

7 Secrets to Create a Financially Engaged Leadership Team in Your Hotel

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**SECRETS TO CREATE
A FINANCIALLY ENGAGED
LEADERSHIP TEAM
IN YOUR HOTEL**



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You have the ability to increase the profits in your hotel quickly by creating an environment that has your managers working together on the financial “business” of running your hotel.

I invite you to read my “7 Secrets to Creating a Financially Engaged Leadership Team in Your Hotel,” and improve the financial communication in your hotel and brand. If you do this, you will have a more engaged leadership team, your hotels will make more money, your leaders will love you, and everyone will have more fun.



This e-book is designed for hotel executives, leaders and owners.

1) Start with the End in Mind – Your Hotel Needs to Create an Effective Financial Communication System



Creating a financially engaged leadership team in your hotel is no different than creating a strong guest service culture or a team that has colleague and leader engagement as their mission. What you attend to, grows; it's that simple. What's different with the finances is you and your focus. The picture you want to create needs to be clear and you need to have a plan to follow, and resources to employ to create financial leadership. It's no different than guest services or colleague engagement. We would not expect these two disciplines to grow and prosper in our hotel on their own; we recognize that these require constant attention and nurturing. The financial leadership in your hotel is exactly the same.

“Begin with the end in mind means to begin each day, task, or project with

a clear vision of your desired direction and destination, and then continue by flexing your proactive muscles to make things happen.” – Steven Covey

First, it starts at the top. The brand, the owner, the general manager—all need to have the concept of financial leadership as their mission. Not just saying so but actually having the tools, the processes, and the measurement to follow.

I am not talking about financial audits and internal controls. I’m not talking about the accounting function. I have seen so many hotels and their executives hide behind the financial function and the financial leader. This is like saying that HR is handling the colleague engagement piece, and the rest of us can sit on the sidelines and watch.

The focus and attention to the financial leadership needs to be continuously delivered from the highest level in any hotel organization. What are we doing in our business to raise the level of financial leadership? How much have we invested to train and educate our leaders on the art of financial planning in our hotels? Is this investment and attention I place on financial leadership equal to, or greater than, the attention and investment we make in service and engagement? It’s that simple, and that’s great news because there are no super powers required to master the financial function, only attention, dedication, and purpose.

With regard to the financial leadership, it needs to be said that most of our executive and our hotel general managers don’t come from a financial background, and that’s perfectly OK. It’s usually sales or operations that produce the GMs, so the financial piece with these individuals is almost always missing, or it’s not their strong suit. When I say the financial piece, I mean a solid understanding of how to get their team hitting on all cylinders of the financial spectrum.

This is something that needs to be compensated for. Why would we put someone in charge and not have them equipped with the financial leadership skills they need to succeed? We have a long history of this

behavior and it's driven by the ancient ideology that says "look after the guests and the money looks after itself."

That is the very crux of the problem. That myth comes from our owner-operator lineage.

This is the misguided myth that plagues our business, and we mix this myth with 1) the fear of numbers and 2) the idea that the finance department will carry the day. Today we're management companies, and we sell expertise. So, in short, the executive sticks his or her head in the ground and ignores the real mission, which is to ensure that every manager and leader who consumes resources is properly trained and supported to ensure they maximize their part of our business. It's that simple.

If you're running a hotel, and the leaders who prepare their schedules and order their supplies without the necessary profit-and-loss (P&L) knowledge, then you're running the Titanic. The iceberg is straight ahead and the collision is not a matter of if, it's a matter of when, and in this case, the when is now, and it's ongoing.

The picture you want to create in your hotel is one that has each leader producing their forecasts and budgets, for all revenues, payroll, and expenses, never one where someone else produces their numbers for them. Their forecasts are consolidated, and if changes need to be made to achieve an overriding financial goal, then agreements need to be made with the line manager and the finance leader. This is financial management 101.

The emphasis you place on getting this piece established is paramount to your hotel's financial health. If you live in a hotel world that has the finance department cooking up the numbers and handing them out, then you're missing the biggest financial opportunity of your year, and your lifetime.

The fact is, all your managers and leaders ought to have the responsibility for their numbers. They just really need the training and support first. They

want to because they see the career opportunities, and they will also quickly see that it's not so complicated. Your leaders want to have the ability to make a difference financially. You need to make the investment and commitment in your organization and pull the financial leadership piece into your culture. You will quickly find that your managers and leaders love this work, and now that you're willing to treat them like the responsible adults that they are, they will run their part of your business with much greater care and respect. All of this has a really nice impact on your bottom line. Get ready to watch their leadership engagement soar.

