

THE GROUND TRUTH · NO. 3 · 2026

What Your Operator Isn’t Telling You

A Bali owner’s guide to reading the accounts, benchmarking the fees, and holding a hotel or villa operator to the numbers, before the numbers hold you.

ASCENDURE

THE SHORT VERSION

Handing over the keys is not the same as switching off.

A good operator earns their fee. A weak one earns it from you quietly, one line at a time.

Most owners in Bali judge their operator on one number: how full the place was. It is the wrong number. A busy month that made no money is a warning, not a win. The operator controls the accounts, the pricing, the staffing and the suppliers, and if the owner cannot read what comes back, the gap between a full villa and a profitable one disappears into a monthly PDF nobody checks.

This paper is the owner's side of the table. It sets out the one report you should insist on, the six things to demand every month, what operators actually charge (global brands and Bali villa companies, side by side), where the money quietly leaks, the benchmarks to hold an operator to, and the clauses that make all of it enforceable. None of it requires an accounting degree. It requires knowing what to ask for, and refusing to accept less.

37%	40–50%	$18 vs $38
GOP MARGIN A WELL-RUN PROPERTY SHOULD REACH	OF GROSS A MANAGED VILLA SPENDS ON RUNNING COSTS	OF EVERY $100, WHAT THE OWNER KEEPS: MANAGED VS SELF-RUN

SOURCES: HOTSTATS FY2024 (SE-ASIA GOP) · HORWATH HTL / C9 HOTELWORKS 2026 · JLL ASIA-PACIFIC HMA DATA · BALI VILLA-FEE GUIDES 2026.

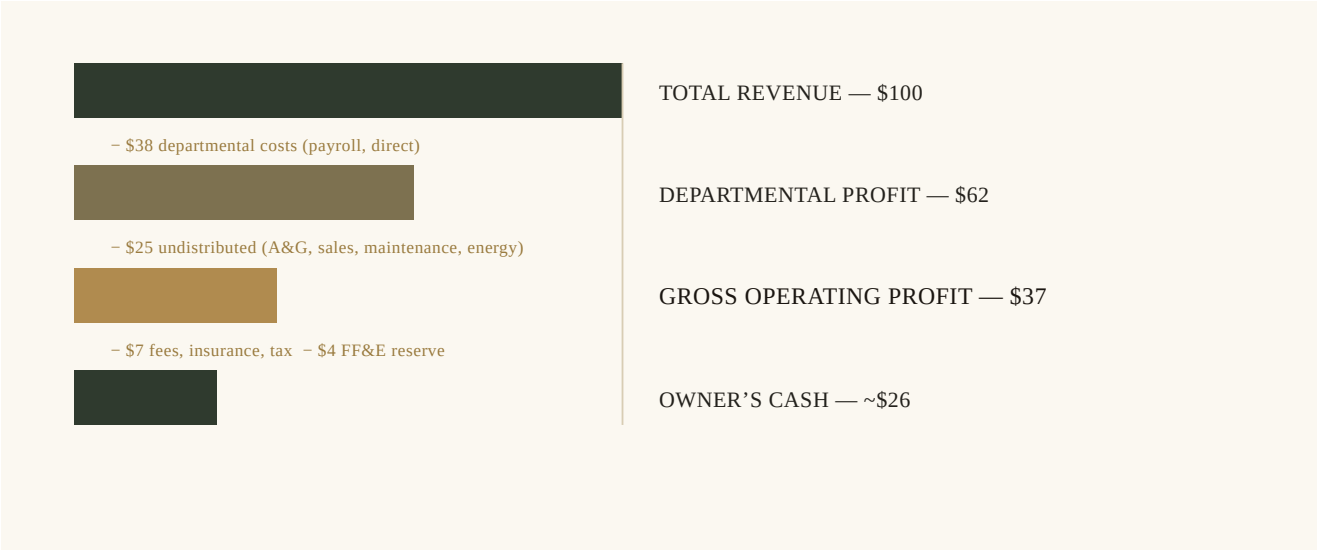
> *You do not need to run the business. You need to be able to tell, in ten minutes a month, whether the people running it are running it for you or for themselves.*

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01 The one report to insist on: a USALI P&L

Ask for your numbers in the standard hotel format called USALI — the Uniform System of Accounts for the Lodging Industry. It is the language every serious hotel on earth reports in, which means a "GOP" in Sanur means the same as a "GOP" in Singapore or London. If an operator cannot or will not report in USALI, that alone tells you something.

