

Process: Receivables Accounts Management

Subprocess: M&E Credit Concession

Process Owner: Beatriz Puente

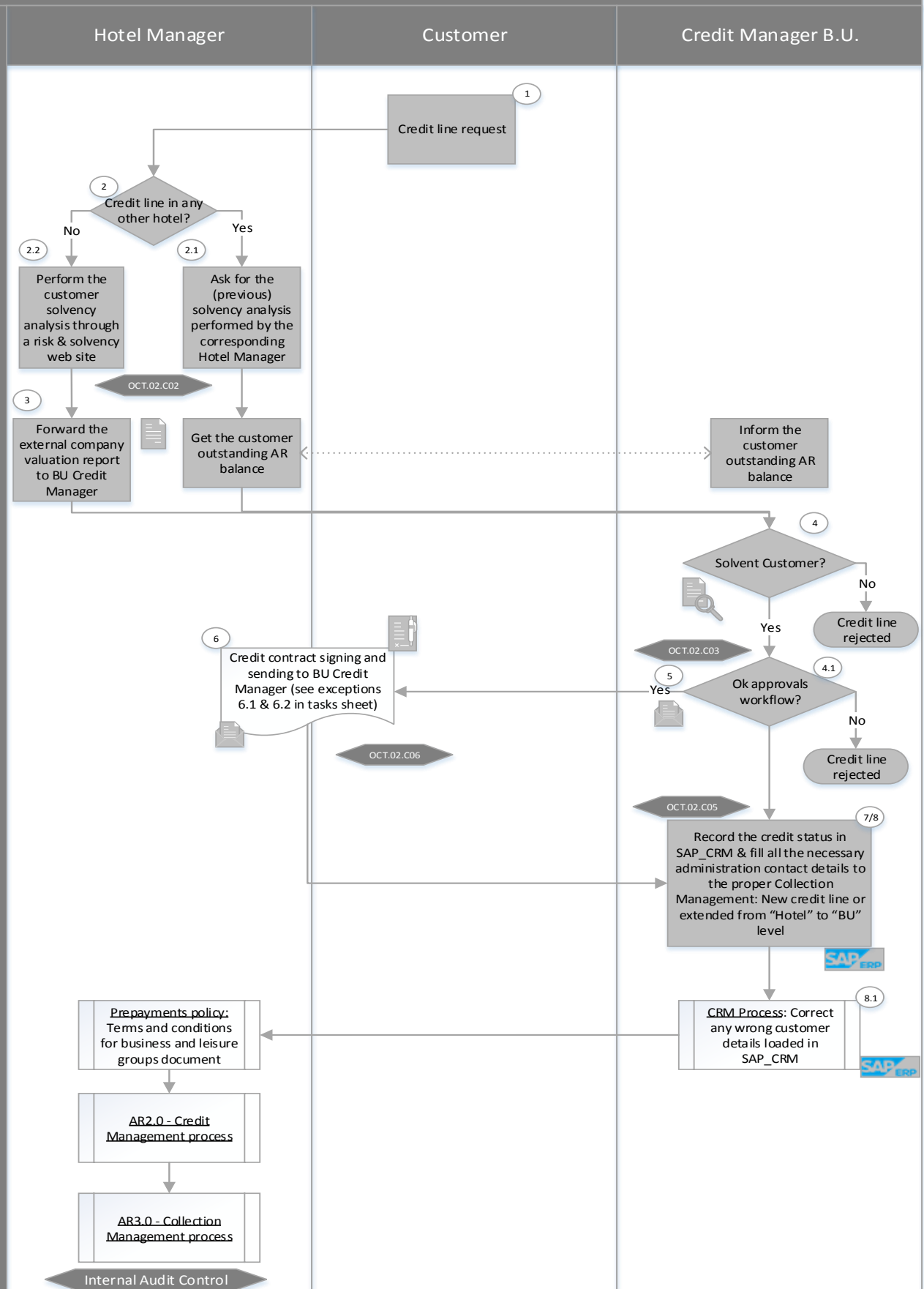
Process Leader: Francisco Morillo

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NH Approvals			
Name	Function	Date	Comments
Beatriz Puente	Process Owner		
Francisco Morillo	Process Leader	10.10.2016	
Inmaculada Martinez	VP Sales	10.10.2016	