2) The Third Pillar – We’re Missing the Boat



It's the three pillars of our business: guests, colleagues and owner. They're not equal. They're not equal because we ignore the third pillar, and we do so at our own peril. This chapter will show you what's possible, and point to a fantastic model that has your owner happily paying for the whole deal.

Pillar 1 – Guest Service

We manage guest interaction with an understanding and belief that we're all invested in good guest service. Even the departments that don't have direct guest contact help support the colleagues and departments that do.

We are all responsible. Good guest service is a no-brainer for anyone in the hotel business. It's the very moral foundation that our business is built

upon. Finding ways to increase guest service is just good business. We invest in guest service at all levels in our hotels and we take the function of providing great service very seriously.

In branded managed hotels, the management company typically has guest service programs that they have either created, or they provide in alliance with a vendor. In addition, we spend serious dollars asking our guests how we are doing. Guest service scores are critical to the operations of the hotel.

In every instance, the brand mandates the guest service programs inside their hotels and the owners pay 100 percent of the tab for everything related to creating and maintaining guest service. Many owners question the management company's programs. These can be very expensive and the results are hard to nail down. Annually the brand will send their hotels the yearly programs via the budget documents that outline all the programs the hotel needs to add to their upcoming year. Even if the hotel adds labor for training, the owner, in the end, pays 100 percent.

When we think about a brand and its service reputation, it's interesting to see through this mirage—to look and see that ultimately, the owners of the hotels are paying to create the brand's service promise. This is largely a secret to most people. Understanding the relationship between the brand, the owner and what is created via this dance is an interesting segue. In most branded hotels, the annual guest service score forms part of the executive team's bonus criteria, and achieving the targeted number or better is a direct link to their pocketbooks. The last thing I will say about guest service: We do not tolerate leaders or staff who do not provide excellent service.

Pillar 2 – Colleague Engagement

With colleague engagement, it's the same. We're all involved and implicated in managing departments and creating hotel teams that have high-colleague engagement. No leader or department manager is excused from the mission of colleague engagement.

We have a myriad of tools to engage the staff, from employee newsletters, town halls, monthly colleague meetings, seasonal parties, special celebrations, sports teams, long service awards, employee of the year, employee opinion surveys, whistleblower lines, employee assistance programs, employee benefits, employee meals, etc. This list is very long.

The irony in all of this: The owner pays 100 percent of the cost of any program or event. Once again, having an insight into this dynamic between the brand and the owner is an interesting dance to watch. Owners question many expenses related to “creating” colleague engagement, but in the end, they pay. So where is the benefit of good employee engagement? It’s obvious that good engagement coupled with great service equals a fantastic opportunity for our guests to have a wonderful experience. It used to be the case that human resources were “responsible” for creating colleague engagement, but not any longer. Each department has its own employee opinion survey score and a bad apple will not last long. No leader is excused from the necessity of great colleague engagement.

Pillar 3 – The Money

The money, the P&L, the owner...it all boils down to the same thing—providing a superior return for the stakeholder. How is this pillar different? Well, really it isn’t different; we just treat it differently. When we talk about the money, and we ask ourselves what do we do to create financial leadership inside of our hotels, the answer 19 times out of 20 is NOTHING. We do nothing to lead and educate our management teams on the matter of financial skills. I am not talking about the accounting department and the financial function. I am talking about the education and the skills of the nonfinancial leaders in your hotels. What do we do inside our hotels to create management teams that have a solid financial foundation? The answer, NOTHING. Why may you be asking is this the case? There are three reasons that I will point out.

No. 1

We still live in an owner-operator mindset that still echoes the idea, “look after the guests and the money will look after itself,” but the reality today is that we manage hotels, and as a management company, we sell expertise to owners. Brands need to slow down long enough to realize that they need to evolve their financial leadership.

No. 2

The finances and talking about the money for many people is still “taboo.” The idea that we share the P&L and the managers get to see the financial results is a sacred cow for many people. To this notion I can only say, “get over it.” If we want to have mature responsible leaders, we need to trust them and share the financial information.

