



GLOBAL HOSPITALITY ACCOUNTING COMMON PRACTICES

The online, searchable database is now available — free for HFTP members.

The project's development team details the steps to putting it together, its features and what can be expected going forward.

www.ghacp.org

What Is It?

The Global Hospitality Accounting Common Practices (GHACP) provides a searchable database of detailed operating financial reporting practices used at lodging properties around the world, along with guidance on industry standards, and commentary and analysis from industry experts. It is intended that this resource will be continuously developed, and that in addition to practitioners, access will be available to students and educational establishments.

Last year at the HFTP Annual Convention in Dallas, the mock-up site of the Global Hospitality Accounting Common Practices (GHACP) was debuted to attendees and the HFTP Global board. Suggestions and ideas were collected and various viewpoints were solicited from members, industry leaders and partner organizations to make sure the product is what you — the industry practitioners — would like to see and use. After a year and many hours of volunteer work, the site is ready for use.

To provide background on the project, its evolution and to prepare our membership for what they will find; HFTP sat down with those who have worked on the development of the database to ask a few questions regarding different aspects of the project. Here is a quick chat with some of the project contributors regarding the newest and most exciting HFTP resource: Agnes DeFranco, Ed.D., CHAE; Howard Field, FCA, FHOSPA, FIH; Lisa Funk, CHAE; Anna McFarland, CPA, CFE, CHAE, CHTP; Ralph Miller, CPA, CA, CBV, CHA, CHAE; Arlene Ramirez, CHE, CHAE; Tanya Venegas, MHM, MBA; and Frank Wolfe, CAE.

BL (The Bottomline): Frank, how did this all get started?

FW (Frank Wolfe): HFTP is the global professional association for financial and technology professionals and our mission is to provide first-class educational

Project Team



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opportunities, networking and resources to our members worldwide. We all know that the *Uniform System of Accounts for the Lodging Industry (USALI)* plays a major part in setting the standards for management reporting in many hotel businesses, especially those operated by the international chains under a management agreement or similar arrangement. But there are many hotel businesses where the *USALI* is not used or a modified version of the *USALI* is used. So, our board decided to take on this project by researching hotel management reporting practices in different countries and building an online database with accessible tools for users, students, teachers and other interested parties reflecting the common practices actually used in various locations.

BL: So, tell us more about this web site.

FW: The web site data includes a listing of Revenue and Expense items and Payroll job titles identified in the research. Each item is categorized by account, department and P&L category where they are allocated. Examples of formats for Operating Statements and Departmental Sched-

ules are also exhibited. One exciting function is the ability to drill down to the item details and compare their treatment between regions, such as the 10th and 11th editions of the *USALI*.

BL: This sounds like such a big undertaking, how did you get the ball rolling?

LF (Lisa Funk): It definitely seemed daunting at first, but we had a great resource via our connection with the Ecole Hôtelière de Lausanne. In February 2012, I travelled to Lausanne to represent HFTP as the then HFTP Global President and pitch this project to the school's senior-level bachelor students. This presentation was part of an annual process when senior-level bachelor students select a business project they want to work on. I was one of 26 that made presentations to the students that day. After the presentations were completed, the students then selected the project they wanted to work on.

It turned out to be a great start to the project. Within the 10-week period that the student's worked on it, they

sought out the data from the hotels, analyzed it and started building the database. They did a great job, and in fact won that year's Paul Dubrule Award for having the top student project out of 34 projects. Their work established the base of the database, and from there we collaborated with other allied organizations based in different geographic locales to continue. Howard Field is our lead project consultant and he can tell you more.

BL: That is great. Howard, Lisa mentioned researching hotel management reporting practices in different countries. So, did you have to travel all over the world to talk to everyone?

HF (Howard Field): Well, that would be a nice trip! But, seriously, that was not necessary because of the great global network HFTP has developed. As mentioned, we partnered with the university in Switzerland (Ecole Hôtelière de Lausanne) as well as in Hong Kong, where we have established HFTP student chapters. Teams of hospitality management undergraduate students at these universities have been involved in collecting source data and carrying out basic research. These students have been supported by the HFTP project team and local partner associations such as HOSPA, the Hong Kong Hotel Accountants and Controllers Association (HCAA), and the Shanghai Controllers Association. The expertise from HOSPA's Finance Committee and HCAA's Technical Committee was essential to review and select the local examples for the GHACP database. This project would have seen a lot of challenges if not for the assistance and cooperation from our allied organizations around the world.

BL: This is a true global collaboration then. Now, how many countries do you have on the GHACP site now? Are more coming?

HF: To date, sample data has been collected from hotels in Shanghai, Hong Kong, the United Kingdom and several European countries. Research is currently underway for United Arab Emirates (UAE) and South America.

BL: All these sound exciting. Now, what are some of the functions that I, or say a regional or corporate hotel controller, can use on the GHACP?

TV (Tanya Venegas): The database is really quite powerful and has many uses. And, it is important to note, the web site is not just for regional and corporate controllers. It is designed to be used by hospitality accounting and financial professionals at all levels, educators and students. In fact, the entire Q&A article (page 8) in this issue is dedicated to showcasing the site. So, I invite the readers to take a look at that article. But, real quick, some of the functions of the GHACP include searching by regions, searching by items and comparing one region to another. The one that I personally like the most is the Indextionary. Yes, it is the merging of the words "index" and "dictionary." That part

of the site is true to its name, as all the items are loaded into the Indextionary which is searchable by item name or by regional listing. As we all know, a picture is worth a thousand words, so you will see screen shots in the Q&A article as well.

BL: That looks easy enough. I think I can handle that.

