

# THE OVERVIEW

FROM HOSPA SEPTEMBER ISSUE 2011

THE COST OF  
FRAUD

ARE YOU **TRACKING**  
YOUR REAL **COMPETITORS?**

**CLOUD**  
COMPUTING

BAHA MOVING FORWARD  
-THE CHANGE TO HOSPA

# Welcome to THE OVERVIEW



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# HOSPA

Hospitality Finance, Revenue and IT Professionals

**BAHA Moving Forward**

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You can login to the membership area on the HOSPA website and read this journal online; plus archived copies in the members area once available.

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# Dear Members

I sincerely welcome you to the first edition of 'The Overview', the new title of the Association's monthly journal for members. This revised publication is a key part of the exciting transformation of the Association into a community of experts and practitioners with the purpose of setting the industry standard for best practice in Financial Management, Revenue Management and IT.

Our name change represents a significant step in the Association's continuous development and its ambition to provide cutting edge resources and information, as well as professional opportunities for all our members. In 1969, BAHA was founded as an organisation that primarily supported finance professionals within the hospitality industry. However, over the last 40 years, the hospitality industry and the way it functions have changed enormously, from the evolution of IT in hotel management, guest services and guest room technology, to raising finance and the new means to maximise room revenues - to name but a few examples. This emerging interdependency between Finance, Revenue Management and IT was recognised by the BAHA Council and resulted, in 2009, in the decision to welcome Revenue Management and IT professionals to become full members of the BAHA community.

Under the banner of HOSPA we will continue to strive to unite professionals involved in Finance, Revenue Management and IT within the hospitality industry and most importantly to provide education, mentoring and career development opportunities for the next generation of young professionals entering our industry.

Over the coming months we will be launching our new Revenue Management Education programmes to complete our suite of educational programmes in our core disciplines. We are indebted to our sponsors and patrons and to the support we have received from all our partners, including the Savoy Educational Trust, to enable this transformation to take place.

I hope you are as delighted as I am about our new direction, name, forthcoming website and improved journal for members!

Happy reading!

*Paul Dukes*  
Chairman



## Top award winning UK Hotelier elected as new President of HOSPA

One of the UK hospitality industry's most respected and successful hoteliers has been elected President of HOSPA – the new name for BAHA.

**R**obert Cook – Chief Executive of Malmaison and Hotel du Vin Hotels and recipient of Caterer & Hotelkeeper's prestigious Catey award for 'Manager of the Year' in 2006 – has been elected by the HOSPA Council to replace outgoing President David Cook, who has been BAHA President since 2004. David Cook – who prior to his retirement in 2006, was Chief Executive of CHE

Hotel Group – has relinquished his post with BAHA to concentrate on his charity work.

Commenting on his election as HOSPA President, Robert Cook said: "I am delighted to have been elected as the very first President of HOSPA following the Association's name change and evolution from BAHA. I am immensely proud and honoured to have been chosen to lead this prestigious

and influential Association at such a momentous time in its history, and to nurturing its aims and objectives. The future success of British hospitality lies in the growth of real talent – people are the very lifeblood of our hotels; and HOSPA's highly regarded Education and Training Programmes, together with its events and workshops, play a vitally important role in helping hospitality finance, revenue management and IT professionals become even more effective in achieving success for their businesses."

BAHA Chief Executive Carl Weldon said: "We are delighted that Robert Cook, who officially takes office on 19 September, has been elected President of HOSPA. There can be few more successful, forward thinking and dedicated professionals in the UK hospitality industry than Robert; and HOSPA's rapidly growing membership will be able to benefit from Robert's invaluable leadership and experience at this exciting time of change for the Association.

"Whilst the election of Robert Cook is extremely exciting for the future of HOSPA, there is also obvious sadness at saying goodbye to a truly great servant to the Association in David Cook (no relation to Robert). He joined BAHA only two years after the Association's formation in 1969, as member number 54! Sixteen years later, he became a Fellow and soon moved up the BAHA ladder. In 1992, David was elected to the BAHA Council, where for two years he chaired the Meetings Committee before being elected in 1994 as BAHA Chairman – a post he held until 2004 when he was elected BAHA President. In December 2008, it gave us all great pleasure at the Association to present David with a special BAHA Lifetime Achievement Award for outstanding service to hospitality industry financial management – only ever awarded twice before. We offer David our deepest thanks for all he has done for HOSPA when it was BAHA, and wish him the very best for the future."

During David Cook's time as BAHA Chairman then President, the Association has grown in many ways and achieved a number of important landmarks. Some of the many highlights include the Association's involvement with the Uniform System of Accounts 9th and 10th editions; two successful conferences in Birmingham, followed by the birth in 2006 of the highly successful BAHA Annual Conference and IT Exhibition; the redesign of the BAHA Educational programme and achieving the landmark of exemptions from the Chartered Institute of Management Accountants (CIMA), as well as accreditation from CIMA and the Open University; the Strategic Partnership in 2007 with BAHA's US counterpart – Texas-based HFTP (Hospitality Finance and Technology Professionals); and last year, the formation of the BAHA Hospitality Revenue Management Community.

Back to the present and overseeing a new era for BAHA as HOSPA is Robert Cook. HOSPA's President began his distinguished career as a graduate of Robert Gordon University in Aberdeen; and in 2007, he was honoured with an honorary doctorate in recognition of his contribution to the hotel industry. Prior to rejoining Malmaison as Chief Executive six years ago, Robert spent three years in Monte Carlo as Managing Director of the Columbus and Dakota Hotel Group. In his first term with Malmaison, he spent four years in the group – firstly as General Manager of Newcastle and Manchester and then as Operating Director, prior to the company being sold to Patriot Hospitality of America. Before entering the world of lifestyle and contemporary hotels, Robert spent six years with Intercontinental Hotels and was part of the pre-opening team at The Balmoral Hotel in Edinburgh when it was re-launched in 1991.

In 2006, he was awarded the Caterer & Hotelkeeper's prestigious Catey for 'Manager of the Year' and, in the same year, Malmaison was awarded AA Hotel Group of the Year. In 2009, Hotel du Vin won the same award and for the sixth consecutive year received The Guardian Observer Business Travel Award.

→ CARL WELDON

# HOSPA for the Future...

As a longstanding member of BAHA for almost 30 Years – 20 of which dedicated to serving on the Council, and the past six as your Chief Executive – I find myself in that ‘twilight zone’ of emotion. As we welcome in an exciting new era for the Association – under our new name of HOSPA (Hospitality Professional Association) to reflect our rapidly growing membership in Finance, and the comparatively new and evolving disciplines of Revenue Management and IT – my emotions are akin to those experienced when you move on to a nice new house, flat or even job. You are excited about the new opportunity or place, but all your memories are in the ‘old place’.

But the great thing though about the transition from BAHA to HOSPA is that all our friends and members will still be there – moving on with us; and we hope to attract many more new friends and members in the months and years to come, with whom we can discuss, debate, learn from and network!

The new brand image and enhanced quality are inspirational – providing a fresh outlook and a strong base for further growth and development. But the real changes that you should see and

experience are in those areas that you most regularly access – for instance, here in these pages of our new-look BAHA Times – renamed ‘The Overview’; and our state-of-the-art [www.HOSPA.org](http://www.HOSPA.org) website. The latter has been designed to be much more interactive and vibrant – with more facilities and resources, especially for registered Members.

Perhaps the most innovative feature on the website is our new Communities area with portals for our three disciplines of Revenue Management, IT, and of course Finance. Each discipline will have its own dedicated zone for discussion, debate and latest updated information. We will be highlighting, and expanding upon, many of these new features over the next few months.

In line with our name change to HOSPA, the Association’s Annual Conference and Exhibition has been re-named HOSPACE (HOSPA Conference and Exhibition); and HOSPACE 2011 will be held on Thursday, 24th November at the Sofitel Hotel, London Heathrow, Terminal 5. The full programme will be announced shortly and promises to be highly topical, challenging, stimulating and really educational – with much to enthuse, educate and professionally develop delegates.

Finally, I would like to say a big ‘thank-you’ on behalf of the Association to one particular set of our Sponsors, now known as ‘Founder Sponsors and Partners’. They have been able to commit sets of Funds which have enabled the change to HOSPA and made our new Website and facilities possible. These companies believe in the future of our Association to an extent that has enabled this transition to our exciting new future.

