any situation where the owner lives on the premises, separating out business and personal expenses is complex, so the idea of flat rate adjustments for such personal costs is attractive. However, to achieve such simplification, the business would need to switch to the new cash basis rules that are intended to be available from April 2013 onwards. This will mean considering a wide range of pros and cons, too numerous to list here, and will not be a decision to be taken lightly.

Many owner-operators will be pleased that the additional rate of income tax will reduce from 50% to 45%, with the additional rate on dividends reducing from 42.5% to 37.5%, from April 2013. However, a potential sting in the tail is that legislation will be introduced in Finance Bill 2013 to apply a cap on income tax reliefs claimed by individuals from 6 April 2013. For anyone seeking to claim more than £50,000 in reliefs, a cap will be set at 25% of income or £50,000, whichever is greater. The cap will apply only to reliefs which are currently unlimited (i.e. not to EIS, VCTs or pension contributions) such as sideways and carried forward loss reliefs (including film investment losses), interest relief on loans - for example to invest in close companies or partnerships - and charitable donations.

There are some obvious problems with such a rule, for example, the Government has recognised that this will be a disincentive to charitable giving, and will consult on limiting the impact of this change for charities. It is also not clear how the £50,000 or 25% limit will work: will relief claimed for EIS contributions count towards the 25% limit even though it would not be restricted if it alone exceeds 25% of the claimant's income in a year?

Overall, a slightly positive budget for the hotel sector but with very limited news to boost the confidence of ordinary taxpayers. Hotels must hope that the stay-cation trend continues, with the 'Holidays at Home for 2012' campaign running prominently on tv currently, and that we don't slip into advanced belt-tightening and a tendency towards no vacation at all this year.

*James Welch*

**Partner**
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# Capital allowances - how to maximise your tax savings

Peter Millwood provides an update on the latest issues.

Tax relief on capital expenditure has always been a key issue for the hospitality industry, with significant investments in property fit out and refurbishments a necessity for those operating within the sector.

Many businesses miss out on significant tax relief in relation to expenditure on fit out and refurbishment projects, where only a proportion of the expenditure may qualify, and a detailed analysis is usually required to accurately identify the qualifying element.

The issue of identifying qualifying assets has been brought into the limelight once again as the Upper Tribunal has recently released its decision on the capital allowances case JD Wetherspoon Plc v Commissioners for Her Majesty's Revenue and Customs (HMRC). As an Upper Tribunal decision, the decision forms a legally binding precedent for all businesses.

Although the case related to expenditure incurred by JD Wetherspoon on two pubs in 1999, the issues under debate are just as relevant today.

The focus of the most recent hearing was around three key issues:

### 1. The allocation of costs which are not readily attributable to specific assets;

Given the relative complexity of allocating such costs the Tribunal agreed that the taxpayer's approach of allocating these on a pro-rata basis, across qualifying and non-qualifying assets, was entirely reasonable. The Tribunal understood that allocating building contractors' site costs (preliminaries) in any more specific fashion would be a significant time and cost burden to the taxpayer, without a substantial change in the end result to the benefit of either the taxpayer or HMRC. The impact of this decision is significant, as HMRC have often in the past forced businesses to disallow a proportion of preliminaries prior to applying a pro-rata treatment.

### 2. Decorative wooden panelling and other decorative features;

Wooden panelling is a common feature in many pubs, restaurants and hotels. The Tribunal found that the panelling in this particular case had not retained a separate identity and was an unexceptional part of the premises in which the trade was carried on and therefore ineligible for capital allowances. However, it was noted that in Wimpy International Ltd v Warland (1988), some decorative panelling was allowed as plant, but that this was not 'unexceptional' panelling given that it included bronze/silver mirrors, melamine infills and a textured sandstone effect. Therefore, there remains scope to claim panelling and other decorative assets as plant where they are distinctive in identity.

### 3. Building alterations incidental to the installation of plant & machinery;

It is common ground that costs directly associated with the installation of an item of plant qualify for capital allowances. However, this dispute centred around s66 of the Capital Allowances Act (CAA) 1990 (now s25 of CAA 2001) and whether this section of the legislation enables costs relating to the installation of specialist floors, drainage installations, kitchen and toilet walls and wall finishes to be eligible for tax relief. The decision focuses on the nature of an alteration. In the Tribunal's view, this section of the legislation is not intended to create a new category of assets upon which capital allowances are available in an existing building, where tax relief would be denied for a new building. However, allowances are available where an existing part of the building (e.g. a wall or a floor) is altered when plant is installed (e.g. for drainage or to support heavy items of plant). Although this is a nuanced point, there are significant opportunities for businesses to identify additional tax relief.

Another major issue for the hospitality industry is the introduction of the new rules around capital allowances on fixtures, which means that capital allowances are now an issue which parties to a transaction must consider at an early stage.

From 1 April 2012, for the buyer of a property to claim capital allowances on fixtures acquired as part of the purchase, an election must be made under s198 of CAA 2001 and must be submitted to HMRC within two years of the completion date. The election fixes the value of the fixtures acquired to any value between £1 and the seller's original expenditure on the fixtures.

The onus is therefore now on the buyer to address capital allowances up front in a transaction to avoid losing out going forward. Further restrictions come into effect in 2014, whereby, if a seller is entitled to claim capital allowances on fixtures in the building but has not yet done so, the fixtures must feature in the seller's tax return for entitlement to pass to the buyer.

The impact of both the JD Wetherspoon decision and the new fixtures legislation means that capital allowances should be at the forefront when considering how best to minimise the cash tax payable for businesses in the hospitality sector.

*Peter Millwood*

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# The Immigration Points-Based System and complying with the rules.

## Are you in the know?

An article by the Watson, Farley & Williams LLP Immigration and Employment Team.

### Introduction

The UK hospitality sector has long benefitted from immigration to the UK and it is well recognised that a high percentage of cleaners, catering staff and other members of these professions are foreign nationals. It is therefore critical that employers in this industry are not complacent in relation to their responsibilities under the immigration legislation given the sanctions that may be incurred including criminal liability.

The Immigration, Asylum and Nationality Act 2006 (the “Act”) came into effect on 29 February 2008 and brought in new rules regarding the steps that an employer has to take to avoid civil and criminal liability for employing illegal workers, together with new, tougher penalties for employers breaching the rules. It is important that employers are aware that these rules apply to them regardless of whether they are a licensed sponsor under the Points-Based System (“PBS”). Additional rules apply to sponsors under Tier 2 of the PBS.

Set out below is a brief guide to compliance with the current immigration legislation, together with a summary of the potential sanctions employers could face should they fail to comply with the legislation.

### ID Checks

The ID checks summarised below should be carried out by all employers regardless of whether they are registering as a licensed sponsor under Tier 2 of the PBS. In the hospitality industry, where staff turnover is high, it can be easy for these requirements to be forgotten or otherwise fall by the wayside. However, in order to avoid civil or criminal liability, this process should be in place in relation to all staff employed on or after 29 February 2008. Those employers applying to be licensed as a sponsor should ensure that all checks are up-to-date before applying for a licence.

