

# **Cashflow and Cost Reduction Checklist**

## **Hotels and Guesthouses**



GENERAL		Check
1.	Forecasts: While it is difficult to predict business levels it is important to create monthly projections. This will help you to forecast the level of revenues and the associated costs with running the operation. The costs will include the variable costs with opening along with the fixed costs of the business (e.g., insurance, utilities, etc.).	
2.	Capex: Have you a plan for capital expenditure for the next three years? This not only relates to upgrading facilities but can also relate to cost saving systems or replacement of equipment with more energy efficient models.	
3.	Have you considered becoming part of a purchasing group? You might explore if it is beneficial to your operation?	
4.	Have you considered the changing needs of your business and your customers? This may require changing your opening/closing hours for each of your outlets? This should be based on business needs and may help with reducing staffing requirements. E.g., if you have a leisure centre, can you alter opening hours to help reduce staff costs? These can then be altered/extended as business levels increase and consumer requirements change.	
5.	If you are part of a group and some of your properties opt to remain closed, can you redeploy supplies, staff, etc.?	
6.	Prepare monthly cashflows to ensure that you are managing working capital.	

<b>DIRECT AND DEPARTMENTAL COSTS</b>		<b>Check</b>
7.	<p><b>Rooms:</b> Review all in-room consumables. Are they all necessary or part of your positioning? The in-room consumables will be dependent on your star rating, type of hotel (e.g., resort versus urban) and sales and marketing strategy. In reviewing all items, you can determine if any can be removed, which will decrease costs.</p> <p>Is your in-room T.V. subscription right for your hotel. Reviewing the various cost packages to determine the right fit for your hotel. You may wish to increase this as a marketing tool for guests who want to stay in and have room-service (if available).</p> <p>Linen/towels. Have you determined your policy for linen/towel changes?</p> <p>Have you costed how long it will take to clean a guestroom?</p> <p>Calculate your variable cost per room. Include wages (e.g., reception, porters, housekeeping, etc.) consumables, linen, towels, cleaning, heat, light, waste, and any other relevant cost.</p>	
8.	<p><b>Food:</b> critically review each of your menus.</p> <p>Can you reduce/change your menu offering to improve food GP?</p> <p>Ensure that each menu item is accurately costed and priced and that all food items/condiment/extras are included in the menu price.</p> <p>Review pricing from all suppliers and new/different options.</p> <p>When re-stocking kitchens and cold rooms, review projections and business levels to ensure, as much as possible a reduction in food waste.</p> <p>Have you costed alternatives to buffet/carvery offering, i.e., table service/room service? Food GP will be different for breakfast buffet versus a la carte breakfast.</p>	
9.	<p><b>Beverage:</b> critically review your beverage lists.</p> <p>Can you reduce/change your offering to reduce stock levels.</p> <p>Are each of your beverages priced correctly? Particularly in relation to cocktails.</p> <p>Can you avail of rebates from suppliers?</p> <p>Request out-of-date stock to be replaced from suppliers.</p> <p>Review all beverage consumables to see if there are any costs savings.</p>	
10.	<p>Review all consumables/non-consumables to reduce or change where appropriate? E.g., paper goods, disposable containers, etc.</p>	

<b>DIRECT AND DEPARTMENTAL COSTS (Continued)</b>		<b>Check</b>
11.	<p>Determine the cleaning requirements. Who cleans the various food and beverage outlets and when do they do it? Is there a more efficient schedule? Consider the various areas within the food and beverage outlets and who cleans these and if there are quiet periods when this can be completed? Also consider the deep cleaning schedule.</p>	
12.	<p>Ensure that good kitchen policies and procedures are in place and will be adhered to stock rotation, stock management, wastage, and portion control.</p>	
13.	<p>Ensure all purchases are checked and docketed.</p>	
14.	<p>Ensure that all linen received is of high quality. Return and quantify any below standard items to reduce the linen bill.</p>	
15.	<p><b>Golf, Leisure &amp; Spa:</b> Review each of these cost areas with a potential view to understanding usage. Are there days/operational hours that can be reduced to help with reducing payroll and other variable costs?</p>	
16.	<p><b>Conference &amp; Banqueting:</b> – Review payroll needs for operating/hosting events. Cost menus in relation to hosting a full even to help determine breakeven. Prepare breakeven analysis to show minimum numbers/revenues.</p>	
17.	<p>Calculate relevant department cost percentages to track costs and determine if any are higher than normal/industry average.</p>	