I would of course also like to acknowledge all of our previous BAHA Members and Sponsors who have taken us through the last 42 Years – and helped create ‘HOSPA for the future’!

Please let us know what you think – remember your feedback is invaluable to us in ensuring that HOSPA meets and exceeds your requirements.

With very best wishes,



*Carl  
Weldon*

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# The unacceptable cost of fraud



**F**raud can be hugely damaging to any organisation, but its cost insidiously undermines financial stability and competitiveness. Jim Gee, Director of Counter Fraud Services at PKF (UK) LLP, argues that much more can be done to manage and reduce the cost of fraud.

Fraud is a problem which undermines the stability and financial health of organisations across the economy. It is not a victimless crime, but one which undermines the competitiveness of companies and piles additional costs on us as consumers. It denies us the quality of public services which we pay for as taxpayers, undermines our job security as employees, reduces the value of companies for us as shareholders, and even denies the beneficiaries of charities the full benefit of the donations which we make.

Across the UK economy as a whole, the Government's National Fraud Authority estimates that £38.4 billion is lost. This reflects a change over the last decade or so, where it has become possible to measure the financial cost of fraud in a statistically valid and highly accurate manner.

Together with the Centre for Counter Fraud Studies at University of Portsmouth, I lead the latest global research into fraud within individual organisations. We reviewed 132 accurate, statistically valid and externally validated measurement exercises in 66 organisations from 9 countries and across 32 types of expenditure with a total value of £3 trillion, sterling equivalent. Such exercises review a statistically valid sample of expenditure to consider the extent of correctness, error and fraud, allowing extrapolated estimates to high levels of accuracy and statistical confidence (+/- 1% and 95%). Average losses to fraud (and error) were found to be at 4.6%.

This is probably a much higher percentage than most companies would expect, however, the research shows that detected or known fraud, which our expectations are based on - even in the best performing organisations - only amounts to one thirtieth of the actual measured cost. The research also shows - more optimistically - examples from different countries, including the UK, where such losses have been reduced by up to 40% within 12 months and by up to 60% over a longer period.

## The great unmanaged cost

In almost every other area of business life, organisations know what their costs are – staffing costs, accommodation costs, utility costs, procurement costs and many others. For centuries, these costs have been assessed and reviewed, and measures have been developed to pre-empt them and improve efficiency. This incremental process now often delivers quite small additional improvements.

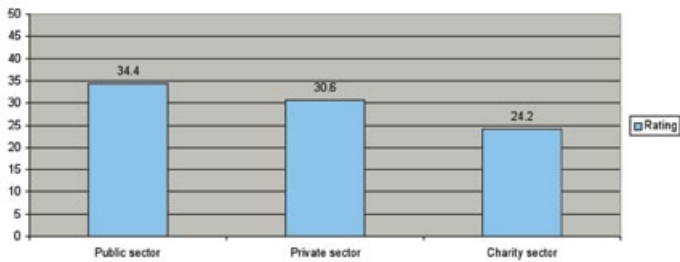
Fraud and error costs, on the other hand, have only very rarely had the same focus. The common position has been that organisations have either denied that they had any fraud, or planned only to react after fraud has taken place. Because of this, fraud is now one of the last great unreduced business costs.

The key to reducing this cost is ensuring that companies are fraud resilient - or properly protected against fraud.

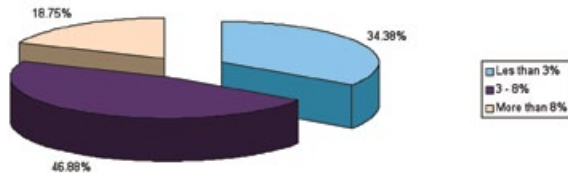
PKF work with the Centre for Counter Fraud Studies at University of Portsmouth (CCFS), and over the years have collated the largest database in Europe concerning fraud resilience. It includes data covering 367 organisations, with budgets and turnover which represent in value more than a fifth of the UK's Gross Domestic Product (GDP). Its scope embraces almost every sector of economic activity, and it provides an unprecedented insight into the strength of arrangements to protect UK Plc against fraud.

To provide even greater insight to the hospitality sector, PKF and the CCFS will shortly be launching a specific hospitality survey. The survey is comprehensive, in that it considers 29 different aspects of what it takes for an organisation to be resilient to fraud, based on the professional standards in this area. We will then analyse the findings and provide the first accurate view of fraud and how it is addressed across the sector. Every company which participates will get a copy of the report and will be able to benchmark themselves against their peers. In the current macro-economic context, and not least in the hospitality sector, cost control is an essential issue. Research shows that the greatest losses come from high volume, low value fraud - and

Fraud Resilience Ratings - by Sector



The Financial Cost of Losses - Proportion of Organisations & Related Losses



procurement and supplies expenditure in the hospitality sector would appear to be vulnerable to this problem.

The good news is that research shows examples where these losses have been reduced by up to 40% within a year where the right approach has been adopted, delivering financial benefits of up to twelve times the cost of the work. Financial benefits of 40% of average losses of 4.6%, equates to adding just under 2% to the bottom line.

So what is the 'right' approach? Over the last ten to fifteen years a new comprehensive approach has developed, in which organisations:

- Have accurate information about the nature and extent of their fraud 'problem' rather than relying on supposition or anecdote.
- Seek to pre-empt losses, rather than reacting when they have already been incurred.
- Focus on the financial cost of the fraud rather than just the people who perpetrate it.
- Prioritise the strength of the anti-fraud culture and deterrent effect, alongside the removal of process and system weaknesses which allow fraud – rather than simply the number of prosecutions which take place.
- Treat counter fraud work not simply as a process but as something which is organised to deliver positive financial outcomes in terms of reduced losses.

We need to go beyond the stereotypes of counter fraud work from TV and Hollywood. If we continue to rely on detecting and reacting to fraud, then we have to understand that research data shows that even the best performing organisations only detect in the region of one thirtieth of total measured losses. Surely it is better to pre-empt losses rather than trying recover them once they have been incurred?

PKF look forward to publishing our report on the hospitality sector and would urge all HOSPA members to participate in our forthcoming survey, – in late September.

➔ Jim specialises in delivering counter fraud services to reduce fraud as a business cost and in developing client organisations' resilience to fraud.

During more than 25 years as a counter fraud specialist, he led the team which cleaned up one of the most corrupt local authorities in the UK - London Borough of Lambeth - in the late 1990s; he advised the House of Commons Social Security Select Committee on fraud and Rt. Hon. Frank Field M.P. during his time as Minister of State for Welfare Reform; between 1998 and 2006 he was Director of Counter Fraud Services for the Department of Health and CEO of the NHS Counter Fraud Service, achieving a 96% successful criminal prosecution rate and not losing a civil case in eight years. Between 2004 and 2006 he was the founding Director-General of the European Healthcare Fraud and Corruption Network; and he has since worked as a senior advisor to the UK Attorney-General on the UK Government's Fraud Review as well as delivering counter fraud and regulatory services to public bodies and private companies both in this country and internationally. He has worked with organisations from more than 30 countries to counter fraud and is currently advising the Chinese Government about how to measure, pre-empt and reduce the financial cost of fraud.

Sectors within which Jim has particular expertise include insurance, private and public sector healthcare and local and central government.

Whether you are thinking about opening a new hotel, expanding overseas, reviewing your portfolio or corporate strategy or seeking independent accountancy advice, PKF's hotel consultants offers you a reliable, professional and above all personal service.

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*Jim Gee*

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# HOSPA Revenue Management Community Debate



***In March this year our HOSPA Revenue Management Community (HRMC) presented a debate on five key revenue management issues facilitated by Masters students studying for the MSc International Hotel and Tourism Management at Oxford Brookes University with guidance from lecturer Kate Varini. We are very pleased to present an excerpt from one of the resulting papers written by the students following the event. The paper we are featuring this month has been written by student Sabrina Lang who has researched the topic: What is the impact on the hotel based revenue management culture when the function becomes centralised?***

The report provides an overview of impacts that affect the hotel revenue management culture when the function becomes centralised. It aims to embrace the role of revenue management in today's business environment, organisational culture and people management to successfully implement a central revenue management system. A literature review about hotel revenue management, organisational culture and organisational change has been undertaken to illustrate fundamental aspects that have to be taken into account when implementing centralised revenue management strategy for a hotel company.

