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FINANCE

MASTER´S FINAL WORK

PROJECT

THE DESIGN OF A MANAGEMENT CONTROL SYSTEM FOR A SMALL MEDIUM HOSPITALITY FIRM IN CAPE VERDE

PATRÍCIA ISABEL SPENCER RODRIGUES

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SUPERVISOR:

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Resumo

Tendo em conta o panorama atual, o turismo apresenta-se como um dos mais importantes setores económicos na área dos serviços e com excelentes taxas de crescimento.

Este projeto reflete o caso da Spencer Turismo, uma pequena empresa do sector hoteleiro a operar em Cabo Verde e atualmente com quatro unidades de negócio operacionais e um novo projeto em curso que implica a sua expansão para uma nova ilha.

Tendo em conta esta importante fase de crescimento e expansão da Spencer Turismo, este projeto tem como objetivo o desenvolvimento de um Sistema de Controlo de Gestão capaz de apoiar a empresa através de um controlo eficaz e eficiente da performance quer financeira quer operacional da empresa.

Inicialmente será feita uma revisão de literatura para suportar o desenvolvimento do sistema seguido de uma análise cuidada da envolvente externa e das características internas da empresa.

Em linha com a estratégia e necessidades da Spencer Turismo serão definidos os principais indicadores a serem reportados, o design do sistema que melhor se adequa bem como a operacionalização e periodicidades a serem aplicadas. O culminar deste percurso serão os relatórios de performance relativos a cada departamento chave bem como os relativos a empresa como um todo, capazes de rapidamente identificar importantes desvios e eventuais necessidades de alteração da estratégia e/ou modo de operação.

Além da sua vertente prática, este projeto tem como objetivo adicional ter um impacto literário ao recolher e organizar informação relevante relativamente a utilização de Sistemas de Controlo de Gestão a nível empresarial em África, com especial enfâse nas empresas cabo-verdianas. Adicionalmente, o projeto tenciona poder acrescentar valor no meio académico, sendo concebido por forma a facilmente adaptado num estudo de caso.

Palavras chave: Turismo, Cabo-Verde, Hotelaria, Sistema de Controlo de Gestão, Indicadores de Performance

Abstract

Tourism is a vital sector for Cape Verde's economic and social development. In this context, this project consists in the design of a Management Control System (MCS) for a capeverdean firm operating in the hospitality industry that recognized its potential to thrive in this business segment. Spencer Turismo (STU) already has two hotels and two restaurants and it is currently building a third hotel in a different island emphasizing its intentions to expand operations.

The firm is manifestly going through an important phase of growth and transformation and it aims to create an integrated and diversified offer of quality products and services in the hospitality industry. Spencer Turismo also wants to be recognized for its impact in the community due to its investment in the country's human capital and products.

This new phase revealed the need to standardize operations and have a broad system capable to efficiently monitor the operations and constantly inform the company's management about key achievements but also possible deviations from the strategy and consequently give important insights on the performance (financial and operational) and need for shifts in strategy.

The design of the MCS implied a thorough literature review and required a careful analysis of the company, both internally and externally. It was important to understand company's operations, organizational structure, strategy and goals.

Subsequently it was possible to identify critical areas to control and key performance indicators (KPI's) to be reported, both financial and non-financial, for the company as a whole and for key departments identified by Spencer Turismo.

Moreover, this project aims to address the gaps in literature regarding MCS in Africa, especially in Cape Verde, at firm level, and construct the base for a useful and impactful academic case study.

Keywords: Tourism, Cape Verde, Management control system, Hospitality, Key Performance Indicators.

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During this period, I had the support of many important people, which I would like to thank and to dedicate this project.

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It is important for me to say that I was very lucky to have found ISEG. It gave amazing friends and some of the most crazy, difficult and funny moments so far.

This is not only the end of a spectacular journey but the beginning of an even better one and there are no words to thank you all enough!

For my two special stars up there, thank you for always watching for us, we will always love you.

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Glossary

ABCM – Activity-based cost management

CAPEX – Capital expenditures

COGS- Cost of goods sold

CV – Cabo Verde

DCS – Diagnostic control systems

FB – Family business

GDP – Gross domestic product

ICS – Interactive control systems

IFAC – International Federation of Accountants

IRR – Internal rate of return

KPI – key performance indicator

MA – Management accounting

MAS – Management accounting system

MC – management control

MCS – Management control system

NWC – Net working capital

P&L – Profit and loss

PMS – Performance Management system

p.p. – Percentage points

RevPAR – Revenue per available per room

ROA – Return on Asset

ROE – Return on equity

ROI – Return on investment

SA – Santo Antão

SCI – Spencer Construções Imobiliária, Lda.

SME – Small-medium enterprise

STU – Spencer Turismo Lda.

SV – São Vicente

TRevPar – Total revenue per available room

UNWTO – World Tourism Organization

WTTC – World Tourism and Travel Council

1. Introduction

Cape Verde's economy is mostly based on the services sector and currently tourism has been playing a major role in the economic development of the country. It is crucial that companies are aware of the market's dynamics and have the ability to rapidly recognize opportunities and embrace them. This project rises from Spencer Turismo's sense of opportunity and consequent need of updated processes and systems able to assist its growth. Spencer Turismo is a small- medium company that operates in the tourism and hospitality sector and it is going through an important phase of growth and expansion.

This project consists in the design of a management control system capable to gather and analyse important information and provide reliable outputs regarding both financial and operational performance.

The design of the MCS considered the management main concerns, strategy and the key issues identified during the company analysis performed, namely short-term cash management, profitability, return on investment and other operational matters like lodging and marketing. The main output will be relevant financial KPI reports addressed to each pre-defined departments and to the management considering a "whole-company" perspective. Moreover, the MCS reports will include non-financial KPI's such as those regarding lodging operations and product segmentation.

Additionally, this project aims to have an impact on both literature and academic fields. Previous research showed an evident gap on the literature regarding the use of MCS in small enterprises in the hospitality industry. Throughout the process, I expect to perform an impactful research gathering and organizing important information at firm level relative to entrepreneurs' purposes and needs for a MCS. Moreover, I expect to add impactful new evidence for capeverdean companies.

The methodology consisted in both exploratory case study and critical participatory research, naturally supported by the triangulation of the information as a way to validate the data obtained.

It was clear that a complete MCS is not static nor focuses solely on financial measures and that there is no accurate system to fit a set of companies even if they operate in the same business segment. Furthermore, the fact that it entails much more information than a simple budget, does not necessarily make it more complex.

The organization of this document is as follow: it starts with the literature review, followed by brief context and history of the business opportunity and the company itself. The next chapters consist in a complete analysis of firm's internal and external environment by segments or business units whenever applicable and the last chapter will focus on the results through the presentation of the MCS and its operationalization. Finally, I will present the conclusions and possible future research questions.

2. Literature Review

Recently, non-financial performance measures have increased in popularity and are deemed as a critical part of an overall control system, together with a variety of other control approaches, which have little to do with conventional management accounting (MA).

Management accounting systems (MAS) are traditionally viewed as pure financial systems. They are based on financial accounts and concentrate only on the internal characteristics of the firm, providing historical financial information (Mia and Chenhall, 1994). MCS resulted from a broader approach of MAS. Besides financial information and internal features, it pays attention to the external environment and other non-financial details that can affect the firm's operations.

The International Federation of Accountants (IFAC) described the evolution of MA by dividing it in four stages. The first stage is marked by the focus on cost determination and control using mostly budgetary techniques and cost accounting. In the second stage, MAS are expected to provide useful information for management planning and control. However, it would only identify problems and possible solutions when there was a deviation from the original business plan. The third stage was focused on reducing waste. The system should support not only the managers but also all the staff. Finally, it was clear that the systems should help the organization create value and so they should consider the drivers for customers, shareholders and innovation (Abdel-Kader and Luther, 2006). To some degree these concepts clarify the shift from MAS to MCS and the differences between these two different schemes.

2.1. Management control systems

There are countless definitions of MCS. However, there is some common ground on the fact they should help the organization achieve its objectives. According to Otley (1999), MCS are intended to provide useful information to assist managers on their decisions to pursue the company's goals. Hopwood (1974) pointed out that the design of a MCS and the design of an organizational structure are indeed inseparable and interdependent.

The functionalist contingency-based approach states that MCS are adopted to assist managers achieve some desired organizational outcomes or goals. The appropriate design will be influenced by the context in which they operate (Chenhall, 2007) and Kober et. Al. (2007) believe that MCS shapes and is shaped by the firm's strategy.

Nowadays, companies are required to be flexible and innovative. Chenhall and Moers (2015) studied how this need has created new challenges for the design of effective and dynamic MCS. The authors believe that the past decades of MCS development can be characterized as an evolution from basic control carried out through closed-systems to more complex notions and consequently wider control systems. As closed-systems, they refer to traditional accounting-based systems very focused on financial measures. Open-systems are assumed to include both financial and non-financial measures and have a more flexible approach.

They defined MCS as set of a variety of inputs and output controls that serve as a tool for a firm's management to pursue its goals and recognized the importance of the firms needs in the design of the MCS. Moreover, they understood that the progress that occurred from simple and traditional MAS to MCS, led firms to consider broader financial information and non-financial data on its systems.

Chenhall and Moers (2015) defined innovation as the creation and implementation of new processes, products and services that result in significant improvements in the outcomes. They consider that innovation has direct and indirect effects on MCS and constitutes a contextual variable to be considered in the design of the MCS. In circumstances where innovation is crucial, traditional MA controls appears to be incomplete and ineffective. It is necessary MCS focusing simultaneously on innovation and efficiency to assess how organizational processes and other external factors could lead the company to introduce innovative products or services to the market in a cost-effective way.

In 2009, Ferreira and Otley studied the use and design of Performance Management Systems (PMS) pointing out the need for a more integrated, scientific approach of MCS and the importance of considering the interdependency between control mechanisms (Abernethy and Brownell, 1997). They argued that PMS[1] was a more holistic way to approach the management and control of the performance of a firm including more aspects of organizational control than regular MCS. The authors define PMS as a collection of all mechanisms, processes, systems and networks used by organizations to achieve key objectives conceived by the management and assist strategic planning of operations. In this sense, they proposed an extended new 12-questions framework based on Otley's framework of 1999, to provide key aspects of a PMS and to facilitate their design and use.