No. 3

We seemingly don’t know how to lead and educate our managers financially. We hide behind the numbers and push it off as the responsibility of the finance department. This is really the opportunity in all of this. We can train and lead our managers financially, and it’s not difficult to accomplish. In fact, the owner will pay 100 percent of the cost to create the financial leadership in your hotel. Just as we have discussed in the other two pillars, the brand can mandate the training program and the owner will pay 100 percent of the cost. Leaders want to be educated financially and they want to have financial responsibility. The idea that leaders don’t want to do this work is nonsense.

Today’s leaders are literally dying to get financial leadership skills. They know that without these abilities, their career is limited. There are some conditions to this. First, the leaders need to know you’re there to support them, to provide the education and the training to facilitate the creation of financial leadership as part of your culture.

Giving your leadership the responsibility for the numbers is not enough. You need to give them a system, and be there when it counts.

Be there when it's a mess and support their efforts. Be there when it's a win and celebrate their success. The brand and the general manager need to get behind this initiative. It's not a finance and accounting function. It's one of the three pillars, therefore, it's a front-line management function for every single leader. It is not someone else's responsibility. Hiding out behind the numbers is not a viable strategy. Leaders need to know you have a system for them to follow, a predictable process with defined timelines and accountability for all.

Leaders want to produce their own budgets and forecasts, not be given numbers that someone else has cooked up and then they're told "good luck here are your numbers."

Lastly, leaders need to see that you are investing in them, in their career and in their success. Once they see you're committed to their success, it's a game changer. If they sense in any way that it's anything less that you are offering, you will not succeed. The benefits of financial leadership are everywhere.

First, leaders that know what's happening financially in their departments can plan and execute better. Imagine a leader who knows their expenses and payroll and he or she tracks the sales and volumes in the month and adjusts spend and schedules accordingly. The flip side is flying by the seat of our pants. We have all been there. What will happen the next time we have financial headwinds in your hotel? If you have created a financially engaged team, you will have choices and buy-in when it comes to cost reduction. The brand also benefits from financial leadership training, building bench strength as leaders move throughout the organization. A brand with this kind of talent would quickly make a name for itself. The owner benefits big time as well. Having a financially engaged leadership team means the team is all-in when it comes to maximizing resource and profits. We all know that in our industry we have a million ways to waste money. On the flip side, with a financially engaged team, we have a million ways to save money. It's all about the culture you create, and it's fun! Like building a great service culture or a colleague engagement machine,

financial leadership teams are every bit as possible. How do you grow a garden? You plan seeds and you nurture and care for it. The financial leadership piece in your hotel is exactly the same.

3) The Paper Can't Talk – Give the Money a Voice



Why is financial leadership in hotels so un-evolved? We need to realize that the money, the owner, the profit-and-loss (P&L), the paperwork, whatever you want to call it, it needs a proper voice. The right voice; a voice that speaks to the leadership and the highest purpose that a cornerstone of our business warrants.

You're probably thinking that the director of finance sure makes enough noise about the numbers and schedules for month's end and the variances to forecast. He or she is very vocal at the department head meetings, always telling us what's wrong, what's late, what didn't work. You're also thinking that the owner's presence with their asset manager is pretty obvious. They are always getting the hotel to cut back; we make seemingly endless changes to standards and payroll all to drive the bottom line. The financial voice in the hotel is loud and it's almost always negative, never enough; always wanting more, an endless need to be fed. This is what

happens to the voice for the money if we don't address the way in which we craft, package and deliver the money message.

What if the voice of the money had the same respect and understanding that the voice of the guest has? Or the voice of the colleague? It's possible to create the kind of environment where this is the case and it's built on understanding.

It's important to understand why the money needs a special voice and why it easily gets a bad rap if we don't take care to give it the proper voice. Money, the P&L, the owner...it usually gets a bad reputation because of three reasons.

One, money is a powerful part of our society's fabric. If you don't have money or you think you need more, it is a powerful negative force. Not enough money and the next step is surely death, and so on. I think we all get the picture. Two, money is usually used to shame people. There's not enough of it; you're missing something, and certainly, you're not keeping up. Third, the very subject of money and any open discussion about it are still largely taboo.

So, the net sum of all of this is; if we want to have a positive relationship with the money in our hotel we need to get the money out of the dark closet and get it front and center. We need to give the money a fair, friendly and equitable voice. After all, money is just a way to measure and exchange value in our world. To give the money that kind of a voice requires a strategy and practices we need to adopt.

