

## Opinions

# Flexible finance tech key to rewriting 2021 playbook

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Hoteliers that use the right financial management tools will find themselves able to adapt and respond quickly in an ever-changing environment.



By Jay Troutman

In sports, a playbook lays out a clear, step-by-step plan for building a team culture that will lead to consistent wins. The playbook is filled with detailed maneuvers and predetermined options to respond to unexpected game time deflections. The best playbooks include real-world tools that are flexible and can be reset quickly to achieve success in a dramatically changing game.

The playbook is not static. It includes accumulated knowledge and best practices, learned from previous games, honed by time and adversity. It offers play by play guidance—updated after every game and every season to develop a smarter and more consistent culture of success.

In hospitality, as in sports, it pays to be prepared. Over the past few months, hoteliers have been seeking advice on rewriting their playbooks for 2021 and changing their standard operating procedures to better prepare them for reopening and operating in the year ahead. Operators are asking:

“Given the recent circumstances, how do I budget for 2021?”

“How do we forecast labor, especially in areas where more intensive cleaning is needed?”

“How much will the added cleaning procedures cost?”

“Where is the bottom line?”

Flexible technology is key to navigating the coming season. Having the right financial management tools in place is a strategic advantage. Tools comprising enterprise accounting software, business intelligence applications and budgeting/forecasting tools will help owners and operators formulate the new plays to keep their properties running smoothly and profitably in the long term.

Pre-pandemic, the hospitality industry was hitting records and selling more rooms than ever before. People were relying on technology to squeeze out every dime from travelers and guests to optimize revenues. Everyone was winning. Then COVID-19 hit. Not only did occupancy evaporate, but revenue did too, and managers had to sharpen their pencils on the expense side to avoid closing their doors for good. Those properties with flexible financial software in play were better prepared to adjust and make swift, better-informed decisions. Even the most difficult decisions must be thoughtful and informed, not guesswork.

To be truly flexible means having a leading-edge enterprise back-office system that is scalable and features easy-to-use financial reporting. It means having a highly secure, web-based GAAP compliant system enabling finance teams to work remotely if doors are closed or if on-site staffing is reduced. It means having a secure front end that gives users access to specific system areas while keeping the primary system protected. It means having the ability to integrate, organize and analyze data to make effective business decisions and leverage that information for future-looking budgets and forecasts.

Consider these examples of behind the scenes technology at work:

A quick survey indicates that most of our clients qualified for and enrolled in the Paycheck Protection Program. Early on, when the amount of available PPP funds was unknown, speed was critical for the application process. An owner shared that having payroll data quickly available via their business intelligence application made for a very efficient application process.

As the pandemic forced temporary hotel closures, benchmarking performance using STR data changed and STR introduced “economic methodology” (an alternate benchmark which assumes no temporary hotel closures).

Using flexible technology, owners were able to apply economic methodology to their own portfolio for advanced analytics. (STR is the parent company of HNN).

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The logo for the International Society of Hospitality Consultants (ISHC). It features the letters "ISHC" in a large, serif font. Below "ISHC" are the words "INTERNATIONAL SOCIETY OF HOSPITALITY CONSULTANTS" in a smaller, all-caps, sans-serif font. The entire logo is white and set against a dark orange background.

As the focus shifted to cash management, a hotel management team pivoted their forecasting tools to the balance sheet. Having the ability to forecast cash and then sync those values to their GL system cash flow statements provided invaluable insight.

Without a playbook, teams will be left scrambling to find information and items they need to meet their goals and complete their deliverables. Without flexible technology, hoteliers will be left behind, unable to access the financial data needed to operate on a very fluid playing field. Operators with advanced flexible technology in place have an advantage. For those that don't, it's a good time to get in the game and leverage the flexible technology solutions needed to drive revenues to your bottom line and guests to your door.

Jay Troutman is an ISHC member and the owner and founder of Aptech.

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