USALI walks the money down a ladder. Each revenue department (rooms, food and beverage, spa) carries its own direct costs to a departmental profit. Then the shared costs that serve the whole property — administration, sales and marketing, maintenance, and energy, water and waste — come off to reach gross operating profit (GOP), the single most important line an owner watches. Below GOP sit the fixed charges the operator does not control: management fees, insurance, property tax and rent, leaving EBITDA; then a reserve for replacing worn-out furniture and equipment, leaving the owner's cash.



THE USALI LADDER, PER $100 OF TOTAL REVENUE — ILLUSTRATIVE, WELL-RUN BALI PROPERTY. BAR WIDTH SHOWS EACH TIER TO SCALE. GOP ~37% MATCHES THE SE-ASIA REGIONAL MARGIN; OWNER'S CASH AFTER FEES AND RESERVE ~26%. INFORMATION ONLY.

Why the ladder matters: occupancy and rate live at the very top. Everything that decides whether you make money happens on the way down. An operator can lift the top line and still hand you a worse GOP by letting payroll, energy and marketing creep. Watch the whole ladder, not the first rung.

02 The six things to demand every month

1. **Your numbers in USALI, against budget.** Not a screenshot of a booking calendar. A departmental P&L down to GOP, this month and year-to-date, each line next to the budget you agreed and last year's actual. The variances are the conversation.
2. **Profit after costs, not just how full you were.** Ask for GOP and GOP margin every month. A month at 80% occupancy with a 28% margin is worse than a month at 65% with a 40% margin. Full is not the goal. Profitable is.
3. **Where the bookings came from, and what each channel cost.** The channel mix and the commission paid on each. If direct bookings are not growing year on year, you are renting your guests from the platforms forever, and that is your single biggest controllable cost.
4. **The costs that creep, named.** Payroll as a share of revenue, and energy. These are where margin quietly leaks. In a warm, humid climate on a busy property, both drift upward unless someone is watching them on purpose.
5. **Repeat guests and reviews.** They predict next year better than this month's revenue does. A falling review score or a shrinking base of returning guests is a leading indicator of a revenue problem you have not felt yet.
6. **What the operator will do differently next month.** A number without a plan is just a number. A good operator closes the report with the two or three things they are changing, and reports back on last month's promises. That habit is the difference between a manager and a caretaker.

> *Six lines, once a month. An operator who resents providing them is telling you how the rest of the relationship will go.*

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03 What operators actually charge

There are two worlds in Bali, and their fees look nothing alike. A global hotel brand charges a modest base fee on all your revenue plus an incentive fee on your profit, and then adds a stack of smaller charges for marketing, reservations and loyalty. A local villa operator charges one large percentage of your booking revenue that bundles most of that together. Neither is wrong. But you cannot compare them until you put them side by side.

THE CHARGE	GLOBAL HOTEL BRAND	BALI VILLA OPERATOR
Base / management fee	2–4% of total revenue	15–25% of booking revenue (full service); ~30% all-inclusive
Incentive fee	5–15% of GOP, above a threshold	Rare — usually none or bundled
Marketing & brand	1–3% of room revenue	Usually bundled into the fee
Reservation / loyalty	Per-booking fee + loyalty cost charged through	OTA commission ~15–16% passed straight through
Technical / pre-opening	Project-specific one-off, often per-key	Uncommon
FF&E / maintenance reserve	3–5% of revenue, into a reserve	3–5% of property value a year for upkeep

SOURCES: HOTEL DEVELOPMENT GUIDE · DLA PIPER HMA SURVEY · HVS · JLL ASIA-PACIFIC · PROPERTIA / SOLAR PROPERTY BALI VILLA-FEE GUIDES 2026. RANGES, ILLUSTRATIVE. INFORMATION ONLY.

Reading it as an owner. The brand's 2–4% base looks cheap next to a villa company's 20% — until you remember the brand fee sits on *total revenue* and comes with a separate marketing bill, loyalty charge-through and reservation fees, while the villa fee is usually all-in. The right question is never "what is the percentage?'' It is "what is the total cost of this operator, all fees added, as a share of my revenue, and what do I get for it?" Make every operator answer that one question the same way.

> The incentive fee is your friend — if it is structured right. An incentive fee paid only on GOP *above a threshold* aligns the operator with you: they earn more only when you do. A base fee with no incentive pays the operator to be busy, not to be profitable. Push for the incentive, and push for the threshold.

