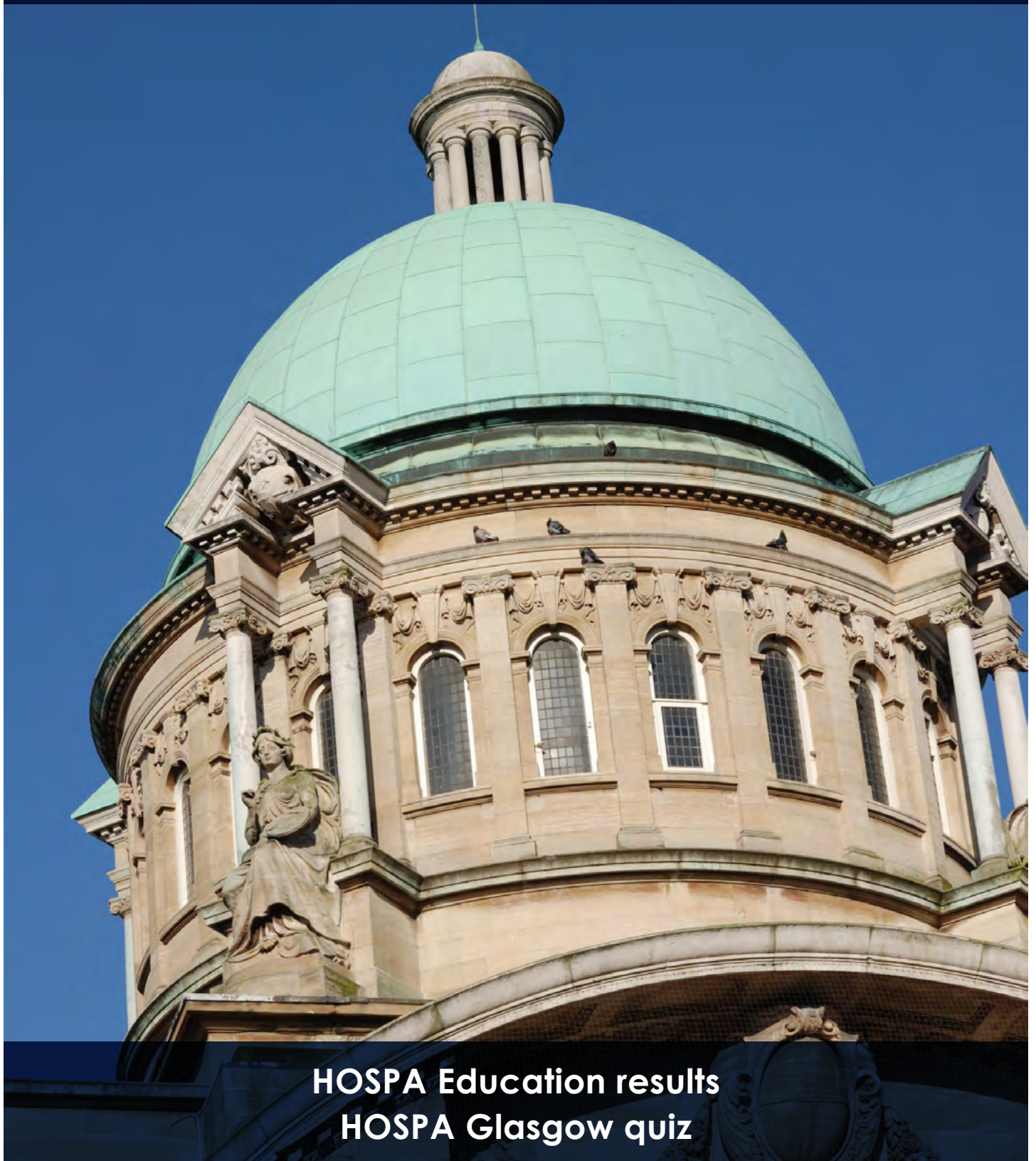


THE OVERVIEW

ISSN 2048-4844 SEPTEMBER ISSUE 2017

Welcome to Hull



HOSPA Education results
HOSPA Glasgow quiz

Welcome to THE OVERVIEW

The internet has taught us many wonderful things. The weather down the road to the nearest minute, that cats can ride vacuum cleaners and that you need never pay full price for anything ever again.

Discount restaurant vouchers have been creeping into the virtual wallets of the high-street consumer for some time, but often on the periphery, either through discount sites like Groupon or small, local chains at unusual times.

The past few months have seen a shift, with Hungry Horse, Frankie & Benny's, Pizza Hut, Strada and Pizza Express all moving away from a free starter or a bundle to flat percentages off bills.

Mark Brumby, analyst at Langton Capital, has his concerns, commenting: "On the industry level, discounting is a bad idea. The same customers (pretty much) eat the same meals but they pay less money. Industry profitability suffers. The industry as a whole does the same work but margins and profits fall. The problem, of course, is that at the company level, the micro level, discounting can make sense.

"At the micro level, it maybe has. And for companies in trouble (maybe not existential trouble, maybe just trouble in hitting revenue numbers), there's arguably little point in telling them that they're disadvantaging the whole industry by cutting prices."

The problem remains, how do we go back? At the time of writing the UK's inflation rate had climbed to its joint highest level in more than five years in August, with the CPI up 2.9%. Competition for the stretched wallet of the consumer can only build from here and anyone offering a bargain will be most sought after. As with hotels, it is the mid-market which is likely to suffer - as the discounts above tell. Differentiation must come from the service offering, something hard to do when Brexit is hitting staffing. Innovation will be key.



Katherine Doggrell

Editor | katherine.doggrell@hospa.org

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HOSPA

Hospitality Finance, Revenue and IT Professionals

CEO

Jane Pendlebury
jane.pendlebury@hospa.org

Editor

Katherine Doggrell
+44 (0) 7985 401 831
katherine.doggrell@hospa.org

Editorial Board

David Nicolson
Chairman - Finance & Accounting Committee

David Derbyshire
Chairman - Information Technology Committee

Michael Heyward
Chairman - Revenue Management Committee

Alec Jones
Taxation Committee

Membership & Events

Robert Maloney
Membership Officer
rob.maloney@hospa.org

Tel: 0203 418 8196

Professional Development

Debra Adams
Head of Professional Development
debra.adams@hospa.org

Jane Scott
Programmes Coordinator
jane.scott@hospa.org

Tel: 01202 889 430

Publisher

Hospitality Professionals Association

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**HOSPA, Longdene House,
Haslemere, Surrey, GU27 2PH**

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HOSPACE2017 programme now available!



Have you booked your HOSPACE2017 delegate space for 2nd November at our new, exciting, state of the art venue, the Royal Lancaster London?

We have a highly topical and varied programme, delivered by a distinguished line-up of top industry leaders, specialist experts, and suppliers. For the full Conference and Exhibition schedule, visit: www.hospace.net.

With senior executives from Jumeirah, The Savoy, The Dorchester Collection, Firmdale, Hilton and Interstate Europe Hotels & Resorts speaking - alongside experts from respected consultancies and professional organizations, ranging from BDO, KPMG, and Hamilton Hotel Partners to ETOA and The BHA - delegates can be sure of leaving our one-day flagship event inspired, and full of ideas and suggestions for their workplace teams.

Each session has so much to offer that it is difficult to select key highlights. One thing I can say for sure is that there is something for everyone:

- We are delighted to be working with the team at HR in Hospitality who have not only created the opening session on evidence based HR in terms of people data, but are also delivering two HOSPACE Workshops focused solely on HR issues.
- We continue to work hand-in-glove with the Hotel Marketing Association (HMA) and are pleased to have its chairman, Steve Lowy, on an expert panel discussing the ever-evolving dynamics of the Online Travel Agents. It has been all too easy to lose sight of the advantages brought by OTAs. Only recently has the industry started to fully embrace their benefits, with a greater understanding of how to manage their influence on hospitality businesses.
- Many of you will know international hospitality technology expert Ted Horner, so his session on cyber attacks, entitled 'Who is Watching You', is bound to be lively, informative and crucially important to the current high-tech world in which we operate.
- Last year's discussion on the effect of Brexit on the hospitality industry was so well received that the same well informed dynamic panel will be providing their updated views on the current situation. We are delighted to welcome John Guthrie, the BHA's Employment Policy Advisor, to set the scene for the session.
- As in previous years, we will be offering a wide range of highly relevant 'HOSPACE Workshops and Technical Updates' for delegates to choose from.

- Also, HOSPACE's ever popular exhibition of hospitality technology will provide delegates with a 'one-stop shop' to view and interact with the latest and 'best in class' technologies, suitable for all sizes of operation and types of ownership.

