

# Minnesota Hotel Operator Builds Success With Locations Near Chain Restaurants, Web-Based Centralized Accounting

**At Tax Time, Streamlines Reporting for 200 Investors,  
Reduces Corporate Data Re-Keying Time by 50%;  
Shaves Hours Off Weekly Operations at Properties**

February 5, 2003 - When the dramatic 'Gales of November' blustered over Lake Superior last September, Raija Macheledt was not watching, even though her office perches at the edge of the lake. The vice president of finance for ZMC Hotels was installing a new Web-enabled, centralized accounting system to handle the 36 hotels and 50 legal entities for which she is responsible.



"We have 25 to 30 people doing all the corporate finance and accounting for 50 legal entities, including two boat businesses and some selling entities," said Macheledt. "They all have to go through tax processing, and we have 200 investors that need K-1s by March 1st." Duluth, Minnesota-based ZMC Hotels started operation in 1971 as a retail business that had hotels as a sideline. "Nearly all our properties are limited service now," explained Macheledt. "In the beginning we had full-service hotels, but we learned that having a 150 to 200-room limited-service property next to a chain restaurant like a Chili's or Appleby's is a good formula. At one point we tore down a restaurant and lounge to build a limited service hotel, and sold part of the land to a Chili's. When those restaurant chains started booming we moved more and more into limited-service flags like Day's Inn, Hampton Inn, and Comfort Suites, 85 percent of which are in drive-up locations that serve business travelers and families."

ZMC operates 11 different flags and two independent hotels for its investors, so accounting accuracy and flexibility are critical. Nearly all its properties use different chain-recommended front office systems, getting the daily operating numbers out of the separate systems and into the corporate office involved hours of re-keying from Excel spreadsheets and other sources. That changed last year when ZMC installed the Profitvue corporate financial system in its home office along with the Webvue Internet-based property accounting application at its hotels, both from Aptech Computer Systems.

"We started using Profitvue last September to manage our corporate financial information; it allows us to set up multiple companies for our entities and properties, and create flexible consolidations for our investors," ZMC's Macheledt explained. "Our hotels all use Webvue for back office accounting, and it is interfaced to nearly all our front office systems. Webvue lets each hotel to run its own accounting system from our corporate back office application over the Internet. Now the hotels upload their numbers to headquarters daily; the automation is saving us hours a week in data entry, and our financial information is continuously up to date and accurate. Our departments for hotel accounts payable, corporate accounts payable, cash management, and payroll are all on time, and we are generating financial statements two days after the end of the period, instead of two weeks."

## **Cash management for 36 hotels**

ZMC Hotels is ahead of most operating companies in its cash management strategy. Consolidation is the key to ZMC's operational success. Cash from all its properties is sent to the corporate office in Duluth, Minnesota, which handles all property purchasing through manufacturer-direct accounts for its hotels. This gives hotel managers the freedom to run their

hotels and not worry about the day-to-day management of cashflow or whether there is money in the checkbook to pay utility and other bills. ZMC's VP of finance explains, "We use consolidated corporate checking and disbursement accounts, and a Wells Fargo card for properties that controls use volume by day, month, purchase size, or vendor classification. Even if managers don't have the statements, they can use Webvue to check their accounts up to the point of the last invoice; they can even look forward at budgets so they can make good financial decisions. Our purchase accounting process is streamlined because the Wells Fargo card is interfaced to our back office and uses our general ledger vendor account numbers. For instance, a 'hardware store' purchase goes into the 'Repairs' account automatically; with our previous accounting system we had to manually key in the information. We receive a 'cash transfer' report of all the money that comes in from our banks, and we can download this information into our accounting system too, without any manual keying."

Inn on Lake Superior, one of ZMC's many hotels, is known for, among other things, having one of northern Minnesota's few heated rooftop swimming pools. The 170-room property's director of operations, Lisa Wappas, explained, "We run an average annual occupancy of about 70 percent, and that includes our long winter. We keep the pool heated to 102 degrees and the deck around the pool has embedded heating elements to keep it from freezing. The pool is quite an



**Inn on Lake Superior**  
350 Canal Park Drive  
Duluth, Minnesota

attraction at the property. About 75 percent of our guest mix is leisure, but our meeting and convention business is growing. We began using Webvue last September for our back office, accounts payable, daily revenue tracking, and reporting. In the past if I needed to check on an account or learn when a payment was made to a vendor I had to call the corporate office. Now when there is a question about a vendor's payment status I just go into Webvue and verify the check number and when payment was made. It is saving us several hours every week and our vendor relationships are very good."

### **Cash over and short**

"We maintain a 'cash over/short,' account, like most hotels, which should always be minimal," continued Wappas. "If our general ledger numbers don't balance with our revenue totals, ZMC posts the difference in our 'cash over/short' account. I don't like to have anything in that account; it means we are out of balance. Now that we are working with Webvue I can check the property's corporate general ledger totals on-line to find out if we are out of balance because of something like a \$300 credit card payment posted to the wrong account. The new system lets me run more accurately, and the property be credited with all its revenue. The best part is that it is real-time. If I need a report the numbers are accurate and current."

ZMC Hotels is also out in front of most hospitality companies in the way it treats its staff. "In 1980 we were way ahead of the industry in establishing health insurance plans for line employees from housekeepers to our top executives, and we have always worked to keep it as affordable as possible for families," concluded Ms. Macheledt. "In 1988 we made 401K plans with matching company contributions available to all employees, and as far back as the 1970s we established paid vacations when no one else was offering them. Our mission at ZMC has always been to provide services and establish program offerings before they are expected."

## **About ZMC Hotels**

ZMC Hotels' goal is to provide guests with comfortable, affordable hotel accommodations and outstanding service that exceed their expectations.

## **About Aptech**

Aptech Computer Systems, Inc., a leading provider of financial and operational software and services, is known for valuing human relationships and evolving technology offerings as the market dictates, a commitment that has earned the company 100% customer loyalty of its 700 users over the last three decades.

