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Strengthening GOP today — converting it into sustainable EBITDA tomorrow

Owner-side operational execution for performance-critical hospitality assets

Across hotels, resorts, and mixed-use hospitality assets

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Commercial & Organisational Architecture

A Hospitality Business Review & Transformation Framework

G&A is not a RICS-regulated firm and does not undertake regulated valuation or other specialist services outside its professional scope. Where a mandate requires independent valuation, specialist underwriting support, transaction advisory or other regulated expertise, G&A collaborates with established professional firms, including Cushman & Wakefield and Horwath HTL, as appropriate to the assignment.

WHEN THE BUSINESS MODEL COMES UNDER PRESSURE

Hospitality businesses operate in markets that change.
Sometimes the change is gradual. Sometimes it happens almost overnight.

- A major source market disappears
- A previously important customer segment stops producing
- Distribution channels no longer deliver the required business
- Revenue grows, but profitability does not
- Payroll increases without corresponding productivity or revenue generation
- A successful commercial model begins to exceed the organisation's operational capacity

These situations create urgency.
The natural response is often to address the most visible symptom:

- Increase sales activity
- Reduce costs
- Restructure the organisation
- Change pricing
- Add distribution
- Replace systems
- Change management

Any of these actions may ultimately be necessary. But they should not be the starting point.
The first question is: *What has changed in the economics of the business — and what must the business now be designed to do?*

- A commercial problem may require an organisational response
- An organisational problem may originate in the commercial model
- A payroll problem cannot be understood without understanding the revenue and contribution the organisation is expected to generate
- An operational problem cannot be solved intelligently until the demand, product, positioning and distribution strategy it is supposed to support are clear

Commercial architecture therefore comes first:
How the business attracts demand, creates revenue and converts that revenue into profit.

Organisational architecture follows:
How roles, responsibilities, authority, capabilities and resources are structured to deliver that commercial plan.

Together they determine how the business is designed to perform.

WHAT IS REALLY HAPPENING?

Hospitality businesses rarely come under pressure because of one isolated problem.
More often, changes in the market expose structural misalignment within the business.
As a result, commercial, operational, financial and governance decisions no longer reinforce one another. Each part of the organisation may be working hard, but the business is pulling in different directions.

- Commercial decisions are made independently
- Operational decisions are made independently
- Financial decisions are made independently
- Governance decisions are made independently

Typical symptoms:

- owner exhaustion
- management instability
- operational drift
- firefighting culture
- loss of operational rhythm
- good occupancy - but no money
- reporting that explains the past but cannot steer the business
- uncontrolled payroll creep
- weak reporting cadence
- luxury positioning without operational discipline

The result is entirely predictable:

Commercial Pressure

- Revenue growth without EBITDA improvement
- High occupancy with weak cash generation
- Dependence on OTAs or unstable market mix
- F&B activity not converting into profitability
- Commercial strategy disconnected from operational capacity

Operational Pressure

- Firefighting replacing structured management
- Owner overinvolvement in daily operations
- Weak middle-management accountability
- Loss of operational rhythm and reporting discipline
- Payroll growth without productivity gains

Financial Pressure

- EBITDA volatility
- Weak debt-service capacity
- CAPEX repeatedly postponed
- FF&E deterioration hidden behind acceptable occupancy
- Business plans disconnected from operational reality

Governance Pressure

- Unclear decision rights
- Blurred accountability
- Owner/operator tension
- Growth without governance structure
- Operational problems surfacing too late

BUSINESS CASE

Eight-Hotel OpCo / Franchise Conversion Portfolio • Russian Federation • August 2014 – February 2015

Corporate operating management company development programme supporting the transition of eight internationally branded hotels from management agreements to franchise operations.

The assignment established the Corporate Operating Framework for a newly created hotel management company, integrating governance, performance management, commercial strategy, operational standards and business planning to support portfolio-wide performance and long-term organisational capability.

PROJECT SUMMARY	KEY DELIVERABLES	CAPABILITIES DEMONSTRATED
Appointed by ownership to support the establishment of a new hotel management company following the strategic conversion of eight internationally branded hotels from international management agreements to franchise operations. The assignment extended well beyond supporting individual hotels. It involved designing the Corporate Operating Framework through which the portfolio would be governed, managed, and monitored following the transition. The objective was to institutionalise management capability previously embedded	• Designed the Corporate Operating Framework for a newly established hotel management company. • Developed the Executive Review methodology for portfolio-wide operational, commercial and financial performance management. • Designed an integrated business planning, budgeting and forecasting framework covering revenue, labour, operating expenses and NOP. • Established a USALI-based corporate performance management and KPI reporting architecture.	• Hotel Management Company Development • Multi-Property Governance • Corporate Operating Framework Design • Executive Review & Performance Management • Business Planning & Budgeting • USALI Performance Management • Commercial Architecture • Revenue Management & Distribution • Labour Productivity & Workforce Planning • Hotel Conversion & Franchise Transition • Operational Due Diligence

