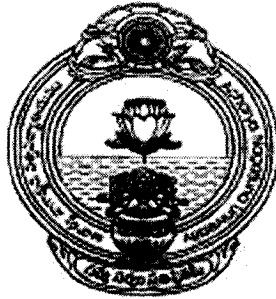


FRONT OFFICE MANAGEMENT
PGDHM, Paper- III



Director
Prof. P. Sankara Pitchaiah,
M.Sc., Ph.D., M.A., Ph.D., (Psy), PGDHRM

CENTRE FOR DISTANCE EDUCATION
ACHARAYA NAGARJUNA UNIVERSITY
NAGARJUNA NAGAR – 522 510

Ph: 0863-2293299, 2293356, 08645-211023, Cell:98482 85518
08645 - 211024, 0863-2346259 (Study Material)
Website : www.anucde.ac.in or www.anucde.info
e-mail : info@anucde.ac.in

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Published by :

Prof. P. Sankara Pitchaiah,

Director

Centre for Distance Education,
Acharya Nagarjuna University

DEPUTY DIRECTOR'S

Prof. P. Vara Prasada Murthy,
Centre for Distance Education,
Acharya Nagarjuna University

Dr. V. Venkata Ratnamma,
Centre for Distance Education,
Acharya Nagarjuna University

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FOREWORD

Acharya Nagarjuna University, since its establishment in 1976, has been moving ahead in the path of academic excellence, offering a variety of courses and research contributions. The University achieved recognition as one of the eminent universities in the country by gaining A grade from the NAAC 2016. At present Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels to students of 447 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University had started the Centre for Distance Education in 2003-04 with the aim to bring Higher education within the reach of all. The Centre has been extending services to those who cannot join in colleges, cannot afford the exorbitant fees as regular students, and to housewives desirous of pursuing higher studies to study B.A., B.Com, and B.Sc., Courses at the Degree level and M.A., M.Com., M.Sc, M.B.A. and LL.M. courses at the PG level.

For better understanding by students, self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been prepared with care and expertise. However constructive ideas and scholarly suggestions are welcome from students and teachers. Such ideas will be incorporated for the greater efficacy of the distance mode of education. For clarification of doubts and feedback, Weekly classes and contact classes are arranged at UG and PG levels respectively.

I wish the students who pursue higher education through Centre for Distance Education will not only be personally benefited by improving their qualifications but also strive for nation's growth by being a member in Knowledge society. I hope that in the years to come, the Centre for Distance Education will grow in strength by introducing new courses, catering to the needs of people. I congratulate all the Directors, Academic coordinators, Editors, Lesson - Writers, and Academic Counsellors and Non-teaching staff of the Centre who have been extending their services in these endeavours.

Prof. A. Rajendraprasad
Vice - Chancellor
Acharya Nagarjuna University

**PG Diploma in Hotel Management
SYLLABUS**

Paper - III: FRONT OFFICE MANAGEMENT

Objective : To proceed an in – depth knowledge of various ancillary department of front office and sales techniques.

Unit-I: Management functions: Planning, organizing, co-coordinating, staffing, leading, controlling and evaluating.
Establishing room rates: Marketing condition approach, rule of thumb approach, Hobart formula approach
Forecasting room availability, budgeting for operations, forecasting room revenue, estimating expenses, redefining budget plans.

UNIT-II: Evaluating front office operations: Daily operations report, Occupancy ratio, room revenue analysis, hotel income statement, Rooms division income statement rooms division budget reports

UNIT- III: Measuring yield, potential average single rate potential average double rate, multiple occupancy percentage, rate spread, potential average rate, room rate achievement factory, yield statistic, identical yields, equivalent occupancy, required non – room revenue per guest.
Elements of revenue management: Group room sales transient room sales, food and beverage activity, local and area wide activities, and special events.

UNIT-IV: Managing human resources: Internal and external recruiting.
Selecting : selection tools, evaluating applicants, interviewing, hiring, orienting, skills training, prepare to train, present the training, practice skills, follow up.

UNIT-V: Staff scheduling: Alternative scheduling techniques Staff motivation: Training, cross training, recognition, communication, incentive programs, performance appraisal

UNIT-VI: Case studies in room division

References :

1. Front Office Procedures by Michael L. Kasavana & Richard M. Brooks
2. Managing Front Office Operations by Michael L. Kasavana & Richard M. Brooks
3. Case Studies in Rooms Operations and Management by Jeremy Huton and Sue Baker

(PGDHM 03)

P.G. DIPLOMA EXAMINATION, MAY 2011.

Hotel Management

Paper III — FRONT OFFICE MANAGEMENT

Time : Three hours

Maximum : 75 marks

Answer any FIVE of the following.

All questions carry equal marks.

1. Discuss briefly the different approaches in Establishing Room Rates.
 2. Explain briefly the various functions of Management.
 3. What are the various reports maintained by front office ? Discuss briefly about occupancy ratio and room revenue analysis.
 4. Write short notes on the following:
 - (a) Multiple occupancy percentage
 - (b) Rate spread
 - (c) Potential average rate.
 5. How do you forecast room availability and room revenue?
 6. Discuss briefly about the Internal and External sources of Recruitment.
 7. Explain in brief, why communication is very important in front office operations.
 8. Define Training. What are the advantages of Training? Write briefly about the methods of Training.
 9. Discuss briefly about performance appraisal.
 10. Explain briefly about types of Interviews.
-