Chenhall and Euske (2007) studied the role of MCS in the context of a planned organizational change for both technical and behavioural aspects, to describe which technical contents of MCS smooth changes and how well users react to them over time.
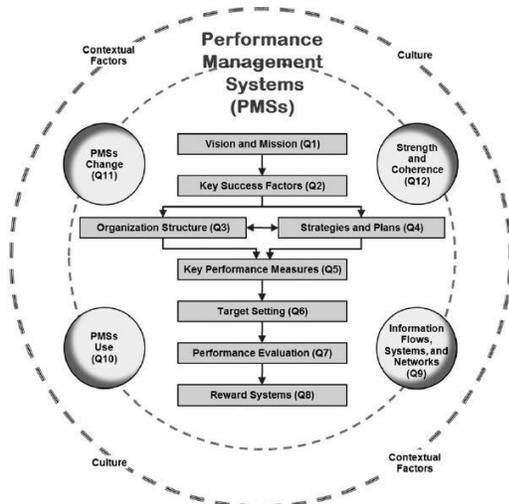
Figure 1: PMS scheme

Source: The design and use of PMS, Ferreira and Otley (2009)

They observed the implementation of an activity-based cost management (ABCM) program in two military organizations from Australian and USA between 1993 and 2004. It was clear that MCS should be used in ways that account for the company's environmental context and culture sensibility to the changes. Both organizations needed to improve efficiency and to have a more business-oriented view for public use. Despite their similarities and common goal, each organization followed different implementation paths. Evidence showed that considering a long-term approach, MCS, in the case of ABCM, can go through an initial phase when it is welcomed by users, and then suffer with an atrophy phase, but surviving trough a final phase of renewal. ABCM proved in both cases to be an effective source of information for a more efficient decision-making process at the same time it integrates strategic priorities.

There is an important approach to this subject first mentioned by Otley in 1980, linked to a view of MCS as a package. The concept of package suggests the idea that different systems can be implemented in a single organization, with different goals and/or by different interest groups (Malmi and Brown, 2008). There are five types of control: planning, cybernetic, reward and compensation, administrative and culture controls. Planning intends to set the goals and standards to be achieved by the organization and its employees. It is also a way to control employees' activities and make sure their efforts are aligned with the organization's objectives. Depending if it is short or long term, it can either be more or less strategic oriented. Cybernetic relies on a kind of MCS more focused on the accounting part with the main objective to provide information and support decisions. The third

typology is based on controlling the effort and behaviour through rewarding individuals for their performance. The administrative is how the company organizes and structures its collaborators and their activities. Finally, the culture control focuses on how the organization's values and beliefs influence employees' behaviour (Malmi and Brown, 2008).

There must be a difference between management control (MC) as system and as a package. According to Grabner and Moers (2013), MC practices constitute a system if they are interdependent (interdependence is when the value of one MC practice depends on the use of another and vice versa – complements and substitutes) and considered as such when the MCS is designed. In contrast, MCS can be seen as a package when it is a broad set of control practices regardless if they are considered or not interdependent, meaning that it can be either a set of MCS or independent MCS practices. If a firm does not ponder the interdependency between its control practices, it can incur in losses. Furthermore, if they consider it, the choice of the MCS practices will be interrelated and require a special attention to build an effective package (Grabner and Moers, 2013).

2.1.1. Contingency theory

The traditional contingency approach contends that the appropriate MCS for an organization is dependent on various contextual variables, including strategy. Nevertheless, this approach suggests a passive relationship between MCS and strategy, such that the MCS is an outcome of organizational strategy (Den Hertog, 1978).

Organizations are deeply affected by the dynamics of change and competition; therefore, decisions are based on the strategic objectives (Philips, 1999). In the 1970s, MA was the major driver of decision making and control systems of organizations. At the time, budgetary control dominated the objectives of the companies and even research on contingency approaches were pursued regarding the use and positioning of budgets. Nevertheless, those studies help expose the limitation of such instruments (Otley, 2016) and non-financial measures have gained importance, becoming essential in a complete control system together with approaches that do not resemble traditional MA.

The case study developed by Fisher (1995) highlighted three principal reasons that explain the recent implementation of non- financial measures. The first one is the proved ineffectiveness of pure accounting measures, as they tend to provide very little guidance to the root causes of problems. The

second is that external environment forced organizations to focus more on competitive advantage, thus to least obvious market components. Third, nonfinancial performance measures are recognized as an important element of business initiatives such as total quality management.

Different from the initial idea that it was possible to get a set of key contingencies to suit different possible scenarios, contingency must be considered dynamic and should be aligned with mechanisms of change (Otley, 2016). There are no universal solutions to problems in an organizational environment.

Chenhall (2003) and other authors identified some key variables that must be taken into consideration when designing a MCS, applying a contingency approach: external environment, technology, strategy, organizational structure, size, and culture of the organization. These factors appear to be cross-cutting when considering any well fitted MCS for an organization. It is crucial to clearly comprehend how these factors interact among them and how they affect the organization's ability to build an effective and efficient MCS (Fisher, 1995).

2.1.2. Management control systems in the hospitality sector

The hospitality industry is growing rapidly and so is its competitiveness. Having some insights on the hospitality industry and given the current scenario, it becomes clear the importance of an efficient MCS to correctly process information and efficiently support operational and strategic decisions.

Regarding specifically the hospitality industry, one should be cautious with the fact that it has very complex operations. According to Harris (1999), hotels condense three different categories of business activities namely: service, retail and production. He stated (1995) that those categories place different weights to different information and accounting methods and so the design of a unique management system should be especially challenging.

Some authors identify hotels as service shops, which is a category between mass and professional services (Fitzgerald, Johnston, Brignall, Silvestro & Voss 1991) which Sharma (2002) considered a 'grey zone'. However, it is possible to generalize for the accounting framework for either mass or professional services. In this sense, the hotel's operations can reveal similarities with other specific industries. Thus, marginal cost may be more appropriate relative to the hotel lodging activity and job costing more suitable for the event planning part for example.

There are other particularities of this industry such as sales seasonality and high level of fixed costs which suggest that the industry is market-oriented (Kotas, 1999 apud Harris & Brander Brown 1998) and consequently has a high dependence of market demand. Accounting methods and procedures should adopt a revenue accounting approach, and not the 'classic' management accounting angle developed by cost-orientated manufacturing industries (Kotas, 1999).

Brander, Brown and McDonnell (1995) noted in their review of empirical studies that existing hotel PMS were weak in three areas. First, hotel information systems were deficient in their ability to measure and monitor multiple dimensions of performance. This has been exacerbated by their focus on occupancy rate, profit indicators and ROI. Second, despite the high level of managerial interest in measuring human resource and marketing issues, existing performance systems are unable to deal with these issues adequately. Third, effective performance systems must be tailored to suit the specific needs of each hotel group. In an effort to overcome the current limitations, Brander, Brown and McDonnell (1995) thought that it might be useful for hoteliers to consider the balanced scorecard approach by Kaplan and Norton (1993).

Unfortunately, hoteliers have tended not to perform in-depth strategic analysis at corporate level. Typically, supply statistics are limited to room stock, whereas demand-side statistics are usually confined to occupancy percentages. This only results in a limited interpretation and identification of supply and demand patterns (Phillips, 1997).

2.2. Tourism and the hospitality industry

Tourism is one of the world's largest economic sectors (UNWT, 2017) and has been responsible for a big part of economic development. It has increasingly gained attention of many countries, as one of the fastest growing sector of which the hospitality industry represents an extensive part.

According to Bhatia (2002), hospitality directly provide not only services but also goods to promote business and leisure activities. This industry involves multi-million-euro businesses and still presents many growing opportunities. It is very diversified and covers many areas of services and products like travel, accommodation, restaurant and events planning. All the areas are set up within the organizations to deliver quality service to their guests. This industry goes from 5-star luxurious hotels to hostels that are more modest and residential, distinguished amongst them by the quantity and quality

of the services provided. It is a very specific industry and is usually characterized by high level of initial investment and fixed costs, perishability, wide product and services range and labor intensity (Harris, 1992).

Tourism has played an important role in the economic and social development of Cape Verde, directly and indirectly. Every year increases the number of tourists that choose the country as a vacation or business destination. Cape Verde is a country where business activities are mostly included in the services sector and tourism represents a huge part of it (INE-CV, 2017). As a very small country that only recently started to bet in this sector, it is interesting to try to understand the evolution and address facts to its impact so far.

According to the World Travel & Tourism Council (2018) tourism had a direct contribution to the country's GDP of 17.8% in 2017 and it is forecasted to rise by 3.1% in 2018. This sector also supported directly around 16% of the country's total employment and represented 26.4% of total investment in 2017. In a ranking of 185 countries based in 2017 statistics, Cape Verde occupies the 11th position regarding the total contribution to GDP and the 13th regarding total contribution to employment (WTTC, 2018) what reflects the importance of this sector to the country. In terms of long-term growth (2018-2028) of the tourism and travel sector, Cape Verde is in the 49th position. There are different components in this sector which can be basically divided in leisure and business spending. In Cape Verde, the latest corresponded to 11.5% in 2017 and it is expected to grow by 8.1% in 2018, while leisure is expected to growth only by 2.5% (WTTC, 2018). Foreign spending represented 88% of total spending in 2017 (WTTC, 2018).

The first trimester of 2018 had an increase of around 10% in hotel nights and in the number of guests comparing to the homologous period (INE-CV, 2018). Sal was the most popular destination representing 51.8% from the entries in hotels and similar establishments. Moreover, Hotels[2], (as opposed to other residential type business), is the most wanted and represent 85.2% of total entries (INE-CV, 2018). At the end of 2017, there were 275 operational hotel establishments corresponding to more than 20.000 beds, what reflected an 18% one-year increase (INE-CV, 2018).

Santo Antão, the second bigger island, has a total of 68 establishments, almost a quarter of the country's total. It is followed by Santiago and São Vicente with 50 and 45 respectively. The type of establishment with greater weight, so far, and that increased the most was residentials. They represent 38.2% of the total, followed by hotels and guest houses.