Modification History			
Document Version	Date	Modified by	Comments

M&E Credit Concession- Hotel

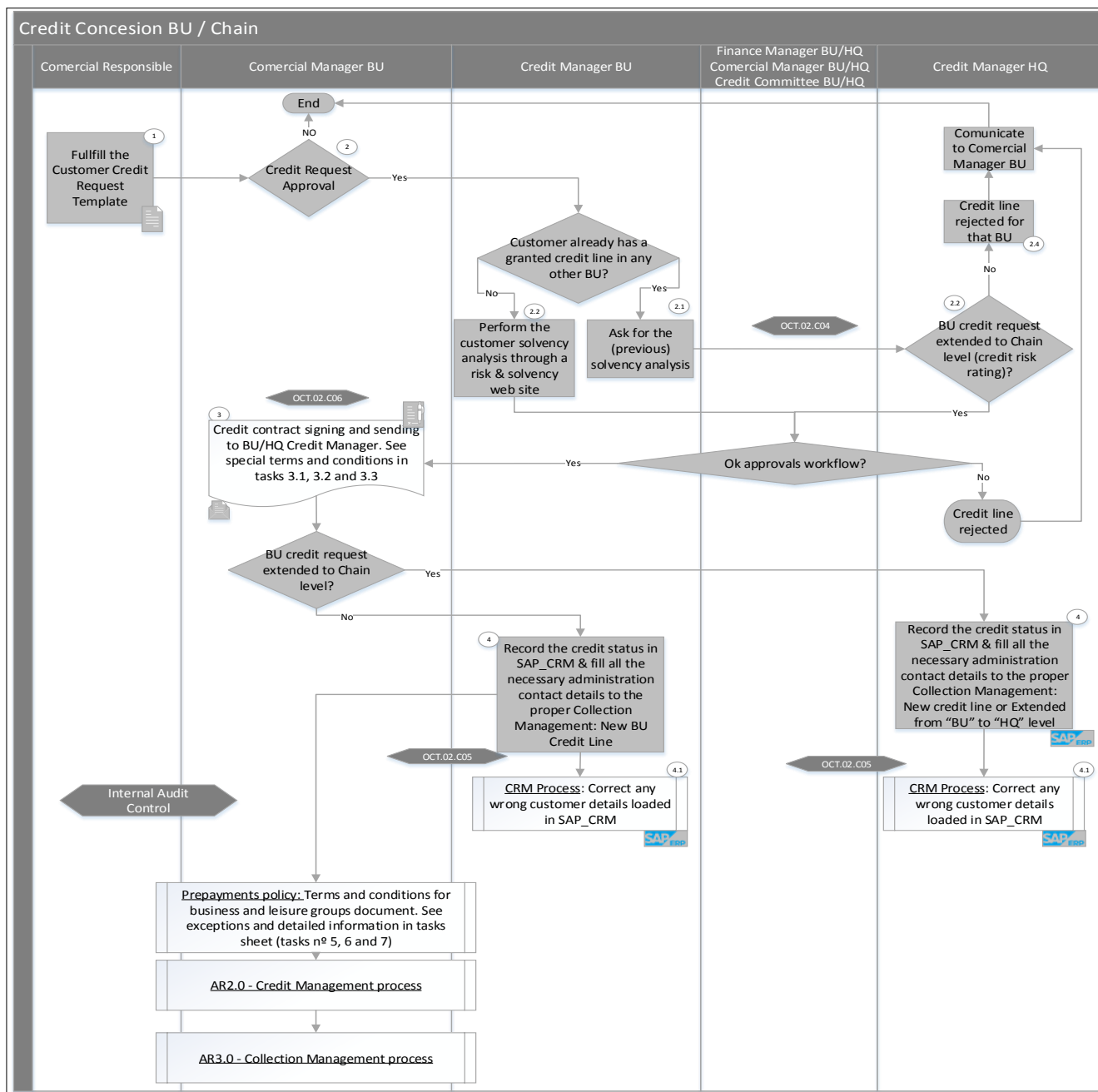


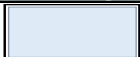




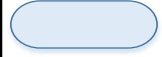
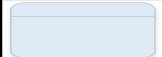



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Shape	Name	Description
	Task	Represents a manual activity of the process.
	Automatic Task	Represents an automatic activity of the process.
	Flow direction	Input or output of the task or decision.
	Internal Audit Control	Controls defined by NH Internal Audit
	Systems	Applicatio or Tool.
	Start/End	Indicates the beginning or the end of a process.
	Manual Process	Manual Business process composed of tasks, decisions, flow directions, documents and
	Decision point	It is originated after one task and it generates two or another decision.
	Report or document	It is a physical or electronic file used as input or output of a task.
	Notifications	External/Internal Notifications.