Employers must ask prospective employees to provide original evidence of their right to live and work in the UK - for example, a passport, residence permit or visa endorsement - together with current contact details. A full list of acceptable ID documents is set out on the UK Border Agency ("UKBA") website. It is important to request ID from all employees - regardless of nationality - both to comply with the Act and to avoid accusations of discrimination.

Employers must then verify the information found in the ID documents. This will involve checking photographs and dates of birth where available (for example, from the migrant's passport ID page) to ensure that they are consistent with the appearance of the individual. Expiry dates on documents should also be checked and any UKBA stamps or endorsements should be reviewed to ensure the individual is authorised to work in the UK. In the event that any documents raise queries, or where they appear to have been tampered with or are in poor condition, further documents should be requested and verified. An example of this could be where the name on a passport is inconsistent because an employee has since married and taken her husband's name. In situations like this, the employer should request additional evidence of the employee's identity, for example an original marriage certificate showing both her maiden name and married name.

It is important for employers to maintain confidential records of any checks made regarding the employment of migrant workers. Every retained copy should be dated and must be held on file for the duration of the employment relationship and for a further two years after the employment has terminated.

Employers should also undertake further annual checks for employees with limited leave to remain in the UK (for example those with leave under the old work scheme or Tier 2 migrants). It is usually more straight-forward if these checks are carried out on the same day each year, for example if it is tied in with the annual appraisal process. It can be helpful if contracts of employment and/or handbooks include an express provision to enable ID documents to be requested at regular intervals.

## PBS Sponsorship Licence

The PBS introduced a tiered immigration system for highly skilled migrants (Tier 1), skilled workers (Tier 2), students (Tier 4) and temporary or exchange workers (Tier 5). With the exception of Tier 1, the tiers are governed by the concept of sponsorship. Under Tier 2, employers must apply for a sponsorship licence from the UKBA in order to employ migrant workers.

Any employers with sponsorship licences, or those seeking to apply, will be subject to additional responsibilities regarding record-keeping and reporting to the UKBA. Sponsors or prospective sponsors can also expect to be visited and inspected by the UKBA. The UKBA will audit a sponsor's records and recruitment practices. Failure to satisfy these requirements may result in the revocation or downgrading of a sponsor licence, and in some cases this can lead to the curtailment of visas meaning employees can be required to leave the UK.

## Sanctions

Where an employer is found to have employed an illegal immigrant, it is likely to face sanctions. These sanctions vary according to the frequency of the offence and the extent of the checks completed. Employers who have completed only partial checks and are found to be employing a migrant without valid leave, can receive a civil penalty. Sanctions range from a written warning to a maximum "on the spot" fine of £10,000 per migrant found to be illegally working in the UK. By way of example, a catering company in West London was recently fined £8,500 by the UKBA.

Employers found to be knowingly illegally employing migrants can face criminal penalties which include an unlimited fine and up to two years in prison, regardless of whether or not they have carried out the checks as described above. The UKBA may also publicise the names of sponsors which are found to have employed illegal workers. Last year a Scottish hotel was "named and shamed" for illegally employing 6 Indian nationals. This can create very bad publicity for service industries, such as the hospitality sector, where image and presentation are particularly important.

## Conclusion

The combination of the PBS and tougher compliance requirements has led to some tricky immigration issues that members of the hospitality sector need to be particularly aware of. In this current climate, employers are required to actively manage, plan and understand the needs of their migrant workers. Failure to grasp immigration issues can lead to serious long-term consequences, including deportation for the migrant worker and criminal liability for the body corporate and the individual officers entrusted with responsibility for the migrant employees.

***The information is current as at 28 March 2012 and may be subject to change. It may contain information of general interest about current immigration issues, but does not give legal advice.***

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# Smart hospitality IT: inspiring new ways to communicate

Revenue management, social media, IT and communication are tightly linked together, says Michaela Papenhoff, Managing Director of Düsseldorf-based consulting firm h2c. She recommends using the year 2012 to gather the information you need about these rapidly evolving services so that investment decisions can be made for 2013 and beyond.

With the launch of IBM's 5150 personal computer 30 years ago, new technology and design standards were introduced causing significant changes across all industries. This year, combined shipments of smartphones and tablets will outperform those of PCs. In 2012, the growth of smartphones and tablets is expected to almost double vs. 2011 (Source: Morgan Stanley, The Economist). With more consumers relying on the web for shopping, playing, obtaining information and interacting with their peers, a new era is evolving in how people integrate IT as a communication tool in their lives. New technology and applications are tested and commented by consumers first – who are often much faster in adoption than large organisations that run long testing labs prior to releasing new software.

Forced by the market's rapid developments, the hospitality industry is facing major changes thanks to the rising demand of customers to "feel like at home" while using technology when traveling. Most consumers are determining their own pace of technology innovation, not driven by the companies they work for that equipped them with technology as in the past. This behaviour raises the bar for hoteliers, as guests increasingly expect the same pace of technology innovation from hotels they stay at, whether it's for business or private reasons. Companies providing guest services such as hotels are confronted with tech-demanding consumers – and equally important: tech-demanding employees. Free WiFi connections in hotels are viewed as self-evident so that guests can act as if at home, but providing free basic WiFi access seems to be a challenge that no doubt will need to be addressed in 2012.

Employees wish that their own personal devices become integrated with their work life (source: IDC research in 2011), and they expect their employers to provide the same IT standard they use at home. Access to business information that allows working remotely from different places has been introduced by property management system provider companies. The software allows managing some or all applications via the Internet, depending on the development stage of the provider, thanks to "software as a service" (SaaS). Due to software customisation capabilities, it is up to the individual employee and her access level how she can use applications, merge them with private data and personalise them. More than ever, IT companies are forced to increase their investments in R&D spending, also addressing security issues caused by data privacy and the hotel's ultimate goal of keeping (guest) data safe. Hospitality companies building on "consumerisation" (IT developments driven by consumers/guests and how they wish to interact with hotels while traveling) attract technology-affinitive workers just at the right time as IT and communication are crucial to success.

Cloud computing is standard when interacting with social networks such as Facebook; however, it has not yet been adapted by the majority of European properties when it comes to their property management systems (PMSs). This is mainly due to connectivity and security constraints as well as the fact that the existing systems' landscape cannot be changed easily. Property management companies have developed SaaS solutions over the past years, and it will be crucial in 2012 to obtain the required knowledge about the available solutions, compare the offers carefully by using a SWOT analysis that addresses functionality and cost alike. Not having to run and support own in-house systems by using cloud computing can save money and resources that could be used for other business priorities, such as interacting with guests on social media platforms – which should be part of a hotel's customer retention management strategy.