The Royal Lancaster, celebrating its 50th anniversary, is looking fabulous following its recent renovation. We value our partnership with the hotel events team, who are as keen as we are to ensure that HOSPACE's move to central London is a success. Their charismatic General Manager, Sally Beck, is to be interviewed on the main stage during HOSPACE2017, hopefully sharing some of the secrets of her success.

At the HOSPACE Gala Awards Dinner in the evening, former England number eight rugby union international and Harlequins captain Nick Easter will be our guest speaker. He will be additionally assisting HOSPACE2017 Master of Ceremonies and raconteur Peter Hancock, Chief Executive of Pride of Britain Hotels, in presenting the prestigious annual HOSPA 'Inspirational Leaders in Hospitality Awards 2017' for Finance, Revenue Management, and IT. This is a prestigious and extremely entertaining event not to be missed!

Since the last edition of The Overview, we have held a couple of very successful HOSPA Members Meetings. The quiz night in Glasgow was a lot of fun - you can see a more detailed report on page 17.

Our 'Bridging the gap between traditional and technology' event at Red Carnation's Rubens at the Palace London was very well received, with some of the best feedback I have received. We are grateful to Keystep for planting the seeds for this event, planning it and delivering great presentations - along with Avenue9 and Red Carnation Hotels. Keystep has recently installed its Opendoor locking solution into The Rubens at the Palace and was mindful of the hotel's décor, ambiance and traditional attitude towards their guests during the installation. Avvio sponsored the rather special and delicious canapés, enabling the delegates to network and continue their discussions with the speakers whilst enjoying a glass of wine.

A big 'thank you' to everyone who supports our events; and we look forward to receiving your bookings for HOSPACE2017!

Brexit high on the HOSPACE agenda



Consequences of leaving the EU for the UK hospitality industry, evidence based HR, the cyber threat, and the ever-evolving dynamics of OTAs - key topics to be examined at HOSPACE2017 Conference and Exhibition on 2 November

Brexit will once again take centre stage at HOSPACE2017 - the annual conference and exhibition of HOSPA, the UK's leading organization for hospitality professionals involved in Financial Management, Revenue Management, Marketing and IT - on 2 November at the Royal Lancaster London.

Updating delegates and discussing the issues and implications for the UK hospitality industry will be John Guthrie, Employment Policy Advisor at the British Hospitality Association (BHA), and last year's acclaimed HOSPACE2016 Brexit panelists: Martine Ainsworth-Wells, Head of Destination Engagement, ETOA (European Tour Operators Association); Jeremy Robinson, Partner, Watson Farley Williams; and Mark Essex, Director, Public Policy, KPMG.

They will once again be imparting their wisdom on the vitally important subject: 'The consequences of leaving the EU for the Hospitality industry'. Providing the probing questions will be panel chairman Robert Barnard, Partner at BDO, responsible for BDO's hotel/hospitality consultancy.

"We are delighted to welcome back the excellent Brexit panel, who proved so popular with our delegates at HOSPACE2016," said HOSPA Chief Executive Jane Pendlebury. "This year, we are especially pleased that John Guthrie will be providing a special introduction to the Brexit discussion. As an industry, we owe a great debt to the BHA for its excellent work in looking after our interests and lobbying the Government on our behalf."

For his part, Guthrie stated: "The BHA has spearheaded the industry's efforts to persuade the Government that a 'cliff-edge' scenario - where 'freedom of movement' ends and no successor system put in its place - would be catastrophic for Britain's hospitality industry.

"The BHA commissioned KPMG to research this issue and their conclusion was that, in such a scenario, the industry

would need to recruit around an additional 60,000 employees. At a time of very low unemployment and a declining number of new entrants to the labour market, this is unrealistic. We have been campaigning for a post-Brexit immigration system that continues to allow for the recruitment of service workers, while building in a gradual year-by-year increase in the recruitment of UK workers as we promote the sector as a career of choice."

The value of evidence based HR will come under scrutiny at the first panel discussion of HOSPACE2017. The session is entitled: 'Evidence based HR, friend or foe? What came first, people or data?'. Expert panelists - Dr. Judie Gannon, Senior Lecturer (Human Resource Management), Department of Business and Management, Oxford Brookes University; Ann Whelan, Vice President Human Resources - Europe, Jumeirah; Emma Jayne, Director, Human Resources, The Savoy, London; and Laura Wigley, Global Talent & Learning Director, The Dorchester Collection - will attempt to show delegates how industry operators need to be smart around 'people data', and how it can be used effectively to address HR challenges. Asking the questions will be panel moderator Stephen Bevan, Head of HR Research Development at the Institute for Employment Studies (IES), and Honorary Professor at the University of Lancaster Management School.

The last panel session of the morning will be given over to 'Do you know who is watching you? - the cyber threat.' Discussing this crucially important issue will be David Nicolson, Vice President Finance - Europe, Jumeirah Group, who is the newly elected Chairman of the HOSPA Finance Committee; Michael Heyward, Managing Director of Heyward Hospitality Solutions, who is also Chairman of the HOSPA Revenue Management Committee; and David Derbyshire, Director IT Service Delivery, EMEA (Europe, Middle East and Africa) Field Technology Services, Hilton Worldwide, who is the newly elected Chairman of the HOSPA IT Committee. Posing the questions will be renowned IT expert and panel moderator Ted Horner,

Managing Director of E Horner and Associates technology practice, specializing in the hospitality industry.

'The ever-evolving dynamics of Online Travel Agents (OTAs)' will be the title of the final panel session of the one-day HOSPACE2017 Conference and Exhibition. Under the skillful control of moderator Ally Northfield - Director of Revenue by Design, the distinguished panelists will be: Steve Lowy, Chairman of the Hotel Marketing Association and creator of the Umi Hotels brand and Umi Digital; Tracy Murray, Senior Associate at Hamilton Hotel Partners; and Carol Dodds, Vice President of Commercial for the UK, Interstate Europe Hotels & Resorts.

Another HOSPACE2017 afternoon highlight will be Hotel Analyst Editorial Director and Co-owner Andrew Sangster interviewing Sally Beck, General Manager of Royal Lancaster London - HOSPACE2017's new venue. Sally has been at the hotel's helm since 2012 and is responsible for the operation of one of the largest banqueting establishments in Europe. She has been overseeing the final stages of the Royal Lancaster's £80 million renovation, completed in time for the hotel's 50th anniversary and HOSPACE2017. To complement this landmark in the hotel's history, the mid-20th century icon has reinstated its original name of 'Royal Lancaster London'.

As in previous years, HOSPACE2017 will offer a wide range of

highly relevant 'HOSPACE Workshops and Technical Updates' for delegates to choose from. Also, HOSPACE's ever popular exhibition of hospitality technology will provide delegates with a 'one-stop shop' to view and interact with the latest and 'best in class' technologies, suitable for all sizes of operation and types of ownership.

The event's grand finale Gala Awards Dinner will see former rugby union England number eight and Harlequins captain Nick Easter, who will also be guest speaker, assist HOSPACE2017 Master of Ceremonies and raconteur Peter Hancock, Chief Executive, Pride of Britain Hotels, in presenting the prestigious annual HOSPA 'Inspirational Leaders in Hospitality Awards 2017' for Finance, Revenue Management, and IT.

To book for HOSPACE2017 and the Gala Awards Dinner: Email: bookings@hospa.org; or Telephone: Charlotte Pratt, HOSPA Membership and Events Manager, on 020 3418 8196. For regularly updated information on HOSPACE2017, visit: www.hospace.net

Pictured: HOSPACE Brexit speakers: Martine Ainsworth-Wells, Head of Destination Engagement, ETOA (European Tour Operators Association), and Jeremy Robinson, Partner, Watson Farley Williams

→ FM RECRUITMENT



Chris Denison Smith
Director, FM Recruitment

AI vs EQ - Skills for the new world of work

Technological innovation keeps hitting us in waves. Talking machines, self-driving cars, and even robots are not dreams of the future, they are our present. And now Artificial Intelligence is a very real business consideration. But is AI an ally or a threat? And if it is a threat, what can we do to protect ourselves?

AI uptake

Most business now work in the digital space in one way or another, it is both normal and necessary. The next step of expanding business capabilities is to embrace AI. According to research from The Economist, 75% of executives say that Artificial Intelligence will be "actively implemented" in their companies within the next three years¹. According to IDC 'By 2019, 40% of all digital transformation initiatives - and 100% of all effective IoT efforts - will be supported by cognitive/AI capabilities.'² Some practical uses for AI - voice recognition apps for example - actually seem fairly simple compared to the ideas that have been depicted in sci-fi films. But AI capabilities will continue to increase from here. The AI market is estimated to reach USD 5.05 Billion by 2020.

