

NEXT MEETING:

**Thursday
May 15, 2003**

www.hftp-la.org



HFTP Los Angeles Chapter - www.hftp-la.org

Hospitality Financial and Technology Professionals

L O S A N G E L E S

MAY 2003 ISSUE



resident's Message

Thank you to Jay Thorson and the Millennium Biltmore Hotel for hosting a fabulous meeting on April 17th! Hal Bastian spoke to us about the state of developments in Downtown LA—most of us had no idea that there was so much activity!

On May 15th, we are going to the Wyndham Bel Age Hotel, where Mike David from Allied National will address our group on the topic of collections. I am sure that you and your credit and A/R staff have heard it all:

- “The A/P clerk is on vacation. Payment will be issued when he/she returns.”
- “The check is in for approval.”
- “Gee, you didn’t receive our check yet? Let me check on it right away!”
- “The master account billing of \$12,000 included one mini-bar charge for \$2.13. Our company has a policy prohibiting mini-bar charges to guest folios. Please resubmit a revised invoice in triplicate.”
- “We can’t pay you until our members pay us!”
- “Our A/P clerk just used the last check. We expect the order from the printer any day now!”

We look forward to having you join us!

Bruce Reichenbacher, CHAE
President of HFTP, Los Angeles Chapter

**“Lodging:
It’s a Risky Business”**

Mike David, Managing Director for Allied National, will be our guest speaker for the May meeting.

Mr. David began his career in business credit with Dun & Bradstreet in 1976 and served as district representative for Nebraska, Iowa and Wyoming until 1986.

He formed Allied Financial in 1987, a collection agency serving the Midwest market. In 1991 the name was changed to Allied National to reflect the scope of services provided to a nationwide clientele.

In 1995 Mr. David developed innovative debt collection initiatives by launching FasTrac Prompt Payment Systems. In 1996 he added web-based applications for online monitoring and client access. The Final Notice & Final Demand series was launched in 1997. In 1998 Michael opened offices in Miami, New York, Dallas and Los Angeles. In 2000 Allied reached out to the global market with a multi-cultural, multi-lingual staff of professionals. In 2001 p@yg.com pay-as-you-go was introduced, offering business credit reporting as a value-added dimension.

Raising the profile of Allied National to meet the needs of managing credit risk in a nationwide and international marketplace will be the focus of future initiatives.

**wyndham
bel age
hotel**

1020 n. san vicente blvd.
W. Hollywood, CA 90069
(310) 854-1111

Thursday, May 15

**Doors open at 6:00 pm
Reception 6:00 - 7:00 pm
Speaker at 7:15 pm
Dinner at 8:00 pm**

**“Lodging: It’s a
risky business”
with
Mike David**

**Managing Director
Allied National**

**\$38 per person
for members and
first-time guests
All others, \$48 per person
 (“No Shows” will be billed.)**

Valet Parking Available

**Please RSVP online at
www.hftp-la.org
by Monday, May 12
Or call (626) 836-1222**



The 3 C's of Credit

When Shakespeare's Polonius advised his son to "Neither a borrower nor a lender be," he was voicing the wisdom of his age. But in these times, credit and the risks associated with extending credit are a necessary reality of doing business. In particular, Credit Managers have the responsibility to identify and minimize financial risk. The best way to do this is to focus on three fundamental principles, otherwise known as the "3 C's of Credit": Character, Capacity, and Capital. These principles should be the foundation for any decision to extend credit, whether to an association, a company, or an individual:

CHARACTER

Many Credit Managers consider Character to be the most important of the 3 C's. What is Character? It's a willingness to act in an honest and ethical manner at all times. For example, providing accurate information, answering questions honestly, returning phone calls promptly, and paying in a timely manner are reflections of character. Customers that lack character will not do these things in a manner consistent with what is expected.

CAPACITY

Capacity is the ability to pay. It is not enough to be willing to pay, although that is a good sign; one has to have the ability to pay. In accounting terms, it means that current assets exceed current liabilities, which provides net working capital. Obviously, you want a customer with the ability--and not simply the intention--to honor the payment terms of an agreement.

CAPITAL

Capital is the ability to raise money in the event that capacity is lacking. For example, a customer may have a bank credit line or other means of raising money that may include selling an asset or raising debt. The more assets a customer has, the easier it is to expect a customer to have the ability to pay.