NH HOTEL GROUP						
Corporate IT & Organization Department						
Process: Receivables Accounts Management						
Subprocess: M&E Credit Concession (Credit Hotel)						
Process Owner: Beatriz Puente				Process Leader: Francisco Morillo		
Order	Task	Task Description (Credit Hotel)	When	Responsible	Frequency	Tools
0	Definition	Only Companies and Agencies will be able to request a credit line for M&E reservations (never individual guests). Terms and conditions for business and leisure groups document must be compiled in all cases.	Ad-hoc	Hotel Manager	Ad-hoc	Terms and conditions for business and leisure groups document
1	Credit Request - Hotel	The customer requests a credit line to the hotel which has to collect all the required information.	Ad-hoc	Customer	Ad-hoc	E-mail
2	Credit line check	Hotel Manager verifies if the customer already has a granted credit line in any other hotel (in the same BU)	Ad-hoc	Hotel Manager	Ad-hoc	E-mail
2.1.	Customer Solvency Analysis - Hotel	If customer already has a granted credit line in any other hotel: - Hotel Manager will ask for the (previous) solvency analysis performed by the corresponding Hotel Manager. - Hotel Manager will contact the BU Credit Manager to get the customer outstanding AR balance. Note: in case the existing solvency analysis had been performed more than a year ago, then the Hotel Manager should run/perform it again (to ensure the customer credit capacity remains appropriate).	Ad-hoc	Hotel Manager	Ad-hoc	E-mail
2.2	Customer Solvency Analysis - Hotel	If customer has not a granted credit line in any other hotel: The Hotel Manager will perform the customer solvency analysis through a risk & solvency web site/platform (external third party).	Ad-hoc	Hotel Manager	Ad-hoc	Risk and solvency report provided by external company
2.1 - AI	Internal Audit Control (OTC.02.C02)	Credit limit requests performed by Hotel Directors need to be supported by a solvency report from an external or internal sources showing the favourable client solvency report. This supported documentation is kept by the Credit Manager	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidence: Communication sent by the hotel to the Credit Manager enclosed the report from the credit agency.
3	Delivering solvency report with credit request - Hotel	Forwarding of the external company valuation report to Credit Manager of the BU to analyze the granting of credit (only in case Customer Solvency Report from external company is passed).	Day 0	Hotel Manager	N/A	Risk and solvency report provided by external company
4	Analysis of current client outstanding balance vs credit line requested	If the customer credit capacity from the solvency report does not allow to cover the sum of the credit already granted and the (new) credit line requested, or, if a part of the current outstanding AR balance of the client has expired, then NH will reject the credit requested. Otherwise, the credit line will be approved.	(+5) working days from Hotel Manager request	BU Credit Manager	Ad-hoc	SAP_CRM and TMS
4.1	Credit Manager analyzes hotel credit request Approvals workflow	The Credit Manager will analyze the Risk Report from the external company and verify that the information received is consistent. The approval workflow is as follows: • Credit line < 6.000€: Hotel Manager • 6.000€ < credit line < 20.000€: Regional Operating Manager • 20.000€ < credit line < 100.000€: BU Credit Manager • Credit line > 100.000€: BU Credit & Risk Committee (BU Finance Manager, BU Commercial Manager, BU Credit Manager and BU Operating Manager) Notes: - Approval workflow (accumulative: every lower authorization level has to approve) is compulsory for the credit line concession approval. The solvency analysis will be attached to the email sent. - In any case, the BU Credit Manager will be informed of the credit line amount granted so that he can introduce it in SAP_CRM system.	(+5) working days from Hotel Manager request / approval from Regional Operating Manager	BU Credit Manager	N/A	Info provided by Hotel director and any other reports obtained by external companies and info provided from SAP and TMS.
5	Response regarding the grant of credit - Hotel	The Credit Manager will reply to the Hotel, indicating whether or not the credit will be approved (conditioned to the credit documents to be signed by the parties)	Immediately once the credit line has been approved or rejected	BU Credit Manager	Ad-hoc	E-mail
6	Credit contract signing and sending to BU Credit Manager (I)	Once the line of credit has been approved, the corresponding contract will be signed and sent to the BU Credit Manager.	N/A	Hotel Manager	Ad-hoc	Credit Contract NH.doc