The best use of AI, as with all great technological innovations that came before, is to do things faster and more efficiently than

we could before, and this includes learning faster. AI can do the things we don't want to spend our time on so we can focus on doing what we do best.

AI development

AI is set apart from standard computer programs by the ability to perform tasks that normally require human intelligence like speech recognition learning, reasoning and problem solving. Pioneering AI in the 1950s could use intelligence and reasoning to solve algebra word problems or make clever decisions in order to win a game of chess. Now businesses are looking on the horizon for AI that is designed to reason for them.

The biggest player in AI today is Google. They now own an AI start up, have made a machine learning system and have recently announced a research project into 'the relationship between users and technology, the new applications it enables,

¹https://www.eiuperspectives.economist.com/sites/default/files/Artificial_intelligence_in_the_real_world_1.pdf
²<http://www.idc.com/getdoc.jsp?containerId=prUS41888916>

and how to make it broadly inclusive.' With Google involved in the space, AI is bound to become a part of all our lives as well as impacting how businesses communicate with consumers.

AI in hospitality

In hospitality, AI is especially useful to help us make smart decision on pricing and revenue management. Data, algorithms, and historical information are important in revenue management. This makes it the perfect playing ground for a fast thinking machine to continually learn, reason and assist in decision making.

Another useful function of AI for hospitality is chatbots. These may or may not have a physical presence in a hotel. They are likely to be text systems that guests can contact to answer simple queries that hotel staff need not waste their time on. The bots can be useful inside and outside hotel, they can answer booking queries and make website user experiences smooth.

The human advantage

With machines, robots and AI outperforming humans at every turn, what is left for us to do? Do we have any useful skills left?

Experts are now talking about something called EQ - Emotional Intelligence. This is something that will become increasingly valuable in the years to come. And this is also something the people in our industry have in spades. We are people after all. There are also many creative and business development professionals in the industry coming up with innovative new ideas and creating amazing new designs. AI frees us up time to dream and do, without the paperwork slowing us down.

Emotional Intelligence is all about understanding and managing emotions. It is your ability to empathise, see things from other people's perspective, accurately interpret other people's emotions and know how to respond appropriately. It is also about self-awareness; how well do you understand your own emotions and how are you coming across to other people? Do you know how to motivate yourself and others and keep up positivity.

According to Talent Smart³ EQ is responsible for 58% of our job performance and 90% of top performers have high EQ.

³<http://www.talentsmart.com>

The use of EQ

EQ can come in handy for diffusing tense situations amongst staff or with upset customers. It is useful for forward planning, creative thinking and adapting to achieve goals. For building relationships, and for getting your ideas across in a way that can connect with people.

When thinking about our own level of Emotional Intelligence some honesty is required. You can know theoretically what the right thing to do is and completely ignore it.

Having some intelligence around the way people will react in certain situations, and having awareness around the way your team work will help you plan projects more effectively.

Improving our Emotional Intelligence

Emotional intelligence is something that can be worked on. People that take the time to understand how people tick are the ones that will have the upper hand in the future. It is never too late to invest some time into thinking about how we are using and improving our EQ.

How can we look at things from other peoples' perspective? If we are in a disagreement with someone, knowing where they are coming from and why they are arguing their point will help us immensely in finding a resolution everyone is happy with rather than stubbornly shouting from our perspective. The faster disagreements are resolved the faster business will move forward. The same can be applied to dealing with customers. If we can really understand where they are coming from we can better meet their needs and understand how to connect with them.

So, we need not be threatened by the coming of AI. If we understand how best to exploit it and use it to our advantage. We must keep our vision and our customers in mind and use the best tools for the job at hand. And we must always know our own strengths so we can put our best foot forward in whatever we do.

Chris Denison Smith is a regular contributor to HOSPA, and a Director at FM Recruitment, a business which has focussed for over 30 years exclusively on accounting and financial management in the hospitality sector. Serving clients and candidates throughout the UK and International markets, we source talented people for Finance, IT, Procurement, Asset Management, Professional Consultancy and Analysts. www.fmrecruitment.co.uk





Ketan Bhakta, Finance Graduate Manager for Jurys Inns

Ketan commenced the Financial Management programme in March 2016 and became the prize winner for Stage One by achieving the highest combined coursework and examination grades.

Ketan is currently working in the position of Finance Graduate Manager on the Jurys Inn two-year Finance Graduate Scheme. Through the programme he is gaining experience with both the operations and head office finance functions of Jurys Inn.

Prior to starting the programme, Ketan gained a 1st Class BA Hons in Accounting and Business Management. After completing the scheme, he hopes to gain a managerial position “with the view of becoming a Cluster Financial Controller in 5 years’ time”.

He tells us how he believes the Financial Management course is benefitting him now and how he thinks it will help him in the future:

“The current HOSPA programme provides a good theoretical resource which compliments my current role. HOSPA provides the opportunity to see the theory behind the daily tasks conducted and the exposure to more high level tasks such as creating Income Statements, Statement of Financial Position, etc. This provides greater understanding to the industry and provides greater value on the daily tasks conducted as it is beneficial to the company. In addition, attaining a recognised qualification within the hospitality industry is favourable, as when progressing in the industry you can be recognised by experience and academically.”

Studied in three Stages, the HOSPA programmes in Financial Management or Revenue Management cost £820 + VAT per Stage and enrolments are being accepted now for the next start date in March 2018. Contact education@hospa.org or visit the website at www.hospa.org/education.

Meet the Professional Development Team

Calling all heads of Financial and Revenue Management divisions - the Professional Development Team are available to meet with you and your team members, cluster controllers and revenue executives to provide information about the HOSPA professional development programmes. Enrolment for March 2018 begins now! We can visit you and present at your next team meeting. Please email education@hospa.org.

Welcome to our new Associate Certified Members

Congratulations to the following learners who have recently successfully completed their studies and who are now awarded Associate (Certified) membership of HOSPA:

Financial Management Programme

Paolo Stabile	Aleph Rome Curio Hilton Collection
Shilen Pattni	Jurys Inns
Kamila Lipnicka	Radisson Blu Belfast
Debra Fraser	Principal Hayley Selsdon Park Hotel & Golf Club

Revenue Management Programme

Sam Jennings	Whitbread Hotels & Restaurants
Lewkora Phillips	Supercity Aparthotels
Priya Shah	The Grove Hotel

City of Culture 2017



A recent 'Yorkshire Post' article¹ on the impact of 'Hull City of Culture' reported that "during the first half of 2017 alone more than 1.4 million people had attended 450 events". National media coverage was given to the 'Made in Hull' opening week extravaganza, the giant installation wind turbine 'Blade' laid on its side in Victoria Square in the city centre in February, and Spencer Tunick's 'Sea of Hull' photographs of 3,200 naked blue bodies taken at a number of Hull locations which premiered at Ferens Art Gallery in April.

In this article, Jim Doyle discusses the impact on three local hospitality, leisure and service businesses and tries to gauge the long term legacy on a city best known for its fishing industry heritage.

Hull Truck Theatre

Ruth Puckering, Director of Communications of Hull Truck Theatre is in no doubt about the beneficial effects of the City of Culture.

Having been encouraged by the City of Culture team to 'build ambition' into its 2017 offerings, Hull Truck managed to attract internationally renowned actors Mark Addy, Caroline Quentin and Matt Fraser to Hull.

Ruth explained that until 2016, average shows would involve 6 - 8 actors. 'The Hypocrite' and 'Richard 3rd' used 20 and 22 respectively. The sets were large, ambitious and required offsite rehearsals supported by the local Goodwin Trust at Holy Apostle Church on Anlaby Road, a major Hull thoroughfare. This allowed the local community to meet and

mingle with the famous actors. 'This reinforced the concept of City Of Culture' said Ruth.

Ruth also reported that ticket sales were 28.7% higher for the first six months against the same period 2016 and that registered bookers for future Hull Truck performances were up by 40%.

The major investments that have been made to accommodate the larger shows will of course remain within the theatre to the benefit of future shows - new dressing rooms backstage and innovative sets (including a drawbridge!).

City of Culture's impact on capacity has been phenomenal. 'The Hypocrite' was the highest grossing production in the history of the theatre. Historical seat occupancy has been in the range of 50% to 75% - 'The Hypocrite' achieved over 95%!

Being a 'not for profit' organisation, the extra margin arising from the growth in sales will be ploughed back into more ambitious projects such as 'Our Mutual Friend', which will bring four local Youth Theatre Groups (for 14-21 year olds)

together to perform an original adaptation of the Dickens work by Bryony Lowery.

Ruth explained that a favourable social impact has been noted, namely a marked increase in disabled visitors to Hull Truck. Ruth thinks this could be a direct result of casting a disabled actor (Matt Fraser in 'Richard 3rd') in a lead role.

