

3 tips for data snapshots to forecast profitability

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Data snapshots communicate important information that shows how well managers forecast over time. Here are some tips to help you navigate the process.



By Jay Troutman

Imagine if you could see the path to future hotel profitability more clearly from where you sit today. You can, and no crystal ball is necessary.

Chances are you already collect most of the data you need in your forecasting application. To put all your data to work, you need to combine it in a business intelligence system flexible enough to let you take a more creative look at your company's operations. Done correctly, data snapshots can help you make good business decisions that achieve your monthly profitability forecasts.

What is a data snapshot? It is a process that captures and displays forecast and planning data at different points in time.

How does the data snapshot process benefit hotel owners? The main benefit is improved forecast accuracy. Data snapshots communicate important information that shows how well managers forecast over time. This knowledge is the foundation of more accurate forecasts in future periods.

Forecast snapshots help create a forecasting culture based on accuracy instead of on an ideal. There is a big difference between what we want to happen in the future versus what will actually happen. Sometimes it is a fine line, but if the team knows that its forecast is being measured for accuracy, then “real” forecasts replace “rosy” forecasts, or even the “sandbagger” forecast. And at the end of the day, even though we like the rosy forecast, it is the real forecast that allows us to better manage our real-estate assets.

How accurately can your team forecast profits 90 days out? Were they more accurate 60 days out? And were they almost spot-on 30 days out? Forecast data snapshots allow you to know how accurately your team predicts the future. Because

data snapshots track changes over time, owners count on snapshots to refine their expectations of meeting forecast against budget

Here are my top three tips on how owners can use data snapshots to make better business decisions that increase profits.

1. Identify how you track your profit forecast over time. It might be you are not yet doing this. Most operators have a budget. Forecasting is the next step. It is essentially doing the budget over and over again, and refining revenue and expense projections. During this process, owners can monitor their managers' forecast data snapshots for insights into their management team's forecasting skill. Look for accuracy; it is key to solid business decisions that affect profitability.

2. Align your team's typical cycle for updating operational numbers with the timing of taking a data snapshot. How frequently does your team update the numbers? Create and review your data snapshots in conjunction with that timing.

3. Identify the right time to reward success. Many hotel companies distribute rewards and bonuses when their managers make accurate monthly forecasts. This way, operational teams who are held accountable to being accurate can share in their property's success. It also incents them to be accurate. In the hotel business, making smart business decisions—based on accurate data—can increase profits. Data snapshots are one path to better decisions and increased profitability.

Sharpen your tools now while times are good. BI and data snapshots are an investment that will serve you well in the future.

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