6.1	Credit contract signing and sending to BU Credit Manager (II)	The contract to sign will clearly specify that no credit will be given for a particular event, if a week before the beginning of the event there are overdue invoices pending collection, whether due to individual room reservations, groups or other events (in these cases for final confirmation of the event a deposit of 100% of the quoted amount will be requested).	N/A	Hotel Manager	Ad-hoc	Credit Contract NH.doc
6.2	Credit contract signing and sending to BU Credit Manager (III)	For new credit concessions and due to changes in solvency of customers, no M&E reservations will be confirmed with more than one year in advance (solvency report must be issued with less than one year).	N/A	Hotel Manager	Ad-hoc	Credit Contract NH.doc
6 - AI	Internal Audit Control (OTC.02.C06)	All the credits granted are supported by a credit contract signed by the parties. This information is kept by the Credit Manager	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidence: Contracts signed by the parties
7	Hotel credit request extended to BU level	If that is not the case, the BU Credit Manager will extend in SAP_CRM the credit level from "Hotel" to "BU" and assign the customer to a Commercial Handler. The aforementioned change will take place provided the two following conditions are met: - Both credit lines (the one already granted and the requested one) are greater than 25K €. - It has to be a customer with credit line granted in at least 3 hotels (taking in account the requested one). Note: this subprocess will be linked with the Credit Concession-BU/Chain subprocess.	(+7) working days from Hotel Manager request	BU Credit Manager	Ad-hoc	SAP_CRM
8	Registration of the credit in SAP_CRM and the administration contact details	Customer credit limit set up in SAP_CRM and fill all the necessary administration contact details to the proper Collection Management	Immediately once the credit line contract has been received from Hotel Manager	BU Credit Manager	Ad-hoc	SAP_CRM
8 - AI	Internal Audit Control (OTC.02.C05)	Client credit limits are assigned (or removed) in the system (SAP-CRM) only by the Credit Manager	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidences: a. User profiles matrix b. List of users with profiles assigned c. Changes in CRM Master Data d. All changes in user profiles regarding the CRM master data
8.1	Process: Customer registration in SAP_CRM	In addition to the registration of the new credit status in SAP_CRM and the administration contact details, Credit Manager BU will inform to CRM Department if any wrong customer details loaded in SAP_CRM is detected.	Immediately once the credit line contract has been received from Hotel Manager	BU Credit Manager	Ad-hoc	SAP_CRM
9	Credit invoicing depending on the hotel occupancy	Depending on forecast, follow the document Terms and conditions for business and leisure groups in order to define if a customer with a credit line granted can be invoiced by credit the M&E (or part of it).	Ad-hoc	Hotel Manager	Ad-hoc	Terms and conditions for business and leisure groups document
10	Credit invoicing depending on revenue items	The Terms and conditions for business and leisure groups document will define the amount of prepayments for travel agencies and companies with credit line granted. It will be necessary to request a prepayment for M&E reservations when the hotel has quoted F&B items or has requested other services to a vendor (min. a 50 % of prepayment of detailed concepts). For Leisure Groups, it will be not necessary to request a prepayment for F&B items when these concepts are included in the breakdown of the rate (such us HD and HB).	Ad-hoc	Hotel Manager	Ad-hoc	Terms and conditions for business and leisure groups document
11	Exception in credit invoicing for overdue invoices pending collection and/or exceed credit lines	1.- It will be necessary to verify that customers have not overdue invoices pending collection (FBL5N - Display / Change line Items transaction) prior to a M&E reservation confirmation with credit invoicing (hotel credit). It will be necessary to request a 100 % prepayment of the quotation, if there are overdue invoices pending collection and/or credit limit is exceeded. 2.- Before the M&E begins (maximum with two week notice) it will be necessary to review if there are overdue invoices pending collection. In that case, it will be necessary to request a prepayment of 100 % of quotation. 3.- If M&E quotation is higher than original credit line granted, it will no be possible any credit invoicing.	Ad-hoc	Hotel Manager	Ad-hoc	SAP - FBL5N - Customer Line Item
12	Credit Management	AR02 - Credit Management process	N/A	N/A	N/A	AR02 - Credit Management process
13	Collection Management	AR03 - Collection Management process	N/A	N/A	N/A	AR03 - Collection Management