When asked whether there will be a hangover from 2017, Ruth confidently pointed out that 2019 will be the tenth anniversary of the new theatre and that 2021 will be the fiftieth anniversary of the creation of Hull Truck.

Ambition indeed remains big at Hull Truck Theatre!

Hull Trains

Will Dunnett, the Managing Director of Hull Trains reaffirms the uplift in economic activity in Hull.

Hull Trains provide a direct daily service to the capital from the East Riding of Yorkshire. Now in his fourth year at the helm of Hull Trains, Will Dunnett's focus has been the simultaneous provision of Quality Customer Service and Commercial Value.

So far during Hull's City of Culture year, Hull Trains have seen customer growth of 12% at a time when national train use has grown by 4.3%. Significantly, of Hull Train's growth, 19% has been on trips into Hull from the South, including an uplift in early morning customers departing from Kings Cross. This has delighted Will's team.

In Will's opinion there has been a tangible 'bounce' as a direct result of Hull's increasing national visibility. For example, Hull is now a permanent feature on BBC Weather Forecast maps. Certainly Will has no regrets about the corporate support that Hull Trains have contributed to the City of Culture effort.

As for the legacy of 2017, sustained growth in traffic to and from Hull could underpin establishing departures from other large East Riding towns such as Driffield and Bridlington, currently Northern Train branch lines on the Scarborough to Sheffield service. Customers from the wider East Riding can access London direct from Beverley at the moment. Should the Northern Powerhouse political process bring full electrification to the Hull - Manchester line the pressure to grow services should increase.

¹Mark Casci Yorkshire Vision August 2017 - yorkshirepost.co.uk

'Doubletree by Hilton' Hotel, Hull

Helen Symonds, Director of Sales & Marketing for the nascent 'Doubletree by Hilton' Four Star Hotel has the challenge of building bookings for conferences, rooms and banquets ahead of a planned opening before the turn of this year.

If proof were needed that Hull's reputation has grown by leaps and bounds, the fact that the City of Culture has attracted a major £25m 'new build' hotel and conference facility is surely evidence enough.

The 'Doubletree by Hilton' will be the first 'Four Star' hotel in Hull City Centre, and aims to be the wider region's premier conference and event provider. Situated on Hull's main thoroughfare, Helen Symonds will be able to host 1,000 guests in a theatre-style layout, or 750 guests in a formal banqueting layout.

Together with 165 '4*' rooms, including two 'presidential' suites and six 'junior' suites, this new hotel and conference centre will become a destination in its own right in 2018 and beyond.

Helen believes that bringing 100 new jobs to Hull is a massive vote of confidence in the City of Culture legacy. Indeed, Hull's fishing history has been chosen to be a major decorative theme within event and reception spaces.

Another first for Hull is the use of 'state of the art' construction processes. At completion, massive cranes will have hoisted containers holding 143 modular pre-built rooms into place which themselves will form the majority of the structure of the massive building. Helen explained to me that construction time as a result of using the modular approach will be a full 20% less than if traditional methods had been used.

If a leisure break to Hull includes transportation by the UK's Rail Operator of the Year, seats at an internationally renowned theatre and the comfort, hospitality and service of East Yorkshire's newest and plushiest hotel, there is no doubt in my mind that 2017's legacy will be that Hull consolidates its position as a destination of choice for many years to come.

Jim Doyle is a Fellow of HOSPA and provides non-executive solutions, constructive challenge and strategic perspective for a portfolio of clients across the Humber Region and North East.

HOSPA

Hospitality Finance, Revenue and IT Professionals
Professional Development



Enrolling now for Finance or Revenue Management programmes for March 2018
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Taking care of a critical application in a 5 star services centre

To successfully accomplish its digital transformation, AccorHotels wanted to industrialise the support and development of the strategic and critical system at the very heart of its business: TARS (The AccorHotels Reservation System). To achieve this, the world's leading hotel group has built up a close partnership with Atos, brought to life through the rapid establishment of a tailor-made agile services centre.

The background

Digital transformation for an industry giant. Faced with the changes in tourism and hospitality, AccorHotels - the world's leading hotel operator - launched its 'Leading Digital Hospitality' programme representing a €225 million investment over five years. Its success will depend, in particular, on how well its information systems will enable the implementation of new services for the Group's customers, partners and employees. In order to boost its efficiency and agility AccorHotels decided to hand over the majority of the maintenance, support and development tasks associated with its TARS booking system, to a trusted partner.

“The quality of our partnership with Atos, based on common understanding, has allowed us to achieve considerable results from the start of the engagement.”

Julien Ramakichenin
Director of TARS Transformation,
AccorHotels

The challenge

A single partner for a critical application. TARS - which interfaces with web and mobile applications, the internal reservation centre, hotels, travel agencies and online comparison sites - encompasses around a hundred critical applications operating 24x7. Evolving the system will enable a higher proportion of bookings to be made online, as well as mobile functionality and supporting the Group's marketplace. The tool handles an average of 40 million queries and 120,000 bookings a day and is so critical and strategic, AccorHotels was looking for much more than just a service provider. The Group needed a true partner with whom it could establish a close and trusted relationship, going far beyond ordinary client-supplier interaction.

The solution

An agile and industrialised development centre. AccorHotels chose Atos to deliver architecture, technical design, development, testing and level 3 support services for TARS over a five-year period. Based on shared values of responsiveness, flexibility and commitment, the Atos solution was created around a smooth transition

strategy, with strong commitments in terms of production volumes and quality, and the creation of a customised agile development centre.

The results

A rapid and well-managed increase in capability. The excellent climate of co-operation immediately established between the two partners has allowed a rapid and well-managed increase in capability at the service centre, which contributed to several major projects. Alongside this, Atos has supported the transformation of the AccorHotels IT Department, which has also needed to bring its own organisation in line with the requirements of the digital roadmap. This shared transition phase, with the teams providing mutual support for one another, cemented a relationship which is now set to go even deeper. Most notably, Atos will be involved in the construction of the roadmap itself, and contribute to future technical and technological choices, offering the full weight of its expertise to support AccorHotels' digital transformation.

For more information on how Atos can help your business, contact Joaquim Marques - Director of Hospitality, Atos.
joaquim.marques@atos.net
07855 132 763

Hotel Asset Management - Part 2 - Operations

Following on from his first article on asset management, focusing primarily on physical aspects, David Bridge director, Adafabridge Hotel Consultancy, looks at the operational issues of managing a hotel property. Many of the aspects apply not only to hotels but also to the alternative accommodation market.

Customer

The most important focus for any business is the customer. The asset manager not only has to judge whether the manager has the necessary expertise to attract the customer but then also has the skill to develop that relationship and make it more meaningful and beneficial for the business and the customer. A high level of non-discounted repeat business is a sign that the manager is succeeding, but there is absolutely no room for complacency, with so much new stock opening, changes in brands and alternative offers such as Airbnb. All products and services need to be continuously developed and updated so that the customer sees that the manager is constantly striving to improve and deliver the best possible experience.

Key to all this is the staff. Although the physical facilities are extremely important, most customers are drawn by the level of service and the engagement of the staff, as well as favorable reviews on these factors. Sometimes too much focus is placed on productivity and not enough on good guest relations. KPIs are usually designed to measure hard facts not soft factors. It is easy for the operator to produce costs per occupied room or per cover (sorry customer), but should they not also be looking at guest satisfaction, level of repeat business, OTA ratings and maybe even direct commission-free business. It is up to the asset manager to assist in achieving the correct balance. Too many stakeholders look at the number in the bottom right-hand column of the annual profit and loss forecast statement and no further.

To be able to engage with the customer in an effective way, it is essential that staff are treated well and are given appropriate surroundings in which to work, are trained and mentored professionally and given support and the correct tools so that they are confident in what they do and encouraged to take responsibility. By creating a positive ambience, the staff can serve the guest in the best possible way. Again, a question of balance. Does the manager have the necessary skill set and support to accomplish this? The asset manager should not only look at the financials but also the staff engagement surveys and, of course, engage with staff on his/her visits.

This staff support and encouragement will become more important in the following months with the uncertainty brought about by the EU referendum decision and the impact on EU citizens working in the UK hotel industry. This reduction in the trained labour force will see a tightening of the labour market and the hospitality industry might have to look at ways of attracting and retaining staff. It is important that the asset manager can look at these soft issues to help the investor overcome the problems.