CONTENT

Lesson- 1 : Planning and Evaluating Operations

Lesson- 2 : Forecasting Room Availability

Lesson- 3 : Evaluating Front office Operations

Lesson- 4 : Room division Budget reports

Lesson- 5 : Revenue Management

Lesson- 6 : Elements of Revenue Management

Lesson- 7 : Using Revenue Management

Lesson- 8 : Managing Human Resources

Lesson- 9 : Hiring

Lesson- 10 : Staff Scheduling

Lesson- 11 : Knowledge for all Employees

Lesson- 12 : Reservationist

Lesson- 13 : Bell Attendant

Lesson- 15 : Jobs Description

Unit I

PLANNING AND EVALUATING OPERATIONS

Lesson- 1**Planning and Evaluating Operations****1.0 Objective:**

To Study the Hospitality, Industry about Management functions

Structure

- 1.1. Introduction**
- 1.2. Management Functions**
 - 1.2.1. Planning**
 - 1.2.2. Organizing**
 - 1.2.3. Coordinating**
 - 1.2.4. Staffing**
 - 1.2.5. Leading**
 - 1.2.6. Controlling**
 - 1.2.7. Evaluating**
- 1.3. Establishing Room Rates**
- 1.4. Market Condition Approach**
 - 1.4.1. Sample TIMS Report**
 - 1.4.2. Sample STAR Trend Report**
 - 1.4.3. Sample STAR Summary Report**
- 1.5. Rule-or-Thumb Approach**
- 1.6. Hubbart Formula Approach**
 - 1.6.1. Illustration of Hubbet Formula**
 - 1.6.2. Calculating Average Room Rate**
 - 1.6.3. Determining Single and Double Room Rates**
- 1.7. Planned Rate Changes.**
- 1.8. Key Words**
- 1.9. Self Assesment Questions**

1.1. Introduction

MOST FRONT OFFICE MANAGERS will readily admit that they rarely have all the resource they feel are necessary. Resources available to managers include people, money, time, materials, en-

ergy, and equipment. All these resources are in limited supply. An important part of a front office manager's job involves planning how to apply these limited resources to attain the department's objectives. An equally important part of a front office manager's job is evaluating the success of front office activities in meeting the department's objectives.

1.2. Management functions

The process of front office management can be divided into specific management functions. Exhibit 1 illustrates how management functions fit into the overall process of management. Although specific front office management tasks vary from one hotel to another, fundamental management functions are similar in scope.

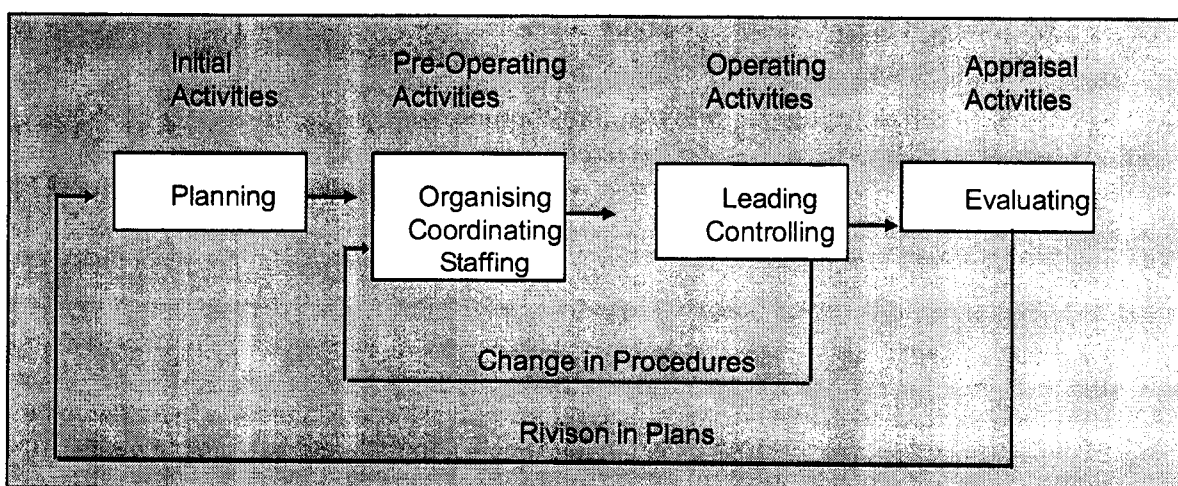
1.2.1. Planning

Planning is probably the most important management function performed in any business. yet managers often give it less attention than it requires or overlook it entirely. without competent planning, the front office would be chaotic. Without the direction and focus planning provides, the front office manager may become overly involved with tasks that are unrelated to or inconsistent with accomplishing the department's goals. A front office manager's first step in planning what the front office will accomplish is to define the department's goals.

Managers should identify both near-term goals and long-term goals, and develop a plan to meet them. An example of a near-term goal might be to raise occupancy to 85 percent for the month. A long term goal might be to improve guest satisfaction scores. The front office manager should use these general goals as a guide to planning more specific, measurable objectives. Planning also includes determining the strategies that will be used to attain the objectives.

1.2.2. Organising

Using the planned goals as a guide, a front office manager organizes the department by dividing the work among front office staff. The manager should distribute work so that everyone gets a fair assignment and all work can be completed in a timely manner. organising includes determining the order in which tasks are to be performed and establishing completion deadlines for each group of tasks.



1.2.3. Coordinating

Coordinating involves bringing together and using the available resources to attain planned goals. A front office manager must be able to coordinate the efforts of many individuals to ensure that they perform the work efficiently, effectively and on time. Coordinating may involve working with other departments, such as sales, housekeeping, and accounting. Many front office goals may depend upon other departments to help achieve them. For example, the goal of improving guest satisfaction scores may partially depend upon the housekeeping staff promptly notifying the front desk of clean and vacant rooms for awaiting guests. A manager's ability to coordinate is closely related to his or her other management skills, such as planning and organizing.

1.2.4. Staffing

Staffing involves recruiting applicants and selecting those best qualified for positions. Staffing also involves scheduling employees. Most front office managers develop staffing guidelines. These guidelines are usually based on formulas for calculating the number of employees required to meet guest and operational needs under specified conditions.