NH HOTEL GROUP		Corporate IT & Organization Department				
Process: Receivables Accounts Management						
Subprocess: M&E Credit Concession (Credit BU / Chain)						
Process Owner: Beatriz Puente			Process Leader: Francisco Morillo			
Order	Task	Task Description (Credit BU / Chain)	When	Responsible	Frecuency	Tools
1	Credit Request - BU / Chain	Commercial Handler will fulfill the credit line request form with the client and send it to the BU Commercial Director for approval.	Ad-hoc	Commercial Handler	Ad-hoc	Credit Request Form NH.xls
2	BU Commercial Director review and approval of credit request	BU Commercial Director reviews and approves the BU/Chain credit line request and sends it to the BU Credit Manager.	Day 0	BU Commercial Director	Ad-hoc	Credit Request Form NH.xls
2.1	Study and Analysis of the customer - BU / Chain	BU Credit Manager verifies if the customer already has a granted credit line in any other BU. If that is the case, the BU Credit Manager will ask for the (previous) solvency analysis. Note: - In case the existing solvency analysis had been performed more than a year ago, then the Credit Manager should run/perform it again (to ensure the customer credit capacity remains appropriate)	(+10) working days	BU Credit Manager	Ad-hoc	SAP_CRM and TMS Risk and solvency report provided by external company
2.2	Study and Analysis of the customer - BU / Chain (Credit risk rating)	If the customer has not a granted credit line, the BU Credit Manager will perform the customer solvency analysis through a risk & solvency web site/platform (external third party). In addition, the BU Credit Manager will assign a risk indicator (from 1 to 4) for clients that don't have one. Depending on this risk indicator, the following guarantees will be requested to customers: • Rating 1: no guarantee required • Rating 2: bank guarantee required consisting of 10% of credit line requested or the credit line is reduced in a 25 % • Rating 3: bank guarantee required consisting of 25% of credit line requested or the credit line is reduced in a 50 % • Rating 4: bank guarantee required consisting of 100% of credit line requested	(+10) working days	BU Credit Manager	Ad-hoc	Risk and solvency report provided by external company "Credit Risk Classification" online application
2.3	BU credit request extended to Chain level	Upon request for the opening of a line of credit to more than one BU, a Commercial VP should ask the BU Credit Manager to extend such credit to Chain level. BU Credit Manager will send the credit line request form and solvency analysis to HQ Credit Manager to evaluate the increase in that customer's risk and request any additional guarantees that may be necessary.	(+10) working days	BU / HQ Credit Manager	N/A	SAP_CRM and TMS Risk and solvency report provided by external company
2.4	Analysis of current client outstanding balance vs credit line requested	If the customer credit capacity from the solvency report (ref. task 2.1) does not allow to cover the sum of the credit already granted and the (new) credit line requested, or, if a part of the current outstanding AR balance of the client has expired, then NH will reject the credit requested.	(+10) working days	BU / HQ Credit Manager	Ad-hoc	SAP_CRM and TMS
2.5	Approval workflow	In case the solvency analysis is favorable (credit capacity covers the credit line request), the approval workflow is as follows: • Credit line < 100.000€: BU Credit Manager • 100.000€ < credit line < 200.000€: BU Credit & Risk Committee • 200.000€ < credit line < 300.000€: HQ Credit Manager • Credit line >300.000€: HQ Credit & Risk Committee (Finance SVP, Chief Commercial Officer, HQ Credit Manager and Operations SVP) Note: Approval workflow (accumulative: every lower authorization level has to approve) is compulsory for the credit line concession approval. The solvency analysis will be attached to the email sent. It is important to highlight that the Hotel Manager will always be responsible of the customer collection.	Ad-hoc	BU Credit Manager / BU Credit & Risk Committee / HQ Credit Manager / HQ Credit & Risk Committee	Ad-hoc	E-mail
2 - AI	Internal Audit Control (OTC.02.C04)	All credit limit requests at chain or BU level are sent to Credit Manager through email. The credit manager analyses the information of the client using an external credit check company or using internal tools. Once the credit is analysed there is in place an approval matrix depending on the credit level and the credit limit	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidences: a. E-mails with credit limit requests b. Supporting documentation of the analysis performed by the Credit manager c. Credit approvals
3	Signing of credit contract and sending to Credit Manager	Once the line of credit has been approved, the corresponding contract will be signed and sent to the BU/HQ Credit Manager	Ad-hoc	Commercial Handler	Ad-hoc	Credit Contract NH.doc