Management

There is an increasing trend to employ third-party operators, using a franchise structure. Does this mean there is no place

for asset managers? Quite the contrary. Does this split of responsibilities represent best value for ownership with fees from all parties and the co-ordination fees? It is easy to see why the brands are happy to relinquish management responsibility, especially when the fee structure changes so little over an operating agreement. They also have the possibility to make substantial cost reductions. It is likely that the length of contract with the third-party operator might be shorter and the owner can exercise more control over the operation. In addition, the new managers might arrive with updated reporting systems and better use of technology, due to their ability to change and adapt. A frigate rather than an oil tanker. Changes do not have to be rolled out to thousands of hotels. Historically, the brands have resisted any significant ownership control, but now they seem to be relaxed to delegate control to a third-party. But this means that the asset manager must be more rather than less involved in these processes.

This in many ways gives the asset manager more ability to influence and his role is more intense to ensure seamless service, especially if other parts of the business such as the spa, golf course or food and beverage are also sub-contracted to specialist organisations. Getting the right blend of skills, experience, enthusiasm, courage, and caution together with back up support and infrastructure is essential.

The asset manager plays an important role in negotiating all these contracts to ensure that the hotel is operated in a professional manner and at a reasonable cost. It is also important that there is a balance in control and that all parties can play a meaningful role. No one party has all the answers and meaningful dialogue and an ability to amend and adapt is essential in this fast-moving world. Historical agreements have normally overlooked this aspect.

Performance

How does an asset manager judge an operator's skill in operating his asset? He obviously will have access to the accounts based on the Uniform System of Accounts. But does this format really give the asset manager all the information he requires to drive the business forward and to measure whether the strategy followed by the operator is succeeding. I feel a list of questions bubbling up, but I will resist the temptation.

Is it all about financial performance? This is obviously extremely important, but maintenance of the asset is also critical to maintain the asset's ability to generate the same and better returns in the future. There will always be the questions about what is capital expenditure and what is expenditure and the asset manager will normally be a party to these discussions. But often the underlying discussion is fee-based. And now the question of sustainability arises. It is not only a question of protecting only the property's future. And sustainability is a major marketing focus.

Other significant assets

Regarding the customer, it is interesting to question who owns the customer? Is it the manager, the brand, the owner or perhaps the OTA or other platform who introduced the business? This question becomes more difficult with the added sophistication of CRM systems, where data is assembled from different sources. These questions must be addressed by the asset manager, especially with the advent of the new data privacy rules in May 2018 - GDPR. I believe asset managers have a significant role to play to ensure that processes and controls are in place to avoid any penalties.

Other management issues include who is the employer of key management and what other associations affect the operation. It is not unusual for the General Manager, the Financial Director and the Director of Sales and Marketing to be employed directly by the operator and not the owner. To some extent, this can be beneficial as it allows those individuals access to all the resources of the operator. But in a dispute or separation, it can be an extra complication. And the selection process of these key personnel is often tightly formulated and restrictive. This is however an extremely important area of focus for the asset manager as the resources of the operator are accessed via these individuals and the daily operation is fundamentally controlled by them.

The operator often has certain affiliations, such as buying unions. Hopefully this is to the benefit of all those participating, but there are probably winners and losers with perhaps some of the larger better located properties subsidising some of the smaller more remote properties, with, for example, a standard delivery charge. And a large corporate contract does not always mean that each hotel benefits from the best possible support.

The asset manager needs to be able to deal with all these aspects and challenge where he deems appropriate.

Brand

The brand or brand promise is a means of communicating to the customers the type and level of services they will receive. Is there sufficient clarity? The creation of an ever-increasing number of brands and sub-brands, as well as the merging of several large operators, means that the brand identity may become blurred and fail to communicate a sufficiently clear message. But how can the asset manager keep on top of all these changes and measure the ROI for an owner on their brand commitment? It is important that the asset manager understands the nuances of the brands and their production.

When looking at brand production, it is possible to determine what is delivered, volume and price, by the brands various booking channels. We do not know however what would have arrived via alternative channels should the brand not have been in place. And we do not know what the brand brought in in bookings directly or through third-party channels based on the brand promise and their presence. The brands have their loyalty programs, but, of course, many of the members are not unique! It will be interesting to see what happens with the Starwood and Marriott loyalty programs in terms of combined membership. Do two and two really make four. But maybe the resources behind the combined program will eventually make five. The asset manager must therefore be very analytical in his approach to brand production and try to assess what is generated by the brand rather than being transported over the brand reservation system.

When looking at the business delivered, the asset manager must

identify the delivery costs to determine the net revenue achievement.

In addition, the cost of the brand includes the property improvement plan expenditures, as well as the on-going brand compliance costs in terms of amenities and standards as well as the direct cost of franchise fees, reservation fees and associated marketing contribution, imposed staffing levels and recharges.

Although not an easy task, it is important that the asset manager assesses whether the brand is living up to its promise, although it is unlikely there will be any firm delivery commitment in any franchise agreement and effective performance tests are rare.

The separation of brand and management does raise questions as to how the brands are going to stay close to the end customer and how they will monitor that franchisees are adhering to brand standards. Maybe they will be searching on-line reviews like their loyalty scheme members! The brand manager needs to ensure this compliance whilst at the same time ensuring that brand compliance does not engender excessive non-profit generating expenditure through excessive changes or tweaks to the brand. Another aspect for the asset manager to police.

Performance

Asset managers often use benchmarking to judge performance. The problem is normally to find appropriate data that can be used, as no two hotels are identical. The benchmarking will however highlight areas where the outcome might appear better or worse than the norm. This may be because of poor or exceptional performance but it may also be because of specific issues affecting the hotel. If used correctly, the asset manager will see these variances as indicating that further investigation is required.

STR Global statistics are useful but care should be taken not to use them as a stick to beat up operators on a weekly basis for underperformance, as trends over a longer period are much more important than individual weekly results. STR Global's numbers are however gross of travel agent's commission. I have always wondered why these numbers are used in performance tests, when a failing operator might elect to buy in business to meet the REVPAR hurdle by paying significant commission.

In addition, it is important to review the composition of the competitive set, just in case one of the set might have rebranded following a substantial capital investment, as I have seen happen.

Conclusion

As can be imagined, the data produced by the operating systems can be overwhelming, even for an experienced asset manager. Look at any yield management system. And yet, some of the essential questions are not answered. Does the silo approach of the Uniform System really help operations? It is extremely useful to have a system that can be used that all stakeholders understand but I do question whether it allows an operator the ability to drive and measure strategy.

Is it time for a new ERP system that delivers data to all operating managers and stakeholders, data that is shared and viewed by all to improve its accuracy and relevance.

Easter at HOSPACE



Former England number eight and Harlequins captain Nick Easter is to be the guest speaker at the HOSPACE2017 Gala Awards Dinner on 2nd November at the Royal Lancaster London, W2 2TY.

In addition to being guest speaker, Easter will assist in presenting the prestigious annual HOSPA 'Inspirational Leaders in Hospitality Awards 2017' for Finance, Revenue Management and IT. The Gala Awards Dinner marks the climax of the one-day HOSPACE2017 International Conference & Exhibition.

Easter, currently Harlequins (Quins) defence coach, won 54 England caps (captaining his country twice) and played 281 times for Quins, scoring 53 tries. He took part in three Rugby Union World Cups, including the 2007 final against South Africa in Paris.

He won the first of his 54 England caps against Italy in the 2007 Six Nations. On his fifth appearance, he made history - becoming the first number eight to score four tries for England. This happened while beating Wales 62-5.

Following a four-year absence, Easter returned to international duty for the 2015 Six Nations. During that competition, in the match against Italy, he became the oldest England try scorer. His final appearance for his country was in the 2015 World Cup, when he scored a hat-trick in a 60-3 thrashing of Uruguay.

The highlight of his Harlequins playing career, starting in 2004 when he joined the club from Orrell, was winning the 2012 Premiership title. In April 2016, Easter took on a player-coach role at the club, but quickly recognised he couldn't give 100 per cent to both roles at the same time. This led him three months later to announce his retirement from playing to concentrate on his present role as Quins defence coach.

"We are delighted to welcome Nick as our HOSPACE2017 Gala Awards Dinner guest speaker," said HOSPA Chief Executive Jane Pendlebury. "I, like many, am a great Rugby Union fan. I know delegates will look forward, as much as I do, to hearing about Nick's remarkable career, ranging from his leadership on the pitch and his amazing try scoring achievements, to his undoubted coaching skills."

For regularly updated information about HOSPACE2017 and the Gala Awards Dinner, visit: www.hospace.net.