1.2.5. Leading

Leading is a complicated management skill that is exercised in a wide variety of situations, and is closely related to other management skills such as organizing, coordinating, and staffing. For a front office manager, leadership involves overseeing, motivating, training, disciplining, and setting an example for the front office staff. For example, to direct the work of others, a front office manager must first analyze the work to be done, organize the tasks in a logical order and consider the environment in which the tasks will be performed. In addition, if the department is behind in getting the work done, the front office manager steps into the situation and assists until the workload is under control again.

Leading often extends beyond the front office. With so much of the hotel's business activity flowing through the front desk, other department heads count on the front office manager to provide leadership. Senior managers at a hotel often depend on the strong leadership skills of the front office manager to ensure that assignments are completed successfully.

1.2.6. Controlling

Every front office has a system of internal controls for protecting the assets of the hotel. For example, a form of internal control is requiring a witness's signature when a cashier makes a deposit at the end of the shift. Internal control systems work only when managers believe in the systems' importance and follow the established procedures for their use. The control process ensures that the actual results of operations closely match planned results. The front office manager also exercises a control function when keeping front office operations on course in attaining planned goals.

1.2.7. Evaluating

Evaluating determines the extent to which planned goals are, in fact, attained. This task is frequently overlooked in many front office operations, or is performed haphazardly. Evaluating also involves reviewing and when necessary, revising or helping to revise front office goals.

This chapter focuses on elements of two front office management functions, planning and evaluating front office operations. It begins by examining three important front office planning functions.

- Establishing room rates
- Forecasting room availability
- Budgeting for operations

It concludes by examining various methods by which a front office manager may evaluate the effectiveness of front office operations

1.3. Establishing Room Rates

Front office will almost always have more than one room rate category for each of its guestrooms. Room rate categories generally correspond to types of rooms (suites, two beds, one bed, etc.,) that are comparable in square footage and furnishings. Differences are based on criteria such as room size, location, view, furnishings, and amenities.

In commercial hotels, each room rate category is assigned a rack (standard or retail) rate based on the number of persons occupying the room. Resorts, on the other hand, often have the same rate for one or two persons in the room, and use room size, view, and location as part of the room pricing structure. The rack rate is the standard price determined by front office management. The rack rate is listed on the room rate schedule to inform front desk agents of the selling price of each guestroom in the hotel. The term "room rack" dates back before computers were used at front desks. Employees identified the retail room rate from a manual filing system at the front desk called a "room rack" hence the name "rack rate" Today, front office employees usually use a computer terminal to access rack rate data during the reservations or registration process. Often, rack rates must be reported to local and state authorities. Therefore, they must accurately reflect the appropriate accommodation charge for each room rate category.

Front office employees are expected to sell rooms at the rack rate unless a guest qualifies for a discounted room rate. Although rack rates are important, more often than not, guests may ask for and qualify for discount rates. For example, special rates are often quoted to groups and certain guests for promotional purposes during low occupancy periods. Special room rate categories include.

- *Corporate or commercial rate.* The rate offered to companies that provide frequent business for the hotel or its chain.
- *Group rate.* The rate offered to groups, meetings, and conventions using the hotel for their functions
- *Promotional rate.* The rate offered to individuals who may belong to an affinity group such as American Automobile Association or American Association of Retired Persons to promote their patronage. The rate may also be extended during special low occupancy periods to any guest to promote occupancy

- *Incentive rate.* The rate offered to guests in affiliated organizations such as travel agencies and airlines because of potential referral business. The rate may also be offered to promote future business. It is often extended to group leaders, meeting planners, tour operators, and others capable of providing the hotel with additional room sales.
- *Family rate.* A rate reserved for families with children.
- *Package plan rate.* A rate that includes a guestroom in combination with other events or activities, such as breakfast, golf, tennis, or parking.
- *Complimentary rate.* A room rate provided to special guests and / or important industry leaders. The term complimentary rate usually means the guest will not be charged for the room during the stay. However, the guest may receive other charges for dining, telephone, etc.,

The front office manager must be sure that the sale of rooms at special rates is rigidly controlled. Special rates represent discounts from the rack rate and therefore may adversely affect the average room rate and room revenue. The front office manager should examine the circumstances under which special rates are granted to ensure that front office staff are adhering to prescribed policies. All policies should be clearly explained to front office staff, who should obtain proper approval when applying a special room rate. For example, a complimentary room (provided at no charge) does not increase room revenue, but it may or may not decrease the average room rate, depending upon the front office accounting system. Most hotels require the general manager or other senior member of the management team to approve complimentary rates before guests arrive.

Establishing rack rates for room types and determining discount categories and special rates are major management decisions. To establish room rates that will ensure the hotel's profitability, management should carefully consider such factors as operating costs, inflationary factors, and competition.

Room rates often serve as a market positioning statement since they directly reflect service expectations to be hotel's target market. Room rate positioning can be critical to a hotel's success. For example, a property offering economy facilities and limited guest services will most likely not be successful if its rates are positioned in the mid-price or upscale levels.

The following sections examine three popular approaches to pricing rooms: the market condition approach, the rule-of-thumb approach, and Hubbart Formula.

1.4. Market Condition Approach

This approach is the common sense approach. Management looks at comparable hotels in the geographical market and sees what they are charging for the same product. These properties are often called the competitive set. A competitive set usually is made up of 6 to 10 properties in a market that are the most important competition for a property. The competition can be based on location, property ratings, property type, brand identification, or other factors. Not every lodging property in a particular location is a direct competitor. Guests who look for moderately priced lodging will generally limit their research to properties in that price range.