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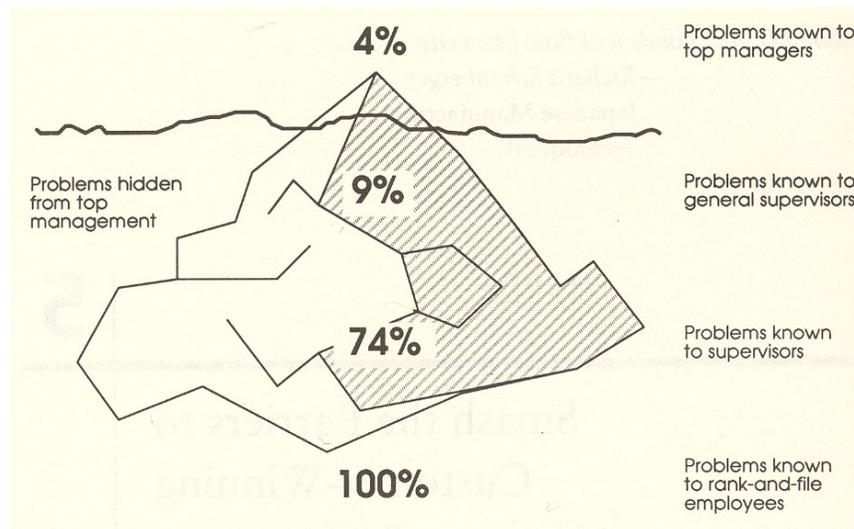
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Who's On The Move?

- **Ana Martinez**, Credit Manager: from W Los Angeles to The Beverly Hills Hotel
- **Joy Ong-Newberry**, Assistant Controller: from Wyndham Bel Age to Hotel Bel-Air
- **Shemaa Masry**, Credit Manager: from Wilshire Grand to Sheraton Gateway LAX
- **Hiran Wirekoon**, Controller: now working at the Warner Center Marriott
- **Chris Thullen**, Controller: arrived from Seattle and now at the Mondrian
- **Gary Wolf**, Controller: arrived from San Francisco and now at the Sheraton Gateway LAX

The Iceberg of Ignorance



In his book, *The Customer Driven Company*, Richard Whiteley introduces us to a concept that he terms the “iceberg of ignorance.”

Whiteley states that, taken as a group, top-level managers are aware of perhaps only 4% of the problems that customers face when dealing with an organization. While rank-and-file employees are the most aware of the problems facing customers (because they deal with customers every day), about 96% of these problems are hidden from top management.

How does a top-level manager beat these odds and become more aware of the problems facing the company’s customers? One step (no pun intended) is MBWA (management by walking around). Get out of the office and boardrooms and speak with those staff members that face the customer day in and day out. Find out the answer to “what is it that our customers are telling our front-line staff members”? You won’t answer this question by reading emails from the corporate office or attending executive committee meetings. You can only answer this question by immersing yourself in the issues that front-line employees deal with every day, and to do that, you need to promote an active dialogue with employees.

Another step to combat the Iceberg of Ignorance is to ask for suggestions on how to get rid of barriers preventing your company from servicing the customer. Customers prefer returning to an establishment that makes it easy to do business with them. You should be asking questions such as “What can we do to make it easier for you to do business with us?” and “What changes can we make to our website that would make it easier for you to book with us?”

So as you are sitting at your desk reading this newsletter, remember one thing. The problems you are aware of may represent only 4% of the problems your customers face every day. It’s up to you to recognize ALL the barriers preventing your company from servicing the customer. When you break down the barriers to serving the customer, you’re creating an organization that will truly focus on the customer and win.

— Bruce Reichenbacher



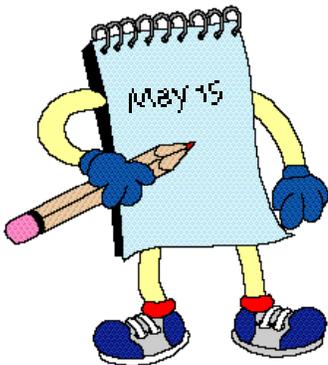
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LA Chapter Meeting Dates

May 15: Wyndham Bel Age Hotel. "Lodging, It's a Risky Business." A talk by Michael T. David from Allied National on strategies for minimizing credit and financial risk.

June 19: Our summer social this year will take place at the Magic Castle. Stay tuned for details!

Time to renew your LA Chapter Membership? Please call Bruce Reichenbacher, Chapter President at (213) 612-3902 or go to www.hftp-la.org for more information.



May 15 Meeting at Wyndham Bel Age Hotel

Humming with energy and well-appointed splendor, the Wyndham Bel Age Hotel is a luxurious all-suites property. Set against the rolling hills of West Hollywood, it's minutes away from exclusive shops, trendy clubs, and funky cafes. The Wyndham Bel Age offers the perfect starting point for new adventures!

Directions: Take Santa Monica Blvd. and exit north on N. San Vicente Blvd. Continue for about a half-mile and the hotel will be on your right side.

Upcoming HFTP Meetings & Events:

June 24-26: HITEC, Ernest N. Morial Convention Center, New Orleans, LA

October 15-18: HFTP Annual Convention & Tradeshow, Rosen Centre Hotel, Orlando, FL