

# Growing Hospitality Business Improves Bottom Line

*Red and White Fleet*



## Challenges

### Setting Sail with Best-in-Class Financial Software

Red and White Fleet is a family-owned hospitality business that's been around for over a century. The original tour boat cruise company in the San Francisco Bay Area, it has expanded over the generations and now operates five vessels with departures 365 days a year, including a Golden Gate bay cruise, a bridge-2-bridge cruise, a sunset cruise, as well as private charters and special events.

Similar to many other small businesses, in recent decades, the fleet's accounting team relied on the desktop version of Intuit QuickBooks. However, when Sofia Shafiq joined as controller a few years ago, she immediately noticed several inefficiencies that were impacting operations—from spending a full week entering accounts payable (A/P) transactions every month, a 20-day financial close and manual Excel workarounds for basic reporting, to a three-month-long annual budgeting process. Red and White's owner agreed with Shafiq that the time had come to embrace more innovative back office technology, so she tapped her network of finance professionals to request recommendations for a robust, cloud-based financial management solution.

The team narrowed down their options to Microsoft Dynamics GP, Oracle Netsuite, and SAP before ultimately selecting Sage Intacct for the software's ease-of-use, open architecture, scalability, audit-ready controls, and multi-dimensional dashboarding capabilities. After a quick implementation, the business achieved a rapid return on its investment through improved finance team productivity, a 75% faster financial close, an 83% shorter budgeting cycle, a \$40,000 boost in weekly cash flow, and an increase in overall profitability.

## Solutions

### Slashing the Monthly Close 75% and Increasing Cash Flow

Sage Intacct's best-in-class integrations and easy-to-use automated workflows drove major efficiency gains. For instance, Red and White's finance team eliminated 20 hours of weekly data entry and tedious reconciliations by linking Sage Intacct with both Concur for A/P and expense management, and OnePoint for human resources and payroll. They also use a simple template to upload point of sales data from the fleet's RocketRez system directly into Sage Intacct, further improving data accuracy. As a result, the company redirected staff to more strategic work and saved \$120,000 per year in accounting salaries.



## Company Overview

Operating boat tours since 1915, Red and White Fleet was the first cruise business in the San Francisco Bay Area. The company offers award-winning audio tours of the San Francisco Bay Area in 16 different languages. In September 2018, the fleet welcomed its newest and largest addition with "Enhydra," the first 600-passenger hybrid-drive vessel operating in the United States. To learn more, visit [redandwhite.com](http://redandwhite.com).

## Executive Summary

### Previous Software:

- Intuit QuickBooks

### Results with Sage Intacct:

- Improved overall profitability year-over-year
- Reduced accounting, union labor, and fuel expenses by \$160,000
- Slashed the financial close by 75% and budget cycle by 83%
- Cut DSO in half, increasing weekly cash flow by \$40,000

## GROWING HOSPITALITY BUSINESS IMPROVES BOTTOM LINE

"Thanks to our integrated financial applications, more employees can input data on their own, freeing my team from the nitty-gritty of checking 80 transactions for proper coding and approvals every week," said Shafiq. "All department expenses flow from Concur straight into Sage Intacct, and we just spot check to make sure each manager entered their data at the end of the month, which has been a big factor in getting our financial close down to five days."

In addition, Sage Intacct streamlined the fleet's accounts receivable (A/R) processes. With greater visibility into A/R agings, the finance team took their days sales outstanding (DSO) from 14 to seven days on average. This change added around \$40,000 to weekly operating cash flow, which is now available to reinvest into the business.

### Results

## Empowering Managers Improves Profitability

In all, Red and White's greatest benefit from deploying Sage Intacct's multi-dimensional general ledger is more granular, instantaneous insight to inform operational decisions. The system's tagging capability adds business context to each transaction, so the team can slice and dice operating expenses, overhead, revenues, and other financial data by vessel or by cruise type. With this information, the organization optimized its largest expense categories, labor and fuel.

Shafiq explained, "In looking at financial metrics for the first half of the year, our directors noticed a year-over-year increase in labor costs for union crew members. This prompted in-depth conversations, which led to scheduling changes for days with lower passenger counts. By simply switching some staff around and rethinking how many departures we run each day, we reduced labor costs \$20,000 in the second half and are getting more bang for our buck." After reviewing profit margins by boat, Red and White also decided to run more tours with smaller vessels that use less fuel, saving another \$20,000 in fuel expenses.

With the visibility Sage Intacct provides, Shafiq now does more cash forecasting, what-if scenarios, and deeper expense analysis. She built personalized Sage Intacct dashboards for the executive committee with tailored budget-to-actual and profit-and-loss reports across their multiple departments, and an owner dashboard that includes all the top-level metrics he cares about, such as highest paying customers, A/R agings, vendor agings, and Red and White's overall profit-and-loss numbers. "Our board sees their dashboards on a regular basis, so before board meetings, they just let me know if there is any additional detail they'd like to receive, and it literally takes me about two seconds to prepare those reports with Sage Intacct," noted Shafiq.

She continued, "The board meetings themselves have changed as well, because instead of harping on what happened in the past, we spend our time using data to forecast where we're going, and make regular adjustments to our five-year plan based on current performance or trends we're seeing." This approach recently resulted in the decision to purchase a new vessel, and Sage Intacct made it easy to understand the related costs, forecast what it would take to get the boat profitable, and provide reporting to the bank to secure financing.

*"As a small hospitality company, it's crucial to have real-time, accurate insights that help us manage profitability today, not three weeks out. With real historical data behind our forecasts, Sage Intacct moves us away from guesstimates and brings confidence into our planning. Now that I can give constructive feedback to the board and our executive committee, I've become a better partner to the business."*



Sophia Shafiq,  
Controller, Red and  
White Fleet

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