The thought behind this approach is that the hotel can charge only what the market will accept, and this is usually dictated by the competition. This information is available through various public domain sources, including a periodic blind call to competing hotels. A blind call does not identify the hotel making the call, and simply asks for availability and rates on specific dates. A competitive analysis usually focuses on these questions.

- How do our rates compare to those of our competition?
- Are our rates much lower or higher than those of the competition? How are our rates affecting our revenue and our share of the business?
- What is our occupancy percentage? What is the occupancy percentage of the competitive set?
- Have any trends emerged during the past six months.

Most of the answers to those questions can not be determined from blind calls. Two well-known commercially available reports providing this information from neutral sources are the TIMS and phaser Reports. Future occupancy and rate trends can be determined by logging the quoted rates and availability for the competitive set. The TIMS report lists one month's rate information for a property and five local competitors. The rates are broken down daily and include information on sold-out nights, low rate, low rate variance from the subscribing property, low corporate rate, low corporate rate variance, special rates date available, high- low comparisons, and an index of room types and rates for the period. Exhibit 2 shows a sample TIMS report.

Another, more reliable, way of determining historical market conditions is to subscribe to industry reports that provide this information from neutral sources. The best-known historical report is the Smith Travel Accommodations Research (STAR) Report. The STAR Report provides historical information on occupancy average room rate, RevPAR, and market share. Exhibit 3 shows a sample STAR trend report and Exhibit 4 shows a sample STAR summary report. Unlike the blind call, which looks into the future, historical reporting shows what happened in the past. However, by tracking this information over a period of months and years, the rates and occupancy of the competitive set can be reasonably determined.

There are many problems with this approach, although it is used very often. First, if the property is new, construction costs will most likely be higher than those of the competition. Therefore, the hotel cannot be as profitable as the competition initially. Second, this approach does not take the value of the property into consideration. With the property being new, and perhaps having newer amenities, the value of the property to guests can be greater. The market conditions approach is really a marketing approach that allows the local market to determine the rate. It may not take fully into account what a strong sales effort may accomplish. It can, in effect, allow the competition to determine the rates and this could significantly affect the profitability of the hotel's operation.

4.1. Sample TIMS report.

TIMS Competitive Rate Analysis Report for the Sample TIMS Report

High - Low Rate Comparison	Fri	Sat	Sun	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Mon	Tue	Wed	Thur
SHERATON																					
High Rate	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209	209
Low Rate	135	125	169	169	145	155	149	155	149	125	125	125	125	125	88	88	129	145	129	129	169
EMBASSY SUITES																					
High Rate	129	129	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169
Low Rate	89	89	169	169	169	169	169	169	169	169	169	169	169	169	88	88	149	149	149	149	169
HILTON																					
High Rate	104	104	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184
Low Rate	89	69	139	139	139	139	139	139	139	139	139	139	139	139	88	104	139	139	139	139	139
MARRIOTT																					
High Rate	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172
Low Rate	84	159	172	172	172	172	172	172	172	172	172	172	172	172	84	84	129	129	129	129	129
COMPARISON																					
High Rate	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139	139
Low Rate	89	89	99	99	99	99	99	99	99	99	99	99	99	99	89	89	99	99	99	99	99
COMPARISON																					
High Rate	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169
Low Rate	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169

1.4.2 Sample STAR Trend Report

		Sample - October STAR Trend Report														
		Occupancy						Average Room Rate						REVI		
Year	Month	Prep	% CHG	Comp Set	% CHG	OCC Index	% CHG	Prep	% CHG	Comp Set	% CHG	ADR Index	% CHG	Prep	% CHG	Comp Set
1995	May	62.4	2.0	60.2	8.5	103.7	11.5	90.89	18.3	104.40	4.6	87.1	14.4	56.74	16.6	62.87
1995	June	72.5	20.4	68.2	8.3	106.3	11.2	94.69	3.3	105.97	4.4	89.4	1.0	68.67	24.4	72.24
1995	July	71.7	5.4	64.9	3.6	110.5	9.4	93.82	.3	96.50	7.2	97.2	7.0	67.27	5.1	62.67
1995	August	65.8	1.5	60.3	2.6	109.1	4.2	92.34	.8	94.52	3.7	97.7	2.8	60.80	2.4	56.99
1995	September	58.2	4.4	64.9	5.7	105.1	10.7	110.07	1.6	116.46	5.6	94.5	6.8	75.07	2.8	75.57
1995	October	83.3	4.9	80.7	6.0	103.2	1.1	128.09	22.3	131.06	20.6	97.7	1.5	106.69	28.4	105.71
1995	November	67.6	3.0	64.6	2.4	104.6	.7	116.17	7.6	116.95	9.1	99.3	1.4	78.52	4.3	75.58
1995	December	44.6	2.0	43.1	6.1	103.5	4.4	95.48	9.8	96.04	6.7	99.4	2.9	42.59	7.7	41.35
1996	January	70.7	3.5	68.5	2.0	103.2	1.6	114.20	9.8	112.13	7.3	101.8	2.2	80.71	5.9	76.83
1996	February	84.1	14.1	83.1	10.9	101.2	2.8	129.90	21.0	134.90	25.2	96.3	3.4	109.22	38.1	112.09
1996	March	81.1	4.7	74.9	3.1	108.3	1.6	118.20	5.6	126.53	13.7	93.4	7.1	95.90	.7	94.75
1996	April	67.7	1.6	65.1	.5	104.0	2.1	106.50	7.2	117.00	.8	91.0	7.9	72.11	8.7	76.12
1996	May	69.5	11.4	64.3	6.8	108.1	4.2	106.07	16.7	118.23	13.2	89.7	3.0	73.68	29.9	76.06
1996	June	73.6	1.5	59.8	12.3	123.1	15.8	111.34	17.6	112.26	5.9	99.2	11.0	81.93	19.3	67.19

1.4.3 Sample Star Summary report: A hotel's management must not determine the rates of other hotels through direct discussion with competitors. Such discussion would be considered a violation of US. anti trust laws. That is the reason for the blind call to the competition mentioned above. Rates can also be found in many public sources, such as global distribution systems, published rate brochures, directories from the American Automobile Association. The Internet, and many others.