## Get your app up

The opportunities in IT and interactive communication definitely outweigh the challenges. The question of whether a mobile app is better than a mobile website is raised frequently. H2c believes there are good reasons for a hotel to have both. For example, an app for information and reservation of services while the guest is in-house, addressing special requirements based on guests' preferences in a neatly packaged format. A mobile website can fulfill the need of providing quick information while searching for a last-minute room, as well as stimulating bookings via an easy-to-use reservation engine. As long as Internet connections remain unstable in certain areas, mobile apps are unlikely to disappear, since some of them do not need a constant connection to the Internet. However, HTML5 will enable more desktop-like functionalities and transcode web-content into the mobile web by 2013. Therefore, it is crucial to include the current developments into your 2012 planning to address consumers' needs and improve reach and revenues by offering online booking capabilities, e.g. of ancillary services, nicely supported by a virtual concierge application.

Near-field communication (NFC) chips turn mobile devices into mobile wallets that can be used for wireless payment - also and especially when traveling. Google has built NFC transmit and receive systems into its Nexus S Android phone to obtain information of the consumer's shopping behaviour and use the data to include their advertisements pre-, during, and post-purchasing. For hoteliers, this is another opportunity to increase brand awareness and reach. NFC also enables smartphones to act as door keys, e.g. BlackBerry users of the new OS 7 can just hold their NFC-enabled device in front of a reader to open the door. At the same time, tone signal door locks enable even legacy mobile phones to provide electronic key features as well. Although these are exciting opportunities, I suggest using the year 2012 to obtain relevant information about these services so that investment decisions can be made for 2013 and beyond. With augmented-reality apps such as Layar, the mobile phone's camera can record the real environment, let's say a street in Madrid, and merge it with screen information to show hotels, restaurants, sightseeing attractions and other points of interest. This is another example of customer's interaction with IT and how hoteliers can communicate their brand message.

To summarise, h2c strongly believes in direct communication, e.g. via the hotel's (mobile) website or via customised mobile apps – and of course personally. The search, shop, buy and retain process has become increasingly complex, with new IT solutions available and changing customer behaviour due to market opportunities driven by large players such as Apple, Amazon and Google as well as travel suppliers such as airlines. The effect on the hospitality industry has been enormous so far and will continue to evolve over the forthcoming years.

We consider upselling opportunities via direct online channels, offered during and after the buying process, as great opportunities to increase demand and thus sales. Usability, functionality and revenue generation capabilities need to be carefully weighed out and must be customised to reflect the brand's image and character, addressing the right customer segments. It is not important how many features and different channels are being used, but more important than ever, that the right content is offered to the right customer at the right time. Sounds familiar? Yes, revenue management, social media, IT and communication are tightly linked together. And those companies embracing these elements best are creating more value for their customers and employees alike.

This article originally appeared in The Hotel Yearbook 2012 (www.hotel-yearbook.com) and is re-printed with permission of the publisher.

Michaela Papenhoff

**Managing Director, h2c**

→ ANDRIANA CHATZILAZAROU

# **The role of change management** in centralising the Revenue Management function


*In this article, Andriana Chatzilazarou reviews, firstly, the obstacles a hospitality organisation can face when implementing a centralised Revenue Management approach and, secondly, several Change Management tactics with which a successful RM culture can be implemented. The full version of this research paper, including a list of references can be found on the HOSPA website.*

## Introduction

Research shows that the change of an organisation's culture is essential when it comes to the centralisation of RM. The employees of a hotel are key to the process and critical for its success. The report is of a conceptual nature and further practical research has to be undertaken to deepen the subject knowledge.

Revenue Management is the application of information systems and pricing strategies to allocate the right capacity to the right customer at the right price at the right time (Kimes and Wirtz, 2003). More specifically, Hotel RM is perceived as a managerial tool, which helps hotels maximise RevPAR (Gayar, et al. 2011). As time passes by, the function becomes more popular in the industry; the number of implementations increases; also tend to become centralised. This in turn brings about "significant benefits, i.e. efficiency, training, development, standardisation" (Norton, 2011).

Due to the global recession, hotel revenues started to crash in 2009. Despite the relative improvement in the economic environment in 2010, the lodging sector remains in a crisis situation and RevPAR has continued to decline (IHF, 2010). It is important for the hotels to avoid important price slashing and rather implement a RM function to develop amount of commercial opportunities. "Companies using RM reported revenue increases of 2% to 5%" (Kimes, 2003, p. 125).

Many authors highlighted the importance of "people" for RM systems to be efficient (Donaghy, McMahon& McDowellIn, 1995). Norton (2011) suggests that apart from the people, technology and processes become an important success factor. There are models, strategies and Change Management (CM) tools that have been proposed for successful organisational changes, hence this paper will explore how such tools might ensure an appropriate culture change by reviewing relevant literature, recent surveys, as well as an interview with a

RM Professional who has experienced a number of centralisation scenarios.

## Hotels are like small societies, each of those have their own culture

According to Eldridge & Crombie (1974, p. 89), “culture is a characteristic of all organisations, through which their individuality and uniqueness is expressed. The culture of an organisation refers to the unique configuration of norms, values, beliefs, ways of behaving and so on which characterises the manner in which groups and individuals combine to get things done.” New projects often require cultural change and the centralisation of RM function is such a project. Experience in industry suggests that even the most rational change can be obstructed if its implementation is either badly planned or inadequately negotiated (Spiegal et al. 1992).

There are many strategies proposed by various authors through the literature concerning effective transitions to different cultures. Jones & Hamilton (1992) explained that the first stage in implementing a RM culture is to ensure that the phenomenon of RM is fully understood throughout the organisation. It is crucial that the key stakeholders work hard in order to make the rest of the personnel understand what RM is, how it will help them firstly and then the organisation (Norton, 2011).

There is no overall right or wrong approach to centralising the function within hotels, even though there are certainly significant benefits. There are a number of risks though, such as lack of knowledge, narrow span of control, etc. However, when the function is decided to become centralised, every department of the hotel that interacts with guests certainly contributes to its progress. Norton (2011) explains that the hotel teams need to be able to communicate easily and feed anecdotal information and evidence into the data driven by the Revenue Team.

## Culture needs to change and confidence needs to be developed in the centralised team with the belief that they have the hotel’s best interests at heart (Norton 2011)

There are some tasks required when moving to a centralised approach, such as changing the commercial responsibility for the hotel, adopting global standards (each hotel cannot work in isolation or use their own ways of working) and hotel teams need to take active ownership of property activities, such as upselling, cross selling, marketing, etc. (ibid).

