E-book

Accounting and the Data-Driven Hotel

Sage

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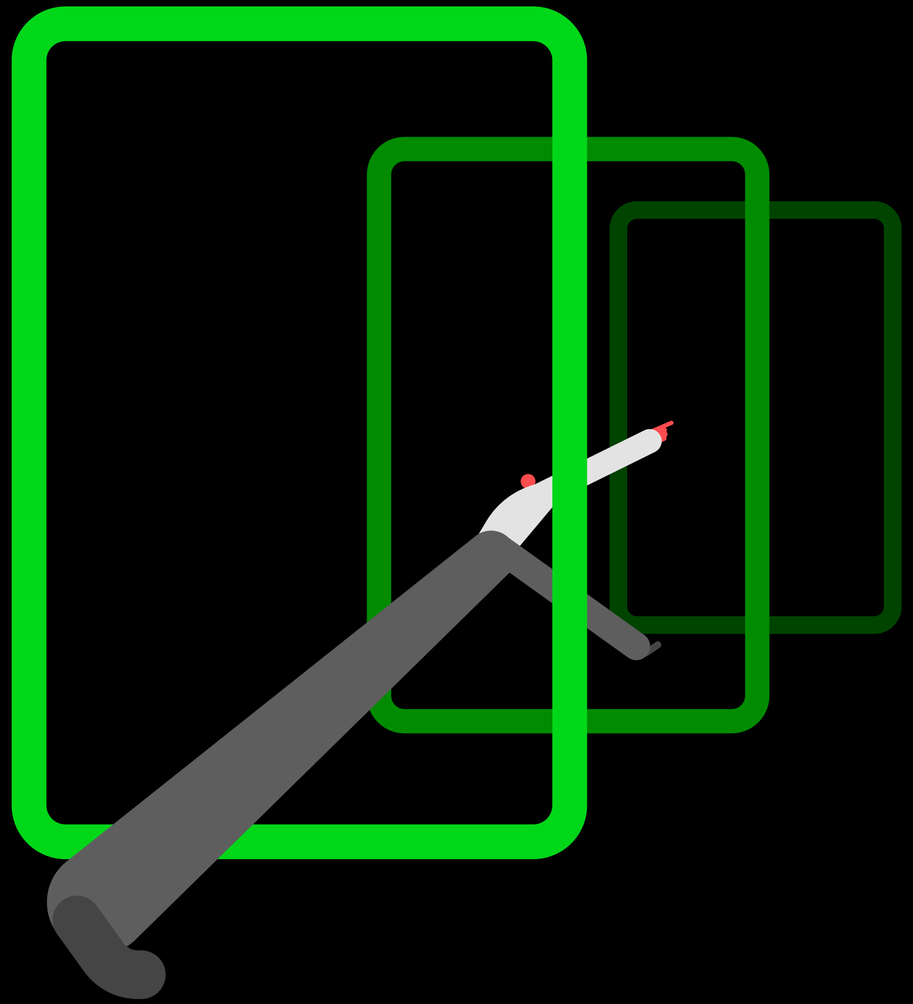