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04 Where the money quietly leaks

Most owner losses are not theft. They are structure — small, defensible-looking charges that add up because nobody is checking them line by line. These are the ones to watch:

- **Charge-backs and "system" fees.** Brand and management companies pass through costs for their central systems, help desks, training and technology. Individually small (a per-call support fee, a per-room technology charge), together material. Ask for the full schedule of charge-backs in writing, once a year.
- **Related-party purchasing.** If the operator also owns the laundry, the supply company or the booking agent, you may be paying above-market rates to the operator's other pocket. Require disclosure of every related-party contract and the right to approve them.
- **Loyalty and reservation costs.** A brand's loyalty programme and central reservations are genuinely valuable, but the cost is charged through to you. Check that the revenue those channels deliver is worth what they cost, and that it is reported separately, not buried in "sales and marketing."
- **Revenue misclassified upward.** Early check-in, late check-out and cancellation fees belong in other operated departments or miscellaneous income, not in room revenue. Slipped into room revenue, they flatter ADR and RevPAR and make the operator's performance look better than it is.
- **The reserve raided, or ignored.** The FF&E reserve exists so the property does not fall apart in year six. An operator who lets it lapse is buying a good GOP today with your capital tomorrow. Deferred maintenance is a cost that has been hidden, not avoided.
- **Payroll creep and over-staffing.** The 12th edition of USALI breaks labour down by department and role for exactly this reason. Watch payroll as a share of revenue over time. A rising ratio with flat service is margin walking out of the door.

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05 The benchmarks to hold them to

A number means nothing without something to measure it against. These are the reference points a Bali owner should keep on the desk:

METRIC	WHAT IT MEANS	BALI / REGIONAL MARK
Occupancy	Nights sold vs nights available	Hotels ~74%; villa median ~63% (2025)
ADR	Average daily rate achieved	~$150 island average (2025)
RevPAR	ADR × occupancy — the honest earn per key	~$111 (2025)
GOP margin	Gross operating profit ÷ total revenue	~37% region; 40%+ well-run
Payroll ratio	Total labour ÷ total revenue	Watch the trend, not one month
Direct-booking mix	Share of revenue booked direct, not via OTA	Asia 5-star reach 50%+ direct
Brand premium	Rate uplift a known brand can command	25–35% in Bali data

SOURCES: HORWATH HTL / C9 HOTELWORKS BALI 2026 · HOTSTATS FY2024 · JLL · D-EDGE. RANGES, ILLUSTRATIVE. INFORMATION ONLY.

The one to learn: flow-through. When revenue rises, how much of the increase reaches GOP? A well-run property converts half or more of each extra dollar of revenue into profit, because the cost of one more guest is small once the doors are open. If your revenue is climbing but your GOP is not, the operator is spending your upside. Flow-through is the question that catches it.

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06 What to put in the contract

Monthly reports only have teeth if the agreement gives them teeth. The management or operating contract is where an owner's real power sits. Before you sign, make sure it contains these:

1. **A performance test with a termination right.** If the operator misses an agreed profit and market-share target for two consecutive years, you can replace them without penalty. Without this, a bad operator is a very long lease.
2. **Owner's priority on the incentive fee.** The operator earns their incentive fee only after you have received an agreed return first. It puts your capital ahead of their bonus, which is exactly the right order.
3. **Annual budget and capex approval.** You approve the yearly operating budget and any single spend above a set threshold. This is the difference between owning the asset and merely funding it.
4. **USALI reporting, on a deadline.** The full report, in USALI, within a fixed number of days of month-end. Late, non-standard reporting is how problems stay hidden until they are expensive.
5. **Audit and inspection rights, and related-party disclosure.** The right to audit the books, and a ban on related-party contracts without your written consent. These two clauses close most of the quiet leaks in Section 4.
6. **A term that matches your plan, not theirs.** Align the length of the agreement with how long you intend to own, and keep your exit options (sale, refinance) clean. A 20-year operator lock-in on a 25-year land lease is a trap.

How Ascendure uses this. When we provide completion or expansion capital, the quality of the operating agreement and the owner's grip on the numbers is part of what we underwrite. An owner who reads their own accounts and holds a real contract is a safer place to put capital — and, more to the point, a wealthier owner. The discipline pays you first.

Standing note. Every figure here is a published market range or an illustrative benchmark, sourced 2024–26: HotStats · Horwath HTL / C9 Hotelworks · JLL Asia-Pacific · HVS · DLA Piper · Cloudbeds · Bali villa-management guides. Fee structures and tax treatment vary by deal and by year — take Indonesian legal and accounting advice on your own agreement. Ascendure is not a bank, does not take deposits, and does not provide credit or capital to the public. Information only — not financial advice.