## Scenario - Similar to the RM culture change

A new PMS was installed in a medium sized hotel chain in 2011 in order to enhance quality operations and services. The general management put pressure on the IT department to implement the new PMS just three months before the seasonal opening, which was a very big change in the organisation that affected all departments. Below are some of the most serious problems that appeared through this implementation:

- **Personnel were constantly against the new system: they felt it was useless and difficult; they did not get their preferred time for training.**

- **The PMS system provider delivered the hotel staff with some training but nobody was actually ready to learn the whole system easily. They showed unwillingness.**

- **Formal training was not adequate and staff was not provided with any material (leaflets or CDs) to practice.**

- **Conflicts between the employees occurred and affected the flow of services during the season.**

- **The reservations system was stuck for three days and this caused a large number of overbookings to the hotels.**

- **The Accounting Department faced serious problems during the installation.**

Spiegal et al. (1992) proposed some interesting techniques for encouraging employees to collaborate and face the resistance to change and innovation:

- **Key people have to be explicit about why they think it is important for the employees to collaborate.**

- **Be trustworthy; employees expect key people to be able to look at the idea objectively.**

- **Be receptive to both positive and negative responses to employees’ ideas and be seen to value each person’s opinion even if it contradicts their original thinking.**

- **When potential benefits are identified it is important for them to be realistic and obtainable.**

## CM –Tools:

**A Stakeholder Analysis Approach:** A Stakeholder in an organisation is “any group or individual who can affect or is affected by the implementation of the change project” (Freeman, 1984, p.46). It is a technique one can use to identify and assess the importance of key people who may significantly influence the success of a project (ERC, 1998). It is essential to use because an organisational change requires effective communication and these key people are the appropriate individuals to communicate the new initiative. The implementation of the CRM along with the organisational change is dependent on the resources possessed by key stakeholders and the various group stakeholders.

According to Norton (2011), the stakeholders in terms of who they are, will depend on the roles allocated within an organisation. The various group stakeholders are: sales and marketing, reservations, operations, IT supervisors, suppliers and meeting planners, and it has to be ensured that there is overall support and involvement from Revenue, Sales and Operations. Obviously, key stakeholders should set clear expectations concerning the RM centralisation in order to achieve a proper culture for the new function.

→

Table 1: Effectiveness of Revenue Management Centralisation survey, cited in Varini, (2011).

| Do key individuals (stakeholders) at property level understand RM/how to positively impact revenue performance? | | | | | |
|---|---|---|---|---|---|
| | **Strongly Disagree** | **Disagree** | **Neutral** | **Agree** | **Strongly Agree** |
| **Front desk** | 0.0% | 21.1% | 15.8% | 52.6% | 10.5% |
| **Reservations** | 0.0% | 0.0% | 15.8% | 57.9% | 26.3% |
| **Finance** | 0.0% | 15.8% | 26.3% | 36.8% | 21.1% |
| **Sales** | 0.0% | 10.5% | 10.5% | 52.6% | 26.3% |
| **Food & Beverage** | 5.3% | 15.8% | 42.1% | 21.1% | 15.8% |
| **Night Audit** | 5.6% | 27.8% | 44.4% | 16.7% | 5.6% |

**The Change/Gap Readiness Assessment:** This a very useful tool because it identifies the main factors that may help or hinder the process of change and hence the effectiveness of the Centralised Revenue Management implementation (CSC 2008). It can be used to determine the hotel's readiness to change. Action plans can then be developed to leverage strengths and minimise potential risks.

## How does it work?

A selected number of staff from Front Office, Rooms Division, Sales, Marketing and Reservations receive a series of workshops by professional revenue managers with all the material needed.

## What are its benefits?

- **Action plans are being devised in order to address issues that appear during the implementation process.**

- **The stakeholders are aware of the CRM.**

- **Objective methods that determine potential implementation risks such as technology, people, recruitment, training and communication (Norton, 2011).**

- **Specific communication between the personnel can be changed for a better cooperation and smooth transition to the new environment.**

- **The clarity of the CRM vision is profound.**

## Survey: Centralisation of RM

Respondents were comprised of 19 RM Directors. 57.9% have been involved in moving a number of hotels from unit level RM to a centralised approach. The majority agrees that the biggest obstacle to implementing a centralised RM is internal politics (Varini, 2011).

### Strongly agree

**73,7%** Locally based staff need the ability to recognise the importance of a combined decision making process that involves the contribution of the on-site team feeding the system with fundamental information; A centralised RM strategy will only be effective if supported by a strong RM culture.
**56,6%** It is essential to convey a holistic understanding of how departments can contribute to raise revenue by sharing common values, beliefs and day-to-day working attitude.

**52,6%** To avoid discouragement and frustration of the operational side, the RM culture should emphasise on a stronger collaborative and team - work to maximise the advantages of local knowledge and centralised strategic decisions.

### Disagreement

**31,6%** agree that the central RM department should not be an independent office located outside the hotel but actively intertwine in daily operations - **31,6%** disagree with this statement.

## Conclusion

Revenue Management is vital for hotels. Initially, the unit level RM function can offer significant amount of commercial opportunity, as well as revenue opportunities through high occupancy and highest possible RevPAR. As the function grows, firms will consider centralising RM process. Before this can be implemented, it is essential for them to start to develop efforts towards building an appropriate RM culture. People and technology play a significant part in the success of deploying an organisational culture change and a successful CRM function respectively. Experience shows that the employees resist to such a change and that new technological developments are initially difficult to understand and use. Change Management tools can be used to acquire the necessary support from key employees at an early stage of the centralisation process to avoid future implications. It is crucial for the organisation to ensure that the stakeholders and other team members are involved in the process in order to gain buy-in and commitment. Employees should become engaged so that they are willing and able to contribute to the success of the RM centralisation.

*Andriana Chatzilazarou*

**Oxford Brookes University**

**MSc student in International Hospitality and Tourism Management**

# A first of its kind - a HOSPA joint IT and Finance Directors' Event!

**HOSPA CEO, Carl Weldon, reviews the HOSPA IT and Finance Directors' Debate held in February at Hotelympia.**

For the first time, HOSPA has created a Directors' Level Dinner with a topic that IT and Finance Directors could discuss and debate as a joint issue.

The objective of these forums is to engage a high profile audience of senior IT and Finance executives from within our sector in a lively debate on topics that affect the industry, while networking and enjoying an excellent meal within a relaxed setting.

The delegates met at the HOSPA Hub at Hotelympia for pre-dinner drinks where the evening was introduced with a special announcement from Strategic Partners and event Sponsors HFTP - and their CEO Frank Wolfe confirming the new project (just launched) of research into a new Hotel Accounting System and Standard.

We then moved on to enjoy an excellent dinner served in the stunning Premier Suite One on the corner of the first floor of ExCel with fantastic views of the Thames from two sides.

We were honoured to have Robert Cook – Chief Executive of DeVere Village and HOSPA President to open the debate on the issue of "Investment in Hotel Guest Technologies in today's environment – a guest imperative or a financial headache?"

Robert started the debate by suggesting that guests these days – while valuing such essentials as a comfortable bed, clean room and a good working shower - also expected good guest Wi-fi services and working technologies. He commented on how guest techs move so quickly today and the challenge was to stay 'on the game'.

The debate was then opened up to all the delegates and a lively discussion was chaired by Carl Weldon, CEO of HOSPA. The issues and debate centred on the essential 'infrastructure' in a hotel – the Wi-fi service.