For bookings telephone: 020 3418 8196 or
Email: bookings@hospa.org

Education and training programmes, March 2017

The following learners enrolled on the March 2017 programme successfully passed the required assessment:

Financial Management, Stage One

Katy Bridge	The Midland Hotel
Megan Buffington	Babylon at the Roof Gardens
Marina Collins	CityNorth Hotel & Conference Centre
Pilar Garcia Alvarez de Perea	Ceviche Ltd
Adriana Gheorghe	Jurys Inns
Emalyn Gretton*	Jurys Inns Hinckley
Kieran James	Jurys Inn Birmingham
Michael Maycock	Jurys Inn Birmingham
Mark Roberts	Carden Park Hotel
Mariya Valerio	W Leicester Square
David Vidoven	Jurys Inns Hinckley
Dickson Wanuma	Hilton Nairobi

Financial Management, Stage Two

Kirsty Burns	Airth Castle Hotel
Leanne Cooper-Keeble	Cotswold Water Park - Four Pillars
Jake Davies	Carden Park Hotel
Monika Hyde*	Quay Hotel & Spa
Amy Kimbel	Principal Hayley Denham Grove De Vere Venues
Boudewijn Kok	Hilton Amsterdam
Hien Nguyen	Laguna Co Ltd (Banyan Tree Co) Vietnam
Carrie Pinches	Carden Park Hotel
Heerah Sookun	Hilton Mauritius Resort & Spa

Financial Management, Stage Three

Jose Benitez Paredes	Haymarket Hotel - Firmdale Hotels
Ketan Bhakta*	Jurys Inn Birmingham
Myles Donald	Blytheswood Square Hotel
Kerrie Flitcroft	Renaissance Manchester
Debra Fraser	Principal Hayley Selsdon Park Hotel & Golf Club
Maxime Guichoux	Hotel Le Richemond, Switzerland
Anthony Haworth	Principal Hayley Eastwood Hall Hotel
Antje Henze	De Vere Venues Latimer Place
Elisa Munerati	JW Marriott Venice Resort & Spa
Yin Myatt	Jumeirah Burj al Arab, Dubai

Revenue Management, Level One

Gretchen Abrahams	Mantis Management (Pty) Ltd, South Africa
Alex Chelaru	The Three Swans Hotel
Harry Clabon	The Sloane Club
Pavinee Prateeprecha	Principal Hayley Grand Central Hotel
Sergio Rodriguez Lopez	Melia Hotels International
Ela Szkamruk	Fitzpatrick Castle Hotel
Gabor Toth	The Ascott Ltd
Miriam Waldmeyer*	Lancaster London Hotel

Revenue Management, Level Two

Kirsti Boyton	Dakota Deluxe Glasgow
Dasline Muvwanga	Alona Hotel
Jude Rodrigues da Silva	Currently unemployed
Henry Rouse*	Hoseasons
Stevie Standerline	Weetwood Hall Hotel
Vidmantas Vainauskas	Hotel Cafe Royal

Revenue Management, Level Three

Sam Jennings*	Whitbread Hotels & Restaurants
Lewkora Phillips	Supercity Aparthotels
Priya Shah	The Grove Hotel

We will be celebrating the achievements of our 2017 highest achieving learners on Thursday 25th January 2018 in the Crystal Palace Suite at the Hilton on Park Lane, London.

The event will commence at 2.00 pm with a Panel Debate, chaired by Professor Peter Jones MBE, Chair of the HOSPA Professional Development Committee, with distinguished speakers. This will be followed by the award presentations and a celebratory afternoon tea with networking. For more information visit www.hospa.org/en/events/awards-ceremony

*Highest grade achieved for their Stage or Level of study

Technology check-in: Does your hotel pass these three mobility challenges?



The Internet of Things, room automation, artificial intelligence and virtual assistants such as Amazon's Alexa are making headway in the hotels and hospitality sector, but none of this is possible without the right foundation of secure connectivity.

No matter how luxurious your hotel, how sumptuous the food or how relaxing the spa, if you don't offer secure connectivity and mobile guest services, you are unlikely to fill your rooms. David Carnell, A/NZ Hospitality Lead, Alcatel-Lucent Enterprise looks at the issues and the technologies that are now available to enable hoteliers to provide the services guests expect.

Hospitality is a connected industry. Even back in 2014, 40 per cent of people travelling on business had three or more connected devices, because smart and wearable tech offer far greater functionality to people on the move. Inside the hotel, guests are turning to their own tech for information and entertainment rather than traditional hotel services.

It's secure access first - and last

Hoteliers realise that to grow their business they need to invest in technology. According to the 2017 Lodging Technology Study, 57 per cent of hotels are planning to increase investment with 42 per cent intending to maintain their technology spend. The top priority is to increase digital customer engagement in a secure environment, and for this, mobility and connectivity need to be at the center of their digital transformation strategy.

Wireless connectivity is now an essential amenity. Guests experience it at home, at work and increasingly on the move -

so they have high expectations. In fact, Wi-Fi is so central to the guest experience that only room cost ranks higher in importance to guests. But providing Wi-Fi is more than just providing connectivity bars on a device - balancing easy access with security is key.

Challenge one: From the lobby to the lounge – pervasive and high-quality Wi-Fi

Providing consistent Wi-Fi access can present a major headache in hospitality environments. Not just because of the number of users, devices and amount of data on the network, but because often the buildings were not designed with networks in mind!

Managing the network infrastructure footprint, particularly in historic hotels, is one of the first considerations. Old buildings with thick walls or metal structures mean that it is just not possible to run all the cables you need to support room technology. Over in Europe, the 140-year-old Waldhaus Flims Alpine Grand Hotel & Spa recognised this problem, but through the use of hospitality access points (AP), the hotel rooms could each be connected via a single LAN cable. These specialised access points act as 'mini-switches' which ensure access to internet, telephony and video entertainment, only with a much smaller footprint. Where it is impossible to bring Ethernet to some areas of hotels, Wi-Fi meshing can provide the solution.

Looking more locally, The Escarpment Group's multiple properties, in the rugged geographic terrain of New South Wales' Blue Mountains, were using disparate platforms, resulting in an excessive number of integration points, management challenges and a lack of consistency across locations. By consolidating the management system under one vendor. The management of the Wi-Fi platform became a simple task - allowing the IT team to spend more time on higher-value activities.

With IoT becoming the norm - room automation, IP security cameras, point of sale systems and virtual assistance devices - the growing pressure on networks to deliver uninterrupted quality of service to guests starts to become an issue.

Your Wi-Fi should follow that guest!

It is not simply a case of adding a few more access points around the hotel - you need a solution in place to ensure simple and secure guest access and authentication. This simplified connectivity needs to 'follow' the guest around the premises, providing access to services where and when they need them. For instance, APs that can continuously monitor connection metrics from mobile devices can use this data to steer device connection to most appropriate AP, which prevents the Wi-Fi network from slowing down as people move throughout the hotel grounds.

Challenge two: Follow that device - mobile guest services from digital reception to check-out

A guest that uses the spa, the restaurant and the gym leads to a better bottom line. The key to unlocking this is the guest's personal device - from providing direct bookings and services before guests arrive, to saving time by checking-out straight from their smartphone. This type of personalized experience ultimately means better guest engagement.

This requires frictionless digital interaction between guest and hotel departments - be that the front desk, restaurant or other facilities. With today's open APIs (application programming interface), it is becoming easier than ever to integrate voice and message capabilities directly into guest loyalty or eConcierge apps.

Beyond this, location-based services are quickly establishing themselves as a way to offer guests services - offering directions to one of the resort's featured restaurants or letting guests know what offers are available when they are walking past the spa are just a couple of examples. Successful digital engagement in the future will be personalised in these ways, and the data gained from mobile engagement will be invaluable to hoteliers in offering personalised services and push notifications based on individual preferences.

Hotels are also using technology to ensure they are also getting the most out of each guest. Where phone systems in room are traditionally seen as cost-centres for a hotel, Accor Hotels are using a cloud based system with a licensing model that allows them to only pay per occupied room per night, sharing the risk and reward with vendor and partners.

And mobility is not just for guests...

Behind the scenes in hotels such as The Buddha Bar Hotel in Paris, enhanced mobility services are enabling staff to be contactable anywhere on-site, resulting in staff being more

attentive to guests' demands. Add to this apps which enable employees to instantly report room availability via a code on their mobile device, or log and respond to maintenance issues on the move, and you can start to see how these capabilities can all add up to get guests checked in faster and keep them happy during their stay.

Challenge three: Securing networks and containing threats

Hotels are a growing target for hackers and data thieves. The open, guest-facing nature of the hospitality industry means that hotels and venues need to be welcoming to guests and their devices. But with so many mobile, wearable and IoT devices entering the hotel space, balancing guest access while keeping data, hotel functions and back-end services secure is vital.

Containers and PANs provide the solution

One of the core principles behind building a secure network for hotels is containerisation technology. This is a method of creating virtual isolated environments on a single converged network. The idea is to group connected devices with a common function and the respective authorised users into a unique, virtual IoT 'container'. For example, the 'guest access container' acts as its own network where guest users cannot see or interact with devices within the finance department's container, or the IP cameras and alarm systems operated by the security team. Within each container, quality of service and security rules can be enforced and it is possible to reserve or limit bandwidth, prioritise traffic and block undesired applications.

