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## BANK-GRADE Hospitality Asset Governance & Performance Framework

### Context

Hospitality assets do not typically underperform due to lack of effort, demand, or activity. Underperformance is most often the result of **structural misalignment** between:

- ownership expectations
- operational execution
- commercial strategy
- and capital constraints

In such environments, businesses may remain operationally active, yet lack:

- performance transparency
- financial controllability
- governance clarity
- and institutional readiness

As a result, revenue does not translate into sustainable profitability, capital is deployed without sufficient control, and decision-making becomes reactive rather than structured. This framework addresses these conditions.

### Core Principle

A hospitality asset becomes viable when it is:

- **controllable in operation**
- **transparent in performance**
- **disciplined in capital allocation**
- **aligned with governance and institutional requirements**

Revenue, occupancy, and brand positioning are not objectives in themselves. They must translate into **EBITDA, cash flow, and asset stability**.

This requires:

- clear decision rights
- alignment between accountability and responsibility
- structured reporting and performance tracking
- and operational execution grounded in economic reality

The objective is not activity, but **controlled performance with measurable financial outcomes**.



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## **BANK-GRADE Hospitality Asset Governance & Performance Framework**

### **The Four Workstreams**

Advisory and execution are structured across four interdependent workstreams, reflecting how hospitality assets are stabilised, controlled, and aligned with institutional expectations. These workstreams are **not independent modules**.

They are applied in sequence and adjusted to the specific conditions of the asset, its ownership structure, and its operational capacity.

### **1. Asset & Performance Governance**

#### **Purpose**

Restore control, transparency, and accountability at asset level.

#### **Focus**

How the business is structured, managed, and overseen.

#### **Key Elements**

- definition of roles, responsibilities, and decision-making frameworks
- establishment of management reporting structures
- KPI architecture with variance tracking and action discipline

#### **Result**

A controllable operating environment in which performance is visible, deviations are identified early, and corrective action follows a structured process.

### **2. Commercial & Cash-Flow Discipline**

#### **Purpose**

Stabilise cash flow and improve the quality of earnings.

#### **Focus**

Linking commercial activity to financial outcomes.

#### **Key Elements**

- GOP and EBITDA bridge analysis
- rate structure, segmentation, and channel contribution
- identification of cost leakage and working capital inefficiencies

#### **Result**

Clarity on how revenue converts into profit and cash flow, enabling informed and economically grounded decision-making.



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### **3. CAPEX, Procurement & Technical Oversight**

#### **Purpose**

Protect asset value through disciplined capital allocation.

#### **Focus**

Ensuring that investment decisions support operational requirements and financial sustainability.

#### **Key Elements**

- CAPEX prioritisation and approval frameworks
- procurement structure and supplier discipline
- alignment of technical specifications and FF&E with asset positioning

#### **Result**

Controlled capital deployment, reduced leakage, and alignment between investment and operational performance.

### **4. Institutional & Lender Alignment**

#### **Purpose**

Position the asset for institutional engagement and financial sustainability.

#### **Focus**

Aligning performance, governance, and reporting with lender and investor expectations.

#### **Key Elements**

- structured reporting aligned with institutional standards
- governance alignment with investor or donor requirements
- preparation for refinancing, operator transition, or repositioning

#### **Result**

An asset that is transparent, structured, and compatible with institutional capital and stakeholder requirements.



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### BANK-GRADE Hospitality Asset Governance & Performance Framework

#### Operating Logic

The workstreams are applied in a **defined but flexible sequence**, typically:

1. Establish control and visibility (Governance)
2. Stabilise performance and cash flow (Commercial)
3. Secure capital discipline (CAPEX)
4. Align with institutional requirements (Lender Alignment)

In practice, overlap occurs, but sequencing remains critical. The approach is:

- diagnostic before action
- prioritisation over scope expansion
- implementation alongside advisory
- documentation aligned with governance requirements

Execution is adapted to:

- management capacity
- ownership structure
- project scope and constraints

#### Typical Use Cases

This framework is applied in situations where assets require structural alignment and performance stabilisation, including:

- underperforming or distressed hotel operations
- transition from entrepreneurial to institutional ownership
- pre-refinancing or lender-driven restructuring
- operator change or repositioning
- post-crisis or recovery environments

#### Governance Boundary

Application of this framework takes place within defined governance structures.

Decision-making authority, approvals, and accountability for outcomes remain with:

- ownership
- management
- and, where applicable, lenders or institutional stakeholders

The role of the adviser is to:

- provide structured analysis and recommendations
- support implementation
- and ensure that actions are aligned with operational reality and governance requirements

This framework supports **informed decision-making and disciplined execution**. It does not replace ownership responsibility or institutional accountability.



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## **BANK-GRADE Hospitality Asset Governance & Performance Framework**

### **Positioning**

This framework reflects an **owner-side, performance-oriented approach** to hospitality assets operating under governance, financial, or structural pressure.

It combines:

- operational execution capability
- financial and commercial discipline and governance alignment

The objective is a business that is:

- operationally executable
- financially sustainable
- and institutionally credible