The research discovered a lack of recent studies and publications on revenue management culture as well as on the process of hotel centralisation processes. The majority of literature available dated back to the 1980s and 1990s when revenue management was introduced to the hotel industry but has experienced a significant decrease in research interest ever since.

The report concludes that the role of a hotel revenue management culture becomes even more important when the function is centralised.

This is based on the fact that the revenue manager is not at the premises anymore and the hotel employees of various departments will play an increased role in contributing to the overall business performance. Also, a centralised revenue management strategy is heavily dependent on technology and people management to allow an effective performance which requires additional training and expenditure.

## Recommendations

- Provide training not only for employees directly involved with revenue management, but also for front office staff, concierge, reservationists and F&B employees.
- Strong leadership by management to reinforce employee commitment.
- Future research emphasis on job development strategies for revenue employees.

The following is an excerpt from the paper with the full paper available to download from the forthcoming HOSPA website.



# HRMC DEBATE

In order to successfully apply a centralised hotel revenue management strategy, it is important to know how the culture of the hotel revenue management function is going to change. Recent developments show that revenue management is currently undergoing a general development, moving from a rather tactical role to a more strategic one (Kimes, 2008). The shift from a traditional revenue management system emphasising a room's revenue to a more strategic focus on total hotel revenue will require changes in a hotel's organisational culture in order to ensure that every department knows about the role of revenue management. Assuring the implementation of this evolution is even more challenging in a centralised hotel organisation.

Interestingly, the existing literature offers very little information on hotel revenue management culture in general, even less on its nature and development in

## *What is the impact on the hotel based revenue management culture when the function becomes centralised?*

centralised hotel organisations. Because of this concern and the fact that many hotel chains move to a centralised revenue management strategy, there is a growing interest in the literature and the industry in identifying and evaluating the impacts of a centralised hotel revenue management culture as well as identifying necessary supportive instruments to overcome eventual challenges in the process of change.

The present study aims to give an outline of the role and importance of a revenue management culture for a hotel organisation. It will then evidence elements that will play a fundamental role when the function of revenue management is centralised and how

these elements are going to change in order to allow a successful new business operation.

Adding the initial findings about the general changes of this business to the little literature available, highlights the need for future researches on centralised hotel organisations, as well as on the function of revenue management culture itself.

## The Evolution of Revenue Management

Revenue Management evolved from the airline industry in the 1970s, representing an efficient tool to control various products to different market segments in order to increase revenue (Hanks, Cross and Noland, 1992; in Cross, Higbie and Cross, 2009). From there it found its way to the hotel industry in the late 1980s where it was adopted in the rooms division to

drive and increase occupancy. The correct implementation of revenue management allows an increase between three and seven per cent of

profit (Skugge, 2003), which is greatly supported by sophisticated technological systems that analyse historical and future reservation patterns. In recent years, revenue management moved from a managing demand role to creating demand, which was confirmed by the following statement (Cross et al., 2009:61) "It's more than controlling rooms. It is understanding things like elasticity of demand for different customer segments and the appropriate channel mix and, most importantly, understanding in a timely manner the needed response."

The ever more increasing importance of revenue management for a hotel organisation and the growing engagement

with different departments evokes a strong necessity for a revenue management culture. The following will illustrate the nature of a revenue management culture and fundamental elements to successfully establishing one in a hotel organisation.

## The Nature of a Revenue Management Culture

Prior to analysing how a hotel revenue management culture changes when the function becomes centralised, it is important to understand the role of an organisational culture and how it influences the organisations work processes. It is proven that an organisational culture evolves according to a predetermined set of factors such as goals, objectives, technology and the industry sector, as well as people management related aspects such as resources, skills and knowledge (Sharma, 2007). These aspects interact with each other to create, over a period of time, values, norms and roles.

Interestingly, when trying to transfer from organisational culture in general to revenue management culture, it becomes evident that the recent literature disregarded the importance of research in this area. The majority of studies on revenue management culture has been done in the 1980s and 1990s when yield management started to gain more and more significance. The importance for a revenue management culture was already addressed in 1992 by a study of Jones and Hamilton who found that revenue management was largely misunderstood by hotel employees which stressed the need for people development.

Still, in 2008, another study of Kimes revealed again that the most training and improvement needs are in the area of people management.



# HRMC DEBATE

These findings coincide however, with the general concept of organisational culture as it has only come to the attention of researchers within the last thirty years (Cameron and Quinn, 2006).

The author explains this late advent by the specific character of a culture as it involves many intangible aspects that are taken often for granted such as expectations, collective memories and definitions of standards and working methods within a company.

Chart 1 shows various elements that represent a revenue management culture, including the leadership from the top management which is embedded in a network of organisational practices, shared beliefs and values, a defined work procedure on a day-to-day-basis, as well as a collective way in doing things.

Chart 1: 'Elements that are necessary to create a Revenue Management Culture' adopted from 'Aspects of Organisational Culture' Nhorizon (2011)

The rapidity of change in business environments that managers and businesses have to face, is becoming increasingly dynamic due to ever more complex operating environments (Paton and McCalman, 2000). The literature notices various obstacles to change such as internal, cultural, economic, emotional or technical dimensions (Carnall, 1995 in Okumus and Hemmington, 1998).

A study of Kotter and Schlesinger (1979) advocates six change strategies: education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and cooptation. Even though other authors mention similar strategies, it is of common agreement to consider the multiple uses of different strategies (Okumus and Hemmington, 1998). An organisational culture can support a company in overcoming and facilitating these issues and therefore keeping pace with this fast changing environment and successfully deal with competition (Cameron and Quinn, 2006).



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→ HOWARD FIELD

# HOSPA Mentoring Scheme

## Your chance to help tomorrow's managers



I am delighted to announce details of a new HOSPA initiative enabling members to help the Hospitality Finance, Revenue Management and IT professionals of tomorrow – providing experienced HOSPA members with the opportunity to act as mentors to hospitality management undergraduates.

Reviewed several months ago in The Overview's predecessor publication BAHA Times, the Savoy Society Mentoring Scheme (SSMS) was founded in 2009 by the Savoy Society, and managed by Springboard UK which promotes career opportunities in the hospitality industry to students, unemployed people and the disadvantaged.

The scheme's aim is to support and enrich the progress of the next generation of hospitality professionals – bridging the gap between the academic and real worlds for students who will become the future management of the industry. As at July 2011, there were some 85 students, from 14 UK universities on the programme.

The SSMS Steering Committee recognised that HOSPA's members with backgrounds embracing Finance, Revenue Management and IT could add significantly to the skills and experience the scheme can offer to students, and HOSPA's Executive Committee welcomed their approach. Whilst the SSMS is primarily seeking experienced managers, and is focused on university students, HOSPA will be considering other mentoring opportunities relevant to its members and sponsors.

The SSMS programme provides an invaluable support element to undergraduates at a crucial time on their educational period, helping them to build networking contacts, widen their sector knowledge and often directly assisting them to secure their placements and first career appointments. In addition, professional relationships are established which can continue for

many years after the formal two year period of the scheme. For the mentors, many have found how refreshing and rewarding it is to relate to young, highly motivated students, who are keen to benefit from the advice and experience available to them.

### Benefits for the mentors include:

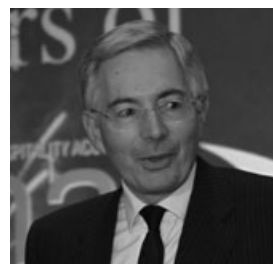
- Self-development.
- Giving something back into the industry.
- Supporting the next generation of hospitality professionals.
- Nurturing talent.
- Opportunity to establish valuable ongoing links.

Valuable feedback is received by the educational establishments as a result of the mentoring scheme.

Funding is not a requirement for members to become mentors on the Savoy Society Scheme. However, HOSPA will be using its experience with raising funds for important industry initiatives to support the enhancement of the Association's reputation and prestige – linked to participation in this programme and the value to members of becoming mentors for future hospitality industry specialists.

**For more information on the forthcoming scheme, contact Debra Adams at:**

**[debra.adams@hospa.org](mailto:debra.adams@hospa.org) or phone 01202 889430.**



*Howard  
Field*

Industry Advisor

# The Rise of the Cloud



{ How the Cloud is taking  
the complexity out of  
hotel operations

**A**s cloud-based solutions are being implemented into the hospitality market, there are many questions and concerns trusting such systems to a third party operator. We sat down with Jeremy Ward, SVP of IT for Kempinski Hotels and Carson Booth, VP of IT EMEA, Starwood Hotels & Resorts Worldwide, Inc to talk about their current cloud-based projects, and their advice for hoteliers.