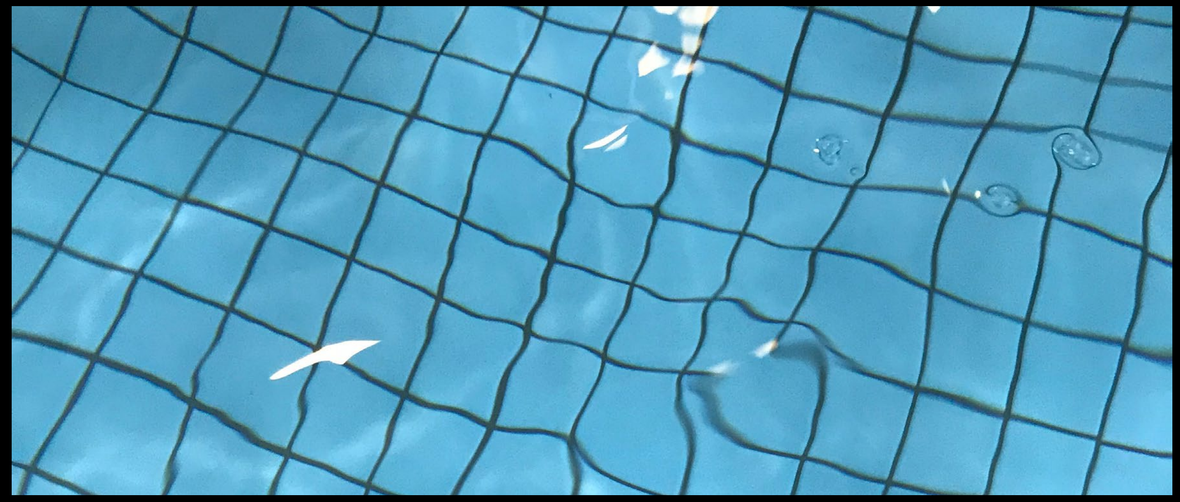
Introduction

Accounting should propel you forward, not look backward.

Are outdated accounting systems stifling your hotel's potential for growth? Whether you're overseeing a sprawling network of properties or managing a single franchise, the challenges of legacy systems can impede your progress. Manual processes and limited visibility create barriers to understanding your business's true financial health in real-time.

Hotels are rich sources of financial and operational data, streaming in from various channels like point-of-sale, reservations and property management systems. Additionally, with multiple revenue streams such as restaurants, spas and golf clubs, managing distinct entities becomes increasingly complex.

Enterprises in the lodging industry need robust, cloud-based accounting solutions that seamlessly integrate with top-tier systems. By harnessing the power of



enterprise-class cloud accounting, you transform raw data into actionable insights swiftly and accurately. Tasks that once consumed hours are now completed in mere minutes, and consolidations across entities are automated in real time.

With the right accounting software, you'll minimize manual efforts, freeing up valuable time to focus on driving profitability and fostering growth opportunities. It's time to elevate your financial operations and unlock the full potential of your hotel enterprise.

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Stay on Top of RevPAR to Maximize Profitability

Understanding and using Revenue Per Available Room (RevPAR) and Average Daily Rate (ADR) can transform the operational strategy of your hotel. These metrics are not just indicators of financial health; they are powerful tools that, when analyzed properly, can offer insights into optimal pricing strategies, occupancy rates, and guest preferences. By drilling down into RevPAR and ADR trends, you can uncover the intricacies of demand patterns, enabling strategic decisions that align with market dynamics. For instance, finding periods of high demand allows for rate adjustments to maximize revenue, while recognizing slower periods can lead to targeted promotions to boost occupancy. This nuanced approach to revenue management ensures that every room not only contributes to the bottom line but also enhances the overall guest experience by offering value that matches their expectations. It's about striking

the perfect balance between maximizing profitability and keeping a competitive edge in the bustling hospitality market. With RevPAR and ADR as your trusted allies, the possibilities are endless. So, it's crucial to continuously check these metrics and adapt your strategies accordingly to stay ahead in the constantly evolving hospitality industry. Remember, success isn't about reaching a certain number; it's about continuously striving for improvement and growth, both financially and operationally.

In addition to RevPAR and ADR, other key performance indicators (KPIs) such as occupancy rate, revenue per available square foot, and cost per occupied room can also offer valuable insights into your hotel's performance. These metrics should be regularly checked to gauge the effectiveness of various areas of your operation, from housekeeping to sales and marketing. By using technology and data-driven tools, you can track these KPIs in real-time, allowing for proactive decision-making and continuous improvement. Whether it's finding potential revenue opportunities or pinpointing areas for cost-saving measures, using multiple KPIs can help you stay on top of your hotel's performance and make strategic decisions that drive success.

RevPAR and ADR are more than just numbers; they are essential components in the intricate machinery of hotel management, acting as pivotal levers for steering operational efficiencies and financial prosperity. However, integrating them with other critical

KPIs offers a multi-dimensional view of your hotel's health. This comprehensive approach not only sharpens your competitive edge but also molds your establishment into a beacon of excellence in the hospitality industry. From crafting unforgettable guest experiences to refining revenue management strategies, the diligent analysis and application of these metrics illuminate the path towards sustainable growth and success. In this dynamic landscape, where guest preferences and market conditions evolve rapidly, being equipped with a comprehensive understanding of these indicators ensures your hotel stays adaptable, resilient, and, most importantly, thriving.