3.1	Signing of credit contract and sending to Credit Manager (II)	The contract to sign will clearly specify that no credit will be given for a particular event if a week before the start of it there are overdue invoices pending collection, whether due to individual room reservations, groups or other events (in these cases for final confirmation of the event a deposit of 100% of the quoted amount will be requested).	Ad-hoc	Commercial Handler	Ad-hoc	Credit Contract NH.doc
3.2	Signing of credit contract and sending to Credit Manager (III)	Any different or special condition signed with agencies or companies related to the standard credit contract terms, must be expressly reported to the hotels and Commercial Handlers involved in a M&E.	Ad-hoc	Commercial Handler	Ad-hoc	E-mail Credit Contract NH.doc
3.3	Signing of credit contract and sending to Credit Manager (IV)	Due to changes in solvency of customers, no M&E reservations will be confirmed with more than one year in advance (solvency report must be issued with less than one year).	Ad-hoc	Commercial Handler	Ad-hoc	E-mail Credit Contract NH.doc
3 - AI	Internal Audit Control (OTC.02.C06)	All the credits granted are supported by a credit contract signed by the parties. This information is kept by the Credit Manager	N/A	BU Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidence: Contracts signed by the parties
4	Registration of the credit in SAP_CRM and the administration contact details	Customer credit limit set up in SAP_CRM and fill all the necessary administration contact details to the proper Collection Management	Immediately once the credit line contract has been received from Commercial Responsible	BU / HQ Credit Manager	N/A	SAP_CRM
4 - AI	Internal Audit Control (OTC.02.C05)	Client credit limits are assigned (or removed) in the system (SAP-CRM) only by the Credit Manager	N/A	BU / HQ Credit Manager	Execution: Ad-hoc Testing: Yearly	Evidences: a. User profiles matrix b. List of users with profiles assigned c. Changes in CRM Master Data d. All changes in user profiles regarding the CRM master data
4.1	Process: Customer registration in SAP_CRM	In addition to the registration of the new credit status in SAP_CRM and the administration contact details, Credit Manager BU will inform to CRM Department if any wrong customer details loaded in SAP_CRM is detected.	Immediately once the credit line contract has been received from Commercial Responsible	BU / HQ Credit Manager	N/A	SAP_CRM
5	Credit invoicing depending on the hotel occupancy	Depending on forecast, follow the document Terms and conditions for business and leisure groups in order to define if a customer with a credit line granted can be invoiced by credit the M&E (or part of it).	Ad-hoc	Commercial Handler	Ad-hoc	Terms and conditions for business and leisure groups document
6	Credit invoicing depending on revenue items	The Terms and conditions for business and leisure groups document will define the amount of prepayments for travel agencies and companies with credit line granted. It will be necessary to request a prepayment for M&E reservations when the hotel has quoted F&B items or has requested other services to a vendor (min. a 50 % of prepayment of detailed concepts). For Leisure Groups, it will be not necessary to request a prepayment for F&B items when these concepts are included in the breakdown of the rate (such us HD and HB).	Ad-hoc	Commercial Handler	Ad-hoc	Terms and conditions for business and leisure groups document
7	Optional and recommended: Exception in credit invoicing for overdue invoices pending collection and/or exceed credit lines	1.- Optional but recommended: In credit lines granted for other hotels or BU / Chain credits, once the M&E reservation has been confirmed and the quote is higher than 25 % of the credit line granted: - It will be recommended to request to BU Credit Manager in order to review if the customer has overdue invoices pending collection and/or the credit limit is exceeded (BU Credit Manager will have a deadline of 5 days to submit this information). - If the customer has overdue invoices pending collection and/or the credit limit is exceeded, it is recommended to request a prepayment of 100% of the M&E reservation. 2.- Optional but highly recommended: Not earlier than 2 weeks prior to the start of the M&E (with a quotation higher than indicated above), it is also highly recommended to review if the customer has overdue invoices pending collection and/or the credit limit is exceeded. If so, it will be recommended to request a prepayment of 100% of the M&E reservation. 3.- If M&E quotation is higher than original credit line granted, it will no be possible any credit invoicing.	Ad-hoc	Commercial Handler Hotel Manager Hotel M&E Responsible	Ad-hoc	SAP - FBL5N - Customer Line Item
8	Credit Management	AR02 - Credit Management process	N/A	N/A	N/A	AR02 - Credit Management process
9	Collection Management	AR03 - Collection Management process	N/A	N/A	N/A	AR03 - Collection Management