## Jeremy Ward

SVP of IT for  
Kempinski Hotels

Jeremy Ward was appointed as the Senior Vice President-IT for Kempinski Hotels in 2008. He brings more than 17 years of experience in the IT industry to the position.

Prior to his appointment, he was the CIO for JW Hotels and Resorts. At Kempinski, Jeremy is tasked with aligning the business requirements of the group with the IT strategy. Jeremy sits on a number of external advisory panels related to the hospitality industry and is a board member for HTNG.



## Carson Booth

VP of IT EMEA,  
Starwood Hotels & Resorts  
Worldwide, Inc

Carson Booth is vice president of IT for Starwood Hotels & Resorts Worldwide, Inc. EMEA. He joined Starwood in

1996 as integrated property system project manager and was previously the director of IT before his current position.

### What are your current cloud-based projects?

**Jeremy Ward:** We started migrating our email to a cloud-based system last year. We are doing this because there is no capital investment cost, with significantly reduced administrative costs and a reduced cost of ownership. We've started with a pilot and have extended it to 200 users now. Of course, it was a significant change for the user, however, the acceptance has been quick and the usability has been easy to adjust to. The biggest challenge we found was regarding the European data privacy laws, which I think are outdated when you start looking at cloud-based applications. These laws try to encompass all data across many different systems and applications, such as an HR application, a finance system through to an email solution where there is personal information involved, but people are sending sensitive information through email to third parties across the public internet now. Since European laws weren't written with these conditions in mind, it's a challenge to manage data privacy. I think that they will eventually change this, and it was good to see that this was being addressed at the World Economic Forum this year, but it's a challenge for any European-based company now to move to a cloud based system.

**Carson Booth:** We've been looking at moving several services, such as email, out of the organisation to a cloud-based system and have run into the same concerns. I think the various laws aren't ready for the technology advances that we are seeing. We have several internal services for which we own the infrastructure or have third parties operating them, such as our email internally hosted, for many years. But if we try to move that into a service based with a third party, European laws get in the way. Who owns that data, where does it physically reside, which country, etc, it all becomes very burdensome. We have expanded our PMS hosting pilot in Europe to over 12,000 rooms and counting. There are the normal nuances; such as when upgrading that everyone is impacted, and so on. But generally speaking, we believe very strongly in taking everything we can out of the hotels, from a technology perspective, and moving it into either a SaaS (software as a service) or a self-hosted service. Operationally, it's easier to operate a single environment rather than several hundred installations. Security-wise, we can put our security controls in a centralised environment with much greater efficiency.

### What about expanding on hosting some services globally?

**Carson:** I think, if you look at real-time guest facing applications, you need to make sure that the latency and network performance doesn't go the wrong way. We would like to be able to centralise globally but network service providers, legislation, taxation and other local constraints make it very difficult for some applications. However, the industry is starting to adopt some of these standards.

**Jeremy:** Anything we do when talking about moving to the cloud, is to reduce the cost and complexity of the ownership either for the hotel, the group or our hotel owners. When you are looking at email, it's a global issue and benefits the overall group. There are other cloud services, such as hosting a PABX, which needs to be specific to hotels and may have some "local" requirements and is therefore not something you'd necessarily do at a global level.

### What other projects would you like to have hosted on the cloud?

**Jeremy:** We are looking to move our PMS, CRM, Sales Force Automation, and ORS to an above property solution, in fact some of the elements are already there and we see this as a natural evolution. This is where the definition of Cloud varies somewhat, we include "above property" as a Cloud enabled system. Our wish is to have a multi-property hosted solution sitting in our PMS provider's data centre and we leverage the different modules bundled up in that solution.

**Carson:** Starwood has hosted several internal systems for many years; financial, email, loyalty, reservations, for example. That data is subject to the certain privacy laws that I mentioned earlier. We need to know who the customers are on a global perspective, just like they would want us to recognise them no matter where they travel. If you then look at other infrastructure or business processes as a service, should you buy or build? You may be able to lower the cost of these services by having professionals full time, major consulting firms, or data services





*Our expertise is in running hotels, not data centres. So the idea is to take this infrastructure and give it to the companies that can run it most efficiently...;*

run them for you and I many in the industry are looking at these services. Our expertise is in running hotels, not data centres. So the idea is to take this infrastructure and give it to the companies that can run it most efficiently. It's happening now, but it will be a long evolutionary process.

### What are your concerns of a cloud-based solution?

**Jeremy:** I think the challenge of any cloud based solution is that you are effectively handing control over to a third party. I have no concerns about not having to administer services on an email based service. It costs too much, is very complex, there are maintenance and ongoing running expenses, and so forth. If we start talking about moving our identity management to a third party, I would have some concerns about the fact that our user identity information will be in the hands of the third party, as they might have a breach of security following which our data could be compromised. There is an overall security concern, but we have to weigh the potential risks against the perceived gains.

**Carson:** If you hand these environments over to a third party, you have to be careful. The contracting phase of some of the projects we've done has taken twice as long as initially expected because you have to get into all those areas of concerns. A contract cannot protect you against everything and frankly, I'd rather have the system running than the cash returned. One key question is which is better? Centralised or "in the cloud"? The question is if we want the environments all in one place or up in the cloud. Our main concern is that our customers' experience not be impacted, either externally or internally. The system has to

perform equally or better than an onsite location. Today's global networking is enabling these services.

### What advice do you have for other hoteliers?

**Jeremy:** When you look at capital and operational costs along with TCO, there are definitely savings to be had moving to cloud solutions. The challenge is changing the opinion of users and IT professionals and making sure you comply with local regulatory and legal requirements.

**Carson:** There are certain applications upon which you can build a solid business case, but you have to consider the full costs around it. You then have to build a sales pitch to the end users and the hotel owners. People get nervous when you talk about switching from having a physical asset on the site to paying an operating expense that has no physical asset. Look for reciprocal time commitments – if you are contracting to install X in a certain period, be sure to reciprocate the requirement that the vendor does indeed meet this requirement. This is to ensure enough resources are provided on the vendor side. Additionally, make sure that you have a contract that can be flexible to different management and owner types to ensure that they are at ease. The hotel industry is about flexibility, so building in that flexibility brings a lot of comfort to an owner.

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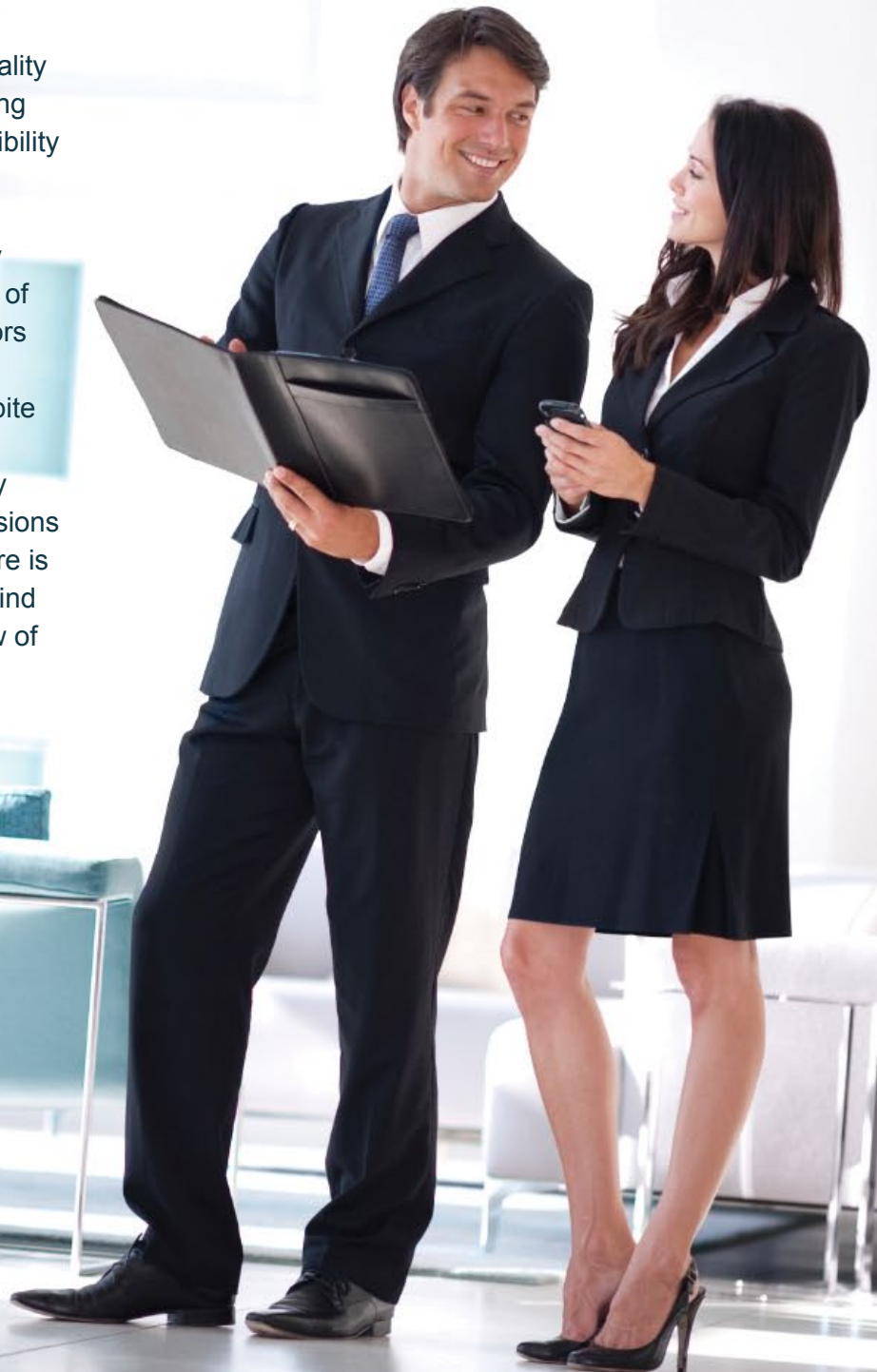
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→ PAUL VAN MEERENDONK