Although Sal and Boavista are the most popular destinations, they only represent 11.3% and 8% of total establishments in Cape Verde and are essentially divided in hotels and aparthotels. Therefore, they represent the biggest part of the offer with Sal in the 1st position (47.1%) followed by Boavista.

The hotels are responsible for more than three quarters of the beds available. Sal also represents more than half of the employees in the tourism sector, of which 92% are national citizens. More than 90% of the establishments are equipped with private bathroom, television and telephone. However, only 76% have access to internet and 40% have at least one power generator. Bar and restaurant are present in slightly more than 50% of the facilities. In what concerns prices, independently of seasonality, they are higher in Sal and Boavista and lower in Santo Antão and São Nicolau.

Generally, Cape Verde faced an occupancy rate of 58% and an average length of stay of around 5 nights. The United Kingdom represents 23.6% of the total entries in Cape Verde, followed by Germany, Netherlands, Belgium, France and Portugal (the latest represented 9.5%). The same ranking applies for the average number of nights, with the exception that Portugal comes before France instead.

2.2.1. MCS in tourism and the hospitality industry in Africa

There is little impactful literature that links MCS and the hospitality industry in African countries.

Acquaah (2013) investigated the link between MCS, business strategy and firm performance for family and non-family businesses (FBs and NFBs), in the special context of a sub-Saharan African country – Ghana, that had not been studied until then. He stated that FBs are different from NFBs as they tend to integrate both business and social life, implying different goals, which in turn have implications on the design and use of MCS.

Evidences suggested that around 90% of the business in Ghana where FBs and that Ghana has a competitive business environment and growth potential. They used a sample of 50 of each FBs and NFBs, from which he collected data through surveys targeting the firms' administration board. The results suggested a contingency approach to MCS[3] to maximize its benefits and revealed that MCS influence performance through the business strategy, with stronger impact for FBS.

The use of diagnostic control system (DCS) showed a positive effect on the implementation of cost leadership strategies for both FBs and NFBs, but with a greater positive effect for NFBs.

Interactive control system (ICS) support the differentiation strategies, but with more intensity for FBs. The simultaneous use of both DCS and ICS, and the resulting dynamic created, tends to benefit more FBs independent of the strategy chosen.

2.2.1.1. MCS in tourism and the hospitality industry in Cape Verde

A travel agent and a professor, Teixeira and Lopes (2012), studied the practices of management accounting in hospitality units in Cape Verde. They found that more than 50% of the hotels, in a range from 3 to 5-stars, adopt traditional MA techniques, and that more updated measures have been slowly introduced. They had as a sample all the hotels of 3 to 5 stars in existence in 2011, totalling 79 establishments. They sent surveys to be answered by the hotels' accounting responsible and noticed that almost half of the respondents (27) where completely held and managed by foreign companies. Only 7% where managed by a company with both national and foreign parties. 51% confirmed to have a MAS, of which 64% had a specific department of MA, whereas 8% transferred that responsibility for an external accountant. The use of MA is mostly oriented for cost determination, provides inputs for MCS and elaborates the P&L by functions. It was clear that traditional accounting techniques were predominant.

Note that, from those who had MAS, almost 80% said that they suffered transformations in the past five years, and more than 50% considered them substantial changes. As causes for the changes they pointed managers decision, need to improve efficiency and productivity, new accounting software, amendments in the strategy policy and changes in market conditions.

They also referred an increase in size, competitors and qualified staff available. Strategy towards suppliers and clients were designated as unimportant. As inhibiting factors, they mentioned the elevated cost of software, the lack of qualified personnel and the stability provided by the old systems.

3. Project Framework

3.1. Executive summary

This project main objective is to design a MCS for a SME that operates in the hospitality industry in Cape Verde. Although it has more than 10 years of existence, it is now facing some challenges as it

grows in establishments, operations, employees and presence in the market. The company has four business units already functioning and a fifth unit being constructed in a different island. The geographic conditions and the exponential increase of the company's size have revealed the need for an overall control system able to support managers not only in the operational control of the units, but also with the achievement of strategic goals.

Figure 2: Company's logotype

3.2. The company (history)

Spencer Turismo is a SME that operates in the hospitality industry in Cape Verde, more specifically in Santo Antão, and has over 10 years. It has two restaurants and two hotels, one of each in Ponta do Sol and Paúl. The newest unit is the hotel in Ponta do Sol that was the biggest investment of the company so far that combined with its current investment on a 4-star hotel in a different island – São Vicente, characterize an important phase of growth and the need for standardization.

To extensively and correctly analyse Spencer Turismo, it is important to fully understand the company, what it offers, how does it operate and what are the challenges it faces so that it is possible to accurately comprehend the internal and external factors that influence its operations. In this sense, I'll resort to the most known effective management tools to briefly have a global view of the company, after a presentation of each of the company's projects, information gathered with the company's commercial director, Dirce Costa and her department.

The products and services of the company will be presented in order of age, starting with the oldest establishment. Given that there are different products and locations, it will also be presented the clients' profile for each one specifically.

3.2.1. Veleiro I

This restaurant was the beginning of STU 11 years ago and it is located in Ponta do Sol - SA. It has a seating capacity of over 30 people, and provides all kinds of dishes, especially the ones based on the islands´ relics like fish and shellfish. The principal target audience are the tourists that visit the island for the most expensive dishes. However, it also targets national citizens and, as market requirement, it has a branch in the menu with least expensive and occasional options.

3.2.2. Veleiro II

As the name suggests, it is a replication of Veleiro I. Built two years after the first unit, it is located in Paúl and has a capacity of 80 seats and 20 moving around. It practices the same menu and prices as Veleiro I and serves the breakfasts for the company's hotel in that location, which will be presented next.

As expected, it has the same target as Veleiro I, but for a slightly different geography. The combination of the two restaurants covers most part of the foreign tourists and nationals that visit the island, having a strategic location in two of the main villages of SA.

3.2.3. Paúl Mar

Paúl Mar was the first lodging establishment of the firm inaugurated in 2011. It is a small hotel located in Paúl, alongside Veleiro II. The hotel has 19 double bedrooms, all with a private bathroom, wireless internet access and television. It is important to note that all rooms have a privileged ocean view, what usually attracts many people, especially tourists. With a strategic location for whomever wants to get to know SA, the target audience are the foreign tourists, but not exclusively. It is also an excellent opportunity for national citizens either visiting SA in business or vacations.

3.2.4. Tiduca Hotel

It is the biggest project of Spencer Turismo so far, inaugurated one year ago. Tiduca Hotel is a 4-star hotel in Ponta do Sol with 83 double rooms. It disposes of a restaurant with 60 seats, a bar with a capacity for over 40 people, a small gym, a multipurpose lounge and a solarium with a capacity of over 100 seats. Moreover, it has a conference and meeting room and a souvenirs store in the lounge.

Both the restaurant and the bar are not of restricted access for the hotel guests. The restaurant is an upgraded version of Veleiro I and II, providing similar but more refined dishes with slightly higher prices. It targets all types of audience, having personalized services for the biggest market niches such as tourists. In addition, the government and corporate segments represent an important target, given the quality of the hotel and its business-related services that are rare in the country.

3.2.5. Project Hotel Vista Oceano

This project is still in a construction in SV and is projected to have 44 double rooms. The project also includes two restaurants and a bar that will be available for the hotel guests and for the public. This will be a large investment in a very dynamic island, different from SA. The national citizens will be a big focus in this project, especially for the restaurants and the bar. In what relates to the lodging sector, it will focus on tourist, but the firm expects that the corporate segment will have an important role on the hotel's profitability and growth.

3.3. Sponsor

The sponsor of this project is the chief executive and financial officer of Spencer Turismo, João Spencer, that initiated these revolution phase in the company. He has a bachelors' degree in mechanical engineering and an MBA. Additionally, he has an extensive work experience in big companies, like Cabnave and Shell. Along with his brother, Emanuel Spencer, a civil engineer, João Spencer built, from scratch, not only Spencer Turismo, but also, Spencer Construções Imobiliária, currently one of the most important constructor firms in Cape Verde.

3.4. Business Opportunity

Given the company's experience, its geographic positioning and quality of its units, it identified an opportunity to grow and create an unified brand in the market. Most important, it wants to create an integrated offer of products and services in the hospitality and restauration industry.

STU wants to be recognized for its quality and flexibility, but more importantly, it wants to innovate in the market by having a special focus on less touristic islands, thus in different market niches besides tourists. It intends to develop its products and services and at the same time have a

positive impact in the community.

4. Methodology and Data Analysis

The methodology adopted for this project rested on the principles of exploratory case study and critical participatory research.

Critical participatory research is a method where the researcher works closely with the organization, its personnel and third parties involved, while the case study approach is "an intensive study of a single unit" (Gerring, 2004). The exploratory term has to do with what Gerring (2004) called path-breaking feature, meaning that, the corresponding subject had not been studied before. Additionally, Popp (2013) assumed participatory research as a specific manifestation of exploratory case studies, which it consider a suitable strategy for cases where the objectives and the research subject entail a complex and dynamic set of factors. Given that these techniques do not have the inflexibility of many other methods, they can easily steer the development of creative insights and theories (Voss et. al., 2002).

The main objective was to have a good amount of quantitative and qualitative information to fully comprehend the company, its challenges and be able to drawn a feasible and helpful MCS. These methods can include data from direct observation, organization's inputs, as well as data from public and private archives (Barton, 1990).

It was critical to understand and pursue the premises of these methods to achieve a relevant, reliable and impactful research. Shortly, the exploration plan foresaw an initial phase of literature review to absorb relevant academic information, the gathering of data from various sources that could add value to the project and the validation of the data collected, to finally design and test the MCS. The corroboration process relied on the triangulation method between the interviews, the data received from the company, the market research and my own observation.

The literature review followed the sequence and keywords presented in this document.

Greenwood et. al. (1993) stated that participatory research must incorporate six key factors: collaboration, incorporation of knowledge, eclecticism and diversity, focus on the case, dynamic process and finally, scientific understanding.