Sample STAR Summary Report

Sample Inns & Suites Executive Summary Report July													
July Monthly	Operating Performance Sample Inns & Suites											Open	
	Occupancy Percent			Average Room Rate			Rooms Sold			Occupancy Percent			A
Segment	1996	1995	% CHG	1996	1995	% CHG	% CHG	% CHG	% CHG	1996	1995	% CHG	
United States	81.8	83.3	1.8	69.53	63.90	8.8	16.0	8.5	6.6	73.9	74.3	.5	70
Region													
New England	82.7	84.3	1.9	69.79	67.85	2.8	14.3	13.3	11.1	75.1	74.3	1.1	83
Middle Atlantic	84.4	85.0	.7	69.23	64.82	6.8	7.3	1.2	.4	75.7	74.3	1.9	87
South Atlantic	82.1	84.3	2.6	69.17	58.88	17.5	25.9	10.1	7.2	73.1	73.2	.1	70
East North Central	85.1	85.2	.1	62.39	58.80	6.1	9.3	3.1	3.0	73.4	75.1	2.3	67
East South Central	84.8	87.3	2.9	60.76	55.20	10.1	16.4	8.9	5.7	74.4	75.2	1.1	57
West North Central	83.4	83.9	.6	64.84	61.85	4.8	3.9	.4	.9	73.5	76.2	3.5	57
West South Central	75.0	81.7	8.2	64.79	61.80	4.8	34.0	39.1	27.8	69.9	71.3	2.0	59
Mountain	81.5	81.2	.4	76.19	71.37	6.8	14.6	6.9	7.3	75.0	76.1	1.4	61
Pacific	79.6	79.5	.1	79.35	74.44	6.6	13.0	5.9	6.0	75.9	75.1	1.1	80
Price													
Luxury	81.0	80.5	.6	97.65	84.71	15.3	21.2	4.4	5.1	75.2	74.9	.4	117
Upscale	81.7	83.3	1.9	80.09	74.67	7.3	14.5	8.8	6.8	76.0	76.8	1.0	87

1.5. Rule-of-Thumb Approach

The rule-of-thumb approach sets the rate of a room at \$1 for each \$1,000 of construction and furnishings cost per room, assuming a 70 percent occupancy. For example, assume that the average construction cost of a hotel room is \$80,000. Using the \$1 per \$1,000 approach results in an average selling price of \$80 per room. Singles, doubles, suites, and other room types would be priced differently, but the minimum average room rate would be \$80.

The emphasis placed on the hotel's construction cost fails to consider the effects of inflation. For example, a well-maintained hotel worth \$100,000 per room today may have been constructed at \$20,000 per room 40 years ago. The \$1 per \$1,000 approach would suggest an average selling price of \$20 per room; however, a much higher rate would appear to be appropriate. The suggested rate of \$20 per room does not take into account inflation and increased costs of labor, furnishings, and supplies. In these cases, management might consider the current replacement cost of the hotel, rather than its original construction and furnishings cost, as a basis for the rule-of-thumb application. Another way of accounting for inflation would be to index current costs against original costs. For example, if a hotel was built five years ago and inflation has increased at an annual rate of 3 percent, the \$1 per \$1,000 five years ago would require \$1 per \$1,000 only.

The rule-of-thumb approach to pricing rooms also fails to consider the contribution of other facilities and services toward the hotels desired profitability. In many hotels, guests pay for services such as food, beverages, telephone, and laundry. If these services contribute to profitability, the hotel may have less pressure to charge higher room rates.

The rule-of-thumb approach should also consider the occupancy level of the hotel. As pointed out, the rule-of-thumb approach assumes 70 percent occupancy when determining the appropriate average room rate. However, if a lower occupancy percentage is expected, the hotel will have to capture a higher average rate to generate the same amount of room revenue. Hotels tend to have a very high level of fixed expenses (especially depreciation and mortgage expenses). For example, a mortgage payment is the same every month, regardless of the hotel's occupancy level. The front office manager must understand the effects of room rate and room occupancy on room revenue to ensure that the hotel meets its revenue goals and financial obligations.

6. Hubbart formula Approach

Another approach to average room rate determination is the Hubbart Formula. To determine the average selling price per room, this approach considers operating costs, desired profits, and expected number of rooms sold. In other words, this approach starts with desired profit, adds income taxes, then adds fixed charges and management fees, followed by operating overhead expenses and direct operating expenses. The Hubbart Formula is considered a bottom-up approach to pricing rooms because its initial item- net income (profit)- appears at the bottom of the income statement. The second item- income taxes- is the next item from the bottom of the income statement, and so on. The Hubbart Formula approach involves the following eight steps.

1. Calculate the hotel's desired profit by multiplying the desired rate of return (ROI) by the owners' investment.
2. Calculate pretax profits by dividing desired profit (Step 1) by 1 minus the hotel's tax rate.
3. Calculate fixed charges and management fees. This calculation includes estimating depreciation, interest expense, property taxes, insurance, amortization, building mortgage, land, rent and management fees.
4. Calculate undistributed operating expenses. This calculation includes estimating administrative and general, data processing, human resources, transportation, marketing property operation and maintenance, and energy costs.
5. Estimate non-room operated department income or loss that is, food and beverage department income or loss, telephone department income or loss, and so forth.
6. Calculate the required rooms department income. The sum of pretax profits (Step 2) fixed charges and management fees (Step 3), undistributed operating expenses (Step 4) and other operated department losses less other operated department income (Step 5) equals the required rooms department income. The Hubbart Formula, in essence, places the overall financial burden of the hotel on the rooms department.
7. Determine the rooms department revenue. The required rooms department income (Step 6) plus rooms department direct expenses of payroll and related expenses, plus other direct operating expenses, equals the required rooms department revenue.
8. Calculate the average room rate by dividing rooms department revenue (Step 7) by the expected number of rooms to be sold.

