

HOTEL FINANCIAL MANAGEMENT



Lester Downing

MODULE LEADER

Lester Downing, CPA, MS in Accounting and Finance, University of Kentucky, USA, has fourteen years of experience in the industry, including external and internal auditing and consulting for the hospitality industry. With ten years of experience in facilitating seminars, Lester is also a Certified Instructor in Leadership Development, Kellogg Foundation and in Managerial Accounting, American Hotel & Lodging Association.

RECOMMENDED READING

- Andrew, W. P. and Schmidgall, R. S., (1993), *Financial Management for the Hospitality Industry*, Educational Institute, American Hotel and Lodging Association, Michigan, ISBN 0-86612-186-2
- Raleigh, L. E. and Roginsky, R. J. (Eds), (2002), *ISHC 14 articles, Hotel Investments Issues and Perspectives, 3rd Ed.*, Educational Institute, American Hotel and Lodging Association, Michigan, ISBN 0-86612-247-8

PRICE

CHF1,800 (~€1,100)

Prices in Euros (€), as at September 2007, are only an indication; payment will be in Swiss Francs (CHF)

MODULE DESCRIPTION

What is your hotel's opportunity cost of capital? Can you quantify the ROI (return on investment) of your assets and property investment? How would you evaluate your investment decisions? The "Hotel Financial Management" Module aims to provide participants with the tools to effectively answer these questions. The emphasis is on strategic planning, the investment budget, identification of free cash flows and utilizing discounted cash flows as primary evaluation tools. Through a user-oriented approach to financial management in the hospitality industry, participants will be able to identify and follow-through principal financial risk indicators of their companies. The Module will take them from an overview of the key financial statements to the potential weaknesses in a company's financial plan—solvency, liquidity, profitability and activity. The Module closes with evaluation techniques and the most popular methods of analyzing investments which create value for the owners.

LEARNING OBJECTIVES

By the end of the Module, participants will be able to:

Knowledge

- Explain the capital structure of a hospitality company and a business' cost of equity
- Review key ratios for liquidity and solvency

Competencies

- Compute financial ratios, including compound interest and the time value of money
- Evaluate the following financial documents
 - The Long-Term Operating Budget
 - The Statement of Cash Flow
 - The Pro Forma Balance Sheet
- Analyze the free cash flows of a project
- Evaluate a long-term investment project utilizing the discounted cash flow method

Mindset

- Explain the opportunity cost of capital for a hospitality company
- Compare and contrast alternative methods of project evaluation

PARTICIPANTS

- Middle and upper management executives, in any sector or department of the hospitality industry, who desire to gain additional experience or technical expertise in evaluating investment proposals
- Basic accounting knowledge is necessary, or completion of
 - Financial Statements & Ratio Analysis (23 - 25 June 2008)
 - Or, a sound understanding of the three main financial statements: the income statement (profit and loss statement), the balance sheet, the statement of cash flow
- Do come with a **financial calculator**