 Following Reinhold Popp (2013), it has essentially four phases: definition and critical analysis of the actual status, same process for the target status, implementation planning and finally, process and product evaluation. According to Voss, Tsikriktsis and Frohlich (2002), case research is being

continually considered of the most powerful method in operations management.

4.1. PESTE Analysis

The PESTE is an analysis tool to assess the external environment in which the company operates (Ward and Rivani, 2005). It refers to political, economic, socio-cultural, technological and ecological features, and relies on the assumption that they can influence the company's ability to create value.

4.1.1. Political and Legal

As previously stated, Cape Verde has seen the importance of the tourism sector for its economic and social development and, given the lack of capacity of the government to directly invest in this sector, it created some tax incentives. Article 13 of the act 21/IV/1991 of December 30th establishes the concept of tourism utility. The concept was reviewed and renewed by the law 55/VI/2004 of January 10th that describes the conditions for awarding and revoking the status of tourism utility establishment.

 The objective is to encourage the investment in this sector and so it grants some fiscal incentives for those that benefit of the status. Spencer Turismo's business units were all awarded with tourism utility status and can benefit of an exemption of custom duties for all goods that increase value to the project, in either the construction or operational phases. Furthermore, if there is the need of property acquisition, the company will be excused of the property tax (article 7, paragraph 1(a-c)).

Adding to these benefits, all tourism utility projects are also exempt to pay income tax in the first five years of the project and have a 50% exemption over the next ten years (article 7, paragraph 2 (a)(b)).

Regarding politics, Cape Verde is a sovereign and democratic republic where Portuguese is the official language, and it is known for being a very stable country (BBC – Country profile, 2018). The politic environment is based on consensus; citizens are free and consider elections to be fair (World Bank, 2018).

The country has six political parties. However, the government has been changing hands between the two biggest ones – PAICV and MPD ("A Semana" journal, 2016). In the first elections in 1991, PAICV lost for MPD that ended up serving the country for two consecutive mandates. Afterwards, in

2001, PAICV won again the elections and serves the country for 15 years more, until MPD regain the power in 2016 ("A Nação" journal, 2016). Note that none of these changes had impactful change on the general purpose, strategy and perspectives of the country.

4.1.2. Economy

Cape Verde is considered a middle- income country. It has limited natural resources, constantly suffers from periods of drought and has little arable land (BBC – Country profile, 2018). This increases the importance of the services and industrial sectors, especially tourism that is rapidly growing (Government site, 2007).

According to the World Bank (2018), Cape Verde experienced an extraordinary social and economic progress, where the main driver was its development as a tourist resort. After a period of weak GDP growth between 2010 and 2015, the country recovered in 2016, where, once again, the tourism had an important role (African Development Bank Group, 2018). In 2017, the country's economy was dominated by the service sector. After a 3.9% GDP growth in 2017, the expectations are for a similar value in 2018 (Bank of Cape Verde, 2018).

The country tourism sector represents 47% of exported goods and services in 2017 (African Development Bank Group, 2017). After a year of deflation in 2016, inflation rate rose to 0.8% and is expected to increase slightly in 2018 (INE – CV, 2018). The country faces infrastructure challenges on crucial areas like information technologies and communications, water and energy, and transportation (Cape Verde Economic Outlook, 2018). The resources are scarce, and the country is still trying to find the best way to manage them.

4.1.3. Social and Cultural

Cape Verde has little more than half a million inhabitants. Data from 2010 census shows that Santo Antão, the second biggest island, had at the time around 45.000 inhabitants, value projected to decrease to approximately 40.000 in 2018, whereas São Vicente had almost a population of 80.000 projected to increase by 5% until 2018. These tendencies were confirmed by the 2017 statistics. Both islands represent almost a quarter of total population, of which 67% live in the urban area.

The average age for the country is 27 years, whereas for the islands of interest, the average is 29.

Approximately 40% of the population is married or in a non-marital partnership. Literacy rate is 99%, however, only 42% had access to secondary school. The Gini index measures inequality and has a scale from 0 to 1; the lower the value the lees the income distribution inequality. Cape Verde had a value of 0.42 in 2015, not far from the 0.31 for the European Union in 2016. 90% of population has access to electricity, all of it supplied by a public entity. Regarding water supply, 32% of the population do not have piped water, and the state only provides 66% of it. In 2015, the average expenditure per person was 166.207 ECV, of which 3.1%, on average, was spent on hotels and restaurants (4% in SA and 3.1% in SV), 1.5% in alcoholic beverages and 4.5% in leisure and cultural activities (INE – CV, 2017).

4.1.4. Technological

The evolution of globalization, together with the economic digitalization, have developed different needs, especially in the tourism sector. Nowadays, almost everyone uses online platforms to choose their destinations, which hotel to go, even which restaurant or club to attend. This is still a challenge for the companies in Cape Verde, where the communications' infrastructure is not yet at full potential and internet represents a considerable cost. However, STU and many hospitality industries are working their ways to be present in important tourism and social media platforms.

Note that, issues have been partially mitigated by partnerships with travel agencies and booking websites that provide the company with an important virtual presence. 80% of the population has access to television, 70% has access to internet and 50% have an electronic device, like a computer or tablet, whereas more than 70% has a mobile phone (INE – CV, 2018).

4.1.5. Ecological

Ecological legislation in Cape Verde is still much undeveloped so far. The most recent document is a plan of action for the environment, produced at 2004, with a time horizon of 10 years. It is expected to have an updated plan in the following years. None-the-less, this document, together with my observation, seems to gather all important information and facts about the environmental sphere.

One of the main problems identified at the time was the limited availability of quality water, for both domestic and industrial use. This directly affects companies like STU that operates in an industry

where drinking water is essential, and for which these supply failures mean costs. Another problem was the poor sanitation conditions that has impact on the tourism development.

Finally, we had the loss of biodiversity and, although for now it is not very alarming, in the long term is important that tourism related firms prepare themselves for restrictions regarding access to the country that can influence business. It is also important to note that government pointed out the lack of legislation and supervision, the lack of environmental indicators and a poor territorial planning. These gaps are imminent problems that the government will probably solve in the near future. Thus, companies should prepare for some differences in the method of operations.

For the energy sector, they intended to explore renewable energies, and, in this case, STU has a little advantage given that it is equipped with solar panels in both hotels.

4.2. Porter's Five Forces Analysis

4.2.1. Competition in the industry

In SA, the number of competitors is low, and the geography of the island allows the company's establishments to be strategically positioned to capture most tourists and national citizens that visit the island. However, it is extremely important to know the market and the competition.

In that sense, I used the reservation website Booking.com, where STU and most market players are present, as a source, because it provides essential information about the hotels and guests' reviews and evaluation.

For Paúl Mar, I identified a maximum of five competitors. Two of those – Casa das Ilhas and Chez Hujo- are located far from the village centre, and are more focused on rural tourism. Nevertheless, the reservation websites show an interesting common target – couples- for which they all have a very good and similar score of 9. On average, they have a rating of 8.7 and more than 120 comments each. Aldeia Jerome and Misurino are other two competitors, located near to Paúl Mar, but that do not offer the same conditions. They have fewer rooms available, do not have a restaurant service and have inferior facilities' quality. Yet, they are capturing the attention of a considerable number of tourists. Aldeia Jerome has 128 comments and a score of 8.2, while Misurino has 59 comments and a score of 9.2, higher than the 8.8 for Paúl Mar that has the same number of comments.

The most important rival seems to be Black Mamba – a small hotel with a good location near the village centre, with very similar offers including restaurant service. The facilities benefit from a very distinct décor, which appears to satisfy its guests. Although it has fewer rooms available, it is the number one in the website for this location with a score of 9.3 and more than 150 comments.

For Tiduca Hotel, the market is different. Although there is no competitor with similar size, quality or structure, there are, around, seven small competitors that should be considered. Tiduca Hotel has 26 comments and a score of 9.3, what makes it the second-best option for Ponta do Sol. In this case, it is the most recent establishment and so the commentaries analysis can be misleading. As number one, there is a B&B with a close score of 9.4. It is sited distant from the village centre, yet it is the only one with a swimming pool, what seems to be an advantage. Four of the players appear in the platform as strong competitors with scores between 8.7 and 9. The other two have close to 8, yet they cannot be disregarded.

Note that Ponta do Sol is a very small location and most hospitality and tourism establishments are considerably near the village centre, what eases the access to every service and decreases the importance of the hotels' services beside accommodation.

In SV, the market is larger, and most important competitors have privileged locations. The quality standards projected for the hotel and restaurants have the ambition to surpass those of competitors. If Hotel Vista Oceano wants to be number one in the island according to Booking.com, it will need to get a score of 9.6, close to the one it has for Tiduca Hotel. Furthermore, different from what happens in SA, the apartment rental for short periods is a trend and will definitely influence the hotel business. Thus, it will require STU to have a strategy to adapt and overcome these challenges.

 The company will have the advantage to be a novelty and that will attract many clients, given that market players have been the same for a long period. It is important to refer that the Booking.com evaluation can change very quickly.

Veleiro I can count with four competitors. It has the lowest rate on google maps: 3.7 stars, against an average of 4.1. Veleiro II has only two close strong competitors, but according to google maps, it is the worst one with 2.5 stars against a 4.5 average. It is important to note that none of the competitors have a better infrastructure quality nor location in relation to the village centre. For both islands, the cost of switching for customers is almost null.

4.2.2. Power of clients

STU relies a lot on foreign customers but has also a considerable link to national customers, especially in the restaurants. This increases the importance of the economic paradigm of the country already exploited in the previous sections.

The national statistics institute developed an index about tourism prices that represents the evolution of the prices of a set of products and services that are considered as representative of the sector. This index is observed on a quarterly frequency and the hotel prices are the most important factor. For SA and SV, the overall tendency, so far, has been for growing prices considering seasonality effects. This can show a slight price inelasticity of clients.

In the hospitality sector, SA has lower prices than most islands, thus companies bet on diversity and quality to attract clients. The market is noticeably small, particularly for the restauration sector, what reduces the clients' options. However, the number of active companies in the industry has been increasing. Irrespective, in case customer desires to change, the cost is substantially low.