6.1. Illustration of the Hubbart Formula. The Casa Vana Inn, a 200 - room property, is projected to cost \$ 9,900,000 inclusive of land, building, equipment, and furniture. An additional \$100,000 is needed for working capital, bringing the total cost of construction and opening to \$10,000,000. The hotel is financed with a loan of \$7,500,000 at 12 percent annual interest and cash of \$2,500,000 provided by the owners. The owners desire a 15 percent annual return on their investment. A 75 percent occupancy is estimated, thus 54,750 rooms will be sold during the year (200 x 75 x 365). The income tax rate is 40 percent. Additional expenses are estimated as follows.

Property tax expenses	\$250,000
Insurance expenses	50,000
Depreciation expenses	300,000
Administrative and general expenses	300,000
Data processing expenses	120,000
Human resources expenses	80,000
Transport expenses	40,000
Marketing expenses	200,000
Property operation and maintenance expenses	200,000
Energy and related expenses	300,000

The other operated departments income (losses) are estimated as follows.

Food and beverage department	\$150,000
Telephone department	(50,000)
Rentals and other departments	100,000

The rooms department estimates direct operating expenses to be \$10 per occupied room.

Exhibit 5 contains the calculations used in the Hubbart Formula and shows an average room rate of \$67.81.

Exhibit 6 contains the formula for calculating room rates for single rooms (x) and double rooms ($x + y$), where the price differential between single and double rates is represented by the variable y . Assume that the Casa Vana Inn has a double occupancy rate of 40 percent (that is, two out of every five rooms sold are sold at the double rate) and a room rate differential of \$10. Applying the formula from Exhibit 6, single and double rates would be calculated as follows.

$$\begin{aligned} \text{Doubles sold Daily} &= \text{Doubles Occupancy Rate} \times \text{Number of Rooms} \times \text{Occupancy Percentage} \\ &= \frac{A(200)(75)}{60} \end{aligned}$$

$$\begin{aligned} \text{Singles sold daily} &= \text{Rooms Sold Daily} - \text{Doubles Sold Daily} \\ &= (200 \times 75) - 60 \end{aligned}$$

Using the required average rate of \$67.81 calculated in Exhibit 5, the required single and double rates can be determined as follows:

$$\begin{aligned} \text{Singles sold (x) + (x + Rate Differential)} &= \text{Average Room rate} \times \text{Daily Number of Rooms Sold} \\ 90x + 60(x + \$10) &= (\$67.81)(150) \\ 90x + 60x + \$600 &= \$10,171.50 \\ 150x &= \$9,571.50 \\ x &= \frac{\$9,571.50}{150} \\ x &= \$63.81 \\ \underline{\text{Single Rate}} &\equiv \underline{\$63.81} \\ \underline{\text{Double Rate}} &\equiv \$63.81 + \$10.00 \\ &= \$73.81 \end{aligned}$$

Alternatively, the double rate could be set as percentage of the Single rate when this is the case, the formula is slightly altered:

$$\begin{array}{rclclcl} \text{Singles sold (x)} & + & \text{Doubles Sold (x) x} & = & \text{Average} & \times & \text{Daily Number} \\ & & (1 + \text{Percentage Differential}) & & \text{Room Rate} & & \text{of Rooms Sold} \end{array}$$

The percentage differential is simply the percentage difference of the double rate over the single rate. To illustrate this approach, we will call again on the Casa Vana Inn example. Assume a 40 percent double occupancy and a price differential of 15 percent.

$$\begin{array}{rclclcl} \text{Singles sold (x)} & + & \text{Doubles Sold (x) x} & = & \text{Average} & \times & \text{Daily Number} \\ & & (1 + \text{Percentage Differential}) & & \text{Room Rate} & & \text{of Rooms Sold} \\ & & 90x + 60(x) + (1.15) & = & (\$67.81)(150) \\ & & 90x + 69x + \$600 & = & \$10,171.50 \\ & & 159x & = & \$10,171.50 \\ & & & & \$10,171.50 \\ & & x & = & \text{-----} \\ & & & & 159 \\ & & x & = & \$63.97 \\ & & \text{Single Rate} & = & \underline{\$63.97} \\ & & \text{Double Rate} & = & \$63.97(1.15) \\ & & & & \$73.67 \end{array}$$

The Hubbart Formula is most useful in setting target average prices as opposed to actual average prices. It is important to note that the Hubbart Formula generates an average room rate as a target price at the hotel's point of profitability. It relies on management's best estimates of total rooms occupied and the single/double occupancy mix to determine target rates. If these estimates are incorrect, the targets will be incorrect.

Suppose a hotel company is planning to build a new property. Using the Hubbart Formula, management computes an average target room rate of \$75. Knowing the current average rate for competing hotels in the area is only \$50, management ponders whether the proposed hotel, opening in two years, has too high a targeted room rate.

To evaluate its potential, management assumes the competitor's average price will increase at five percent per year to \$55.13 (that is, \$50 x 1.05 x 1.05). Since the proposed hotel would be new, management reasons that a price premium may be acceptable. A difference of nearly \$20, however, appears to be too great. A more reasonable average room rate might be \$65; after three

years of successive five percent price increases, the hotel's daily average room rate would be increased to just over \$75 as follows.