Some of the key issues and challenges that were aired as follows:

- Free Wi-fi can be as bad as a free (bad) cup of coffee if it is not good enough!
- Guests expect that Wi-Fi accessibility will be better than what they have at home - is this realistic nowadays?
- Regular guests do not want or need to understand the issues – they just want it to work.
- Should 'Preferred Guests' or Loyalty Club Members receive free Wi-fi?

• There was a fairly even divide (amongst hotels in the room) between free Wi-fi and 'charged-for-Wi-fi' and a mixture in-between (e.g. free up to basic levels – charged for beyond a certain band-width).

• There was a consensus made after this point. Some hotels can be confusing the guest with too many different (charged for) options, therefore simpler "non-techie" explanations and charging is required.

• Hotels do not appear to be prepared to invest in the appropriate (ever increasing) band-width required due to costs pressure.

• Bandwidth constantly needs to be reviewed as technology and the Cloud proliferate.

• Conference and banqueting Wi-fi produces its own challenge for huge numbers of guests in the hotel – all possibly wanting to access Wi-fi simultaneously.

• Charging extra for conference Wi-fi can be a challenge.

• In 2011, a HFTP survey estimated an average traveller carried two and a half Wi-fi enabled devices.

• Even now though - the average number of internet devices people carry is increasing, which impacts on user demand for Wi-Fi services – one individual can carry now up to 4-5 items such as iPhone, iPad, Slingbox etc, placing enormous demands on a hotel.

• Recent Apple changes to iPhones and iPads enabling operating system updates via the Cloud increase Wi-fi pressure and band-width requirements.

• Other Hotel Systems can also require more Wi-fi overhead these days and need to be catered for when planning systems.

• In London, demands on bandwidth are increasing heavily and there will be huge pressure on all networks during 2012 Olympic Games leading to potential issues with Wi-fi usage during this event.

• Whilst there was a recognition that the service could be built into room rate with ongoing pressure on costs and price sensitivity, it was evident that this was not an immediate juncture for the debate.

• One IT director noted that with the forthcoming introduction of 4G, "there would be no option to charge" for Wi-fi – but how long before 4G is 'common'?

The essential question became: Do hotel businesses need to invest more – now and or in the future - in their 'Wi-fi guest services' (hence bandwidth) - to support Guest Technology services required in the future? And how do the FDs and ITDs prove this ROI?

*Carl Weldon*

**CEO of HOSPA**

# Members' **News**

## The Savoy Society Mentoring Scheme is looking for new Mentors

**Background:** The Savoy Society Mentoring Scheme begun in 2008 when it was identified that 40% of students who study Hospitality related degrees still do not enter the Industry when their studies finish.

The Savoy Society and then Chairman, Stuart Johnson FIH MI, felt that selected members of the society who are key individuals in the Hospitality Industry had such a vast amount of experience that they could support the final two years of the students' time as an undergraduate. The support would include advice and guidance when taking part in their work placement as well as during their dissertation year.

The scheme has grown successfully over the past 3 years, from 15 mentees in 2009 to currently 67 mentees and 53 mentors (14 mentors have two mentees).

The success of the scheme was also recognised at The Springboard Awards for Excellence in 2010 when the scheme won The People Innovation Award and was highly commended in The Young People Award.

**The Students:** The students that apply for the Scheme are all studying a Hospitality related degree and follow an extensive process of short listing to ensure they display maturity, dedication and enthusiasm for the scheme and most importantly the Hospitality Industry.

**The Mentors:** The Mentors are not only members of The Savoy Society but also include key representatives from associations such as - the St Julian Scholars, the Institute of Hospitality, HOSPA and the Leading Ladies of London.

**Criteria to become a Mentor:** To become a Savoy Society Mentor there are various requirements that need to be fulfilled:

• Hold a senior management position or be a General Manager, Managing Director, Chief Executive

• Professional Role within different sectors and capacities of the Hospitality Industry

• Member of a professional association, such as HOSPA, St Julian's Scholars, Institute of Hospitality or CIPD

• Can commit to two years to support mentee

• Enthusiastic toward the Hospitality Industry

• Committed to supporting the future of the industry

• Confident to adopt the role of 'Mentor'

• Can provide advice and guidance toward the mentee in a professional capacity

**Benefits of being a Mentor:** There are extensive benefits to being a mentor and they include the following:

• Supporting the next generation of Hospitality Professionals

• Developing key links with Universities

• Personal development Corporate Social Responsibility

**Mentoring Commitments:** The scheme requires commitment from the mentor with the following:

• Two years from 2012

• A minimum of four face to face meetings per year (one per quarter)

• Communication via Skype, email and telephone in addition to the face to

• Face meetings

• Attendance at the Assessment Day in 2012

• Attendance at the Atkinson Executive training day (will be held in July 2012)

• Uphold confidentiality of discussions with Mentees

• Participate in presentations to above universities to promote scheme and the

• Hospitality Industry especially to mentee's establishment

• Attendance at Alumni Dinner

Mentoring is not an arduous task and will not take up vast amounts of time. It is however a most rewarding experience to contribute to the success of future talent within our industry!

***If you are interested in becoming a Savoy Society Mentor or if you would like to find out more about the Scheme, then please contact Debra Adams on 01202 889430 or debra.adams@hospa.org.***

# HOSPA membership survey 2011

This is the third of a series of articles presenting the results from the HOSPA Membership survey 2011.

In two previous short articles, we gave you some summary comments from the HOSPA membership as to the future of hospitality Finance, RM and IT. Here are some more results from the 99 usable responses to the survey.

The profile of respondents is 30% female, 70% male, about the same as previous surveys. Almost 30% are over 50 years of age, 36% aged 40-49 and about the same under 40 (less than 10% were under 30).

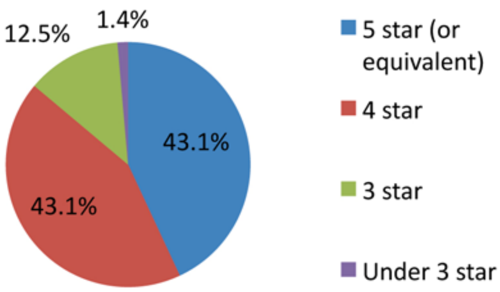
## Where do people work?

Almost 70% of respondents are in the hotel sector, with another 10% in another operating sector.