More specifically, STU practice prices very similar to those of its competitors but slightly higher, with the most pronounced difference for Tiduca Hotel that offers much higher quality standards than other market players do. It also has a branch in the menu with lower price options, which helps it target various market niches. In SV, the customers have more options, therefore more power. Both national and international customers are less distinguishable, the offer is wider, the cost of changing remains low and the price sensitivity is more difficult to interpret. Likewise, it is probably more difficult to keep track on competitors' prices due to the market dynamics.

4.2.3. Power of suppliers

The power of suppliers is different between islands. In SA, companies have much less options and that ends up giving some power to suppliers. SA depends on SV for most grocery products. This means that, in any case, companies are subject to price changes and stock failures due to lack of products and/or transportation problems given that there are only 4 fixed schedule trips per business day between the two islands.

In an attempt to guarantee stock quality and quantity of grocery products, STU established an

agreement with a wholesale seller according to the information gathered in the interview with STU's commercial director. This wholesaler is the principal supplier of the company and in return practices lower prices through lower profit margins (10% against an average 26% profit margin) as it was possible to confirm with the supplier's manager.

For agricultural products and seafood, the companies buy directly from the producers. The island has many small producers. However, the products available can vary greatly depending on the natural conditions and on the producers' readiness. On one hand, this means that companies will not depend on any producer in specific, what implies they have some space for negotiations, reducing supplier's power. On the other hand, it infers a significant risk of ruptures of stock.

In São Vicente the market is bigger, not only in terms of supply but also in terms of demand. This implies that prices are more or less static, but also that it will be easier to guarantee the quality of the products. Moreover, the cost for the company to change supplier is significantly reduced compared to Santo Antão.

The prices in São Vicente are lower and so is the risk of stock failures. The exception is regarding seafood and agricultural products.

In São Vicente, prices are higher and the quality is more difficult to control because of the proximity with the producers and information about the origin of the products that are not difficult to obtain when compared to Santo Antão.

4.2.4. Potential of new entrants in the industry

This can be considered a moderate force. This business sector implies a high level of initial investment and fixed costs, what hampers the entry of new companies. Nevertheless, there are no considerable legal nor ecological barriers. In fact, there are fiscal incentives, previously mentioned, that are provided by the government to encourage new entries in the market.

Naturally, the market is of easier access for companies that are already present and can work on economies of scale to get the most out of the investment. It was possible to observe that, legally, is easy for small players to dodge some initial costs by using their own houses, for example, to create a restaurant or a small residential. Even with improvised spaces, they can still have a strong presence in the market. Solely in 2017, SA experienced an increase in absolute terms of 26 hotels and similar

establishments, higher than the values faced by the other islands according with INE (2018).

4.2.5. Threat of substitute products

This represents a very strong force. At this point of the development of the tourism sector, the inexistence of substitute products is almost impossible. For geographically small islands, both SA and SV, have many small market players and, thus, many substitute products. Most of them do not have the same quality standards as Spencer Turismo's establishments; still, they absorb a significant part of the demand. Most of them are small residentials, restaurants and bars created in very simple ways.

Many restaurants and bars are no more than an adapted garage or open space. Likewise, small hotels and residentials represent an entrepreneurial and smart way to answer the market needs where the owners adapt their own houses. In both cases, they represent substitute products for those of STU, therefore increase competition. However, the power of these substitute products is somehow reduced by the limited share of the market they can absorb, which also jeopardizes their ability to grow.

In SV, customers are more demanding, and STU will face strong competitors with high quality standards and solid reputation for both the hotel and the restaurant. The restaurants will have countless substitute products.

The market is growing, it is legally easy to open new establishments and the demand seems to overlap the supply. As this industry is customer oriented, it will be crucial that the company can easily adapt to the requirements of the market niches it is targeting.

4.3. Internal / Functional Analysis

4.3.1. Marketing

The commercial area of Spencer Turismo is not yet at its full speed. One employee is in charge of all the communication channels, design and promotion of all units and corresponding products and services composing the marketing department.

Unfortunately, Spencer Turismo remains unable to have a strong presence on social media. It is present on Facebook through two different pages, one for each hotel. The pages are not linked with each other nor make a clear connection with the company.

Hotel Paul Mar facebook's page created in 2013 has currently a total of 384 likes and 381 followers (October, 2018). It does not have any recent updates and the information about the hotel is very scarce. The last publication is dated January 2016, where the hotel was awarded as one of the best hotels by the platform Booking.com. The second page, was created in 2017 for Tiduca Hotel. It is much more active with a current average of one publication per week. The page is updated, and customers can find essential information about all the services of the hotel. Therefore, it had a greater impact raising more than 2400 likes and followers.

In addition, both hotels are present on three platform websites - TripAdvisor, Booking and TUI. None-the-less, and as mentioned before, they have less comments than most competitors do, what implies a weaker impact. Regarding the restaurants, the only information available on the internet is on google maps, but Veleiro I is also mentioned on TripAdvisor.

4.3.2. Purchase and inventory management

As was possible to confirm with the commercial director each business unit has a manager that controls the procedures regarding inventory. The company has a responsible for the purchases department that receives the grocery list from each unit manager. She explained that after receiving all lists, she reaches the suppliers, gets the products and delivers them to each unit respectively. The frequency depends on the needs of the establishments but, on average, purchases are made three to four times a week.

The responsible has an operating fund of 100.000 ECV to answer little requirements that should not exceed 10.000 ECV each. When the request involves a value above the maximum, she must ask the accounting department to accept and proceed with the payment. All payments made by the accounting department are done by cheque, and that includes the refund of the operating cash of the purchasing manager.

The company's inventory control is made manually. Each unit has a notebook where every product that enters and leaves or is consumed in the unit must be written down. The unit is divided between kitchen, bar and storeroom, when applicable, and there is a manual count of the products at the beginning of each shift.

In addition, each unit has an operating fund of 15.000 ECV for emergencies. For all operating

funds, the restitution should be asked when 80% is spent by submitting all the invoices to justify the expenses.

4.3.3. Production and client service

The restaurants are probably the less complex in this case. The cooks have a "mise-en-place" procedure at the beginning of the shift, to prepare everything and decrease the time needed to finish a dish. Every dish is prepared in the moment the client requests it.

The production is based on standard recipes that cooks are required to follow with precision. Nevertheless, there is no information on a quality control system, besides the responsibility of the cooks and the waiters to evaluate if the dishes comply with the company requirements. All standards, from preparation to presentation, are made available to all employees and is strongly documented.

The restaurants kitchens are very similar and have equivalent technology to a domestic, what implies an average response time of 40/50 minutes.

Tiduca Hotel's restaurant has a response time of around 10 minutes, because it disposes of industrial equipment in the kitchen. For days with a more intense stream of requests, the response time increases sharply, what indicates the need for better time management procedures.

Client service is very well organized on both hotels and restaurants. Tiduca Hotel has a POS for the reservation management, whereas Paúl Mar makes it manually, assisted by an excel file. Either way, information about the reservations and room availability is constantly updated, what allows instantaneous responses to the clients' requests.

4.3.4. Technology

I could observe that the company invested on quality products that would guarantee a high quality and ecologically friendly performance.

Concerning the restaurants, the kitchens' equipment is equivalent to domestic equipment and the porcelain is standard restaurant quality. Veleiro II possess a POS to assist sales, while Veleiro I records sales manually on a notebook.

Paúl Mar does not have any particular technology. The booking system is controlled with the help

of a regular computer, the laundry machines are equal to domestic ones and the bedrooms are equipped with standard hotel quality equipment (Air conditioning, plasma TVs, hair blowers, etc).

Tiduca Hotel´s equipment is superior to all other units. The kitchen and the laundry have industrial level equipment and there is a POS to assist sales for the lodging and restauration sectors. The bedrooms are equipped to match a 4-stars standard hotel at European level.

4.3.5. Human resources

Human resources are a crucial part of the company. The company has a central human resources department, composed by one person that manages the bureaucratic matters for employees of all business units.

In addition, each establishment has one person responsible for managing the team and to be the bridge with the central department. Veleiro I has 11 employees, Veleiro II has 12, Paúl Mar 10 and Tiduca Hotel 43. So far, the company have not felt the need to increase nor decrease the labour force.

The average salary is 21.000 ECV for all units except Tiduca Hotel, where it is 26.000 ECV according to the information received by an employee of the accounting department, Vera Medina. Note that the average salary is almost the double of the minimum country's salary.

All employees had access to an average of 20 hours of training on various areas, from customer care to first aid and specific training for each department.

Considering the economic paradigm, Spencer Turismo offers excellent work conditions and is probably the company that invests the most on training its human capital in SA. The employees appear to be motivated with the expansion of the company and normally comply with the company's regulations and guiding principles.

4.3.6. Finance

The financial analysis of the company is crucial for the purpose of this project. It is important to identify the financial strengths and weaknesses and properly understand the needs that the MCS should cover. In line with the previous structure, this analysis will be presented per business units.

The analysis was based on the financial information received by the accounting department of STU

that assist me during the analysis process clarifying any doubts and providing any additional information required. The analysis will cover the last three civil years, except for Tiduca hotel for which it covers solely the 4 initial months.

4.3.6.1. Paúl Mar
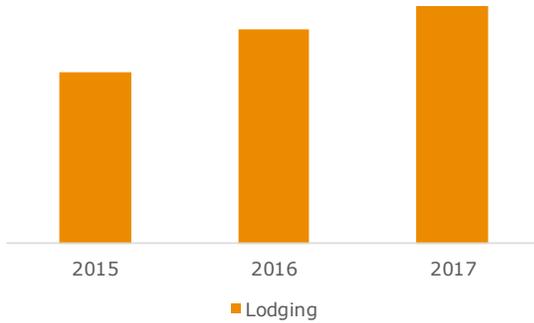
Figure 3: Paúl Mar's revenues
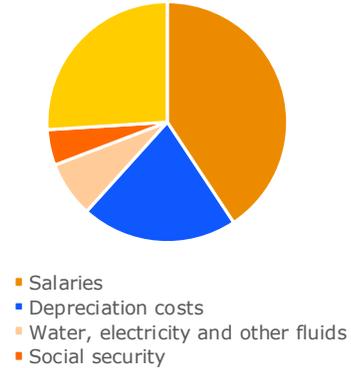
Figure 4: Paúl Mar's costs

This unit has two sources of revenues: lodging and laundry services. However, the latest represents, on average, less than 1% of total revenues. The business suffers from strong seasonality and the high season goes from October to March. It is possible to observe a general increase in the sales volume transversal to high and low seasons. However, it seems to be increasing more slowly each year.

