

14

The way forward

About this chapter

The role of the financial controller or unit accountant in the hospitality, tourism and leisure industries has changed considerably in recent years. Advances in integrated technology have enabled the management accountant's role to be more wide ranging, with less time spent entering and processing data and more time dedicated to supporting the management teams in decision making. Extensive restructuring of the finance function has resulted in flatter organisational structures, with many organisations no longer reliant on a full accounting team located at every business unit. In the larger hotel groups for example, it is not unusual for the finance function to be structured on a cluster basis with a team supporting a number of outlets. Independent hotels may choose to outsource part or all of the finance function as an alternative to employing a full team on site.

It is widely recognised that data management and information sharing is the key to organisational success and competitive advantage. Clearly the finance role has a significant part to play in ensuring that trends and analysis is extracted from the raw data available and then shared across the organisation. In this final chapter we will explore some of the current models used in the hospitality, tourism and leisure industry for ensuring effective control and usage of business assets in the sector.

Learning objectives

On completion of this chapter, you should be able to:

- Appreciate the changing role of the finance function in the hospitality, tourism and leisure industries
 - Appreciate the current factors impacting on the provision and use of information for business control and planning
 - Understand the factors which have driven the nature of change in the hospitality, tourism and leisure sectors.
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Introduction

During the last 30 years the international hospitality industry has witnessed a period of tremendous change, which in turn must surely have implications for all of the functional activities within the business and the finance function is no exception. The growth in size of the multinational operations, with both diversified investors and interests, highlights the growing need for accurate and timely information for performance measurement and control. Competitor analysis is key for ensuring that each investment is maximising its potential and providing value for investors. Research into the future of the finance function from the accountancy membership bodies for management accountants such as CIMA and AICPA, indicates that the finance team has a mandate to go beyond its core accounting role. This changing mandate doesn't discard core accounting; it's still an essential foundation of the finance function. However, enabled by new technologies, the function is now capable of assessing a broader range of information and becoming a more influential player within an organisation. The research highlights the fact that the modern controller in the hospitality, tourism and leisure industry is increasingly faced with the challenge of harnessing the tremendous potential to be derived from the continuing application of information technology to the systems for measurement and control, to ensure that optimum benefit is being provided. Increasingly hierarchical structures are perceived as no longer relevant and instead a flatter team-based structure approach is more appropriate.

The role of the manager in the hospitality industry is also changing, with more emphasis being placed on commercial skills and entrepreneurship in many of the larger organisations. A general manager at a managed or franchised hotel can expect to have monthly meetings with the investors to discuss not only the profitability of the property but also the cash flow, asset management and the competitor analysis. This can mean that unit manager and departmental heads are increasingly required to take a more active role in strategic planning, forecasting, and budgeting and monetary control. The provision and management of 'business intelligence' is crucial.

The purpose of this book has been to highlight weaknesses in the traditional approaches to management accounting in the hospitality and tourism industries, although it is widely recognised that management accounting in many industry sectors has failed to keep up with advances in other aspects of business practice and strategy. It has been noted in Chapter 1 that there are a number of specific issues currently impacting on the hospitality and tourism industry which will have a far-reaching effect on the future nature of hospitality finance systems.

Changing roles

Traditionally the role of the accounting function has been heavily biased towards the comparison of costs with revenues whilst focusing on the internal operations of the business. Accounts by definition are historical and inward looking, and accounting practice is governed by the underlying principle of prudence. In many hospitality and tourism operations, the accountant is still traditionally