The strategic foundation is open access to financial information. Budgets, forecasts, and actual results are all shared in your hotel. Managers and leaders at all levels are part of the creation of the budget; they forecast and share these updates regularly with their departments and colleagues. Success is celebrated and rewards for financial gains are shared.

The sharing part is critical, whatever that means in your business is uniquely yours. It could be profit-sharing, bonuses or celebrations. It really does not matter as long as your sharing the prosperity. In times of constraint when revenues decline, we now have a leg to stand on with our teams. Expenses and staffing need to be adjusted and no one likes to do this but an engaged team that knows what the score is will be much more willing to do their part if they know what's going on financially and if they feel like they are part of the team.

This is the only way to break out of the cycle that would otherwise have the money being the instrument that victimizes the workforce when we need them on board more than ever. We can't have our cake and eat it too. If we try too hard, our colleagues and leaders will see through our double standard.

In writing this chapter, it occurs to me that this is the very core of our being in hospitality. We're here to help people and we often associate that with helping the guests. The same is equally, if not more important, when it comes to the colleagues. If we truly desire a team that actively looks after our guests, then the formula is surely one that has the executive, the leadership, the owner, the money looking after the colleagues.

A large part of that looking after can be built on the money culture, making its voice one of caring and fairness. All we need to believe is that looking after our colleagues and sharing resources results in one thing: colleagues who look after their guests and this, in turn, keeps them raving about your business and coming back. It's like perpetual motion. Giving the money a voice in your hotel enables in you the embodiment of values that no other pillar can. It creates an incredibly engaged team in your business, a team that respects you because of your openness. This team lifts your business up with many hands. The voice of the money can be kind and just, it need not be feared and kept in the dark for only a few. Either way its voice will be heard, it's up to you to decide what it will say.

4) Talk about Agreements, Not Expectations



Expectations. I hear this word from almost all GMs, controllers and hotel executives. It's the wrong word and it's not an effective way to manage. In our lives, few things make us less productive and more distant than other people's expectations of us. Expectations are everywhere in our work and personal lives and people detest them. Who are you to have an expectation of me? Just because you're my boss/wife/husband does that give you the right to have an expectation of me?

In our culture, it sadly does have that connotation, and what we need to realize is that expectations are weak, cowardly and completely ineffective when dealing with other people—especially when we want to get real work done and build strong relationships. Yet we cast these expectations

everywhere and let others have these diseased spells over us and its largely because we don't know there is an alternative.

If I have a complaint in my world, it quickly becomes an expectation that someone needs to fix, and I tend to obsess over the injustice, and in doing so, I create my expectations. What we need to see is that this is completely ineffective for getting things to change. Complaints are very easy to ignore and diminish; however, requests on the other hand, are not easy to ignore. Once we have made a request, we're heading in the right direction because on the other side of a request we now can make an agreement.

Let's take a hotel example. Currently I am having a very hard time getting the other managers to prepare their monthly forecast in its detail and to get it to me by the 30th of the month. I typically send a schedule and reminders. I speak at the department head meeting about the deadline, but I still don't get a high success rate on their submissions.

It's always a struggle to get other's to do what I "expect." Without the forecast, I'm left with two very unattractive options: do it myself, or go without it. Both options mean I am being shortchanged because you're not living up to my expectation and I have two alternatives. I can complain about it which, by the way, I have been doing for years without any results, or I can make a "request" of you. This is the pivot point. If I am willing to see that my current status is an expectation and it is weak, I can bring myself to ask you, to make a request of you. It might go something like this:

"Peter, can you help me? I want to include your numbers, not mine, as part of the detailed forecast and I'm requesting that you complete your part and get it to me by noon on the 30th. Can you do that?"

Now it's not easy for Peter to say, "Sure no problem." He now sees what you're asking for in a different light and he might say. "I could but that means I'm going to have to rearrange my week and my assistant is on holiday and our second office computer is dead."

This is what you want to hear. This is the foundation of an agreement as you have now both asked for something. It's no longer the case of you having a single expectation, now we have multiple issues in the air, yours and his, and this is the way to go. Turn the complaint into a request, and turn the request into an agreement.