TV: Yes, it is. And it is also very intuitive. When you first go on the GHACP site, there is a tab called "How This Works." There, you will find step-by-step instructions with videos. And, if our members have any questions regarding the GHACP, they can use the link on the site or contact me directly since I am associated with the HFTP Americas Research Center housed at the Conrad N. Hilton College of Hotel and Restaurant Management at the University of Houston.

BL: Tanya, thank you for the tips. That got me thinking: if I do not find something on the GHACP site, but I know my hotel has this special item, how can I help and add that to the site to make it more comprehensive?

AM (Anna McFarland): I am glad you bring up this point. On our site, there is a Contact Us tab that industry practitioners and interested parties can send in general feedback, report any technical feedback or submit new item types they would like to share. We would really love to see our members take part in building this site. The constant feedback and additional data submitted will continue to keep the data relevant and robust, plus it is an exciting way for members to contribute to the success of this amazing tool. Any information submitted will be routed directly to a committee to determine how best to then post it to the GHACP site.

BL: Who are the people on the committee?

AM: Arlene is on the HFTP Global Executive Committee; perhaps she can expand on this.

AR (Arlene Ramirez): As you know HFTP has several amazing committees who accomplish a lot of great work for the association. Every year the Executive Committee works together and appoints various standing committees and councils. The GHACP Committee will be no exception. Once organized the committee will work towards soliciting more data and/or finding and establishing points of contact in areas where members who can assist in gathering data. The terms of service to this committee will be staggered so that the new members are coming in while a few of the current members will remain to develop continuity of the project. As HFTP continues to promote the GHACP to the membership and the industry, we hope our members will find interest in this important project and be willing to share their expertise, time and resources to continue its growth and enhancement.

BL: Arlene, Tanya said earlier that the Indextionary is her favorite function. Do you agree?

AR: The Indextionary is really a practical product;

however, this web site has so much to offer. For example, being able to click through an operating statement all the way to an individual item is pretty amazing. Also being able to compare up to three operating schedules from different regions side by side is going to be a useful tool for those interested in understanding how to interpret schedules from parts of the world for which they are not familiar. Another thing to keep in mind is that with the exception of the *USALI* data, the user can export all data into an Excel format. These are but a few ways that the database can help the user in researching or answering questions about local or global common practices.

BL: What about those special one-off items, how are they listed in the database?

AM: Yes. See, this product is called “Common Practices.” However, there are bound to be those one-off or special items that do not have a home yet in the database, but are very interesting and insightful to the end user. These are items that are not “common,” but they do exist, they are important and they need to be included. For example, an expense item in the U.S. that is not included in the *USALI* or a very unique item that other locations may not even consider. For me, Peru has “Oxgyen” as an expense, but after seeing the research it all makes sense to me now! Then the question becomes, how do we deal with these unique and one-off items. So, we will put them in a special “region” until the database is expanded and they are assigned to their appropriate region.

BL: We have been talking about the GHACP and how this is a global project. Ralph, you are from Canada and also part of the Financial Management Committee of the American Hotel & Lodging Association (AH&LA), the team that is responsible for all the changes to the 11th edition of the *USALI*. How do you view the GHACP?

RM (Ralph Miller): GHACP is a compilation of how internal financial reporting is actually prepared in different regions of the world. A very useful tool which will be used by hoteliers venturing out of their home markets, to compare and evaluate operating results, and target due diligence procedures for foreign investment opportunities. In addition, GHACP will cross reference to the *11th Revised Edition of the USALI*, the internal financial reporting standard for the lodging industry, used in North America and other jurisdictions internationally. I intend to use the GHACP when I work with clients with multi-national hospitality business interests or when I work in non-North American projects.

BL: Besides industry practitioners, it was mentioned earlier that the GHACP site will also be useful to students and teachers. Don't you have textbooks already?

AD (Agnes DeFranco): Very perceptive indeed. Yes, we do have textbooks. But, one vital point about the GHACP is that it is fluid. In other words, it is never complete because

HFTP Members

The GHACP is now available as an HFTP membership benefit, free to all HFTP members. Looking forward, HFTP is working to incorporate financial reporting comparisons for the club industry. Stay tuned for details.

our accounting practices are always changing. If you look at a textbook, once it is published, it is static and that is why you see academicians partnering with industry all the time in order to have the most updated knowledge to share with their students. Everyone who is in academics, from professors to students, can all benefit from this product. Just by being part of this project, I have learned so much and have shared that new knowledge with my students. When this goes live, it will be such an awesome educational resource for academics in the hospitality industry.

BL: I see. So, professors can use it for teaching purposes; and, industry professionals can use it for information look-up and comparisons. That sounds good.

AD: Well, true, but there is lot more. Hotels can also use this for training purposes. Say they have a new person they just hired into the accounting department who is not too familiar with the *USALI*. Now, this new staff member can simply go to the GHACP site to look for items, see how things are classified and conduct comparisons. For companies that need to change their accounting practices from the 10th to the 11th edition, again, this site can serve as a training tool for the accounting personnel.

BL: This seems like an extremely useful tool for hotel industry professionals. Where do HFTP club professionals fit in?

FW: We definitely have the club industry in mind. In fact we are looking to include club financial reporting next.

BL: Wow, this is a really fantastic product! You have been teasing us about this, but when can we get our hands on this?

FW: The GHACP is now available at www.ghacp.org and is a free benefit to all HFTP members. I encourage all of *The Bottomline* readers to take the time to explore the database. This has been a project we've worked hard on, with collaboration from multiple partners, and I am extremely proud of the result. I look forward to seeing how it evolves in the years ahead. ■