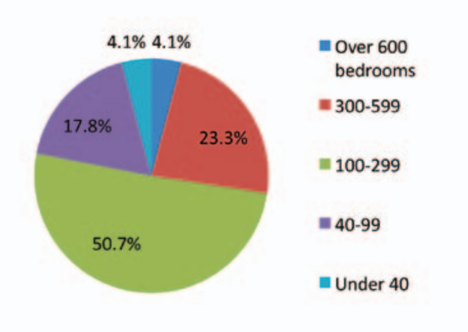
| | |
|---|---|
| London | 45.5% |
| Major city/airport | 14.1% |
| Rest of UK | 28.3% |
| International | 12.1% |
| Total | 100.0% |

| | |
|---|---|
| In an operational unit | 58.6% |
| Area/cluster office | 9.1% |
| Head office | 32.3% |
| Total | 100.0% |

## Hotel Category (star rating)




## Hotel Size




## Additional facilities

| | |
|---|---|
| Banqueting (for 200+) | 66.7% |
| Banqueting (for 100+) | 30.4% |
| Conference | 82.6% |
| Business centre/Office space | 60.9% |
| Leisure/Sport | 60.9% |
| Spa | 62.3% |
| Pool | 55.1% |
| Shops | 27.5% |
| Golf | 26.1% |

## Annual sales level

| | |
|---|---|
| £50 million and over | 11.6% |
| £40m - £50m | 3.5% |
| £30m - £40m | 3.5% |
| £20m - £30m | 8.1% |
| £10m - £20m | 31.4% |
| £5m - £10m | 17.4% |
| Under £5m | 24.4% |

## Principal business types

| | |
|---|---|
| Commercial | 65.8% |
| Conference | 49.4% |
| Tourist/leisure | 73.4% |

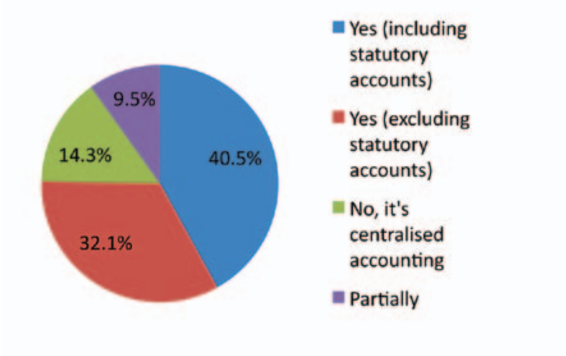
## Customers per day (average)

| | |
|---|---|
| Over 2,000 | 7.6% |
| 1,000-1,999 | 11.4% |
| 500-999 | 15.2% |
| 250-499 | 27.8% |
| Under 250 | 29.1% |

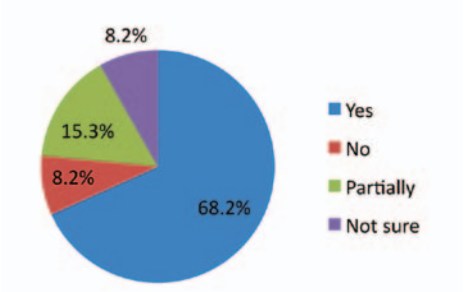
## Ownership status

| | |
|---|---|
| Chain - management contract | 30.6% |
| Chain - owned | 12.9% |
| Chain - franchise | 5.9% |
| Independently owned and managed | 36.5% |
| Independent, with brand affiliation | 5.9% |
| Other (please specify) | 8.2% |

## Self-accounting?




## Do you use the USALI?




## Systems used and external providers

## Systems used

| | |
|---|---|
| Payroll | 94.3% |
| Reservations | 88.6% |
| Internal email (for most staff) | 84.1% |
| Accounts(all) | 81.8% |
| Food and beverage - point of sale | 81.8% |
| On-line banking | 78.4% |
| Revenue Management | 65.9% |
| Telecommunications | 64.8% |
| Guest accounts | 61.4% |
| Food and beverage - stores/control | 58.0% |
| Direct payment to suppliers | 55.7% |
| Intranet | 53.4% |
| Global distribution | 50.0% |
| Direct payment from debtors | 46.6% |
| In-room TV bill checking | 38.6% |
| Energy management | 35.2% |
| Procurement (web-based) | 31.8% |
| Data warehousing | 26.1% |

There are some interesting results here, suggesting that some hotels still aren't using all the systems that they might do – for instance, a fifth aren't using F&B point of sale, and almost half not using direct payment to suppliers.

## Systems centralised, outsourced or externally hosted

| | |
|---|---|
| Credit approval | 64.1% |
| Payroll | 62.5% |
| Insurances | 62.5% |
| Systems management | 54.7% |
| Procurement | 51.6% |
| Internal audit | 48.4% |
| Benchmarking | 48.4% |
| Tax compliance | 48.4% |
| Purchase ledger/payables | 46.9% |
| Cash management | 45.3% |
| Nominal ledger/month-end | 43.8% |
| Revenue management | 40.6% |
| Reservations | 40.6% |
| Revenue control | 39.1% |
| Human Resources | 39.1% |
| Risk management | 35.9% |
| Credit control (sales ledger) | 34.4% |
| Stock management | 34.4% |
| Housekeeping | 32.8% |
| Food & beverage control | 31.3% |
| Guest history | 29.7% |
| Food and beverage - all | 26.6% |

What's surprising is the number of hotels that appear to not outsource or centralise various processes, such as revenue management or payroll, where external providers tend to be seen as the norm. The other unexpected result was how many outsource all food and beverage – and another 22% say some F&B is outsourced (although there may be some double-counting).

***The next article will look at salaries and benefits, and responsibilities, and make some comparisons with a similar survey in the USA.***

***Written by Cathy Burgess, Oxford School of Hospitality Management, Oxford Brookes University and Member of the HOSPA Education Committee.***

# HCAA publishes A Guide to the 10th edition, USALI

This article is contributed by the Hotel Controllers and Accountants Association, Hong Kong (HCAA).

The HCAA in Hong Kong has enjoyed a long relationship with HOSPA from the time HCAA was founded some 20 years ago, through the efforts of Mr Andy Wong in HCAA and Mr Howard Field in HOSPA. The HCAA recently published its Guide for Hong Kong Hoteliers to the Use and Interpretation of the Uniform System of Accounts for the Lodging Industry, Tenth Edition. Whilst the Guide is written to address issues in Hong Kong, most of the information is also applicable to hoteliers in the UK, or any other country, who are trying to comply with the provisions of the 10th Edition.

The HCAA approached Howard after the 10th Edition was released with a view to developing a local Guide for Hong Kong hoteliers, something along the lines of the Guides that he has produced in the UK. Howard made several trips to Hong Kong to participate in various workshops and meetings with the HCAA Executive Committee and its members as the HK Guide was developed.

Through a series of workshops, brainstorming sessions and questionnaires, input was gathered from HCAA members from various local and international hotels and chains, as well as expert advisors from the local and international academicians, professionals and practitioners. This work was supported by the Hong Kong Hotels' Association, Horwath HTL, Hong Kong and HFTP (Hospitality Financial and Technology Professionals, which is one of the joint producers of USALI).

The aims of the HK Guide are to highlight the major revisions in the 10th Edition and identify issues which are of operational and management relevance to the Hong Kong environment. The HK Guide aims to add a complementary perspective to the use and interpretations of the prescribed framework.

The scope covered by the guide includes:

**Uniform System financial and operating statements**

**Understanding and interpreting Uniform System accounts and information**

**What is new in the Tenth Edition**

**The Uniform System and the future**

We have sent several copies of the Guide to contacts outside Hong Kong and the feedback has been positive. The Guide is a useful and informative tool which provides practical guidance to a range of users including students, trainee accountants, financial and operational managers, new entrants to the hotel industry, teachers, asset managers, legal and financial advisors and analysts, auditors and anyone who is involved in the industry.

