

## NAVIGATING THROUGH COVID 19 | HOSPITALITY SECTOR

A significant industry has virtually come to an un-imaginable halt. A new landscape is emerging - one in which the hospitality sector will have a lot to gain; and a lot to lose as well unless it gears itself for the new normal.

### The 10 commandments

This point-in-time note provides expert guidance on 10 significant aspects that can enable our clients in the hospitality sector to respond effectively to the current and emerging situation.

### Focus of risk assessment

The best measures of your risk exposure emanate from the following.

- The interdependency of your business with the travel/tourism (*domestic, inbound and outbound; in all verticals - leisure, MICE, heritage, adventure and niche*) and aviation sectors;
- Duration of lockdown restrictions;
- Price elasticity of your customer; &
- Business sustainability (*operationally and financially*) apart from the robustness of your business model.

However, we recommend that you update your risk assessment at an enterprise level.

### Strategy

Re-assess your strategy for providing experience (*such as cuisine, cocktails, weekly menus, etc. for home delivery*) in the short term, a flexible cancellation policy with loyalty benefits in the medium term; and over a longer term your digital strategy, marketing assets and processes to set your hotel up for future success in the new normal.

For those who are facing the big challenge to survive, assess your ability to integrate your business model with the healthcare sector in the short to medium term; and the impact of shifting focus to lower-funnel flow with a realignment of the target demographics with relatively stronger feeder markets.

Proactively plan for the rebound in travel demand, to make up for lost revenue.



**Monish G Chatrath,**  
Managing Partner,  
MGC Global Risk Advisory LLP

### Marketing

Stay connected with guests (*past and targeted*) through social media and emails with editorial content that recreates an experience with your property.

Launch programs with benefits to followers, who share inspirational photos of your property with their most preferred activities offered by you and share virtual tours.

With tasteful messages and themes, you can retain and enhance your brand positioning.

### Operations

Maximize revenue by focusing on upselling ancillary services; increasing ancillary revenue will be critical to success once the COVID-19 pandemic subsides. Create experiential packages with dining and spa inclusions and market your ancillary offerings in unique ways - this will help your hotel increase its average booking value.

### Quality health safety & environment

Prioritize your efforts on health, safety, social distancing, housekeeping, cleanliness (*including public areas*) and digitization (*use technology for contactless check-in/check-out and keyless room entry*).

### Standard operating procedures ('SOP')s

Reengineer your SOPs to ensure that these are the state of the art, incorporate enhanced digitization and complete compliances with new regulatory directives and guidelines. Promote the new SOPs through marketing channels to give your guests comfort.

### Finance

Your business is capital intensive (*typically debt, which needs to be serviced by payment of interest on debt and repayment of debt*) and has high fixed costs. Evaluate the impact of COVID-19 in preparing and reporting your financial statements for the year ended March 31, 2020 and projections (*inventory measurement, impairment of non-financial assets, provisions, contingent liabilities and contingent assets, going concern assessment for self, customers & vendors, income taxes borrowing costs, post balance sheet events & interim reporting*).

### Human resources

Preventive measures in the context of employee health and safety are imperative. Your biggest reputation risk may lie within.

### Information technology

Assess the capability of your IT systems and working practices to ensure security and confidentiality; adherence with privacy norms (*such as GDPR*); enhance the processing integrity of information and data; and optimize availability of your platforms, hardware and software. Cyber-attacks and data theft are on the rise.

### Inventory

Update your inventory management parameters (*including stocking levels*), with emphasis on back end supply chain integration. Assess going concern issues relating to stakeholders in your supply chain.

### Disclaimer

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### MGC Global Risk Advisory LLP

Our Firm was established in September of 2015, with the vision to be the best providers of risk advisory services wherever it operates. Effective May 08, 2019, MGC Global Risk Advisory LLP became a direct and independent member firm of the US\$ 4 billion, Atlanta headquartered Allinial Global (*formerly PKF North America*); and changed its name to MGC Global Risk Advisory LLP.

MGC Global Risk Advisory LLP specializes in providing risk advisory solutions to its clients in the areas of enterprise wide risk management, control assessments, internal audits, fraud investigations, process re-engineering, governance frameworks, IT risks, GDPR readiness, cyber assessments, CxO transformation, board evaluations and research. It currently has over 100 dedicated risk advisory specialists in its own offices in Bengaluru, Mumbai and the NCR and arrangements with our associates to service its clients in all major cities in the country.

Our Firm has access to the expertise of over 28,373 professionals and over 4,000 partners in 592 offices across the globe as a member firm of Allinial Global. Amongst numerous achievements and accolades secured, the Firm has been recognized as one of the '10 most promising GRC consultants in India' in 2017, the 'Company of the month' in January 2018 and the 'Company of the year' in 2018 as well as in 2019 (*both, in the category of risk advisory services*).

In case you would like to discuss the above or any other aspect relating to risk management and business transformation, **please write to us at: [contactus@mgcglobal.co.in](mailto:contactus@mgcglobal.co.in).**