<b>PAYROLL</b>		<b>Check</b>
18.	<p>Review your full operational labour costs, by department.            Review your fixed and variable payroll cost needs.            Have you considered any potential additional training costs that may improve upselling or productivity?            If hiring new staff ensure all costs are factored into this such as recruiting, uniforms, training.</p>	
19.	<p>Do you know all of your staff costs?            Review all staff costs to see if any excessive or unnecessary elements can be eliminated or reduced, e.g., motor expenses, additional uniforms, etc.            What is necessary to attract and retain staff?</p>	
<b>ADMIN AND GENERAL</b>		<b>Check</b>
20.	<p>If Procurement/ Purchasing contracts exist, have you sought a reduction in base or membership fees?</p>	
21.	<p>Have you reviewed all leased equipment? this could include vehicles, IT rentals, printers, merchant services, debit/credit card terminal rental fee, kitchen equipment etc.</p>	
22.	<p>Is it possible to change your credit card terminal for a more cost-effective option?</p>	
23.	<p>Have you reviewed all of your subscriptions? Is it necessary to retain these? Can any be cancelled without any adverse effect to the business? For example, software, POS can you postpone upgrades, etc. If cancelling any reservations software, ensure to enquire if you will lose your revenue history, as you may then choose not to do this.</p>	
24.	<p>Have you reviewed all motor costs? If there are any costs that are not directly linked to the operation of the business these should be removed?</p>	
25.	<p>Talk to the bank to see about reducing bank charges. Have you engaged with other creditors? can you implement any payment plans to manage cashflow.</p>	
26.	<p>Can you reduce your telephone, print or postage needs?</p>	
27.	<p>Have you reviewed all motor costs?</p>	

<b>SALES AND MARKETING</b>		<b>Check</b>
28.	<ul style="list-style-type: none"> <li>• Have you reviewed all advertising campaigns?</li> <li>• Have you completed a return-on-investment review of all marketing campaigns to determine which ones deliver business?</li> <li>• Are there any annual rolling advertising campaigns you should review to determine if they are worthwhile and if not that they should be cancelled/amended?</li> <li>• Have you reviewed each of your staff roles within the department and their productivity? Are there tasks that can be subcontracted?</li> <li>• Have you reviewed the time required for tasks? For example, what is the time required/allocated for wedding show-rounds?</li> <li>• Are there standard operating procedures that would help improve efficiency within the department? Consider all roles.</li> </ul>	
29.	Review all sales and marketing spend and redo all budgets for re-opening as tactics and campaigns may be different.	
30.	Have you suspended or sought reductions for any online advertising promotional memberships, subscriptions?	
31.	Are you part of a local marketing group? Can the cost of marketing be split with other local complimentary businesses to yours? i.e., DBB (Dinner, Bed and Breakfast) and a visit to a local attraction.	
32.	Review your social media presence and ensure the social media channels you are using are appropriate to your consumer.	
33.	Do you outsource Revenue Management? If so, can you bring this in house? If the answer is no, can you reduce any base or membership fees?	
34.	Have you reviewed all your commissions? Can you negotiate any of these?	

	<b>UTILITIES</b>	<b>Check</b>
35.	Are there any 'green' efficiencies that the hotel can undertake to reduce costs? For example, using LED lighting.	
36.	Is large equipment operating efficiently? E.g., fridges, freezers. If these are not maintained well, they can cost more to operate.	
37.	Have you reviewed all operating equipment, particularly in the kitchen to determine the cost/benefit of purchasing newer more efficient models? This may be completed on a phased basis.	
38.	Monitor oil prices.	
39.	Have you reviewed hotel wastage levels and recycling?	
40.	As your contracts with each utility provider end, ensure that you renegotiate where possible and shop around for the best price/value.	
41.	Explore Maximum Import Capacity (MIC) usage in relation to electricity. MIC is the upper limit on the total electrical demand a business can place on the network system, so it should be high enough to meet the requirements of your business. Your electricity bill will show you what maximum MIC level you are guaranteed. It is important to choose the correct capacity for your premises. If the MIC is too high, you may be paying for more capacity than you actually require. If the MIC is too low; you may incur an 'Excess Capacity' charge. For more information, contact your provider.	
42.	Review water consumption: <ul style="list-style-type: none"> <li>• Fix all leaks and consistently check water consumption to highlight any leaks as they occur</li> <li>• Review ways of reducing water consumption such as aerated shower heads for example, or low flow toilets</li> <li>• Consider rainwater harvesting for outside landscaping maintenance</li> <li>• Ensure swimming pools are well maintained to ensure no leaks</li> <li>• Discuss with local authority or Irish Water ways to help reduce water consumption</li> <li>• Educate staff on how to minimize water waste</li> </ul>	

<b>REPAIRS &amp; MAINTENANCE</b>		<b>Check</b>
43.	Review all maintenance contracts and upon renewal obtain additional quotes to ensure best prices/value.	
44.	Review purchases to determine if the best product/price/value is being obtained for goods required.	
45.	Review areas/equipment requiring high levels of maintenance. E.g., if there is a regular call out on a boiler, then calculate the cost of replacing the boiler along with the reduced costs of operation and maintenance.	
<b>FIXED COSTS</b>		<b>Check</b>
46.	<b>Insurance:</b> Speak to insurance broker/ insurance provider annually to obtain the best price. Ensure there are good health and safety policies and procedures in place.	
47.	<b>Debt Repayments:</b> Ensure you are having regular conversations with relationship managers/ funders/owners, e.g., banks, debtors, local authorities, Revenue, etc. to ensure that you are managing your repayment schedule.	
48.	<b>Franchise/Management Fees:</b> Have you discussed base or management fees with your provider? Can there be a reduction/changes to these? Understand what supports/advice you will be given upon re-opening.	
49.	<b>Rent and Rates:</b> Do you have a payment plan agreed so that you are managing cashflow	