On the cost side, the most significant cost is with the staff representing an average of 27% of total costs. Regarding personnel, it is possible to observe some changes in the recruitment policy, with the appearance of trainee costs that didn't exist until 2017 and came to represent a significant weight of over 5%. Attached to staff costs, there are the transport allowance and social security, each with an average weight of approximately 4%.

The depreciation costs are the second highest cost for the company with a 3-year average weight of 18.19, followed by the costs with water, electricity and other fluids.

Regarding profitability, it has positive net income in the previous two years. The net profit margin of almost 29% in 2016 decreased 1 p.p. in 2017. The operating profit margin also decreased in 2017, but remained above 40%. The ROE is approximately 64% on average while the ROA is 7.2%. In a preliminary analysis, it indicates that debt finances a considerable part of the assets.

The liquidity ratios indicate the ability of the company to meet its short-term obligations. STU's

current ratio was above 10 in 2015 and 2016, but decreased to 6.6 in 2017. This means that the company's current assets are more than enough to support the current obligations. However, this ratio is slightly biased by the high level of funding granted to other market participants. Cleaning this effect, the quick ratio decreases to levels slightly lower than 1 and the cash ratio does not reach 0.5. This draw near the company's difficulties to what regards liquidity and cash management.

It is important to note that STU improved its ability to manage credit sales, as indicated by the increase in the receivables' turnover, accompanied by a decrease of the receivables in spite of the increase on sales. The unit is mostly financed with debt that represents 87%. Nevertheless, since debtholder is the old parent company, SCI, the financial cost of debt is substantially low, which reduces the eventual negative effect of debt. The solvency ratio is around 14% in the last two years, given the high value of the net income and stable value of long-term debt.

4.3.6.2. The restaurants

Currently, the accounting of both Veleiro I and II is made jointly. Similar to the hotels, they suffer from the seasonality effect. The low-income months are mostly May to September. However, the decrease in the sales volume is less pronounced than for the hotels especially in August, probably due to the large affluence of emigrants in that time of the year. The overall tendency is for the revenues to grow. From 2015 to 2017, it grew more than 20% each year for both food and beverage sections, and food represents, on average, two thirds of the revenues.

Regarding the cost structure, the most important costs are COGS and salaries, which represent \roughly 80% of total costs. Salaries, water, electricity and other fluids and social security are next.
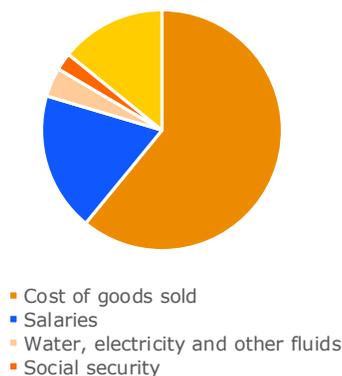
Figure 5: Restaurants' costs
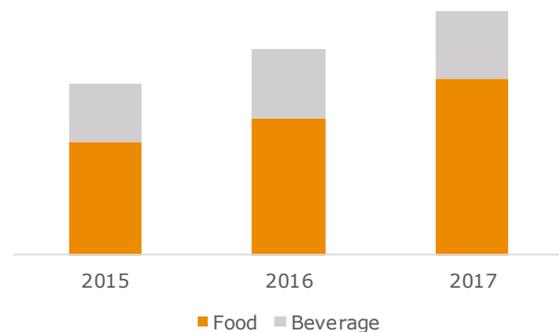
Figure 6: Restaurants' revenues

It is important to note that, even though the accounting is made jointly, for the management it is clear that sales volume is lower for Veleiro II than Veleiro I (Spencer J., 2018). In terms of fixed costs both have approximately, the same number of employees but the rent for Veleiro II is almost three times higher than the one of Veleiro I. This supports the fact that the profitability of Veleiro II is considerably lower and that Veleiro I currently absorbs the negative results of Veleiro II (Spencer J., 2018). The restaurants had a negative net income in the three years, but tend to grow every year, so that the firm expects a positive value for 2018. The gross profit margin is positive in all years and experienced an increase of 10 p.p. increase in 2017 to 37%. The operating profit margin is also increasing. Although negative in 2015 and 2016, last year it achieved 2.3%. This result was strongly affected by the decrease in credit impairments and other losses, and by the small increase in other revenues. The liquidity ratios for the restaurants have the same behaviour and imply the same conclusions that for Paúl Mar.

4.3.6.3. Tiduca Hotel

Considering that the hotel has less than one year operating in the market, the data provided is still somehow limited in what regards reliable financial conclusions. The cost structure is very similar to Paúl Mar, but in a larger scale, including its own restaurant and bar. The costs with salaries and charges on wages represent on average 44% of total costs, where 7% is from work-shifts subsidies. Electricity is also a considerable cost, with a weight of 13% on average.

According to the management of the company, Tiduca Hotel will probably have a similar seasonality pattern to Paúl Mar. Nonetheless, it is expected to have a lower impact on low seasons due to the corporate and events segments. Expectations are for better liquidity and solvency ratios than other business units. It is mostly financed with debt and the sales volume is still below target. The management feels that this first year should be a year of experiences at all levels, especially cost control and sales promotion (Spencer J., 2018).

4.3.6.4. General features

Some aspects are nearly transversal to all units and do not justify an individual explanation. One aspect is the pricing policy of the company. In the restaurants, they have a very well-established cost

structure for all products, especially for the dishes, and the price is calculated under a profit margin that is more or less stable by category of products. The profit margin ponders the fixed operational costs and the market conditions.

The hotel pricing scheme itself is much simpler, as the company fix the prices, but the process is even more complex than for the restaurants. They ponder the occupation rate expected, the fixed cost structure, the profit margin desired and the market conditions, especially the prices practiced by its competitors for each category of room and services.

The receivables collection period is a more important concern for the hotels, which work a lot with tourism operators and offer trade credit to attract them. The longest payment deadline is of one month for operational expenses, mostly electricity and grocery products supply. Nevertheless, it is an objective of Spencer Turismo to reduce both receipt and payment deadlines as much as possible to have a better control of its short-term cash management.

4.4. SWOT Analysis

4.4.1. Strengths

STU benefits of a well-known brand and an excellent wide network of contacts in the most various sectors, which most competitors do not have. It possesses strategic locations in SA and in SV, which eases the access for its target audience and it has the best hotel construction and equipment than any other establishment in SA, mostly due to Tiduca Hotel.

The company benefits from a direct connection with a construction firm, which enhances its ability to build new units at a lower cost and with all possible designs. Moreover, the number of business units allows for scale economies, something most competitors do not have. The investment on its labour force is also an important factor that still have space for improvements.

4.4.2. Weaknesses

An important weakness to consider is the lack of a structured cost and quality control system that is transversal for all units. The marketing and promotion channels are also two important matters that requires quick progress.

4.4.3. Opportunities

The project in SV itself represents an excellent opportunity for the company to grow and represents the first step for a long-term objective to have a national presence. SV is a very dynamic market and has plenty of space for innovation. From the set of opportunities, there is the constant increase of the tourism in Cape Verde and possible exploitation of the market corporate and events segments.

4.4.4. Threats

In SA, the market is still uncertain and unstable, even though there are projections for the growth of the number of tourists in the island. The economic and financial environment are not bright for the national audience.

In SV, the market is much more competitive. The trend is for an increase in the number of competitors and different concepts able to challenge traditional strategies like those of STU.

Additionally, the lack of qualified human resources in both islands implies extra costs and can affect not only an efficient management of the company, but also the maintenance of the quality standards.

4.5. Business Idea and Strategy

The company's mission is to create a single and unique product, combining lodging and catering services, with strong national presence privileging the quality and variety of capeverdean products. It intends to invest in young population and contribute to the increase of the employment rate in Cape Verde. Spencer Turismo will pursue its mission in a sustainable, ethical and socially responsible way.

Thinking further, its vision is to assert itself as the best and biggest hotel and restaurant chain in Cape Verde and to be recognized for its quality, strategic positioning, and responsiveness to the different market niches and for its impact in the community.

STU relation with SCI adds an enormous value for both companies, and both are committed to use this advantage to create outstanding products in cost effective way. While STU improves SCI's projects portfolio, SCI practices better prices for the same quality.

The strategy is to start by creating hotels in high income locations. With a strong presence in SA and with a construction in SV, the next target is Santiago. The plan is to have a special focus in the business and national segments to improve sustainability and its distinctiveness.

In the long-term, it expects to reach new islands and focus on more challenging areas, for which its experience in SA will be essential. The lower income areas requires time to reach sustainability.

The strategy is to have at least three hotels highly profitable to support some occasional default in the other business units during this period. The speed at which they will develop new units will depend on the company's ability to amortize previous investments, and the objective is to reduce that period as much as possible.

4.5.1. Strategic objectives

✓ Develop the restaurant chain of Veleiro, by opening two more restaurants in São Vicente and, afterwards, at least one in Santiago, within a period no longer than three years;

✓ Extend the hotel chain to São Vicente and Santiago, creating 63 and 60 to 70 new rooms respectively, achieving 250 rooms until 2020;

✓ Reach the breakeven for the occupancy rate as soon as possible, and stabilize the cruising speed around a minimum of 70%;

✓ Reach a minimum growth rate of 5% per year;

✓ Reduce the amortizing period and reach a construction speed of one hotel per year;

✓ Improve and innovate the business-related portfolio of products and services, and be recognized as the first one to focus on this market niche.

4.5.2. Marketing

4.5.2.1. Clients Profile and positioning

As stated before, STU has a wide target audience that goes from tourists to residents and corporate institutions. For each, it has different products and services and practices different prices.

