WHITEPAPER

Driving financial and sustainability success

Why hospitality resource management needs to become part of daily financial planning

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d2o | Profit Conversion Management

LABOUR FOOD ENERGY WATER WASTE

Daily decisions shape monthly results. Consistent management creates financial and sustainability success.

EXECUTIVE SUMMARY

Hotels do not operate monthly.

**Financial ambition is set monthly.
Operational reality moves every day.**

Occupancy, arrivals, covers, staffing requirements, food consumption, energy demand and waste change every day. Financial planning and performance management still operate largely through monthly targets and reporting cycles.

01 Monthly targets need a daily operational counterpart.

Financial plans establish where the business wants to go. Daily resource decisions determine whether it gets there.

02 Leading indicators create time to act.

Month-end results explain what happened. Operational indicators help managers influence what happens next.

03 Financial and sustainability performance share a management logic.

Labour, food, energy and water differ physically, but all benefit from linking demand, planning, consumption and action.

Forecast demand realistically. → **Align** resources accordingly. → **Measure** execution. → **Act** on variance.

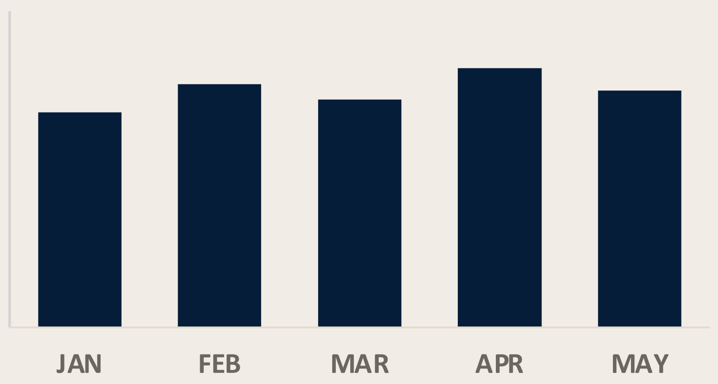
01 | THE GRANULARITY GAP

Financial plans set the destination.
Daily operations determine whether you get there.

Annual budgets, monthly forecasts and P&L targets are fundamental management tools. The problem begins when those same monthly figures are expected to guide daily operations.

MONTHLY FINANCIAL VIEW

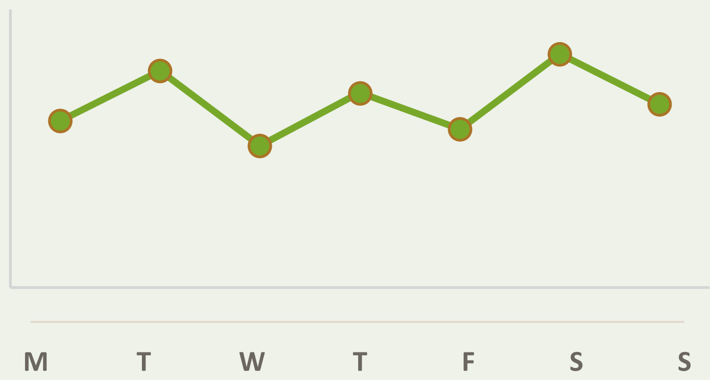
One target · one period · one aggregated outcome