	Annual increase at 5%	Selling Price
	-----	-----
Initial room rate (new hotel)		\$65.00
At the end of year 1	\$3.25	\$68.25
At the end of year 2	\$3.41	571.66
At the end of year 3	\$3.58	\$75.24

Considering this situation, hotel developers will have to finance the additional deficit in the first year (\$75 for the targeted average rate versus \$65 expected average rate when the hotel opens). In order to operate, the hotel will need to devise some method of financing the shortfall. As stated before, most hotels do not generate profits during the first few years of operation. In this respect, operating deficits should always be included in the hotel's financing plan.

1.7. Planned Rate Changes

Rack room rates may change during a year, depending on market factors. Rates may change due to seasonality or to a major event in the area. Knowing this, hotels may publish a rack rate range instead of a specific rack rate. For example, resorts may have several different rack rates during a year, reflecting peak, shoulder, and off-peak (or value) seasons. Rack rates may vary 50 percent or more between these seasons for the same room and amenities. Another example of a planned rate change was the 1996 Summer Olympics in Atlanta, Georgia. Hotels planned their rates for the two weeks of the Summer Olympics several years in advance. These rates were submitted to governmental and Olympic authorities for their planning and approval. Opening and closing rates takes careful planning. Discounts should not be left open when strong demand will fill rooms at rack rates. At the same time, quoting only rack rates may not be desirable when demand is low.

1.8 Key Terms

average daily rate--- an occupancy ratio derived by dividing net rooms revenue by the number of rooms sold.

average rate per guest -- an occupancy ratio derived by dividing net rooms revenue by the number of guests.

competitive set -- the competitive group of hotels in a market that are the most important competition for a hotel.

daily operations report -- a report, typically prepared by the night auditor, that summarizes the hotel's financial activities during a 24- hour period and provides insight into revenues, receivables, operating statistics, and cash transactions related to the front office; also known as the manager's report.

forecasting -- the process of predicting events and trends in business ; typical forecasts developed for the rooms division include room availability and occupancy.

house count -- the forecasted or expected number of guests for a particular period, sometimes broken down into group and non-group business.

Hubbart Formula -- a bottom-up approach to pricing rooms; in determining the average price per room, this approach considers costs, desired profits, and expected rooms sold.

1.9 Self Assessment Questions

1. How do the seven functions of management fit into the overall management process? How do these functions apply to the front office manager's position?
2. What kinds of special room rates might a hotel offer? What are the three common methods of establishing room rates?
3. What information do front office managers require to develop room availability forecasts? Why are these forecasts important? How reliable are such forecasts?

Lesson- 2**Forecasting Room Availability****Objective:**

To study various methods Establishing Room Rates

Structure:**2.1. Introduction****2.2. Methods of Forecasting****2.3. Forecasting Data****2.3.1. Percentage of No- Shows****2.3.2 Percentage of Walk- Ins****2.3.3. Percentage of Overstays****2.3.4. Percentage Understays****2.4. Forecast Formula****2.5. Sample Forecast Forms****2.5.1. Ten-Day Forecast****2.5.2. Three- Day Forecast****2.5.3. Room count considerations****2.6. Budgeting Operations****2.6.1. Forecasting Room Revenue****2.6.2. Estimating Expenses****2.6.3. Refining Budget Plans****2.7 Key Terms****2.8 Self Assessment Questions**

2.1. Introduction

The most important short-term planning performed by front office managers is forecasting the number of rooms available for sale on any future date. Room availability forecasts are used to help manage the reservations process and to guide front office staff in effective rooms management. Forecasting may be especially important on nights when a full house (100 percent occupancy) is possible.

A room availability forecast can also be used as an occupancy forecast. Since there is a fixed number of rooms in the hotel, forecasting the number of rooms available for sale and the number of rooms expected to be occupied forecasts the occupancy percentage expected on a given date. The forecasted availability and occupancy numbers are very important to the daily operations of the hotel. Occupancy forecasts are the foundation for making room pricing decisions. Without an accurate forecast, rooms may go unsold or be sold at inappropriate rates. Room occupancy forecasts can be useful to the front office manager attempting to schedule the necessary number of employees for an expected volume of business. These forecasts may be helpful to other hotel department managers as well. For example, the housekeeping department needs to know how many rooms are expected to be occupied to properly schedule room attendants. Restaurant managers need to know the same information to better schedule service staff. The chef needs this figure to determine how much food to order for the restaurants.

Obviously, a forecast is only as reliable as the information on which it is based. Since forecasts can serve as a guide in determining operating costs, every effort should be made to ensure forecasting accuracy.

2.2. Methods of Forecasting

Forecasting is a difficult skill to develop. The skill is acquired through experience, effective recordkeeping, and accurate counting methods. Experienced front office managers have found that several types of information can be helpful in room availability forecasting.

- A thorough knowledge of the hotel and its surrounding area.
- Market profiles of the constituencies the hotel services.
- Occupancy data for past several months and for same period of the previous year
- Reservation trends and a history of reservation lead times (how far in advance reservations are made)
- A listing of special events scheduled in the surrounding geographic area.
- Business profiles of specific groups booked for the forecast dates

Occupancy History of the Holly Hotel

Occupancy History - First Week of operation			
Month	Guaranteed	Non-Guaranteed	Room Nights
Jan	37	118	155
Feb	32	145	177
Mar	37	178	215
Apr	36	75	111
May	36	86	122
Jun	37	49	86
Total		768	900

Overnight	
Room	Nights
1	12
2	6
3	6
7	0
6	3
3	3

- The number of non-guaranteed and guaranteed reservations and an estimate of the number of expected no-shows
- The percentage of rooms already reserved and the cut-off date for group room blocks held for the forecast dates.
- The room availability of the most important competition for the forecast dates (as found through and blind call)
- The impact of city-wide or multi-hotel groups and their potential influence on the forecast dates.
- Plans for remodeling or renovating the hotel that would change the number of available rooms.
- Construction or renovating plans for competitive hotels in the area.