As connectivity grows and with so many devices in guest rooms, you also need to consider what each guest can interact with - smart TVs, intelligent room assistants or climate control. With guests able to connect and mirror movies to the IPTV, how do you stop them connecting and streaming to the TV next door? The answer is the Personal Area Network (PAN). A PAN is almost like having a dedicated Wi-Fi network for every room, where guests can interact with room technology as they'd expect at home - but crucially only in their room. Yes, hotels need to get connected, but they need to be smart about network security and the technology is now available to enable them to do just this.

Stay another day

To drive these benefits to their bottom line, hotels don't just need to offer better mobility, they need to offer smarter mobility. The integration of a guest's device through bespoke applications and services is only the beginning of the process - hoteliers need to add a personal touch to their technology offerings. That means enhancing guest experience with services that transform the Internet of Things into the Hospitality of Things and mobile engagement that offers timely and appropriate services to guests. But with digital criminals on the prowl and tech savvy guests highly aware of digital risks, securing hotel networks can no longer be an afterthought - secure connectivity needs to be at the center of design.

David Carnell is the Australia and New Zealand hospitality lead for Alcatel-Lucent Enterprise.

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Scottish Quiz night



Despite (or perhaps because of) slightly lower numbers than in previous years the atmosphere was buzzing throughout a great September evening at the Radisson Blu in Glasgow.

We had two teams from Redfine BDL plus teams from Village Leisure, Blythwood Square Hotel, Double Tree and our hosts Radisson Blu. We were lucky enough to have quiz mastering assistance in the shape of Glasgow local Kay Gillespie from AvailPro.

Radisson Blu - Between the Spreadsheets - deserve a special mention for the effort and hard work put into creating their mascot. The picture does not do it justice! Entering into the spirit like this is very impressive!

'Ms Felicia Hilton' and the 'Blythwood Bees' gave the wittiest answers and achieved the highest scoring rounds when playing their jokers. 'Between the Spreadsheets' and 'Gold Standard' shared third place being beaten by half a point by 'Never going to Quiz you Up'. The winners 'Budget or Bust' from Village Leisure out-shone their competitors to win the 2017 trophy.

A big thank you to HOSPA's Membership Officer Rob Maloney for his hard work in making this a success.

PwC Hotels Forecast 2018: Weak pound drives growth, but at a slower pace



- Weak pound driving foreign tourists to UK leads to high levels of hotel trading in H1 2017
 - London and Manchester hotels withstand impact from terrorist attacks
- Growth forecast for 2018, but continued uncertainty and a supply spike in London means pace will slow
 - Deals activity to rise 43% year-on-year in 2017, but be 10% lower in 2018

PwC’s latest UK hotels forecast shows that a mixture of economic growth deceleration, the wearing off of the weak pound effect on inbound tourism, and a large increase in new hotel rooms, mean growth will come at a slower pace in 2018.

The outlook for London remains highly positive, with year-on-year occupancy growth of 2.3% forecast for this year with a further marginal increase of 0.2% in 2018, taking occupancy up two percentage points to 83%. Average Daily Rate (ADR) growth remains resilient and is forecast to increase 3.6% in 2017 with additional growth of 2.2% in 2018, taking ADR to £145 and £148 respectively. This drives a robust revenue per available room (RevPAR) gain of almost 6% this year and a further 2.4% in 2018, taking RevPAR to £120 this year and £123 in 2018. Some of the highest metrics of any city globally.

According to data from AM:PM, a further 19,000 rooms are to be added across the UK in 2018. Of this total, over 7,000 rooms are expected to open in London. Other cities with large pipelines for 2018 include Manchester, Belfast, Glasgow, Edinburgh, Liverpool and Bath.

Commenting on the latest forecast, Liz Hall, head of hospitality and leisure research at PwC, said:

“The weak pound has encouraged record numbers of international leisure tourists to visit London in 2017 and our analysis shows many other cities have also benefitted. The terror attacks in London and Manchester appear to have had limited impact on visitor numbers, meaning hotels have performed strongly so far this year. The weak pound doesn’t appear to have boosted international corporate travel to the UK, perhaps reflecting corporate uncertainty around Brexit.

“Next year, hotels are facing a number of challenges which could restrain growth, if supply decreases. While the pound is bringing leisure tourists in, it is also creating a harsher environment for hoteliers as they have to contend with rising costs and squeezed margins with the weak pound pushing up the cost of imported goods.

“There are also labour issues. The Brexit vote has prompted some workers from EU countries to leave their jobs and some hotels are struggling to fill these vacancies and facing higher costs when they do so.”

Outlook for the regions

Hotels in the UK regions have seen occupancy levels increase 1.2% in the six months to June this year compared to the same

London Regions						
A: Actual, F: Forecast	2016A	2017F	2018F	2016A	2017F	2018F
Occupancy%	81%	83%	83%	76%	76%	76%
ADE (£)	139	145	143	69	71	72
RevPAR	114	120	123	52	54	55
% growth on previous year						
Occupancy%	-0.9%	2.3%	0.2%	-0.3%	0.2%	0.3%
ADR	-2.1%	3.6%	2.2%	3.3%	2.4%	2.0%
RevPAR	-3.0%	6.0%	2.4%	3.0%	2.5%	2.3%

Source: Econometric forecasts: PwC August 2017 Benchmarking data: STR July 2017

period last year. High occupancies helped hoteliers raise ADR in H1 which showed a 3.2% gain, taking rates to £69.50. The regions have seen growth continue in July, according to STR, with RevPAR up by 4.4% to almost £49.

Cities that performed particularly well include Cardiff, which saw RevPAR reach almost 11% after the city hosted this year's Champions League Final in June. Elsewhere, Hull saw a 13% lift in occupancy after being awarded the City of Culture status in 2017. Edinburgh and Belfast have seen ADR gains alone of 15% and 13%.

Liz Hall added:

"We expect the hotel sector outside London to continue growing in 2018, albeit at a slightly slower pace than 2017 driven by a combination of factors, such as the weak pound effect and the conferences and meetings market. Staycations may also help trading but we seem wedded to our overseas holidays too, despite the weak pound abroad.

"Occupancy rates remain a crucial benchmark for profitability for the hotel sector. Regional occupancies have climbed back into the 70s since 2011 and have been creeping up since then to reach historic highs. Looking to 2018 we expect ADR to drive further growth in RevPAR."

Outlook for deals in the hotel sector

The total value of 2017 UK hotel M&A activity stood at c. £2.3bn at the end of July, and although up only 10% over the same

period last year, reflected a gradual recovery in investor sentiment following the slowdown in the second half of 2016.

PwC forecasts a further £3bn of deals to be completed during the remainder of the year bringing total deal volume for 2017 to around £5.3bn. This will be driven by strong RevPAR growth plus some of the larger deals that had been expected to close by the end of 2016 being completed this year.

In 2018 we anticipate further overseas inbound and domestic investment into the hotel sector. However, with China placing limits on foreign investment and slower RevPAR expected, we forecast deals volumes to reach levels 10% lower than 2017 at around £4.8bn.

Sam Ward, UK hotels leader at PwC, added:

"The ongoing economic uncertainty has led to the majority of activity we are seeing this year involve single asset deals, with some vendors finding more investor appetite by breaking up portfolios into smaller assets.

"Despite this, investment levels are still up on last year and the majority of investors are still from overseas with the weak pound making prices more desirable. With some significant portfolio transactions scheduled to complete in the second half of the year, we forecast year-on-year volume growth of 43% for 2017.

"Next year we forecast the momentum from this year to slow down with further restrictions on China foreign investment and slower RevPAR growth across the UK affecting deals."



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Flat August trading for Britain’s pub, bar and restaurant groups



- Like-for-likes sales ahead just 0.2% nationally compared to last August
- London had a particularly poor month, with like-for-likes down 1.6%

Sales growth across the managed pub, bar and restaurant sector slowed in August, with collective like-for-like sales up just 0.2% against the same month last year, latest figures from the Coffer Peach Business Tracker show.

The flat trading highlighted by the Tracker is down on the 0.6% increases in same-store numbers recorded in both June and July.

“The wet weather can take some of the blame, with restaurant chains, which tend to do better when it’s raining, seeing a collective 1.1% increase for the month against a 0.3% decline among pub and bar groups,” said Peter Martin, vice president of CGA, the business insight consultancy that produces the Tracker, in partnership with Coffer Group and RSM.

Regionally, London had a particularly poor month, with like-for-likes across the capital down 1.6%, while the rest of the country saw a 0.8% increase on August 2016.