VS

DAILY OPERATING REALITY

Demand and resource needs vary day by day



OPERATIONAL PRINCIPLE

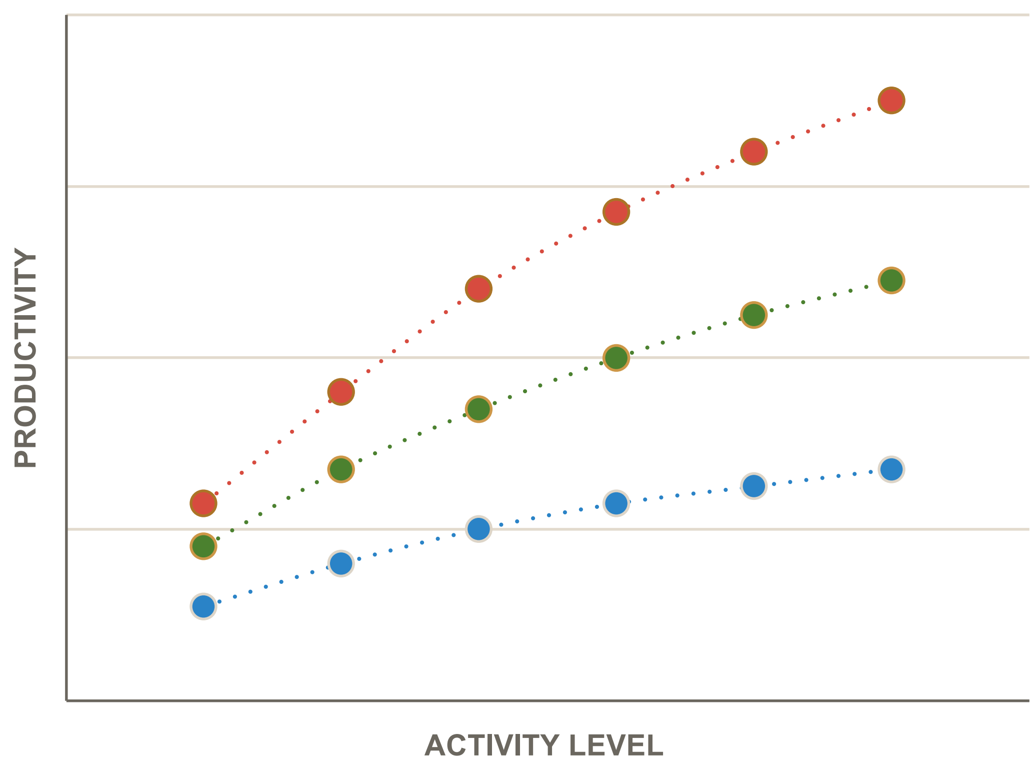
Resource requirements should follow expected activity — not the calendar distribution of a monthly financial target.

02 | ACTIVITY AND PRODUCTIVITY

The relationship between activity level and appropriate productivity.

Productivity does not improve simply by increasing activity. Staffing and resources must be aligned to the expected activity level while protecting the intended service conditions.

ILLUSTRATIVE ACTIVITY AND PRODUCTIVITY



Conceptual operating zones; not measured customer data.

Potential resource waste

Resource consumption is high relative to expected activity.

Aligned resources

Resources and productivity are appropriate for the expected activity level.

Potential service / stress risk

Resource levels may be insufficient for expected activity and intended service conditions.

STAFF AND PLAN AROUND THE APPROPRIATE OPERATING RANGE.

Daily forecasts define expected activity. Resource plans should respond accordingly.

03 FROM DEMAND TO RESOURCE PLANNING

A daily forecast should provide an operational foundation.

As bookings, cancellations, events and other conditions change, the forecast changes. Resource plans should respond accordingly.

EXPECTED DEMAND → ACTIVITY DRIVERS → RESOURCE PLAN → DAILY EXECUTION → OUTCOME

A rolling management process

01 **What activity do we now expect?**

02 **What resource level is appropriate?**

03 **Does the current plan reflect it?**

04 **What changed since the last forecast?**

05 **Where is execution moving away from plan?**

06 **What can still be adjusted?**

Daily alignment turns forecast demand into operational advantage.