Get Granular Insight into Your Costs

To adeptly find and tackle areas needing attention, gaining a profound understanding of each property's performance against your budget or historical benchmarks is crucial. Make your cost of goods sold a focal point on your dashboard, ensuring it stands out prominently. Also, weave RevPAR and ADR figures into your analysis as critical facets, allowing for a deeper exploration into the nuances of your business operations. This approach of laying out costs and key performance metrics side by side eases the quick spotting of areas requiring closer examination. Encountering costs that overshot budgetary limits triggers important deliberations—might this be the moment to renegotiate with vendors or search for new supply channels? Observing a surge in RevPAR sparks optimism, yet it begs the essential question of its profitability impact. Examine the cost per occupied room (CPOR) to gauge operational efficiency meticulously. Additionally, assess how ancillary offerings like catering, parking, and spa services contribute to your financial health—are they significantly enhancing your revenue? The path to implementing effective corrective actions is paved with the clarity gained from comprehensive data analysis. By harnessing the power of extensive data analytics, you position yourself to make well-informed decisions that foster lasting growth and amplify profit margins. With the right tools and a clear understanding of performance metrics, the possibilities are endless for your hotel's success.

Best practices for tracking costs

1. View labor costs as a performance card metric on your dashboard.
2. Use dimensions to categorize and analyze your data for maximum visibility and impact.
3. Automate accounts payable and payroll processes to eliminate time-consuming, error-prone tasks—and get real-time insights into your costs.

See The Full Content of Your Labor Costs

Grasping and steering labor expenses is a foundational element in the operational strategy of any hotel, enveloping salaries, recruitment outlays, and the broad spectrum of taxes and benefits, commonly analyzed as a proportion of revenue. While benchmarks for labor expenses fluctuate markedly between different hotel operations, the leverage of an agile, cloud-based accounting framework presents a compelling edge in managing these pivotal operational costs.

For precise and actionable intelligence, it's beneficial to stratify your workforce into distinct categories—be it the front desk personnel, housekeeping teams, culinary staff, or management. Through the application of diverse reporting layers, you'll unveil the principal factors affecting your labor expenditures. A detailed exploration into these reports illuminates staffing efficiency, especially during high-demand periods, and pinpoints the most economical staffing schedules. Such detailed scrutiny allows for nimble, informed adjustments, safeguarding peak efficiency in staffing and cost management.

By using the power of data and technology, you can achieve a delicate balance between delivering exceptional experiences to guests while keeping optimal labor costs. Ultimately, it's about finding the perfect harmony between operational excellence and financial success, with RevPAR and ADR as your guiding lights.

Best practices for tracking labor expenses

1. Keep labor costs within your line of sight on your dashboard.
2. Assign staff into different categories and create dimensions to easily generate labor reports for a clearer view of costs.
3. Use scheduling apps to manage your labor costs and integrate them with your cloud accounting management system and run labor reports in real time.

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Improve Visibility and Save Time

If your organization relies on various instances of accounting software to manage multiple entities, brands, or locations, you might find yourself dedicating countless hours or even days to juggling data across spreadsheets, using many tools, and implementing complex workarounds. This approach not only drains valuable resources but also carries the risk of making pivotal decisions based on data that may be outdated or incomplete.

Transitioning to a singular, integrated platform combines operations and provides access to precise, real-time financial insights across the entire organization. This strategy eradicates the necessity for laborious manual data entry, ensuring that leaders have the most current information readily available. By adopting a combined framework, your organization can more effectively watch key performance indicators, discern trends, and execute decisions that propel growth and enhance profitability throughout all areas of the business. Furthermore, a unified source of financial data improves transparency and accountability, which promotes increased collaboration and strategic alignment among team members.

Leveraging a multiple-entity accounting solution not only streamlines processes and diminishes operational complexity but also bolsters your capability to make assured, data-driven decisions, thereby elevating overall efficiency, profitability, and competitive edge. So, don’t let outdated and disparate accounting systems hold your organization back; consider transitioning to a merged platform to unlock its full potential and pave the way towards sustainable growth.