within international operators while strengthening owner control, organisational accountability and commercial performance. The programme integrated governance, an Executive Review methodology, business planning, performance management, commercial architecture, labour productivity, operational standards and reporting into a unified corporate operating model. Particular emphasis was placed on creating consistent management processes, decision-making structures and performance measurement across all portfolio hotels. In parallel, comprehensive hotel conversion, takeover and operational due diligence methodologies were developed to support future hotel transitions, while portfolio-wide governance and performance management frameworks enabled the management company to oversee commercial performance, operational execution and financial results through structured executive reporting and review processes.	• Developed labour planning, productivity measurement and FTE management models. • Designed portfolio-wide commercial governance covering revenue management, market segmentation, distribution strategy, benchmarking, ROB reporting and pricing. • Institutionalised structured management meetings, reporting cycles and decision-making governance across the organisation. • Developed hotel takeover, conversion and operational due diligence methodologies covering all major operational disciplines. • Supported hotel openings, franchise conversions and operational optimisation across the portfolio.	• Organisational Capability Development **LESSON LEARNED** Franchise conversion is not simply a contractual change. Sustainable success depends on replacing the capability once provided by the international operator with an institutionalised management system that embeds governance, commercial discipline and organisational knowledge within the owner's own organisation.

G&A METHODOLOGY (Limited Business Review – without financial audit)

The review does not constitute a financial, statutory, legal, tax, technical or compliance audit. Information provided by the Client is reviewed for analytical purposes but is not independently audited or verified unless expressly included in the agreed scope of work.

1. Establish Owner Objectives, Constraints and Mandate — from 1 day

- Meet ownership/Board and GM/CEO
- Establish the 12–36-month objectives for the business and the asset
- Clarify ownership structure, financing/debt requirements, management/franchise/lease obligations, exit strategy (if applicable) and known constraints
- Define the review mandate, access to information, authority, decision boundaries and reporting line

Output: Agreed owner objectives, constraints, mandate and assessment criteria.

No prospective EBITDA assumptions are developed at this stage.
These can only be established after completion of the underlying commercial, operational and financial analysis and, where applicable, form part of the inputs provided for independent specialist financial analysis.

Terms of Business & Information:

- Vienna Chamber of Commerce (WKO) Terms of Business
- G&A Supplemental Terms of Business
- G&A Commercial & Organisational Architecture
- G&A BANK-GRADE Hospitality Asset Governance & Performance Framework
- G&A Brochure
- G&A Legal: https://gransier.com/legal/
- G&A Privacy Policy: https://gransier.com/privacy-policy/

2. Prepare the Data Room and Baseline — from 3 days

- Collect current YTD and the last two full years, preferably in USALI format
- Obtain P&L, Balance Sheet, Cash Flow, budgets/forecasts, payroll/FTE, departmental results, market segmentation, source of business, channel production, commissions, top accounts, nationality mix and relevant contracts
- Obtain CAPEX/FF&E history, maintenance records, brand/fire & safety requirements
- Identify missing, unreliable or non-reconciling data before the onsite review

Output: Analytical baseline dataset and list of information gaps.

3. Understand the Asset and Its Current Highest and Best Use — from 2 days

- Walk the complete property: guest areas and back of house
- Review rooms, F&B, MICE, spa/leisure and other revenue-generating facilities
- Review condition, deferred maintenance, CAPEX and FF&E requirements
- Understand why the property and operation developed into their present form
- Form a preliminary view of current Highest and Best Use (HBU), but do not finalise it until market and financial analysis are complete

Output: Asset and operating-context assessment; preliminary HBU hypothesis.

4. Map the Current Business Model – Follow the Guest and the Money — from 2 days

- Map demand source → booking → arrival → consumption → departure → payment → repeat business
- Trace real transactions through PMS/POS/CRM/accounting
- Map customer segments, revenue sources and where commercial, operational and financial ownership changes hands
- Review how each revenue stream converts into Departmental Profit, GOP, EBITDA and cash

Output: Current-state business model and revenue-to-profit map.

5. Analyse Market, Positioning, Commercial and Distribution — from 3 days

- Define the relevant competitive set and review market positioning, seasonality and feeder markets
- Review segmentation, ADR, occupancy, RevPAR, booking pace, cancellation, channel production and acquisition cost
- Review CRS/GDS/OTA setup, consortia/special programmes, franchise and marketing/sales agreements
- Review sales-account production, conversion, marketing spend and pricing/inventory decisions
- Cross-check stated commercial strategy against actual system configuration and behaviour
- Where the hotel comprises materially different accommodation products, KPIs must be analysed separately by product and on a consolidated hotel basis.
  This may include, for example, separate 3-, 4- and 5-star wings; family and adults-only sections; or separate buildings/products for rooms, suites and villas
  This applies to relevant KPIs including occupancy, ADR, RevPAR, double occupancy factor (DOF), segmentation, source of business, channel mix, commissions/distribution cost, booking pace and profitability/contributio.

Output: Market opportunity, positioning, distribution and commercial-performance diagnosis.

6. (Optional) NFPA Fire & Safety, Technical, and CAPEX Review

- Full NFPA Fire & Safety Review
- Full Technical Review
- Full CAPEX Planning Review

Output: Recommended steps.