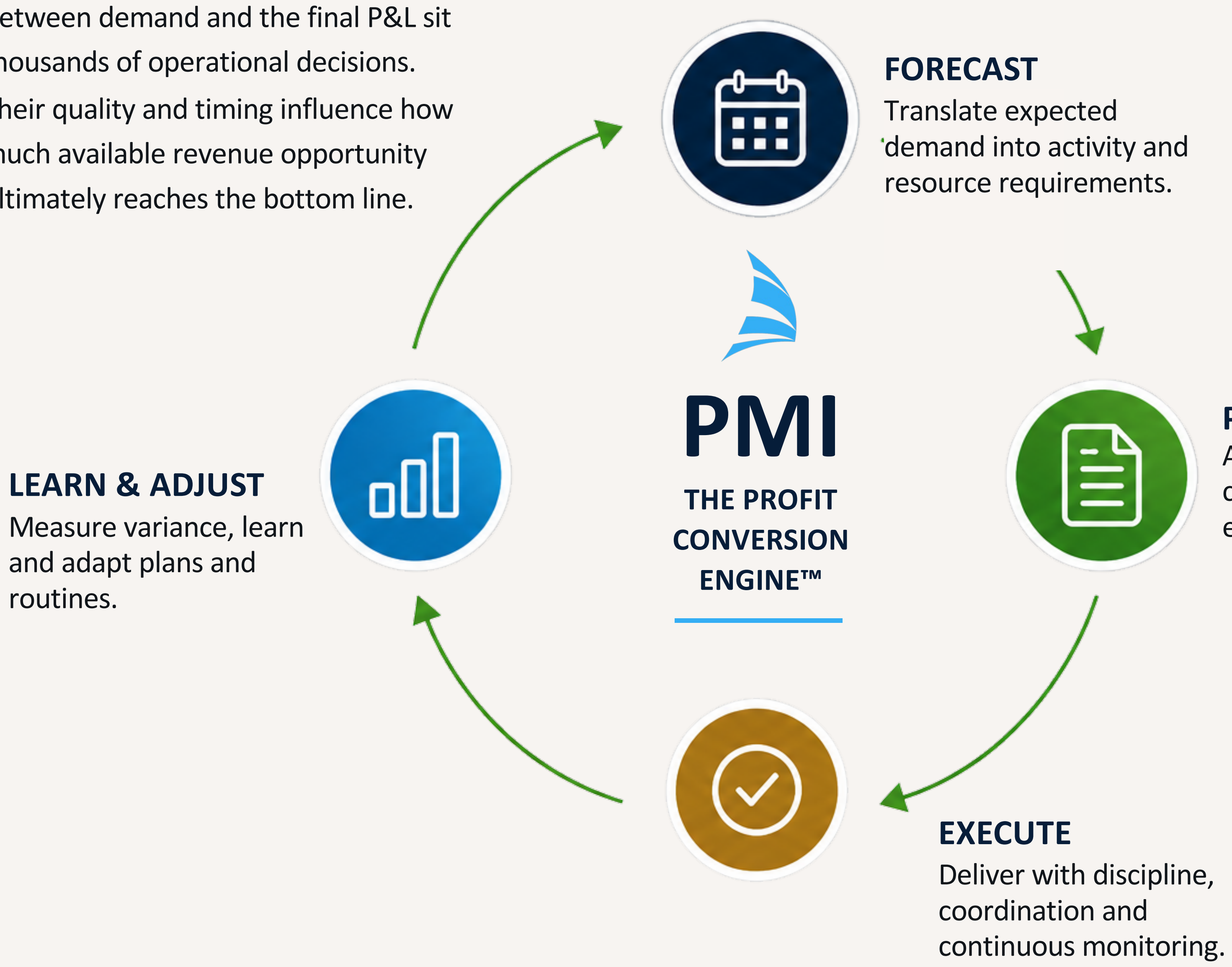
BE AGILE. ADAPT EARLY. ACT DAILY.

The earlier adjustments are made, the greater the impact on cost, service quality and profit.

04 | FROM PLANNING TO PROFIT CONVERSION

Revenue does not automatically become profit.

Between demand and the final P&L sit thousands of operational decisions. Their quality and timing influence how much available revenue opportunity ultimately reaches the bottom line.



OPERATIONAL PRINCIPLE

The objective is appropriate resource consumption for the expected level of business, while protecting the operating conditions required for the intended guest experience.

PROFIT IS ENGINEERED DAILY.

PMI connects planning and operations so decisions made today create value that shows up in tomorrow's results.

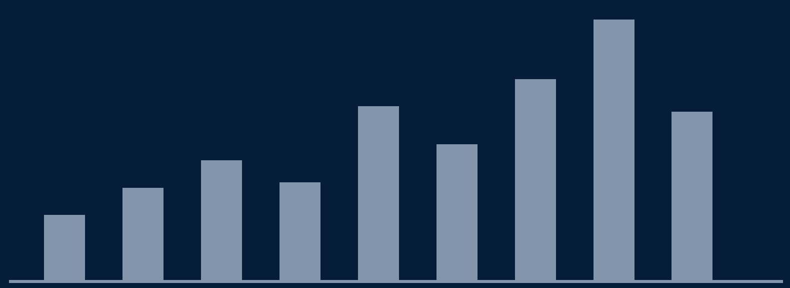
05 | MANAGE WHAT CAN STILL BE INFLUENCED

Lagging indicators explain what happened.
Leading indicators create time to act.

LAGGING

TELL YOU WHERE YOU ARRIVED.

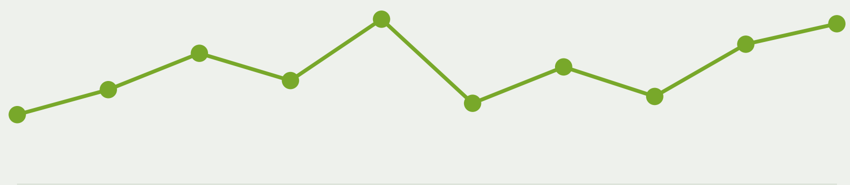
- GOP
- ADR
- RevPAR
- Labour cost
- Departmental profit



LEADING

HELP YOU INFLUENCE WHERE YOU ARE GOING.

