

Hotel Operators Tap New Profitability Strategies that Work in the Current Economy

Companies Save Money, Improve Performance with Reduced Staff; Leverage Business Intelligence and Accounting Tools

By Cam Troutman, Vice President, Aptech Computer Systems

October 2009 – As we enter year two of our challenging hospitality industry environment, creative hotel management teams are leveraging skill and experience to deploy effective new business strategies. Innovative management strategies, tech tools, and Business Intelligence (BI) are helping hotel companies save money, operate more efficiently, and increase profitability in the current economy.

Concord Hospitality Enterprises, with over 60 properties, applied a technology strategy to its accounts payable process. As the company grew, its A/P system had become a resource-hungry beast that was costing time and money. “We tamed our A/P tiger with document scanning, bar code tracking and electronic databases instead of data entry, hardcopy mailing, and filing cabinets,” said Brian Cornell, Concord’s VP of information technology. “Initially, vendor A/P invoices were sent directly to each property to review, process into Aptech’s Webvue web-based accounting package, copy, file, and then mail the original to our corporate offices where the packet was opened and the invoices were verified, posted, and then processed for payment. After all this, invoices were filed manually and stored,” Cornell explained.

Through integration with Aptech’s accounting application, Concord uses a document management system to print bar codes and scan invoices for electronic tracking and document workflow. They no longer make copies, mail originals, or use filing cabinets. There is no time spent on any of these activities and no physical storage space required. “The team at Aptech did a wonderful job integrating Webvue / Profitvue with our document management system. The accounting data goes into the Aptech system and we shred the hardcopy. When our auditors come, we provide them the documents they need quickly,” Cornell said. At properties where hundreds of invoices are entered weekly, the benefits include reduced staff costs and a management team that relies on technology for daily administrative duties while they focus on guest service and profitability.



Cam Troutman, vice president of Aptech Computer Systems

Saving paper is just the beginning

Paperless payment processes make a company greener, but that is only one benefit. By implementing an automated clearing house (ACH) strategy with electronic vendor payments through an automated back-office solution, a hotel company saves money on paper, envelopes, postage, and keeps its cash in high interest-bearing accounts longer. Rather than mailing checks that might sit on vendors’ desks waiting to be cashed, an operator can release money electronically on the due date, not sooner. For many companies this means holding thousands of dollars longer so it earns interest that hits the bottom line.

Reduce labor costs

As labor expenses take an increasingly bigger bite out of profitability, leading hotel companies are using business intelligence (BI) tools, like Aptech’s Execuvue®, to reduce payroll costs with a 30% decrease in

overtime and a \$6 reduction in daily costs per room sold. Since tracking, consolidating and analyzing labor costs is a manual process at many companies, using a robust BI solution integrated with a time and attendance system enables operators to easily identify inappropriate labor costs and helps schedule more appropriate staffing. The reduced expenses go straight to the bottom line.

The best time and attendance systems deliver reports by person, hour, and other measures. BI goes farther to compare labor data per-occupied-room and as a percent of revenue. Labor is the largest variable expense for hoteliers; it is also the most controllable. When operators have more current information, they can respond to red flags quickly so their managers are staffing as prudently as possible.

Most hotel companies use a daily flash report as a report card on property performance. Developing this report from night audit metrics and historical records once took a staff member two or three hours every day, but BI systems can automatically produce a variety of custom flash reports through data uploads from hotel property management, time and attendance, and other systems. The same BI technology can include Smith Travel comp set information to make the flash report more relevant and automatically distribute them via e-mail to managers and ownership.

By automating the daily report process, operators eliminate staff time while making reports immediately available to managers via the Internet. Flash report automation can also produce reports during the weekend so there is no delay on Monday in responding to potentially costly issues that arose on Saturday or Sunday.

Accurate information is money

Hotel companies also use BI systems for daily profitability reports on metrics such as:

- Highest, medium, and lowest cost per room brand by brand, region, market;
- Profitability by manager, location, and other factors to see which management teams are best at controlling costs.

Multi-property hoteliers are realizing big advantages from Internet-enabled accounting systems and business intelligence. Properties communicate more easily with the corporate office to exchange information they need without wasted staff time at the fax machine or on the phone and greater efficiency and profitability is the result.



Aptech Computer Systems

Aptech Computer Systems, Inc., based in Pittsburgh, Pennsylvania, leads the hospitality industry in leveraging change by valuing human relationships and applying technology to solve business problems for people. Incorporated in 1970, Aptech is a financial and operations technology solutions and service company whose products include state-of-the-art back office, business intelligence and enterprise planning products: Profitvue®, Execuvue®, Webvue® and Targetvue. Over 2,500 properties, including very large chains, multiple-property management companies, and single-site hotels utilize Aptech solutions to understand their financial and operational data. Execuvue and Profitvue are registered trademarks of Aptech Computer Systems, Inc. All other trademarks are owned by their respective holders.