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# Are you tracking your real competitors?

In industries prone to rapid fluctuations, such as the hospitality industry, benchmarking operating performance is a critical responsibility for all hotel revenue managers, general managers and owners. Hoteliers traditionally rely heavily on their competitive set – the set of hotels viewed as close competitors - as a tool for performance benchmarking. Surprisingly, despite the emphasis placed on these groupings, and the influence they can bear on future strategic decisions made by hotel management, there is often little analytical process behind the initial construction and review of competitive sets. →



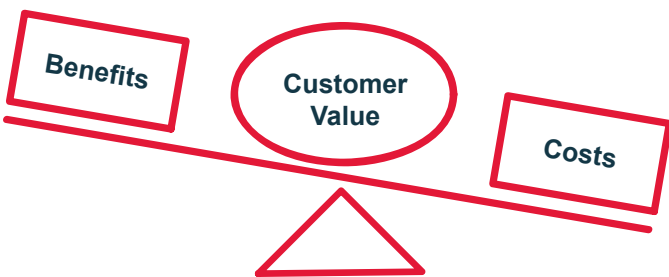
A survey conducted at the 2011 IDeaS Revenue Solutions Summit in Dublin, revealed that the majority (86%) of revenue managers present, review and assess the accuracy of their competitive set just once a year. In my opinion, we should be doing this much more often than that, and certainly every time there is a significant change to the market (for example, a new hotel opening). Furthermore, I believe that when the review takes place, it should be done methodically, objectively, and have some scientific analysis behind it to produce dependable results. This article explains one way to do this.

## The Process

Before we arrive at truly understanding the meaning of a competitive set, we need first to look back and consider what the market actually is. In short, the market is actual, or potential, customers with the authority and willingness to buy. In addition, the customers will also have an unmet need or want and the ability to buy (buying power). Sales and marketing departments like to clarify the market around demographic indicators like geographic profile, religion, age and so on.

Alternatively, revenue managers tend to segment the market by looking at behavioural indicators such as: what benefits are the guests looking for, how often do they visit, or how far in advance do they book their trip. These are the typical indicators we see when revenue managers set up market segments in

1. **Value Perception (or Utility) is the assessment of "all that you get for all that you give" in exchange.**



the IDeaS Revenue Management System (RMS). Besides, these segments are what we want to take into account when we are evaluating our competitive set, as different segments have specific needs and attributes that influence their buying decisions. More crucially, individual needs and attributes heavily determine the value perceived from a buying decision.

Ultimately, evaluating our competitive set will be about determining who is buying what and why. And for that, we need to look at price and value.

It is important to bear in mind that different segments have different value perceptions. It won't necessarily be about the cheapest hotel, for example, instead it's about what the customer perceives as the value they are getting from their money, as determined by segment type, amongst other indicators.

To look at this, we need to try and understand the buying decisions of visitors making a value assessment a crucial step. In the past, we made value assessments by actually going into the hotel, evaluating the service level, looking at the size of the rooms, determining whether or not there is a spa, etc.

Now, with the advent of online user review sites, such as Trip Advisor, we can go online and take a snapshot of the perceived value of the product in question, and put together a table similar to the one in **Diagram 2**.

2.

Competitors	Pricing		Review Site Rating			
	Average SAR Rates	Tripadvisor Travelocity	Booking.com	Expedia	Orbitz	
My Hotel	374	81	8.5	4.5	4.8	4.5
Competitor 1	402	85	8.5	4.5	4.7	4.5
Competitor 2	366	72	8.1	4.4	3.8	4
Competitor 3	582	75	9.2	4.6	4.8	5
Competitor 4	370	91	8.7	4.7	4.8	5
Competitor 5	550	84	9.2	4.6	4.8	5

Using this table, and while keeping in mind the differences in rating scale used across the various review sites, we can now construct a graph similar to the one shown for Hotel X in **Diagram 3**.



**Diagram 3** illustrates the genuine results of a hotel, Hotel X, who approached IDeaS Hospitality Consulting as they felt they were not performing competitively and were seeking revenue management support. As part of the revenue management audit we conducted for their property, we charted the competitive set according to price vs value. From this it was clear they were not evaluating themselves against the right competitive set, and this was skewing their performance, and as a result, some of their strategic revenue management decision making.



As we can see from Diagram 3, once you plot your competitors in relation to their price and value scores, it becomes easy to see what kind of competitors they are, and what threat they really pose to you.

Competitor 3 and 5, while possessing better value scores than Hotel X, also charge over £150 more per room on average. This suggests that trying to compete with them on rate would be dangerous and that they are distorting your competitive set. After performing this analysis, we actually did some additional research into Competitor 3 and 5. They were not only much smaller than Hotel X; they were focusing on different market segments and had a very different room configuration.

What the chart also tells us relatively quickly is that Competitor 2 is not a major competitor at the moment, as they do not compete on value but charge a similar price. However, Competitor 4 seems to be the greatest threat, with a high value assessment and the same price as Hotel X.

## Conclusion

Assessing your competitive set systematically and regularly is a crucial step in your revenue management strategic and tactical work. I like to refer to this as “The Competitive Assessment Cycle”, as illustrated by **Diagram 4**.



Determining the value attributed by the market to your competitive set and then plotting it against rate allows you to gain an effective understanding as to whether or not you are considering the right set. An accurate competitive set is of immeasurable value to a revenue manager. It allows for any

strategic and tactical issues to be pinpointed precisely and also gives a clear insight as to what strategies should be pursued to drive revenue performance at your hotel.

Founded in 1989, IDEaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management software, services, and consulting to the hospitality and travel industries. Headquartered in Minneapolis, MN with our Global Technology center located in Pune, India, IDEaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia, and Asia.



*Paul Van Meerendonk*

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**6th October - An Introduction to Environmental Issues for Finance Managers – half day**

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**20th October - Meeting Environmental Management and Reporting Requirements for Small Businesses – full day**

The courses will be delivered by Dr Rebecca Hawkins, an industry environmental specialist and Debra Adams, Head of Education at HOSPA, supported by expert guest speakers. All delegates will receive course materials and be able to participate in follow up discussions and resources in the HOSPA World of Learning Classroom. In addition, full day delegates will be able to enjoy a networking lunch.

Venue: The Cavendish – London  
Cost: Half day £275+VAT, whole day £375+VAT. A 10% discount is available for HOSPA members.