“What will worry operators is that this performance is lagging inflation, now edging up towards 3%, by some distance. The underlying like-for-like trend for the 12 months up to the end of August is better, up 1.3% of the previous 12 month period, but that too is behind the inflationary curve,” added Martin.

“The sector has had to absorb significant cost pressures already this year, particularly around property costs and food inflation - and most operators have passed at least some of that on to consumers through price rises. While those menu increases don’t appear to have not hit sales, neither have they provided any noticeable revenue boost,” he said.

“The one positive point is that consumers are still going out to eat and drink, and although sales are sluggish and hard fought for at least they are not suffering the way other parts of the economy are, such as car sales,” Martin added.

Total sales growth in August among the 37 companies in the Tracker cohort was 3.5%, reflecting the continuing if more subdued effect of new openings over the year, but down on the 3.7% seen in July.

“These numbers reflect the tough summer that many pubs and restaurant businesses have suffered. There is no hiding. These like-for-like figures are well below inflation. For restaurants particularly they reflect the new openings over an extended period that have taken some trade from established operators. Pubs suffered from poorer weather in August compared to last year,” said Mark Sheehan, Managing Director at Coffer Corporate Leisure.

Paul Newman, head of leisure and hospitality at RSM, added: “Promotional activity has increased significantly in 2017 and yet sales continue to stagnate, putting further pressure on margins. Despite this, the appetite of new entrants joining the market remains remarkably resilient with London set for a record 44 restaurant launches this month as reported by Hot Dinners. As consumer spending tightens and cost pressures increase, competition from new independents will simply add to the challenges being faced by existing operators.”

Pub and restaurant group sales performance for last 12 months

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
LFLs	1.8%	-1.0%	1.1%	1.1%	1.9%	1.7%	-0.5%	4.4%	-0.4%	0.6%	0.6%	0.2%
Total	5.0%	1.9%	4.1%	4.4%	4.4%	4.7%	2.1%	7.4%	2.4%	3.7%	3.7%	3.5%

Source: Coffer Peach Business Tracker

Record RevPAR Fuels Profit Growth at UK Hotels

Record RevPAR levels helped hotels in the UK to maintain their strong period of top and bottom line growth in 2017, as the 4.4% year-on-year increase for the month fuelled a 3.8% increase in GOPPAR, according to the latest worldwide poll of full-service hotels from HotStats.

The record RevPAR levels, which hit £105.28 and exceeded the previous high of £103.78 recorded in September 2016, were helped by a 0.2 percentage point increase in room occupancy, to 85.3%, also a record for full-service hotels in the UK.

Despite the record RevPAR, the margin of growth in TrevPAR this month was limited to 3.0% and hampered by falling non-rooms revenues, including Food and Beverage (-1.4%) and Conference and Banqueting (-4.0%) on a per available room basis.

Profit & Loss Key Performance Indicators - Total UK (in GBP)

July 2017 v July 2016

RevPAR: +4.4% to £105.28
TrevPAR: +3.0% to £153.05
Payroll: + 0.0 pts to 25.3%
GOPPAR: +3.8% to £66.12

That said, cost savings helped to offset the decline in non-rooms revenue, which included a 0.1 percentage point reduction in Payroll, to 25.3% of total revenue. As a result, hotels in the UK recorded their highest GOPPAR of the year so far, at £66.12, equivalent to a profit conversion of 43.2% of total revenue.

“Despite recent reports that more than 7,500 hotel rooms have opened in the UK since the beginning of 2017, the highest number of additions since 2012, market performance is going from strength to strength led by room occupancy levels which are giddily high,” said Pablo Alonso, CEO of HotStats.

Bristol was one of the top performing markets in the UK this July. This was not only due to the annual Harbour Festival, which reportedly attracted more than 200,000 visitors this year, but also due to demand overflowing into nearby cities from major events in Cardiff.

The volume of demand helped hotels in the South West city to achieve a staggering 84.4% occupancy, which combined with an achieved average room rate of £93.97, contributed to a RevPAR of £79.31.

Whilst this was a strong performance, it did not surpass the record RevPAR of £85.05 achieved in the city in June, which

was once again as a result of demand exceeding supply due to a major event in Cardiff (ie The Champions League Final).

Profit & Loss Key Performance Indicators - Bristol (in GBP)

July 2017 v July 2016

RevPAR: +7.9% to £79.31
TrevPAR: +2.4% to £116.31
Payroll: - 4.4 pts to 26.9%
GOPPAR: +16.9% to £46.00

“In addition to the South West city benefiting from a wealth of demand generators, its proximity to Cardiff and excellent transport links means that more and more hoteliers in Bristol are benefiting from displaced demand associated with major events in the Welsh capital. This month, demand was driven by Coldplay playing two dates at The Principality Stadium,” added Pablo.

Although the volume of demand in the city helped drive premium RevPAR levels, this was not translated into growth in non-rooms revenue, with significant declines recorded in Food and Beverage (-7.7%) and Conference and Banqueting (-13.9%) revenue this month. As a result, the year-on-year growth in TrevPAR at hotels in Bristol was limited to 2.4%, to £116.31.

Heathrow hoteliers also hit an annual high in July, as the airport recorded its best-ever single month in history, handling 7.53 million passengers, equivalent to an average of 243,000 passengers per day.

The bumper demand levels, which pushed room occupancy to 92.9% for the month, helped fuel a 6.7% increase in TrevPAR to £105.12, with non-rooms revenue comprising just 28.5% of total revenue.

The growth in total revenue, in addition to a 1.1% point saving in payroll, to 25.9% of total revenue, helped Heathrow hotels record a 16.9% year-on-year increase in GOPPAR in July, to £43.92. This represented a profit per room peak for Heathrow hoteliers in 2017.

Profit & Loss Key Performance Indicators - Heathrow Airport (in GBP)

July 2017 v July 2016

RevPAR: +8.4% to £75.10
TrevPAR: +6.7% to £105.12
Payroll: - 1.1 pts to 25.9%
GOPPAR: +16.9% to £43.92

Members' Events

3rd October

Marketing Team Seeks Resident Psychologist - by The Hotel Marketing Association

Event Details

A degree in Psychology may not regularly be deemed a minimum requirement for a marketing manager at a hotel or group, but recruiters might just need to reconsider the job spec based on the current online arena. Even the largest hotel chains are failing to go toe to toe with the OTAs when it comes to search engine rankings and paid search capabilities. But then getting a shopper onto your site is just the beginning. Once you've got them in, how capable is your ecommerce to play to the psychologies of deal hunters and thrill seekers, let alone different demographics and geo-sources.

Come and hear from a panel of industry specialists as they examine who is doing it best and what hope is there for those without a Ph.D. in Psychology from Cambridge.

Location

Le Meridien, 21 Piccadilly, Mayfair, London W1J 0BH (Map)

Timings

6.00pm Registration
6.30pm - 8.30pm Main Event
8.30pm - 9.00pm Drinks and Networking

To book visit <http://hospa.org/en/events/eventsdetails/marketing-team-seeks-resident-psychologist-hotel-marketing-association>

18th October

Hotel Asset Managers - Friend or Foe? Do they really add value to the top and bottom lines?

Event Details

Hotel owners expect their operators to increase their hotels' revenues, profits and values. Increasingly they are turning

to professional hotel asset managers to help ensure this is achieved. So what are the advantages - and limitations - of bringing in an asset manager? What are the various options - in-house or outsourced? Shouldn't an experienced hotel operator be able to look after all the owner's interests without such 'interference' or can each bring out the best in the other?

These questions - and more - will be addressed by our expert panel on Wednesday 18 October 2017 at 6pm for 6.30pm at venue.

- Katie Benson - VP Operations, Jumeirah Hotels & Resorts
- Cody Bradshaw - Senior VP and Head of European Hotels, Starwood Capital
- Frank Croston - Partner, Hamilton Hotel Partners
- Richard Nottage - Owner, Sofitel St James's and Sofitel Grand, Amsterdam
- Hugh Taylor OBE - Chief Executive, Michels & Taylor

Moderated by:

- Russell Kett - Chairman, HVS London Office

Location

The Sofitel London St James, 6 Waterloo Place, London, SW1Y 4AN

FREE for all HOSPA members to attend and only £10 for Non-Members

To register for this event, please send the below details to hospa@hospa.org with: HOSPA Members Meeting - 18th October in the subject line.

Full Name:

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Moore Stephens

Oracle Micros

Pelican Procurement

Prologic First

QDOS Communications

Rate Tiger

Springer-Miller

STR Global

Watson Farley Williams

HOSPA Partners

Fresh Montgomery

HFTP (Hospitality Finance and Technology Professionals)

Hotel Marketing Association

Hotel Technology Next Generation

ICAEW Tourism and Hospitality Special Interest Group

The IOH

Smart Report

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Your Signature		Date	
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