- Rolling forecast accuracy
- Schedule alignment
- Worked hours vs plan
- Productivity
- Resource consumption vs activity
- Agreed management actions



Survey insight:
82% of General Managers identify daily resource management as one of their top priorities.

82%
OF GMs

WHY LEADING INDICATORS MATTER

Leading indicators describe conditions and actions that can still be influenced before the final financial outcome is fixed. They do not replace lagging measures; they give managers time to influence them.

06 CUSTOMER EVIDENCE

PANDOX — RESOURCE & PRODUCTIVITY

Turning daily productivity management into measurable profit.

The results reflect more than the introduction of technology. The management approach combined data and analytics with productivity targets, daily operational planning, management routines and capability development.

Technology can identify opportunities and provide guidance. Realised performance depends on whether hotel teams consistently translate that information into operational decisions.

OBSERVED RESULT
8 ANALYSED HOTELS • 12 MONTHS

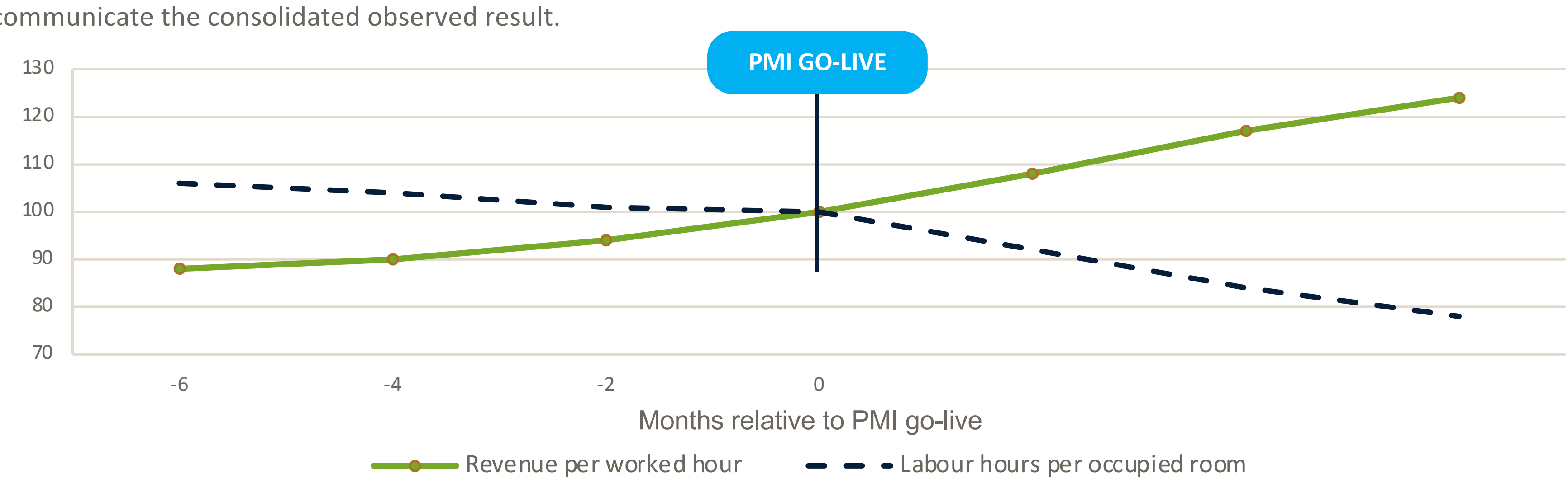
+$3.7M
GOP improvement

101,000
labour hours saved

€2.75M
salary-cost savings

DIRECTIONAL OPERATING VIEW • PANDOX — RESOURCE & PRODUCTIVITY

Directional view based on the inherited Pandox productivity chart. Index: PMI go-live = 100; approved 12-month headline figures above communicate the consolidated observed result.



PRODUCTIVITY IMPROVEMENTS CAN TRANSLATE INTO MEASURABLE FINANCIAL OUTCOMES.

The operating trajectory is directional; the observed headline results above are the approved customer evidence.

07 SUSTAINABILITY

PANDOX GOGREEN — MAKING SUSTAINABILITY OPERATIONAL

Sustainability goals need operational execution.