**Book now by contacting Jane Scott on +44 (0) 1202 842809 or email her at [jane@arena4finance.co.uk](mailto:jane@arena4finance.co.uk)**

# Changes in Hotel Ownership Structures



It has been my pleasure to work in the hotel industry for the last 40 years and to a great extent, my career has followed the changes in hotel ownership structures that have taken place over this time.

My earlier years were with Trust House Forte, that later changed to Forte, but I am sure is remembered by most as THF, one of the best brand names that never existed. THF owned virtually all of their UK hotels either on a freehold or leasehold basis but had a variety of ownership structures in North America, with some properties owned on a 50/50 basis with many partners, who actually ran the business, plus a number of franchised hotels and motels, mainly operated by, what was then, a North American company called Travelodge.

I work for a property company as an Asset Manager, where the business or the hotel operation is managed by a third party operator, in return for management fees, but the property ownership and residual profit is with the property company.

My experience of hotel and motel ownership structures is varied and covers most options that currently operate in the market place. It is worth briefly to consider some of the advantages and disadvantages of the various types of ownership.

## Freehold Property

Owning and operating the property and business gives the full benefit of trade and the asset to the owner. Profits and asset values can go up or down and the full responsibility of maintaining and refurbishing the property is with the owner. The initial capital outlay can be considerable, especially with bank finance being at a premium and ever more complex laws for health and safety and employment do present challenges.

## Leasehold Property

Here you have a landlord who owns the property, to whom you pay rent. The level of rent differs considerably. It can be based upon the market value, which is subject to a review on regular basis, or it can be based upon a percentage of income. The term or length of the lease can vary and may range from 10 years to 150 years or more. As the tenant you can be responsible for not only the lease rent but for all or some of the obligations to maintain and refurbish the property. At the end of the lease you will be obliged to return the property to the landlord in the original condition. Furniture and fittings can belong to either the landlord or the tenant, depending upon the lease. The level of rent can vary but could be up to 35% of sales, so although this method of ownership limits the initial capital outlay, you may have to work very hard to cover the rent before making any personal return. This assumes that the freeholder and leaseholder operate the business.

## Management Contracts

A company or individual, or owner, can be the freeholder or leaseholder but can employ an operator to manage the business, in accordance with a management contract. The operator, in return for management fees, will run the business, and could provide the brand name, and the owner generally retains the responsibility for refurbishing the asset and has the benefit or residual profit after management fees and any asset appreciation in value. The operator also provides sales and marketing services, including central reservation and website interfaces, and full administration support. In most cases the operator may insist upon a minimum level of capital expenditure to maintain brand standards.

## Franchise

The owner may wish to operate the business directly but want to use a brand name and brand operating standards, and link in to reservation offices and websites. The brand holder, in return for a franchise fee, allows the owner to use the brand name and brand operating standards and the owner then becomes a franchise holder or franchisee. The brand holder will review the franchisee's operation on a regular basis to ensure the business is run in accordance with the brand standards. Failure to comply with brand standards may result in the loss of the franchise.

## Consortia membership

The owner of the property operates the business directly but under a consortia flag. Similar to a franchise, the consortia usually supplies sales and marketing support with other support services, such as purchasing or HR and training, optional and at a cost. These are the main ownership structures in place although others do come and go. Guest Invest tried to operate an ownership on a per room basis, so fractional ownership with a twist, but the guaranteed returns were too high and that model failed. Looking at recent industry headlines all of these models can fail.

The recent failure of the Von Essen group suggests that any property owning hotel business can fail if the level of bank debt is too high for the business to support in a downturn. Also the recent appointment of administrators for the Waldorf in London, the Hyatt Regency in Birmingham and 42 Marriott Hotels throughout the UK, suggests that being an owner of hotels can be challenging even with great assets and quality operators. For the future I doubt that an owner and operator of the size of THF will ever exist again.

The future belongs to the big brands with few of them owning that many of the hotels that they operate. There is a place for the owner and operator but more likely to be part of a brand and not operating entirely independently. Still a great industry to be part of.

*Jim Stokes*

Jim Stokes, Veteran hotel specialist,  
longstanding BAHA member  
and former BAHA Deputy Chairman



## HOSPA and the USALI

It has always been part of the Association's objectives to encourage best practice in hospitality accounting.

The Uniform System of Accounts for the Lodging Industry (USALI) - developed originally for the US hotel industry - is one of the most powerful performance information systems available to any industry, and has been widely adopted for hotel management accounting throughout the world. Its standards and definitions form the basis for many commercial arrangements within the sector, such as for management agreements, leases and royalties.

Since its origination, revisions are undertaken periodically by a committee managed by the US based HFTP (Hospitality Finance and Technology Professionals), strategic partners of HOSPA.

The Uniform System is currently in its Tenth Revised Edition. BAHA provided input to the Revision Committee which was acknowledged in the Ninth Edition. HOSPA intends to provide input for consideration for future editions, and members will be invited

to submit issues and comments to HOSPA's Technical Committee during 2011.

HOSPA will also be developing and making available training and teaching resources focused on the Uniform System.

As well as providing its general accounting and finance training courses for the hospitality industry, HOSPA will also continue to contribute to new thinking about financial management tools for the industry, such as its CPA Guide, and to promote best practice generally.

Copies of the 10th Edition of the Uniform system can be purchased from the HOSPA Membership Services Office at a members price of £65.00 plus P&P.

For details of this publication and others available visit:

[www.hospa.org](http://www.hospa.org)

### The next one day course on the USALI

Will be held in early 2012 at a cost of £150+VAT.

Watch this space for more information or visit the HOSPA website:

[www.hospa.org](http://www.hospa.org), or call +44 (0) 1202 889430

# Members' News

Highlighting our members' success! Let HOSPA know if you win an award, move to a new post, retire or do something to help the industry at [info@hospa.org](mailto:info@hospa.org)

## HOSPA members on the move - Daniel Buck takes up new role as Financial Controller at the Guoman Royal Horseguards Hotel, London



**D**aniel started his career in hospitality as Income Auditor at the Sheraton Grand Hotel in Edinburgh and, whilst

there, he began studying the BAHA ETP in Financial Management. After completing the course in July 2002, he took a secondment to Sheraton Stockholm as Assistant FC before returning to the UK to work for the Vineyard at Stockcross in 2005.

Once settled back in the UK, Daniel embarked on his CIMA qualification, taking advantages of the exemptions offered by completion of the BAHA course, from the Certificate in Business Accounting. Daniel became Finance Manager heading up a team of accounts staff that looked after the Donnington Valley Hotel & Spa with golf club, The Vineyard at Stockcross and latterly Sonoma Hotels. As a manager, Daniel was able to sponsor and support his team members on the course.

*"Now I run a department myself, the HOSPA ETP is a first choice for developing my staff, re-capping their basic financial skills and at the same time ensuring they can apply their experience to the hotel environment".*

In July 2011 Daniel took on a new role as Financial Controller at The Guoman Royal Horseguards Hotel, a true London icon, crowned AA London Hotel of the Year in 2010-11, offering supreme luxury and panoramic views over the River Thames and the London Eye.

Completely refurbished to its full Victorian splendour, with original tiled floors, high ceilings and chandeliers, The Royal Horseguards combines an extraordinary heritage – it was the HQ of the Secret Service during the First World War - with all the five-star comforts of the 21st century.

[http://www.guoman.com/en/hotels/united\\_kingdom/london/the\\_royal\\_horseguards/](http://www.guoman.com/en/hotels/united_kingdom/london/the_royal_horseguards/)

**Q** We asked Daniel what is special about a career in hospitality accounting. He told us...

**A** "I couldn't imagine sitting in a faceless office, being surrounded by other number crunchers. Hospitality provides a varied experience in great environments and I am surrounded by 'people' people."

## Xn Hotel Systems appoints new Managing Director to lead growth in UK and Europe

**X**n Hotel Systems is delighted to announce the appointment of Alan O'Riordan as the Managing Director of its UK and European business unit. Alan, who previously worked with Xn Hotel Systems for four years as UK Sales Director prior to taking a year's sabbatical in Australia, is very well respected in the hotel



IT systems market and brings to his new role both substantial industry experience and deep knowledge of Xn's product range and UK client base.