"OK, so I will send our systems person to your office today to switch out your second computer, and I'm not sure what I can do to help you rearrange your week," to which Peter replies, "No worries. With the computer replaced, I can manage and I will get you my forecast by the 30th."

What just happened here?

1. I changed my language up front from a tired self-centered expectation into a request.
2. Peter asked for my help to complete and meet my request.
3. I committed to acting to help him with the computer.
4. He in turn was positive in his response to meet my request.

The above exchange is the foundation of an agreement and upon examination, we can see it passes the test to be an agreement because it has four parts, two for me and two for Peter.

The test is "get and give." If an agreement is really an agreement it must have these parts; a get and give for each of us. In this example, Peter gets his computer fixed and he gives me information on time. I give him the resources to fix his computer and I get his report on time. Before the request and the agreement, it was just me and my ask. I wasn't giving anything, and I had an expectation of Peter and no agreement. Now, I can be pretty sure some of you who are reading this are saying to yourself, "I'm the boss and people need to do as I say," "I don't have time to make agreements with everyone."

Maybe that's partly true, but know this: Your people are quietly thumbing their nose at you and your expectations. What you need to do if you want commitment, is to drop your expectations and start making agreements. Take the time to make these agreements and find out what you can do to help the people you work with. This will change your world. It all starts with you and the ask; without it you will not have an agreement. Find out how you can help the people you work with and they will be more than happy to reciprocate. If it's all about you and what you want, then all I have to say to you is, "good luck."

5) The How To vs. The Want To

The business of managing the hotel finances is not terribly technical or complicated. What makes it challenging is that it's usually a very large job involving many people. In a 500-room hotel, you can easily have 20+ forecast contributors. The communication system in the hotel is the key to both smooth management and predictive financial results. This is the how to. If hotel finances are not a complicated matter, then why is it such a



challenge in so many hotels? The answer lies in finding the “want to.”

It's not a big surprise to learn that most leaders in the hotel don't naturally want to be managing numbers. They typically didn't get into the hotel business with the idea that they would be business people with forecasts and budgets to run. They're “people people”; artists and creators. We all know the stories of how so many of us found our way to hospitality and fell

in love. Most of your non-financial leaders landed in hospitality for a short stay and decided to move in. Now a few years later they find themselves in roles with responsibilities to get the numbers done and they don't like it. They don't like it for a few reasons:

1) They are often responsible for numbers that are created by someone else; someone who expects that leader to own the numbers they're given. This never works. If you're cooking up the numbers in your hotel and giving them to your department managers and expecting them to own those, then stop! This is a complete waste of time, as they will not take any ownership with these targets. They're yours, not theirs. Know that these leaders are quietly thumbing their nose at you when you do this. You're placing a huge expectation on them and they don't like it one little bit. Sure, you might get lip service, but they do not appreciate this one little bit. What they really want is to create and be responsible for their own numbers.

2) They don't have a good financial communication system to use when dealing with the numbers. Non-financial leaders need a strong schedule and constant communication around the numbers. It needs to become part of the culture that the numbers are just as important as the guests and the colleagues. It's not enough to publish daily reports and expect that the managers will read and use them. You need to have the numbers be an integral part of the daily communication system in the hotel. Not just arrivals and departures, VIPs, outlet hours and groups in-house at your daily meetings. You need to shine a light on yesterday's revenues, month-to-date revenues, and the variance to forecast. Every day your leaders should know if we're on track to make our top line and divisional revenues. If not, then how will they be able to react and adjust labor and spending to compensate and affect the flow? The finances need to become an integral part of your daily makeup. Exercise these muscles!

3) They don't take the time necessary to properly manage the numbers. Your leaders will always treat the numbers as second place or worse unless you show them that the numbers are just as important as the guests and their colleagues. How do you do that? Simple—make the numbers real

and treat the leaders as adults who have financial power. Invite them into the captain's lounge and show them the respect you have for their role. Be there and be supportive and helpful when things are not going well and be there to celebrate and encourage when times are good. We all know our business has ups and downs; it's cyclical in nature. Be the kind of leader who walks the talk and knows it's not always easy for your leaders and you have respect for their challenges. This translates into investing in financial leadership. Just like service and engagement, we are never done with our work. There will always be mountains to climb.