Energy is one of the largest controllable costs in hospitality operations — and a key lever for reducing environmental impact. PMI GoGreen gives hotels the insight and daily management discipline to track, analyse and act on energy performance.

Lower energy consumption reduces cost, emissions and environmental impact, while improving profitability.

PANDOX OBSERVED RESULT

11.5%
electricity reduction per m²

€186,291
reported savings after five months with PMI GoGreen

ILLUSTRATIVE MANAGEMENT MECHANISM

Turning insight into action through a simple, repeatable management cycle.

01 SEE
Monitor energy consumption and cost.

02 FOCUS
Benchmark performance and identify improvement potential.

03 ACT
Drive targeted actions and measure impact.

CONTINUOUS IMPROVEMENT | What is learned from measurement and action informs the next management cycle.

SUSTAINABILITY BECOMES OPERATIONAL WHEN INSIGHT, ROUTINE AND ACTION CONNECT.

Observed results are shown separately from the illustrative management mechanism.

08 PRACTICAL IMPLEMENTATION

A DAILY MANAGEMENT RHYTHM THAT DELIVERS RESULTS

Success comes from consistent execution.

Implementation is not a one-time project. It is a continuous management discipline.

The following management rhythm connects expected activity, resource decisions, daily execution and realised outcomes.

THE SIX-STEP MANAGEMENT RHYTHM

01	**ESTABLISH TRUSTWORTHY DAILY DEMAND DRIVERS**	Create a reliable operational view of expected activity.
02	**CONNECT ACTIVITY TO RESOURCES**	Translate activity into appropriate resource requirements.
03	**SET REALISTIC PRODUCTIVITY EXPECTATIONS**	Define the operating range for expected demand and service.
04	**REFORECAST CONTINUOUSLY**	Update demand and resource plans as conditions change.
05	**MANAGE LEADING INDICATORS**	Focus on the signals and actions that can still be influenced.
06	**MEASURE REALISED OUTCOMES**	Track results, learn and improve the management rhythm.

PEOPLE FIRST

Clear roles, accountability and collaboration across all levels are essential for success.

SUPPORTING ENABLERS

CLEAN / TIMELY DATA
Reliable information for timely decisions.

TECHNOLOGY
Visibility, automation and decision support.

MANAGEMENT CAPABILITY
Skills and confidence to interpret and act.

COLLABORATION / ACCOUNTABILITY
Clear ownership across functions and teams.

CONTINUOUS IMPROVEMENT
Learn, adjust and strengthen routines over time.

SUSTAINABLE PERFORMANCE IS BUILT THROUGH DAILY CHOICES, DISCIPLINED EXECUTION AND CONTINUOUS IMPROVEMENT.

The management rhythm is practical, repeatable and owned by the operation.

Profit Conversion Management

Daily decisions shape monthly results. Consistent management creates financial and sustainability success.

09 CONCLUSION

FROM FINANCIAL PLANNING TO OPERATIONAL PERFORMANCE

The opportunity is not to replace budgets and forecasts.

It is to connect them more closely to the daily decisions that determine their outcome.
When demand changes, resource requirements change. When plans change, managers need to see the consequences. When execution diverges, teams need enough time and guidance to respond.

The next advantage is not always more revenue. Sometimes it is **converting more** of the revenue you already have.

d2o calls this:

PROFIT CONVERSION MANAGEMENT

PMI — The Profit Conversion Engine™

FOUR MANAGEMENT PRINCIPLES

01 **MONTHLY AMBITION NEEDS A DAILY COUNTERPART**
Operational reality is the foundation for realistic plans and timely action.

02 **ACTIVITY SHOULD DRIVE RESOURCE DECISIONS**
Demand and service conditions define the appropriate operating range.

03 **LEADING INDICATORS CREATE TIME TO RESPOND**
Managers need visibility before outcomes are fixed.

04 **FINANCIAL AND SUSTAINABILITY RESULTS SHARE A MANAGEMENT LOGIC**
Forecast, align, measure and act — consistently.

ABOUT THE EVIDENCE

- Conceptual diagrams in this paper are explicitly labelled Illustrative.
- Pandox Resource & Productivity and Pandox GoGreen are presented as observed customer examples.
- Results depend on property type, market, service level, facilities, labour model and operating conditions.
- Observed customer results should not be interpreted as guaranteed outcomes.
- Edition 2 distinguishes management principles, illustrative models and observed customer evidence.

Connect financial planning to the daily operating decisions that determine performance.

Profit Conversion Management

Daily decisions shape monthly results.
Consistent management creates financial and sustainability success.