***If you wish to purchase a copy of the Guide (GBP 17 per copy) please contact Mr Alex Li of Langham Hotel Hong Kong at alex.li@langhamhotels.com or Mr Martin Lew of The Hong Kong & Shanghai Hotels (martinlew@peninsula.com) from HCAA's Technical Committee. The current HCAA Chairman is Mr Clarence Shun Wah. The HCAA website is: http://www.hcaa.org.hk.***


# UK CHAIN HOTELS MARKET REVIEW - February 2012

## Profit conversion hit at London hotels as costs creep up

Whilst hotels in London were once again able to achieve a year-on-year improvement across all headline performance measures this month, rising cost levels negatively impacted the conversion from total revenue to profit, according to the latest HotStats survey of approximately 560 full-service hotels across the UK by TRI Hospitality Consulting.

For a second consecutive month, growth achieved in Revenue per Available Room (RevPAR), was as a result of an increase in both room occupancy (+1.1 percentage points) to a lofty 75.4% in what is typically considered a 'low period' of demand, and a 2.0% increase in achieved average room rate to £124.77, once again illustrating the ability of London hoteliers to effectively manage volume and price.

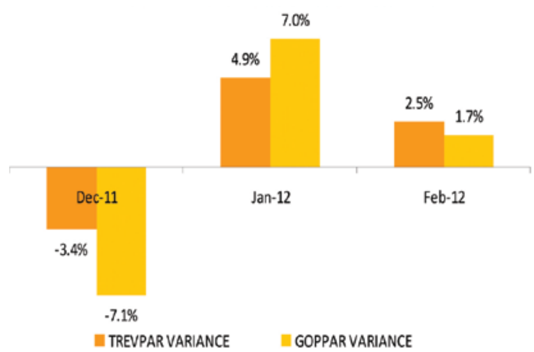
However, the 2.5% year-on-year growth in Total Revenue per Available Room (TrevPAR) achieved by London hoteliers in February was negatively impacted by an increase in costs across a number of departments.

In the rooms department, direct expenses increased by 5.0% to £13.98 per room sold, which was primarily as a result of a 13.8% year-on-year increase in costs associated with third party travel agents. In the food and beverage department, beverage costs suffered a year-on-year increase of 0.7 percentage points to 21% of beverage revenue. And energy costs at London hotels went up by a substantial 0.4 percentage points to 3.4% of total revenue.

As a result, the growth in TrevPAR of 2.5%, or £3.16 per available room, at hotels in the capital during February dropped to a profit per room increase of 1.7% or just £0.91. That said, at £54.30, profit per room at London hotels in February was more than triple the level achieved in the Provinces.

"It is clear from their recent performance levels that there is now a complete disconnect between the revenue performance of hotels in London and the rest of the UK. However, in the same way that London hoteliers have successfully managed revenue levels throughout the economic downturn, it is now essential that they manage rising costs, as in the current climate this may be the biggest threat to continued profitability growth," said Jonathan Langston, managing director, TRI Hospitality Consulting.

### LONDON LAST 3 MONTHS YEAR-ON-YEAR CHANGE




### HotStats London Main KPIs

LONDON

| | Feb '12 | Feb '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 75.4 | 74.3 | 1.1 | ▲ |
| ARR | 124.77 | 122.33 | 2.0% | ▲ |
| RevPAR | 94.09 | 90.85 | 3.6% | ▲ |
| TrevPAR | 130.98 | 127.82 | 2.5% | ▲ |
| Payroll % | 27.2 | 27.4 | 0.1 | ▲ |
| GOP PAR | 54.30 | 53.39 | 1.7% | ▲ |

| | YTD '12 | YTD '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 72.8 | 70.9 | 1.9 | ▲ |
| ARR | 122.07 | 119.05 | 2.5% | ▲ |
| RevPAR | 88.86 | 84.45 | 5.2% | ▲ |
| TrevPAR | 123.46 | 119.09 | 3.7% | ▲ |
| Payroll % | 28.2 | 28.5 | 0.3 | ▲ |
| GOP PAR | 49.49 | 47.51 | 4.2% | ▲ |

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

# Provincial hoteliers suffer second consecutive month of huge profit decline

The poor start to 2012 continued for hotels in the Provinces with a second consecutive month of double-digit profit decline, according to the latest HotStats survey of approximately 560 full-service hotels across the UK.

In stark contrast to the performance of hotels in London, hotels in the Provinces suffered a decline in performance across all measures. Whilst the drop in RevPAR was slight, at just 0.6% to £43.98, the decline in TrevPAR (-2.3%) was more pronounced, led by a 3.8% decline in food and beverage revenue and a 9.5% drop in meeting room hire revenue per available room.

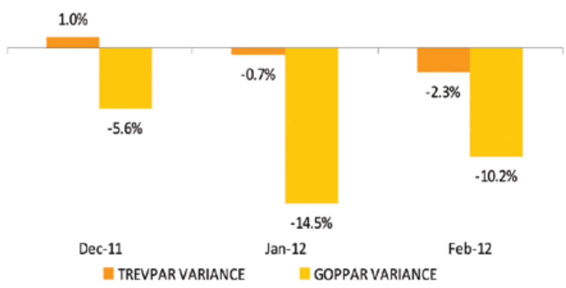
However, the top line revenue measures understate the negative performance at Provincial hotels in February as rising costs continue to impact profit levels. This month, profit conversion was impacted by an 11% increase on a per room sold basis in the cost associated with travel agents' commission and a 13.9% increase in energy per room sold.

As a result of the movement in revenue and costs, profit per room in the Provinces declined by 10.2% to £17.88, this is equivalent to a profit conversion of just 21.8 per cent of total revenue for the month compared to 23.7 per cent in February 2011.

"Only two months into 2012 and Provincial hoteliers are 11.4 per cent below the performance achieved during the same period in 2011. Despite the moderate decline in rooms revenue, somewhat worryingly, costs are escalating, which is negatively impacting the bottom line. Whilst for the majority of Provincial hoteliers the selling price of the product (ie bedrooms, lunch, dinner, conferences and functions) has remained relatively static in recent years, high inflation has added significant cost to a high proportion of essential departmental purchases, particularly food and energy. In addition, payroll levels, primarily at a minimum wage level, have been subject to un-avoidable year-on-year increases. Whilst the recent '20.12%' governmental campaign may go some way to boost demand for accommodation through an increase in 'staycations', many hoteliers will have been disappointed by the Chancellor's refusal to cut VAT on hotel accommodation in the recent budget," added Langston.