How can we create the "want to" with hospitality financial leadership? The want to do this in the three areas I identified is naturally low. Let's be realistic for a moment and ask ourselves: "If they really wanted to manage their expenses and know how much they spent they could figure it out." So how do we increase the "want to"? We do this by showing our leaders what is possible with good financial communication by investing in financial leadership in our hotel. Leaders realize very quickly that it's not so complicated, and mastering the numbers is 100 percent possible. Your leaders really want to be responsible for their numbers. I am going to tell you why they want to master their numbers, but first, a little story to reinforce the "how to" vs. "want to" distinction.

Increasing the "want to" is always the answer we want to be looking for. What's in it for them? What will be better in their lives that will make them motivated to do the task at hand? With financial leadership in your hotel, there are lots of areas you can cultivate in the "want to."

Financial leadership skills are extremely valuable tools for your nonfinancial leaders to have. In today's competitive world it's not enough just to be great with the guests and colleagues. Leaders need these financial skills to advance. All your leaders want to move ahead, they all want to be executives and to lead. When you present these as opportunities, your leaders will happily step up.

We also must remember that the only place your leaders can get these skills is from you. They need you to create this environment that nurtures these skills. Your leaders see more dollars in their pockets and rightly so. With these skills, they are much more valuable.

Your leaders all want to have more impact. Once you show your team how their numbers directly affect the business, they will want to get on board.

Maslow's hierarchy of needs shines a light on people wanting respect for their work and to have a meaningful purpose. Maslow theorizes that humans have basic needs, one of them is to make a difference in what we are doing. When framed properly, this is incredibly powerful. Self-esteem and self-actualization are direct by-products of having financial leadership skills and responsibilities. This comes with a warning label. Make the responsibilities a positive attribute and not one that is negative. Management by embarrassment will backfire big time, every time. The financial leadership in your hotel needs to always be packaged with love and never fear. If we put fear and money in the same boat, we literally sink.

6) It's A Circle – Create the Monthly Financial Circle



Practice is what we are missing. Practice with the financial piece is somehow a foreign concept. “Everything we do is practice for something greater than where we currently are.” - Adam Kirk Smith

If you and I worked in banquets and we were both rookies, we would show up every day and listen, work and learn, and in a relatively short period of Time, we would both be pretty good at setting up, servicing and tearing down the banquet.

So how is this different from learning the financial piece? It's not, that's the illusion. It looks different because its money and we see that it has a certain illusionary power.

The monthly financial circle in a hotel is the practice schedule and it includes the different routines that we must rehearse to improve our whole financial game. The circle repeats itself each month like clockwork, always overlapping and never missing a beat.

In our business, it can seem like the financial machine never stops, it can seem relentless. It's like we just finished one month's commentary and it's forecast time again, and before you know it, it's time for month-end close and statement reviews. These tasks seem to pour over each other and the timer never stops.

The real beauty in all of this is that the window opens and closes 12 times each year. To look at this in a positive light means I have 12 opportunities each year to learn. Twelve opportunities to re-set and learn from what worked and what didn't work. Throw out the bad and keep the good. If I look at each monthly financial cycle as an opportunity to learn, I will move to master this financial discipline.

In most hotels, the circle will start a week or so before the end of the month with the timely arrival of the rooms on the books and the occupancy, rate and room revenue projections for the next 90 days. From this data, I plan my department's payroll and expenses. I know based on the budget what I have as a base. I know the zero-based expenses in the budget for my department, and based on the projected volume of rooms, I plan my month's activity. It really does not matter what department I'm in; what matters is I see how the next three months look and I adjust my payroll hours and expense dollars accordingly to match those projections, using my budget as a base. I submit my forecast on time and the next day I get my properties consolidation report. From here I have a quick conversation with our financial quarterback and she tells me we need to improve the bottom line in month one and two, month three for now looks OK. She asks

several of my counterparts and me for an improvement in payroll and expenses in the next two months. She gives me a real number to hit, we go back and forth, and agree on how much I can reduce my costs by. She leaves it up to me to find these dollars in the details. This is nothing new, we do this every month and sometimes what I propose is on the mark; other times I get a recommendation to add, and some months like this one, I need to trim. I make my changes, resubmit my numbers and a day later I have my final forecast for the next 90 days.