According to the management of STU, the company wants to place itself as reference in the

provision of services and products in the hospitality and catering industries, reflecting an image of quality, sophistication, individuality, flexibility and confidence to the market.

The first step is to achieve a stable relationship with the travel agencies and tourism operators. Afterwards, expand its brand through its own channels, accurately tailored to its target audience.

4.5.2.2. Brand and image

Spencer in general, STU and SCI, is a well-known brand in Cape Verde, especially in Santo Antão and São Vicente. The initial idea was a broad group of firms in various sectors, in which SCI would be the parent company. So far, STU and SCI are independent from each other, and STU has been increasingly proving its potential.

The brand Spencer itself already represents quality and confidence to customers and entails a wide contacts network. Yet, the company's marketing has plenty of space for improvements. It still does not keep track of the technological trends and does not have an accurate virtual presence.

4.5.2.3. Promotion/Advertising and distribution

STU's strategy is to seek partnerships with all possible tourism operators that can bring new customers and promote the company's services on an integrated basis. The company wants to provide the units with a stable stream of sales and create a network of agents that constantly bring new clients.

The direct contact with customers will be in a more advanced phase, except for institutional clients. For those, the company will have a more dynamic approach, by seeking opportunities to offer its services, capture their attention and become the number one choice. For both, the company will need to have an active presence in the market by making constant contacts with both tourism operators and institutional clients, when appropriate. It will also bet on national and international tourism and hospitality fairs, to promote, not only its business, but also knowledge of the market trends.

As expected, in an initial phase, most distribution channels will be third parties' reservation centre. However, the company will always privilege the direct contact with clients, and is expected for it, to invest in an own reservation centre that integrates all its units in the near future.

5. The management control system for Spencer Turismo

5.1. Strategy, work philosophy and critical areas of control

Spencer Turismo, as previously mentioned, has a main goal to create a hotel and restaurants chain with national presence, recognized by its services and products excellence, and for its impact in the community.

In order to pursue this goal, it needs to capitalize its current investments and create a stable and efficient financial and operational structure. The MCS enters in the latest point, to assist the company in managing its short-term requirements.

João Spencer, the manager of the company, identified cash management, payment and receipt deadlines control, profitability and return on investment as some of the major aspects that a helpful MCS for STU should cover (see table 1 of the appendix). He also revealed his concern with the need for a standardization of its products and services across all units, to project the desired image of quality and industry expertise. Given this, the company identified some critical areas of control that the MCS can cover. Cost, performance and quality control are fundamental.

The manager believes that each department can and should be optimized individually for an overall improvement, for the company to succeed. It is crucial that each unit can attain auto sufficiency to achieve the firm's strategic goals reason why the MCS recognizes this need (see tables 10-13). The work philosophy tends for proactive leadership, delegation, independence, flexibility and ethical behaviour. There is a high degree of openness between the personnel and the management, so the company expects that its personnel feel free to ask, learn and make suggestions.

The company will closely follow market movements and seize all advantageous opportunities to internationalize the brand and create new partnerships. Beside the control of the critical areas, the MCS will support in the definition of the periodicity of the calculus of main indicators and reports delivery. Furthermore, it assumes a pre-defined schedule of meetings and budgetary procedures.

5.2. Business structure

Given that STU does not have only hotels but also singular restaurants, I will first present the complete structure for the hotel, and deduct from there the specific departments for the restaurants.

The hotel is split in three major operational departments: lodging, food and beverage (F&B) and events. The lodging department is responsible for the core business of the hotel and consists of two subsections: accommodation and guest services, which are all the services available for the hotel's guests not covered by other departments.

The F&B department contains the restaurant and the bar and is responsible for catering services provided by the hotel. The last aforementioned department is responsible for all the events, and includes the special focus of the company in the corporate segment, besides the STU's own events.

Additionally, there is the marketing department and, of course, the board. The marketing will mind the social media, the company's website and the efficiency of the partnerships with tourism operators. It will also keep track of clients' satisfaction. In turn, the board is responsible for the overall management of all business units and for the investment performance control regarding the strategic objectives settled.

The structure for the restaurants is simpler including only the equivalent of the hotel restaurant and transversal departments. Even though the board and department managers are in accordance with the objectives set for the company, the performance assessment of each department has will also specific evaluation metrics.

5.3. The Management Control System Design

Learning from the literature, analysing the company's operation, its environmental sphere and all other features that can influence its performance, along with the understanding of the strategy, goals and current needs of Spencer Turismo, I was able to draw the MCS.

The manager defined some vital indicators to monitor and assess financial and non-financial performance of each department (please refer to tables 2 to 5 of the appendix). The MCS had the strategic objectives of STU as guiding principles but also had critically analysed them with the management what confirms the theory that MCS shapes and is shaped by the firm's strategy (Kober et. al., 2007).

Some of the most important outputs of the MCS are the individual reports and budgets, and the board's summary of key KPI's beyond the operational controls of revenues and costs (see tables 1 and 8 of the appendix). The firm wants to be able to look in detail for each department and business unit

operations, but at the same time have an overall picture of the whole company or set of business units depending on the analysis it wants to perform.

That way, this MCS will be a powerful tool to make decisions in line with its strategic objectives (Philips, 1999).

5.3.1. Budgetary control and procedures

STU must have control of the budgets for the company and for each department. The MCS has a predefined table to be completed with forecasts of values to receive and pay, each month, and subsequently the observed values. Additionally, the table is divided per semester and programmed to calculate net working capital (NWC), NWC needs and deviations from the forecasts. The forecasts have to be upload until the end of December, and end of June, for each semester. Nonetheless, the process of producing the forecasts must involve the board and each manager, besides the accounting department. The process uses the observed amounts for homologous period as benchmark, and then adjust them considering the company's expectations for the business and external forces (please refer to tables 6-7 of the appendix).

It is important that each department have a detailed map of its expectations for both costs and revenues, preferably on a monthly basis. This sector of the MCS will provide the board with a monthly report of the cash flow of each business unit, including the values of investment required or excess cash. Moreover, it will provide information on days of sales outstanding, days of accounts payable and inventory turnover.

Likewise, it is helpful for a correct financial planning. In the validation of the MCS with the company, it was required a treasury budget as complete and detailed as possible. The management believes that a correct cash management is the best and simpler way to control the company's approximation to the main goals, identify critical aspects, and/or moments of low liquidity thus, quickly act accordingly.

5.3.2. Financial measures

All departments strive to fully assess their performance and be able to report it to the board and third parties, when applicable.

The financial analysis, in general, implies a comparison between all revenues and costs associated with the functioning of each department. It is equally important to calculate and analyse the deviations from the target values.

The MCS analysis for the F&B department is no more than a comparison between costs and revenues per nature. The events control considers the type of event, the client, cost with outsourcing of services and the difference between the real and the expected profit (see table 9).

The lodging sector has some specific KPI's (Wadongo, 2010) including the profit per room sold required by STU's management. The hotels main source of revenue can be defined by the occupancy rate and the heavy fixed costs structure implies a strict control of the profitability. This way the latest indicator will be helpful to assess the breakeven for the occupancy rate (Spencer J., 2018). The MCS additionally includes the calculation of some other particular indicators that were discussed and validated by the company. Examples are RevPar, TRevPar, and average daily rate as one can see un table 2 of the appendix. It is also important to analyse the source of revenues to assess the effectiveness of the company's strategy to establish partnerships with tourism operators.

Throughout the process of validating the system, the management required an integration of systems, something most capeverdean companies agreed to be a discouragement to implement MCS (Teixeira and Lopes, 2012). Spencer (2018) explained that STU has a software that produces an output about the sales of lodging and F&B departments in a way that it is possible to transfer for the newly designed system. This would simplify the data upload in the MCS, and given that it is organized by category of products (types of rooms, dishes, drinks and others), it will allow for both financial and commercial analysis at the same time.

STU aims to understand what drives their clients something Abdel-Kader and Luther considered as part of a MCS (2006). This division per types of room is important for setting profit margins and consequently, it influences the pricing scheme of the company.

Still regarding financial measures, the board has explicit needs to control the overall solvency, profitability and liquidity for the firm. Finally, the MCS includes the computation of KPI's, deviations form target values, comments and plans of action. Some of the indicators are IRR, ROI, ROE and debt over assets.

5.3.3. Non-financial measures

The impact of the company in the market cannot be completely understood with financial measures alone therefore a purely accounting system would be ineffective (Otley, 2016). In fact, clients satisfaction and the degree of effectiveness of the company's communication channels, implies non- financial measures.

The MCS also covers this aspect, through a structure where marketing can assess the impact of each virtual platform and, when applicable, its impact on sales and profit. It also has a space for the company to keep track of its rating in the different platforms. It is important to look not only, to the current values, but for their evolution, to understand the reason behind it and to design new strategies and campaigns. Moreover, it should be useful to look at the reservations and revenues per website to have an updated ranking (see table 10).

The lodging and F&B departments will also look at the occupancy rate and for the length of stay, and seat turnover, respectively. The system contains also a human resources area, where the company can record the expenses with training and other staff related. Furthermore, it has a space for the assessment of suppliers and clients (when in the shape of tourism operators).

5.3.4. Incentive schemes and informal control strategy

The company's size, in terms of business units and number of employees, along with its geographic dispersion, carry the importance of an informal control. It is vital to have a good and trustworthy relationship with the staff. This will promote a culture of teamwork, openness and a pleasant work environment.

The company intends to inform on a yearly basis about company's results, the main goals achieved and the ones for the future. Expectations are that this motivates employees, and create a sense of belonging.

A monetary incentive scheme is not foreseen for the near future, but is not an excluded option. However, STU will keep its policy to remunerate its employees above national average, and guarantee a good training during their career in the company.

5.3.5. Operationalization of the MCS and goal setting

The company's objective and strategy must be appraised, preferably every year. Considering the previous year's results, correspondent variances from the target, market expectations and the macroeconomic environment, the goals for each department should be updated. According to Chenhal (2007) the MCS is influenced by the context in which the firm operates and this project reinforces this statement.

