

CASE STUDY



North Star Lodging Management (NSL) is both a ground-up developer and first-rate operator focused primarily within the hospitality sector. Headquartered in Pittsburgh, PA, NSL has completed a number of custom, ground-up hotel developments across the Eastern United States since its inception in 2015 and currently manages a portfolio of four hotels throughout Pennsylvania, North Carolina, and Florida. Since 2017, NSL has utilized M3's Accounting Core, Document Imaging, PMS Mapping, and Professional Services. In addition to using M3's software and services, NSL also leverages M3's industry partners, including Paymerang, since 2021, and HotStats, since 2022.

THE CHALLENGE

With decades of previous experience in developing and managing hotels, NSL knew that it needed to quickly build an efficient and scalable back office to be competitive and adaptable in a changing hospitality landscape, while not losing sight of its mission to develop and renovate great products and unlock above-average returns for its investors. With a new hotel development and an acquisition occurring during its formation, NSL utilized QuickBooks for its hotel back-office accounting. However, when both hotels were scheduled to become operational around the same time, NSL identified several obstacles the company would encounter with a small workforce if they continued to utilize QuickBooks, including the lack of PMS integrations, tedious reporting, and the platform was not built with hoteliers in mind.

In addition, as a newer and smaller company, NSL was looking to scale its portfolio of hotels and realized that QuickBooks lacked a hospitality-specific chart of accounts, lacked statistical accounts with analytics, and gave more room for data entry errors. NSL's smaller size afforded them greater flexibility and speed in decision-making and communications but soon realized the shortcomings of QuickBooks would cause delays in getting new hotels up and running within the accounting system, prevent the creation and execution of processes and procedures and shift their focus away from its mission.

Through all these difficulties, NSL realized it needed to find a reliable software and service provider that was hospitality-specific and would allow it to focus on ensuring hotels were running properly and efficiently.

THE SOLUTION

Through the back-office software and services search NSL conducted, M3 was recommended for not only M3 Accounting Core but also for M3's outsourced accounting services – **M3 Professional Services**.

M3 Professional Services (M3PS) is a boutique accounting service that provides hoteliers with the ability to entrust their financials to hospitality experts to stay in compliance, have taxes filed correctly and timely, avoid potential fines or legal issues, and ensure their investors, bankers, and owners have reliable information on time.

M3PS would provide NSL weekly bank reconciliations, daily PMS reconciliations, and monthly financing statement reconciliations. With this, NSL realized it would be able to focus on what is important: opening hotels, pursuing new development projects, and maintaining efficiency and scalability by building more robust internal procedures.

In addition, NSL realized the benefit of placing employer burdens on M3 and understood that by leveraging their partnership with M3PS, they would be better able to control costs, such as professional salaries, health insurance, 401k benefits, paid time off, legal disputes, and more. Chief Financial Officer of NSL, Jack Macioce, shares, "In the early stages of NSL, we had limited resources to find experienced and qualified accounting staff. With our relationship with M3, we were able to focus our efforts on opening hotels, building standard operating procedures, and identify new hotel developments."

THE RESULT

From the beginning of its partnership with M3, NSL was quickly able to build a business to efficiently and effectively carry out its mission while M3 Professional Services assisted with developing and executing its primary accounting functions. The most significant benefit NSL has experienced is how easy and timely it is to get a hotel up and running with M3. "M3 Professional Services handles all the hard work. They put everything together, ensure that we have a consistent chart of accounts, identify inconsistencies that need to be fixed, guarantee consistent financial reporting, and ensure that our PMS mapping is set up to accurately link our PMS codes to our general ledger."

Included with its services, M3PS assists NSL with financial statement mapping, chart of accounts maintenance, monthly tax filing and payments, weekly check runs and bank reconciliations, owner and lender requests, and month-end close. In addition, M3PS acts as a consultant to NSL by providing recommendations as NSL works towards scaling its portfolio of hotels.

"We consider our M3 accountants to be a part of the NSL team. The open communication is incredible, and every single communication has a complete and timely response, which is key because it is very important to understand how our hotels are performing on a daily basis. We can quickly react to issues or replicate operational efficiencies."

Another benefit to utilizing M3PS that NSL has observed is having an additional set of eyes looking at everything that might be missed during daily or weekly routines. M3 allows NSL to provide further corporate-level assistance to hotels and eliminate certain responsibilities of General Managers. Macioce mentions, "With recent global events and the current labor environment, a general manager's job description has greatly changed, and their time is valuable. With the help of M3, we have been able to move a lot of our accounting and some operational responsibilities above property, which allows our General Managers to focus more on managing their hotel's operations and profitability."

Through utilizing M3PS, NSL has grown its portfolio and looks forward to growing even further, all while the accounting and employers' burdens lie with M3.