Greg Spicer, Chief Executive Officer of Xn Hotel Systems, commented:

*"It is fantastic to see Alan re-join the company at a time when we are experiencing substantial global growth. His appointment will strengthen our management team and allow us to expand our European market reach by assisting us to introduce new product lines and to enhance client service delivery. With his deep knowledge of our business and products, I am confident he will rapidly make a real difference to our operation, for the benefit of our customers and staff alike."*



Alan O'Riordan, Managing Director – UK & Europe, commented:

*"I am delighted to return to Xn and am look forward to re-acquainting myself with Xn's customers. Xn has a number of innovative product announcements in the pipeline and I look forward to sharing these with the market very soon."*

# Members' Events

## Forthcoming events

- Sept 16 2011** HRMC Breakfast Workshop on Revenue Management Benchmarking Data
- Sept 19 2011** Launch of HOSPA
- Sept 26 2011** Agency Workers Regulations hosted by Watson Farley Williams LLP
- Oct 12 2011** Regional Meeting Manchester - Malmaison hotel
- Oct 13 2011** Regional Meeting Birmingham - The Belfry hotel
- Oct 17 2011** Industry Outlook hosted by Taylor Global Advisors
- Nov 24 2011** HOSPACE Conference and IT Exhibition at the Sofitel T5 Heathrow
- Dec 15 2011** Annual Awards Lunch
- Jan 18 2012** Members Meeting - Hosted by BDO
- Feb 22 2012** Members Meeting - Venue and Topic to be confirmed
- March 22 2012** Members Meeting - Venue and Topic to be confirmed
- April 26 2012** Patrons Meeting
- May 24 2012** Tax Forum 2012
- June 21 2012** HRMC meeting
- July 12 2012** Quiz Night 2012



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## UK Chain hotels market review July 2011

**It's a record - London hoteliers achieve a room occupancy of 92.4% in July.**

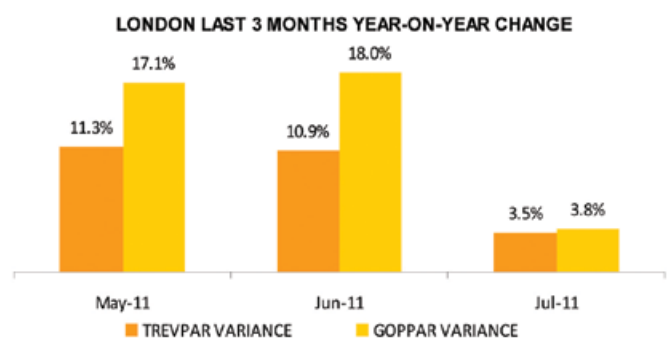
With one year to go until London welcomes athletes to the 2012 Olympic Games, hoteliers in the capital have been breaking records of their own this month as room occupancy levels reached an extraordinary 92.4%, according to TRI Hospitality Consulting's latest HotStats survey of approximately 550 full-service hotels across the UK.

Not only did hoteliers in London successfully achieve a 0.6 percentage point year-on-year increase in room occupancy following the staggering 91.8% achieved during the same period in 2010, but room rates also soared. At £148.65, the achieved average room rate for the month is the highest recorded. This is 0.6% above the previous high, which was achieved last month. "This is way beyond forecast expectations, but who would have predicted a year-on-year increase on a plus 90% occupancy? But that's what London is all about at the moment. There is a buzz across the capital as millions of people are coming to see what the 2012 Olympic city has to offer." said Jonathan Langston, Managing Director of TRI Hospitality Consulting.

It was hard to imagine that an increase on the 2010 room occupancy levels was possible, particularly as the city was almost filled to capacity with visitors to the biennial Farnborough Air Show. However, the timing of Ramadan in

August of this year has meant that Middle Eastern visitors who typically come to London during the summer in search of a more temperate climate have primarily travelled during July.

Whilst high net-worth individuals from the Middle East will typically use five-star hotels such as the newly-opened Corinthia, W Hotel and the recently re-opened Four Seasons Park Lane, as well as high profile properties such as The Dorchester, The Lanesborough and the Mandarin Oriental, the overwhelming requirement for accommodation in the city has meant that demand from the upscale properties has been displaced down to four and three-star hotels, properties which are typically represented in the HotStats survey. "With results defying expectations, it's difficult to forecast what is going to happen in London and even though there will be less demand from Middle Eastern guests due to the timing of Ramadan, further growth in London cannot be ruled out," said Langston.



### HotStats London Main KPIs

	Jul '11	Jul '10	Var b/w	
<b>LONDON</b>	<b>Occ %</b>	92.4	91.8	0.6 ▲
	<b>ARR</b>	148.65	142.40	4.4% ▲
	<b>RevPAR</b>	137.33	130.69	5.1% ▲
	<b>TrevPAR</b>	174.79	168.85	3.5% ▲
	<b>Payroll %</b>	20.6	20.8	0.3 ▲
	<b>GOP PAR</b>	94.53	91.04	3.8% ▲

	YTD '11	YTD '10	Var b/w	
<b>Occ %</b>	81.0	81.0	0.1 ▲	
<b>ARR</b>	132.76	121.66	9.1% ▲	
<b>RevPAR</b>	107.58	98.52	9.2% ▲	
<b>TrevPAR</b>	145.64	136.87	6.4% ▲	
<b>Payroll %</b>	24.1	24.6	0.5 ▲	
<b>GOP PAR</b>	69.82	64.22	8.7% ▲	

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

## Provincial hoteliers are back under pressure as profit levels decline in July.

After the brief respite of June, hotels in the Provinces are back under pressure this month as year-on-year profitability levels declined by 3.7%, according to the latest HotStats survey of approximately 550 full-service hotels across the UK.

Sadly the story is all too familiar for Provincial hoteliers in 2011, as a 1.6% increase in RevPAR was cancelled out by a decline in ancillary spend and rising costs.

On a positive note, hotels in the Provincial UK were able to achieve an increase in RevPAR for the sixth month of the year. A 0.7 percentage point increase in room occupancy to 77.7%, resulting in levels approximately nine percentage points above the year-to-date average of 69%, in addition to a 0.7% increase in average room rate put RevPAR levels ahead of the same period last year and the improvement in July contributed to a year-to-date RevPAR increase of 2%.

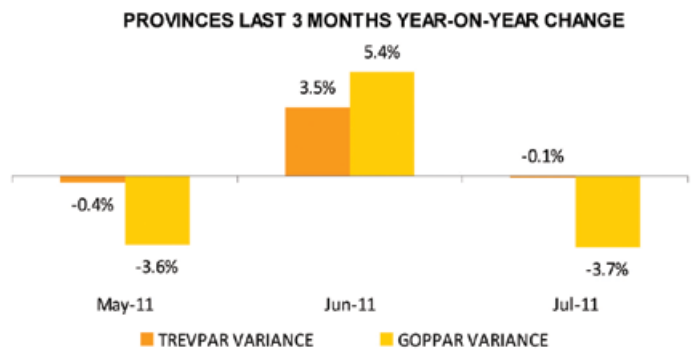
However, the growth in rooms revenue was not enough to prevent a year-on-year drop of 0.1% in TrevPAR as hoteliers suffered declines in food and beverage revenue (-2.1%), meeting room revenue (-4.6%) and leisure revenue (-3.4%) per available room.

And in addition to the 0.6 percentage point increase in payroll levels, to 30.4% of total revenue, cost increases were experienced in the 'Other Expenses' department, including property and maintenance (+5.4% per available room) and sales and marketing (+9.5% per available room).

One of the regions which was hit the hardest during July was the North East, which suffered a 7.5% decline in profit per room to £33.40 from £36.11 as a 4% increase in average

room rate was cancelled out by a 3.7 percentage point decline in room occupancy. The increase in sales and marketing (+8.2%) and property operations costs (+16.7%) may have helped to increase average room rate but at the expense of a declining profit margin, down to 32.8% of total revenue. In contrast there was positive news in the North West for once, as hoteliers in the region were able to increase year on year profitability levels by 3.1% to £30.44 from £29.52. The increase in profit per room was primarily thanks to a 4.9% increase in rooms revenue and increases across a number of ancillary spend measures such as food and beverage per available room (+3.4%) and meeting room revenue per available room (+0.8%).

"Whilst the overall picture for hotels in the Provinces is not encouraging, pockets of positivity still remain. That said, with inflation levels currently at 5% and utility costs widely reported to be set for increases of up to 25%, growth in profitability levels for Provincial hoteliers is going to become even more of a challenge" added Langston.