Pockets of positive performance were hard to find in February, but an increase in profit per room was achieved at hotels in Norwich, with a 13% growth in RevPAR. The growth was primarily led by a 9.8 percentage point increase in room occupancy to 69.5%, which contributed to a growth in GOPPAR of 0.6% to £8.19 per available room. Whilst the corporate market in Norwich has remained resilient, illustrated by a 3.7% increase in achieved average room rate, the city's hoteliers have also enjoyed the increase in demand levels attributed to 'The Canaries' return to the top flight of football with supporters visiting from Bolton, Leicester and Manchester United during February.

**PROVINCES LAST 3 MONTHS YEAR-ON-YEAR CHANGE**




## HotStats Provinces Main KPIs

PROVINCES

| | Feb '12 | Feb '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 64.8 | 65.2 | -0.3 | ▼ |
| ARR | 67.82 | 67.93 | -0.2% | ▼ |
| RevPAR | 43.98 | 44.26 | -0.6% | ▼ |
| TrevPAR | 82.16 | 84.10 | -2.3% | ▼ |
| Payroll % | 36.2 | 35.9 | -0.4 | ▼ |
| GOP PAR | 17.88 | 19.90 | -10.2% | ▼ |

| | YTD '12 | YTD '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 59.6 | 59.2 | 0.4 | ▲ |
| ARR | 66.56 | 66.92 | -0.5% | ▼ |
| RevPAR | 39.67 | 39.60 | 0.2% | ▲ |
| TrevPAR | 75.21 | 76.29 | -1.4% | ▼ |
| Payroll % | 38.4 | 37.9 | -0.5 | ▼ |
| GOP PAR | 13.47 | 15.20 | -11.4% | ▼ |

# HOTSTATS Briefing Data

UK Chain Hotels - Performance report Currency: £ Sterling


## The month of February 2012

LONDON

| | Feb '12 | Feb '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 75.4 | 74.3 | 1.1 | ▲ |
| ARR | 124.77 | 122.33 | 2.0% | ▲ |
| RevPAR | 94.09 | 90.85 | 3.6% | ▲ |
| TrevPAR | 130.98 | 127.82 | 2.5% | ▲ |
| Payroll % | 27.2 | 27.4 | 0.2 | ▲ |
| GOP PAR | 54.30 | 53.39 | 1.7% | ▲ |

PROVINCES

| | Feb '12 | Feb '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 64.8 | 65.2 | -0.4 | ▼ |
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| Payroll % | 36.2 | 35.9 | -0.3 | ▼ |
| GOP PAR | 17.88 | 19.90 | -10.2% | ▼ |

## The Calendar year to February 2012

LONDON

| | YTD '12 | YTD '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 72.8 | 70.9 | 1.9 | ▲ |
| ARR | 122.07 | 119.05 | 2.5% | ▲ |
| RevPAR | 88.86 | 84.45 | 5.2% | ▲ |
| TrevPAR | 123.46 | 119.09 | 3.7% | ▲ |
| Payroll % | 28.2 | 28.5 | 0.3 | ▲ |
| GOP PAR | 49.49 | 47.51 | 4.2% | ▲ |

PROVINCES

| | YTD '12 | YTD '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 59.6 | 59.2 | 0.4 | ▲ |
| ARR | 66.56 | 66.92 | -0.5% | ▼ |
| RevPAR | 39.67 | 39.60 | 0.2% | ▲ |
| TrevPAR | 75.21 | 76.29 | -1.4% | ▼ |
| Payroll % | 38.4 | 37.9 | -0.5 | ▼ |
| GOP PAR | 13.47 | 15.20 | -11.4% | ▼ |

## The twelve months to February 2012

LONDON

| | Rolling '12 | Rolling '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 81.7 | 81.3 | 0.4 | ▲ |
| ARR | 131.66 | 124.05 | 6.1% | ▲ |
| RevPAR | 107.58 | 100.90 | 6.6% | ▲ |
| TrevPAR | 146.61 | 140.52 | 4.3% | ▲ |
| Payroll % | 23.9 | 24.3 | 0.5 | ▲ |
| GOP PAR | 70.68 | 66.84 | 5.7% | ▲ |

PROVINCES

| | Rolling '12 | Rolling '11 | Var b/w | |
|---|---|---|---|---|
| Occ % | 69.3 | 68.5 | 0.9 | ▲ |
| ARR | 68.75 | 68.70 | 0.1% | ▲ |
| RevPAR | 47.66 | 47.03 | 1.3% | ▲ |
| TrevPAR | 91.34 | 91.36 | 0.0% | ▼ |
| Payroll % | 32.6 | 32.3 | -0.3 | ▼ |
| GOP PAR | 26.56 | 27.54 | -3.6% | ▼ |

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# Members' **Events**


## Forthcoming events

**Apr 30** **HOSPA Members' Meeting - New Employment Law Measures - London**
HOSPA Patrons, Watson, Farley & Williams, will be presenting a look at the new employment law measures that have recently been enacted and those that are going to be introduced over the coming year, together with a consideration of the problems that employers may have to deal with during the Olympic Games. This event will be hosted at the Watson, Farley & Williams offices (15 Appold Street, London, EC2A 2HB) from 6.00pm for a 6.30pm start.

**May 09** **HOSPA Revenue Management Community Breakfast Seminar - Scotland**
The HRMC have organised a Scottish regional breakfast meeting to be held at the Apex International Hotel (31-35 Grassmarket, Edinburgh, EH1 2HS) on the subject of 'Managing your Online Reputation and its increasingly important role within Revenue Management' from 8.30am to a 9.00 am start. Confirmed speakers include TrustYou and BrandGain.

**May 24** **HOSPA Tax Forum 2012 - London**
Taxation update with the members of the HOSPA Taxation Committee.

**May 28** **BAHA EGM - London**
An Extraordinary General Meeting to finalise the Annual Accounts for BAHA to 31st March 2012.

**May 30** **Keystep Seminar - Hospitality - Floating on a Cloud! -London**
HOSPA Patrons Keystep are hosting a free half day seminar on 'Could Computing' for hospitality professionals. For more information and to register, please visit the events section of the HOSPA website (http://www.hospa.org/en/events/events/).

**Jun 21** **HOSPA Revenue Management Forum - London**
The HRMC have organised their annual forum, titled "Flash Sales", Venue to be confirmed at a later date.

**Jul 12** **HOSPA Members' Quiz Night – London**

**Nov 22-23** **HOSPACE 2012 – London**

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HOSPA welcomes the following industry leading companies as Founding Sponsors of our relaunch as HOSPA as an Association for Finance, Revenue Management and IT Professionals. These companies have enabled the development of the HOSPA brand, new members' website and other facilities.

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# HOSPACE Conference & Exhibition 2012

## Date for your Diary...

### HOSPACE 2012
### 22nd and 23rd November 2012


More information coming soon...
Second day will include specialist community sessions on Revenue Management, Finance and IT.

**What was said about the 2011 Conference?**

"I was at the HOSPACE conference last week for the first time, and I wanted to say thank you for the event. It was extremely informative and good to make a number of new connections."

*Toby Rintoul, Director, Johnston Carmichael.*

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