From the forecast stage, we move into the actual month. I know the total volume of business anticipated for the month and I even have it day by day for my area. I prepare my work schedules and my purchase orders for the first part of the month, all the while keeping an eye every day on the pickup report, the daily sales, and the month-to-date sales all relative to the latest forecast. I quickly see and hear where we have a softness in the month and where the pickup is behind. I know based on this trend that we won't hit our monthly total so I adjust my work schedule, send a manager on holiday and reduce expense requests for the coming weeks, all the while balancing where I see the business ending up and what I need to maintain the standards in my department. Because I have a zero-based expense budget in detail and a staffing guide that has fixed and variable positions, I know what levers I can pull. As we move through the month I look at my stats daily and it only takes a few short minutes.

We finish the month and I get my general ledger detail report and financial statement first draft. I go right to the top level and look at the revenues and business volumes and they are exactly what the last daily report said they would be. I then flip to my page of the statement and look at my payroll and expense lines. I then review the general-ledger (GL) detail for my accounts and compare this quickly to my checkbook. I find two items that don't belong on my accounts. I commutate with accounting, they make the correction and now I know I have a clean statement. A couple of days later the final statement is complete. I have another look and my lines of the financial are correct.

From this phase, I sit down and write my piece of the commentary. What happened in the month with my payroll and expenses relative to the volume of business expected vs. what materialized and what changes did I make to what was originally forecasted.

I submit my portion of the monthly commentary; it's consolidated and edited. A couple of days later I get a final copy of the property commentary and now the monthly circle is complete. But wait! The next month has already started, I have already completed the next 90-day forecast, and I'm already tracking the new month's volumes and adjusting my spend accordingly. This is fun!

7) Many Hands – Lift Your Business Up

One of my mother's favorite sayings was "many hands make light work." My dear mother Donna would often recite her favorite sayings, especially when she wanted to make a point. She had some really good sayings, and several have stuck with me. One of them relates to hotel financial leadership. The saying is "many hands make light work." How does that relate to creating an engaged leadership team in your hotel? Let me explain.



It's true in any aspect of our lives at home and at work that teamwork makes things easier. The reason it makes it easier is that we have more effort directed to the thing we are trying to do. The simplest example is trying to lift a heavy rock. If we work in a coordinated fashion and do it together, it's much easier. In our hotel, it is precisely the same with financial lifting. If I try as the GM or the director of finance to do it alone, it's hard. It's impossible to lift this thing by myself. But how do I get the others to lend a helping hand?

In our hotels, we have an amazing tool to help us distribute the lifting its called the financial statement, or the P&L. What I want to do with this tool is tear it apart and put it back together, giving every single line of revenue, cost of goods, payroll, expense and statistics to the appropriate manager or leader on my team. That's right, every single line. By using this strategy, I now have a blue print of my business that shows me who I need to communicate with when a certain line of my financial statement is out of whack. Agreements need to be made with these individuals so they clearly understand their role and responsibility with their lines of the statement and I ensure they have what they need to get the job done.

Once we have an owner for every line, we then need to work with these individuals to help them learn how to forecast and budget their lines each month. Once the forecast is consolidated, I now have a team member to call on if I need to make changes. I no longer tweak the forecast in a few areas to get the bottom line I need. I go back to the line owners and I negotiate the changes. So, stop right here. I know what you're thinking. How is this possible or practical? STOP! This is the most important pivot in the book. If you change the forecast for that line and give the consolidated forecast back to the team, and you have changed the line items without the agreement of the owner of that line, you have just fallen all the way back down the financial leadership ladder. You will have zero credibility with your leaders; they will quietly thumb their nose at you.

You're thinking you don't have time for this. Well, make the time and it will reward you handsomely.

The very essence of your hotel and the financial leadership is built on this discipline. It's not possible to throw blankets at this and say that rooms look after their accounts and I'll just deal with the rooms division manager.

Don't do this. It's not an effective strategy because too many P&L lines intersect in your hotel especially in rooms. What you need to do is sit down

with the rooms division manager and go through their statement with them and agree on who will be assigned each and every line.

A good example of the intersecting is a line like “guest supplies,” housekeeping, the front desk, concierge, guest service and even sales spend money that ends up being expensed in this account. So, who is the right individual to manage it? Don’t be fooled into thinking the rooms division manager will handle it. It won’t happen. Get a name that you believe is the right person and make an agreement with the rooms division manager on how this person is going to corral the others. This move is golden and the person you pick to quarterback this account needs to have great diplomacy and negotiation skills. You have just deputized a leader with a very important task, one that requires your commitment, patience and resources. Play this right and the leader will love you for this responsibility; play it wrong and they will resist.