### HotStats Provinces Main KPIs

PROVINCES	Jul '11			Var b/w		YTD '11			YTD '10	Var b/w	
	Jul '11	Jul '10	Var b/w			YTD '11	YTD '10	Var b/w			
Occ %	77.7	77.0	0.7	▲	69.0	68.2	0.8	▲			
ARR	68.94	68.46	0.7%	▲	68.05	67.43	0.9%	▲			
RevPAR	53.56	52.74	1.6%	▲	46.94	46.00	2.0%	▲			
TrevPAR	97.69	97.78	-0.1%	▼	88.18	87.63	0.6%	▲			
Payroll %	30.4	29.8	-0.6	▼	32.8	32.5	-0.3	▼			
GOP PAR	32.61	33.87	-3.7%	▼	25.48	26.01	-2.0%	▼			



## HOTSTATS Briefing Data

UK Chain Hotels - Performance report

Currency: £ Sterling



### The month of July 2011

	Jul '11	Jul '10	Var b/w	
<b>TOTAL UK</b>				
Occ %	82.9	82.4	0.6	▲
ARR	100.64	98.20	2.5%	▲
RevPAR	83.46	80.88	3.2%	▲
TrevPAR	125.21	123.44	1.4%	▲
Payroll %	25.5	25.4	-0.1	▼
GOP PAR	54.71	54.51	0.4%	▲
<b>LONDON</b>				
Occ %	92.4	91.8	0.6	▲
ARR	148.65	142.40	4.4%	▲
RevPAR	137.33	130.69	5.1%	▲
TrevPAR	174.79	168.85	3.5%	▲
Payroll %	20.6	20.8	0.3	▲
GOP PAR	94.53	91.04	3.8%	▲
<b>PROVINCES</b>				
Occ %	77.7	77.0	0.7	▲
ARR	68.94	68.46	0.7%	▲
RevPAR	53.56	52.74	1.6%	▲
TrevPAR	97.69	97.78	-0.1%	▼
Payroll %	30.4	29.8	-0.6	▼
GOP PAR	32.61	33.87	-3.7%	▼

### The calendar year to July 2011

	YTD '11	YTD '10	Var b/w	
<b>TOTAL UK</b>				
Occ %	73.3	72.8	0.5	▲
ARR	93.90	89.23	5.2%	▲
RevPAR	68.87	64.99	6.0%	▲
TrevPAR	108.96	105.43	3.3%	▲
Payroll %	28.6	28.8	0.2	▲
GOP PAR	41.52	39.83	4.2%	▲
<b>LONDON</b>				
Occ %	81.0	81.0	0.1	▲
ARR	132.76	121.66	9.1%	▲
RevPAR	107.58	98.52	9.2%	▲
TrevPAR	145.64	136.87	6.4%	▲
Payroll %	24.1	24.6	0.5	▲
GOP PAR	69.82	64.22	8.7%	▲
<b>PROVINCES</b>				
Occ %	69.0	68.2	0.8	▲
ARR	68.05	67.43	0.9%	▲
RevPAR	46.94	46.00	2.0%	▲
TrevPAR	88.18	87.63	0.6%	▲
Payroll %	32.8	32.5	-0.3	▼
GOP PAR	25.48	26.01	-2.0%	▼

### The twelve months to July 2011

	Rolling '11	Rolling '10	Var b/w	
<b>TOTAL UK</b>				
Occ %	74.0	73.1	0.8	▲
ARR	93.11	88.40	5.3%	▲
RevPAR	68.89	64.66	6.5%	▲
TrevPAR	110.85	106.80	3.8%	▲
Payroll %	28.2	28.2	0.0	▲
GOP PAR	43.17	41.10	5.0%	▲
<b>LONDON</b>				
Occ %	82.1	81.4	0.7	▲
ARR	130.00	119.02	9.2%	▲
RevPAR	106.71	96.89	10.1%	▲
TrevPAR	146.77	136.41	7.6%	▲
Payroll %	24.0	24.4	0.3	▲
GOP PAR	70.92	64.47	10.0%	▲
<b>PROVINCES</b>				
Occ %	69.4	68.4	0.9	▲
ARR	68.36	67.72	1.0%	▲
RevPAR	47.44	46.35	2.3%	▲
TrevPAR	90.47	89.99	0.5%	▲
Payroll %	32.1	31.5	-0.5	▼
GOP PAR	27.43	27.82	-1.4%	▼



# Enrolling now for the HOSPA Revenue Management Course



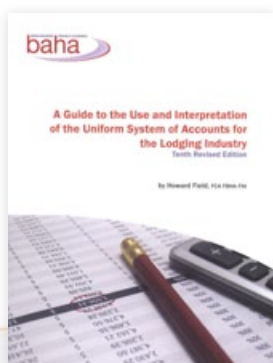
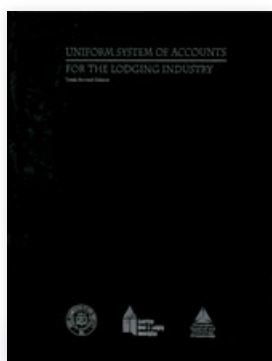
HOSPA's Revenue Management Course provides an entry route to Associate membership status with HOSPA. This route aims to provide a career path for revenue managers and directors in the hospitality industry. The course is developed to provide learning and development for aspiring hospitality revenue management professionals to gain the skills and knowledge required to manage hospitality revenue management divisions of the future, or to gain a more detailed understanding of the revenue management function of a hospitality organisation. Course members study whilst working, with access to an online classroom with tutor support and resources to support their learning.

The course materials have been written by experienced educators specifically to match the needs of revenue management professionals in the hospitality industry. The course will enable students to solve problems in the workplace as a part of their assessed course assignments. Support will be available from a tutor via email, telephone or the online classroom for UK and overseas based students and is to be accredited by Oxford Brookes University (subject to confirmation).

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Tourism & Hospitality Research

Leisure & Hospitality Business

Journal of Service Management

Journal of Services Research

Travel Weekly

Caterer & Hotelkeeper

Food Service Technology

Journal of Vacation Marketing

Meetings & Conventions

Travel Weekly: The Choice of Travel Professionals

Nation's Restaurant News

Lodging Hospitality

International Journal of Tourism Research

Forbes

Hotels, Restaurants and Leisure Industry Profile

Global

Hotel & Motel Management (1993-2010); Hotel Management (from 2011 onwards)

## Journals containing articles about Finance/Accounting in

## the hospitality industry

Accounting Department Management Report

Travel Trade Gazette UK & Ireland

Service Industries Journal

Management Accounting

Strategic Finance

Lodging Hospitality

Service Industries Journal

Wall Street Journal - Eastern Edition

Accountancy Age

Nation's Restaurant News

Travel Weekly

Accountancy

Caterer & Hotelkeeper

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Tourism & Hospitality Research

Accounting and Finance

Business Finance

Journal of Accounting, Auditing & Finance

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Hotel and Motel Management

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Service Industries Journal

Travel weekly

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Lodging Hospitality

International Journal of Tourism Research

International Journal of Contemporary Hospitality Management

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EBSCOhost and Business Searching Interface, which is a business specific interface that provides business researchers tools that can locate and retrieve business content quicker and with greater precision.

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You will be directed to the "Choose Database" page. HOSPA members have access to all three databases listed.

After selecting one or more databases to search, you will be directed to the "Advanced Search" page.

1. On the Advanced Search Screen, enter your search terms in the first Find field

2. Choose the search field from the optional Select a Field drop-down list (for example, search only in Title, Abstract, Company Entity or Publication for your search terms). You can add more Find fields and repeat step 1 and 2 by clicking Add Row

3. Select a Boolean operator (AND, OR, NOT) to combine the Find field entries.

4. Select from the available Search Option:

Search modes: use specific search modes, such as "Find all my search terms" or use search options that expand your search, such as "Apply related words"

Limit your results: by "Full Text" or Publication Date

5. Click Search button; the result list displays

6. The results list defaults to showing all results and can be filtered by several options (for example, Thesaurus Terms, Publication or Source Type) under the column on the left side

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Prepared by Martina Ertlmeier, HOSPA Membership and Events Services

# HOSPSPACE

Conference & Exhibition



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- Industry overview – Hotels, Pubs and Restaurants and into 2012
- Hotel Finance – Making design pay. Capex and refurbishment can pay-off
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Matt Luscombe, SVP Sales and Marketing, IHG  
Kiaran W. MacDonald, GM, The Savoy  
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