7. Observe How the Hotel Actually Operates — from 5 days

- Work through every material department and relevant shift, including Night Audit and Income Audit
- Shadow employees as well as managers and follow complete workflows
- Compare SOPs with actual practice; observe handovers, peak periods, guest requests, workarounds, duplication and waiting
- Review rosters, workload, staffing presence, productivity and interdepartmental coordination
- Discuss observations with the people doing the work while facts are still fresh

Output: Current operating-flow, workload and capability map.

8. Establish the Financial and Organisational Performance Logic — from 3 days

- Complete USALI departmental analysis and the Revenue → Departmental Profit → GOP → EBITDA → NOI/Cash bridge
- Analyse payroll/productivity, unit economics, F&B contribution, fixed/variable cost behaviour and budget/forecast accuracy
- Review organisation, spans of control, shared/clustered functions, actual decision rights and approval bottlenecks
- Review reporting cadence, KPI use, data integrity and systems flows
- Cross-check financial anomalies against field observations

Output: Financial-performance bridge plus organisation, governance and reporting diagnosis.

9. Identify Root Causes – Not Symptoms — from 2 days

- Triangulate interviews, observation, KPIs, financials, market evidence, systems/data, contracts and SOPs
- Separate **symptom → immediate cause → structural cause**
- Challenge preliminary findings with GM/HODs and test contradictions
- Distinguish issues caused by strategy, structure, capability, process, systems, capital or leadership

Output: Evidence-based root-cause matrix and agreed current-state diagnosis.

10. Confirm HBU and Agree What Must Change — from 1 day

- Compare the diagnosed current state with owner objectives
- Confirm the realistic Highest and Best Use of the asset and business
- Identify the commercial, operational, organisational, governance, capital and leadership changes required
- Agree which issues are immediate stabilisation matters and which are structural

Output: Owner decision on target direction and change requirements.

11. Design the Target Business Operating Framework — from 5 days

- Define future commercial architecture: positioning, segments, channels, pricing, distribution and revenue priorities
- Translate the commercial proposition into operating requirements, workflows, service levels and capacity
- Define functions before positions: **work required → function → accountability → authority → position → person**
- Define workforce/FTE and capability requirements
- Define governance, decision rights, escalation, management cadence and KPI hierarchy
- Determine technology requirements only after information and decision requirements are clear

Output: Target commercial, operating, organisational, governance and performance architecture.

12. Financially Test the Target Model — with specialist RICS partner where required — from 5 days

- Translate the proposed commercial, operating and organisational architecture into the operational assumptions required for financial modelling
- Provide the relevant revenue, staffing/payroll, Departmental Profit, GOP/EBITDA, CAPEX/OPEX and implementation assumptions derived from the business review
- Where the assignment requires formal valuation, investment appraisal, underwriting or other specialist financial analysis, this is undertaken by an appropriately qualified independent professional RICS partner using the operational assumptions and data developed through the G&A review
- Test the proposed operating model against the owner's financial objectives and identify where operational assumptions require adjustment

Output: Operational assumptions and business-model inputs supporting independent financial feasibility, valuation or investment analysis, as applicable.

13. Define Leadership Requirements and Implementation Sequence — from 3 days

- Derive leadership competencies, authority and accountability from the target model
- Assess whether incumbents should be retained, developed, restructured or replaced
- Prioritise actions by dependency, business impact and operational risk—not by an arbitrary calendar alone
- Separate immediate stabilisation, 30/90-day interventions, structural changes and 12–24-month initiatives
- Assign accountable owners, milestones and KPIs

Output: Leadership requirements and sequenced implementation roadmap.

14. Implement, Measure and Recalibrate — from 5 days per month

- Establish weekly operating review initially and monthly review
- Use KPI dashboards and 30/60/90-day implementation reviews
- Track realised benefits against the business case
- Correct assumptions where implementation evidence proves them wrong
- Hand the framework into normal management governance once embedded

Output:

- An operating management framework (system)—not a report sitting in a drawer
- Executive Search Mandate (extra, upon request)

Indicative Minimum Professional Days: From 35 days
This excludes implementation support under Phase 14 (from 5 days).
The actual requirement will depend on the size and complexity of the asset, number of distinct hotel products and profit centres, quality and availability of data, organisational complexity, and the extent to which information must be reconstructed onsite.
For a complex resort, MICE property, mixed-use hospitality asset or hotel comprising materially different accommodation products, additional professional days should be expected.
Implementation support: From 5 professional days per month, with duration determined by the agreed implementation roadmap.

Indicative costs, net of VAT, per advisor:

- Phase 1 only: From 1 up to 10 days, € 2.500 fee day rate
- Phase 1-9: From 21 to 30 days, € 2.000 fee day rate (20% discount)
- Phase 1–13: From 31 to 40 days, € 1.750 fee day rate (30% discount)

Indicative only; actual fees governed exclusively by G&A's Commercial Terms of Business and applicable Work Order. Maximum discount applied is 50% (€ 1.250) from 51 - 60 days per annum per advisor. Travel expenses and 1 EU per diem per overnight stay for onsite visits. Time for travel is charged.