Make sure all of the other constituents who use mixed accounts know and agree that the owner of this account is the one who will prepare the zero-based budget and work equitably with all to make sure they know what they have to spend and when.

With most of lines in the P&L, the owners are obvious. Take the time necessary to work with every single owner on their accounts. This is the foundation of your financial leadership in the hotel. “Every line has an owner” will revolutionize your business and the engagement in your business. This is your garden. Tend to it and watch it grow.

Bonus Secret - Hospitality Financial Leadership Recipe – We’re Looking for Owners, Not Victims Please



Being a financial leader means you own the result. There is no room for being a victim or victim thinking when it comes to leading the financial piece. The challenges demand the type of ownership that takes each situation and finds the opportunity in it.

“A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.” Winston Churchill

Winning at the hospitality financial leadership game is something that requires the correct perspective. To desire perfection in this realm is not wise. To look for and nurture constant improvement and individual effort is the telltale sign of progress. We need to ensure we have a constituent in every area of our business that takes it upon themselves to own the result. They take it upon themselves to own the result because that’s the culture.

It’s a business that relies on multiple levels of communication to produce

information that is used to build the entire budget and forecast product. It's like simultaneously writing a song using a team of players that is strewn all over the enterprise. What happens over here changes the way things sound over there and this collaboration only works when the team is patient, attuned and fully participating.

It's quite easy to play the victim, and not have the timing and missing the opportunity to take the shot. The team effort requires dedication and a committed conductor to keep watch and ensure each person in the ensemble is playing his or her part.

You will hear the victim's language loud and clear. The victim will tell you they are too busy, they didn't get the time, they are short-staffed, they got slammed, they're swamped, they are underwater, it's insane, there is too much going on! No matter how they characterize it, they make it sound like some biblical force that has a mission to hold them out of action, to render them helpless. Victim thinking has them stuck believing the power lies outside of them to take or make the action necessary to get the result. An apparent self-imposed need to get it right stops the victim and precludes them from playing.

You can't say it any better than David Earle says it: "A victim evokes sympathy, right? Victims are not responsible, right? Victims have the moral high ground... someone else is causing the misery, right? Victims can easily justify why they are right. Victims allow themselves to be stuck in the status quo and they excel at seeing the faults in others, ignoring their own responsibility. They love to take others' inventory of faults and are excellent at blaming. Victims become hypersensitive to real and perceived injustice, where any slight becomes a reason to reject. Victimization is the toxic wind blowing through enterprises, fanning the fires of dysfunction."

The numbers have a special victim code. The people who possess the special number victim code have signed onto the club that reduces their members' power by showing them that the real power in their ecosystem belongs to someone else. The person who holds the special number code

has treated the victims poorly and shortchanged them. Therefore, it's OK for the victim to miss their turn and not take their own shot.

Someone must step in and take their shot for them and then you hear the victim recite something like this, "See what I mean? They just keep shortchanging me and giving me unrealistic targets and numbers that don't make any sense, see I told you it always works this way. Tie one hand behind my back and they still expect me to do it."

The victim abdicates their position by missing the opportunity because the whole system is rigged to make them fail. What the victim won't see is the opportunity they have to take a shot, miss and shoot again. Missing your shot is OK; not taking the shot is the problem.

We all miss shots. "I've missed more than 9,000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game-winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed."

— Michael Jordan

Being a financial leadership owner invokes a commitment to the organization and the process. It's says "I'll be around and playing even if I miss the game-winning shot. I'll find a way to always show up and play full out and I know that means sometimes that I'm going to miss my numbers and screw it up. But I know the team has my back because that's the code I read. It's a choice based on how I think and how I see my world."

The ownership code says I can do this and I'm stepping up and showing up as me, of free will to claim my spot. I own my spot and the ongoing cost to keep my space is my commitment to play full out. When others miss their shot, I'll make mine and it will help carry the day. When I miss my shot, the team has my back and we all help each other by staying in the game together. By staying in the game, I know I am owning my result, no one is going to take or make my shot.

I hope you enjoyed the read. You can find additional resources on my website. www.hotelcoachdavid.com



My mission is to equip you with the tools and the process to use to master your hotels / brands financial leadership. Call or write today to arrange a consultation and see how you can get your team more engaged in the finances in your hotel or brand.

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