Best practices to boost efficiency

1. Track and report on your business using a shared dimensional chart of accounts that enables you to analyze data in meaningful ways and build custom reports in minutes. No more manipulating spreadsheets.
2. Automate financial consolidation, including inter-entity transactions, local tax reporting, currency conversions and more. View the current financials of each location, brand, and entity at any time.
3. Integrate your cloud-accounting system with best-in-class applications for POS, inventory management, room reservations, labor scheduling, and more. No more manual data entry.

Create Detailed Custom Reports in Minutes

Take advantage of custom reporting that meets the exact requirements of each entity.

Thanks to dimensional drilldowns, you'll have reports in minutes that create a deeper understanding of performance drivers at your hotel. For example, drill down into room occupancy rates by location. See operating margins across your locations and entities within a report. With combined insights on the location's sales and costs, you can make informed decisions on room rates, promotions, labor costs/staffing and more.

Stakeholders throughout the company should be empowered to create and use reports that they need. With the right accounting platform tools are simple enough for anyone—from the staff

accountant to the CFO—to create role-based dashboards and financial reports within minutes. That means greater frequency and greater accuracy.

In hotel management, the use of custom reports crafted from financial and statistical data is a critical strategy for improving operational efficiency and enhancing profitability. These customizable reports, tailored to specific needs and goals, empower deeper insights into business operations. They enable a focused analysis of diverse areas such as revenue generation, guest satisfaction scores, and operational costs, offering a granular view that general reports might not capture.

Custom reports ease the identification of trends, patterns, and anomalies across various segments of the hotel's operations, making it possible to react with precision and agility. For instance, a custom report highlighting the correlation between guest satisfaction scores and repeat business can inform targeted improvements in customer service protocols or amenities, directly affecting future revenues. By examining financial data through custom reports, you can pinpoint cost-saving opportunities without compromising on quality, thereby driving profit margins higher.

The strategic value of these reports cannot be overstated; they are indispensable tools for achieving long-term success and sustainability in the hospitality sector. So, make sure to invest in a robust reporting system that allows for the creation of custom reports, and use them to gain a comprehensive understanding of your hotel's performance.

Puting it All Together

Data-driven hotels use their accounting platform to improve their results. The proof is found in the next two real-world examples of lodging operators putting the insights of this e-Book into practice.

Example One: Streamlining multiple-entity management to fuel growth

Challenges

- Rapid 10-year growth from golf course to full-service resort
- Now offers/runs tournaments, restaurants, vacation homes, residences, an event center and more
- Monthly consolidations required manual data reentry

Gains

- Easier to track cash balances across entities
- Easily check ongoing profitability of entities and capital projects
- Self-service reporting
- Easier permissions-based information sharing

Results

- Shortened consolidations by 10x and halved monthly close
- Saved 24 hours/month on cash analysis
- Avoided $75,000 in annual headcount costs
- Achieved software payback in less than three months

Example Two: Improving accounting efficiency by $800,000 while managing 50 properties

Challenges

- Offers a full range of services including hotel management, sales and marketing, food and beverage, health and wellness, design and construction, and IT and asset management to more than 50 hotel owner clients
- Merger necessitated standardizing on single cloud-accounting platform
- Prior accounting system unable to handle complex finances

Gains

- Greater financial visibility, efficiency and scalability to fuel continued growth
- Seamlessly manage financials across a complex environment of over 50 properties and 80 entities

Results

- Reallocated 20 full-time employees from manual accounting work
- Gained $800,000 a year worth of time savings
- New entities set up in two days as compared with 20 days
- Timely data for in-depth reporting and decision-making

Evolve into a Strategic Business Partner

Your hotels have an abundance of operational and financial data. The right cloud-accounting system enables you to quickly harness that data to make proactive management decisions, by bringing:

- Flexible and custom reporting that fits your needs. Use custom financial and operational dashboards based on a dimensional GL (General Ledger) structure so you can easily make data-driven decisions.
- Accuracy and speed with automation. Automate ongoing finance tasks, such as financial consolidations, so they take minutes, not weeks.
- Real-time visibility across systems. Integrate your hotel systems so you can easily keep a current, holistic financial view all in one place.

Sage Intacct enables hotels to run on strategic insights through access to real-time information instead of backward-looking data. Dimensional reporting gives you the most granular details. And you can also instantly roll up multiple entities for a complete, strategic view of company performance.

Want to learn more? Visit us at **www.sage.com/en-us/industry/hospitality/**

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