The MCS is designed to be easily updated, given that most important formulas for the KPI's and other indicators are separately calculated and the calculation cells are blocked so that the users cannot change the formulas.

The system has a section for the company to present its current goals and plans of action so users have always a broad view of the firm and not his or her department only. Nonetheless, it is important that the firm communicates the changes for all employees, so that everyone knows exactly the targets they have for their department.

The KPI's reports can have a monthly or bimonthly frequency, depending on the department and business. Annual reports are due for every department. Each responsible department will have their corresponding sheets made available in an excel format, with clear instructions on what and how to fill in. They should be properly filled in, within the periodicity defined.

The accounting department will assist the business units and guarantee that the information uploaded is correct and complete. After the accounting department validates the information, it goes to the board for evaluation.

This would prevent an uncontrolled flow of information and allow for consistent useful reports. It is important to refer that the MCS was discussed with the management of STU and that it was approved to use and publish.

6. Conclusions and future research

The MCS designed for Spencer Turismo is the result of an extensive work of research and analysis. I started by reviewing the literature and, afterwards, I proceeded with an analysis of the company's environmental conditions and market positioning. After analysing the company from the outside, I started gathering data from the company with the management and various employees. This allowed me to perform a critical analysis of the firm's operations and financial structure, thus enabled me to understand the firm's needs and discuss with the management the critical areas to control and which KPI's would be more appropriate. There were some limitations regarding information due to the lack of literature and the data on the country and its market conditions.

Following the contingency approach, that says that the MCS must reflect the company's reality and consider how they operate (Fisher 1995) and given the size and heterogeneity of Spencer Turismo, it was challenging task to design a MCS that would fit the company and its existing systems. The complexity and the purpose of use of the MCS has some correspondence to the fourth stage identified by IFAC on the evolution of the MCS.

The firm is going through a transformation process that is mostly due to a new, well-defined strategy by the management. The MCS had to first, support the strategic objectives through a useful set on main indicators discussed with the firm. However, it was clear that there are some specific areas crucial to control. Consequently, I draw a system that embodies the strategy that can support the daily operations of the firm. The MCS can perform an analysis of the results comparing them to the target values and prepare KPIs reports for each department, business unit and for the company as a whole.

For STU, profitability, short-term cash management and return on investment are the critical financial areas to control. Whereas marketing, product segmentation and clients and suppliers quality are also vital operational areas to assess frequently.

It is important to note that the use of MCS in Cape Verde is still much undeveloped and is mostly applied by companies going through massive transformation processes. The process of designing the system was as dynamic as cited in the literature review when considering a contingency approach and a MCS that is much wider than a MAS.

To what regards future research, there is space for a deeper study on the use of MCS and its importance in tourism sector firms by region. Moreover, the integration of systems and the design of MCS and the is an interesting topic to explore

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Appendixes

Table 1 – Main KPI report

KPI/Goal	Performance	Unit	Periodicity	Target value	Deviation	Change point	Observations / Plans of action
Unit overview							
Solvency ratio		%	Monthly		-		
Profitability		%	Monthly		-		
DSO		days	Monthly		-		
DAP		days	Monthly		-		
NWC investment		$	Monthly		-		
CAPEX		$	Monthly		-		
Budget deviation		$	Monthly		-		
Marketing							
Client satisfaction		n.a.	Monthly		-		
Establishment classification		n.a.	Monthly		-		
% impact on revenues		%	Monthly		-		
F&B							
Total revenue		$	Monthly		-		
Profit margin		%	Monthly		-		
Inventory turnover			Monthly		-		
Lodging							
Occupancy rate		%	Monthly				
Lodging revenues		$	Monthly		-		
Profit margin		%	Monthly		-		
Events							
Number of events		units	Bimonthly		-		
Total revenue		$	Bimonthly		-		
Average profit margin		%	Bimonthly		-		

Table 2 – Lodging KPIs report

KPI/Goal	Performance	Unit	Periodicity	Target value	Deviation	Change point	Plans of action
Average occupancy rate		%	Monthly		-		
RevPAR		$	Monthly		-		
RevPAR		$	Monthly		-		
Average length of stay		days	Monthly		-		
% revenues from tourism operators		%	Monthly		-		
% revenues direct sales		%	Monthly		-		
Operating profit (EBIT)		$	Monthly		-		
Breakeven		$	Monthly		-		

Table 3 – F&B KPIs report

Restaurant

KPI/Goal	Performance	Unit	Periodicity	Target value	Deviation	Change point	Plans of action
Seat turnover		%	Monthly		-		
Total revenue		$	Monthly		-		
Average revenue/client		$	Monthly		-		
EBIT		$	Monthly		-		
Breakeven		$	Monthly		-		
Operating profit margin		%	Monthly		-		
Inventory turnover		days	Monthly		-		

Bar

KPI/Goal	Performance	Unit	Periodicity	Target value	Deviation	Change point	Plans of action
Total revenue		$	Monthly		-		
Average revenue/client		$	Monthly		-		
EBIT		$	Monthly		-		
Breakeven		$	Monthly				
Operating profit margin		%	Monthly		-		
Inventory turnover		days	Monthly		-		

Table 4 – Events KPIs report

KPI	Performance	Unit	Periodicity	Forecast	Deviation	Plans of action
Number of events		units	Bimonthly		-	
Revenue		$	Bimonthly		-	
Costs/revenue		%	Bimonthly		-	
Average profit margin		%	Bimonthly		-	
Outsourcing costs		$	Bimonthly		-	
Number of clients		units	Bimonthly		-	
Breakeven		$	Bimonthly		-	

Table 5 – Marketing KPIs report

KPI/Goal	Performance	Unit	Periodicity	Target value	Deviation	Change point	Plans of action
Total revenue		$	Monthly		-		
Profit %		%	Monthly		-		
Budget control (deviations)		$	Monthly		-		
% outsourcing/revenues		%	Monthly		-		

Platfforms control	Total revenue	Rooms sold	No guests	Lenght of stay	Client segment	Reservation % views of visistors	Feedback
Booking							
TripAdvisor							
TUI							

Table 6 - Cash management control

Receipts	Initial balance	Year() 1 st	Year() 2 nd	Total	Year() 1 st	Year() 2 nd	Total	Year() 1 st	Year() 2 nd	Total
Receipts										
Hotel sales										
Restaraunt sales										
Bar sales										
Events										
Taxes reimbursement										
Total receipts		-	-	-	-	-	-	-	-	-
Payments										
Suppliers (current period)										
Suppliers (previous period)										
FSE suppliers (current period)										
FSE suppliers (previous period)										
Other operational costs (current period)										
Other operational costs (previous period)										
Net salaries										
Income tax										
Social security										
VAT (current period)										
VAT (previous period)										
Total pay ments		-	-	-	-	-	-	-	-	-
Operational treasury balance		-	-	-	-	-	-	-	-	-
Office equiment										
Decor products										
Administrative equipment										
Software										
Products replacement										
Total CAP EX										
Loans amortization										
Interest										
Other non financial payments										
Other non financial receipts										
Shareholders										
N on operational treasury balance	-	-	-	-	-	-	-	-	-	-
Initial balance	-	-	-	-	-	-	-	-	-	-
Total treasury balance	-	-	-	-	-	-	-	-	-	-
Final balance	-	-	-	-	-	-	-	-	-	-

Table 7 - NWC control

Operational needs	Initial balance	1st semester	2nd semester		1st semester	2nd semester		1st semester	2nd semester	
Lodging										
Restaurant										
Bar										
Events										
Total clients										
Inventory										
Taxes to recover										
Other receivables										
Total operational needs		-	-	-	-	-	-	-	-	-
Operational resources										
Suppliers										
Energy and other fluids										
Communications and internet										
Perishable items										
Maintenance										
VAT to pay										
Income tax to pay										
Social security										
Total operational resources		-	-	-	-	-	-	-	-	-
NWC		-	-	-	-	-	-	-	-	-

	Initial balance	1st semester	2nd semester		1st semester	2nd semester		1st semester	2nd semester	
Investment needed in NWC		-	-	-	-	-	-	-	-	-

Table 8 – Budget control

	Budget	Observed	Deviation
Hotel			
Restaurant			
Bar			
Events			
Other revenues			
Total revenues	-	-	-
Electricity			
Water			
Gas			
Security			
Transport			
Human resources			
Shift subsidy			
Extra hours			
INPS			
SOAT			
Training			
Cleaning material			
Laundry products			
Maintenance			
Communication			
Internet			
Tech products (CV Telec.)			
Depreciation and amortization			
Financial costs			
Specific costs			
Hotel			
Restaurant			
Bar			
Events (outsourcing)			
Total costs	-	-	-
Results	-	-	-

Table 9 - Events control

Date	Entity/Client	Activity description	Expected cost	Total price	Price/pax	Employees (cost)	Outsorcing ($)	Operational costs	Total cost	Profit (F)	Profit (O)	Deviation	Comments
Total													

Table 10 - Marketing control

Social Media	Nº of posts	Nº likes	Nº comments	Followers
Facebook				
Instagram				
Linkedin				

	Clicks	Messages	Comments	Reservations
Hotel's website				

Booking websites	Reservations	Number of rooms	Lenght of stay	Revenue	Cost
Tripadvisor					
Booking.com					
TUI					

Tourism operators	Reservations	Number of rooms	Lenght of stay	Revenue

Table 11 - Lodging revenues and operational indicators

January		Tiduca Hotel							
Day	Weekday	Rooms sold	Rooms available	Occupancy rate	Total revenues	Total costs	RevPar	TRevPar	Profit per room
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
Total/ average									

Table 12 - Restaurant revenues and operational indicators

January										
		Restaraunt								
Day	Weekday	Occupied seats	Ava i l a bl e s ea ts	Restaurant revenues	Gues ts revenues	Tota l revenues	Sea t turnover	Cos t	**Profit**	Profi t/revenues
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
Total		-	-	-	-		-	-	-	-

Table 13 - Bar revenues and operational indicators

January		Bar								
Day	Weekday	Occupied seats	Available seats	Ba r revenues	Gues ts revenues	Tota l revenues	Sea t turnover	Cos t	Profi t	Profi t/revenues
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
Total										