2.3. Forecasting Data

The process of forecasting room availability generally relies on historical occupancy data as well as what is already on the books. Historical data can take the guesswork out of forecasting. To facilitate forecasting, the following daily occupancy data should be collected.

- Number of expected room arrivals based on existing reservations and historical trends for new reservations and on cancellations prior to the arrival date.
- Number of expected room walk-ins: based on existing reservations.
- Number of expected room no-shows; based on historical records.
- Number of expected room understays (check-outs occurring before expected departure date) based on historical data.
- Number of expected room check-outs based on existing reservations.
- Number of expected room overstays (check-outs occurring after the originally reserved departure date) based on historical records.

Some hotels with a very high double occupancy percentage may be as concerned with guest counts as room counts. For example, an all inclusive resort with a large amount of business from vacationing couples may want to forecast guest as well as room count activity. Convention hotels may often have the same concerns.

Chances are good that much of this information can be found in reports, documents, and computer systems at each property. The property's daily reports will likely be invaluable in this research. These reports should be stored in a way that is easily accessible.

Overall, these data are important to room availability forecasting since they are used in calculating various daily operating ratios that help determine the number of available rooms for sale. Ratios are a mathematical expression of a relationship between two numbers that results from dividing one by the other. Most statistical ratios that apply to front office operations are expressed as percentages. The ratios examined in the following sections are percentages of no-shows, walk-ins, understays, and overstays. Occupancy history data from the fictitious property shown in Exhibit 7 (the Holly Hotel) are used to illustrate the calculation for each front office ratio. Managers should look for consistency in ratios. Consistency may be roughly the same ratio every day or identifiable patterns. Without consistency, forecasting ratios and operations performance will be very difficult.

2.3.1. Percentage of No-shows. The percentage of no-shows indicates the proportion of reserved rooms that the expected guests did not arrive to occupy on the expected arrival date. This ratio helps the front office manager decide when (and if) to sell rooms to walk-in guests.

The percentage of no-shows is calculated by dividing the number of room no-shows for a specific period of time (day, week, month or year) by the total number of room reservations for the same period. Using figures from Exhibit 7, the percentage of no-shows for the Holly Hotel during the first week of March can be calculated as follows.

$$\begin{aligned}
 & \text{Percentage of No- Shows} = \frac{\text{Number of Room No- Shows}}{\text{Number of Room Reservations}} \\
 & = \frac{52}{288} \\
 & = .1806 \text{ or } 18.06\% \text{ of Reserved Rooms}
 \end{aligned}$$

Some properties track no-show statistics in relation to guaranteed and non-guaranteed reservations. Non-guaranteed reservations typically have a higher no-show percentage than guaranteed reservations since the potential guest has no obligation to pay if he or she does not register. Properly forecasting no-show rooms also depends on the hotel's mix of business; for example, corporate groups generally have a much lower no-show percentage than other types of group or individual business. A hotel with a large corporate meetings market will most likely have a very low no-show percentage than other types of group or individual business. A hotel with a large corporate meetings market will most likely have a very low no-show percentage. Conversely, a hotel that does little group business may tend to have a higher no-show percentage overall (except on those occasions when a corporate group stays at the property). Hotels and resorts can control no-shows through a number of policies and procedures, such as requiring a deposit in advance and calling the guest before arrival to confirm arrangements.

2.3.2. Percentage of Walk-Ins. The percentage of walk-ins is calculated by dividing the number of rooms occupied by walk-ins for a period by the total number of room arrivals for the same period. Using figures from Exhibit 7, the percentage of walk-ins for the Holly Hotel during the first week of march can be calculated as follows.

$$\begin{aligned}
 & \text{Percentage of Walk-Ins} = \frac{\text{Number of Room Walk-Ins}}{\text{Total Number of Room Arrivals}} \\
 & = \frac{90}{326} \\
 & = .2761 \text{ or } 21.61\% \text{ of Room Arrivals}
 \end{aligned}$$

Walk-in guests occupy available rooms that are not held for guests with reservations. Often, hotels can sell rooms to walk-in guest at a higher rate since these guests may have less opportunity to consider alternate properties. Front desk agents are sometimes asked to show a guestroom to a walk-in guest- which is much more effective than trying to sell rooms over the

telephone. Walk-in guest sales help improve both occupancy and room revenues. However, from a planning perspective, it is always considered better to have reservations in advance than to count on walk-in traffic.

It should be noted that other ratios can dramatically affect the walk-in ratio. For example, if a hotel has ten- no shows beyond forecast, it may accept more walk-ins than usual to make up for the lost business. When this information is tracked for historical purposes, it is essential that the other ratios also be tracked to show how they affect one another. One effective method to predict walk-ins is to know what is going on in the market. There will be a better opportunity for walk-ins (and a higher rate) if nearby hotels are busy.

2.3.3. Percentage of overstays. Overstays represent rooms occupied by guests who stay beyond their originally scheduled departure dates. Overstay guests may have arrived with guaranteed or non-guaranteed reservations or as walk-ins. Overstays should not be confused with stayovers. Stayover rooms are rooms occupied by guests who arrived to occupy a room before the day in question and whose scheduled departure date isn't until after the day in question.

The percentage of overstays is calculated by dividing the number of overstay rooms for a period by the total number of expected room check-outs for the same period. The number of expected room check-outs on the books minus understays plus overstays. Stated another way, the number of expected room check-outs is the number of rooms shown by the front office computer or the manual count of occupied rooms as due for departure. Using figures from Exhibit 7, the percentage of overstays for the Holly Hotel during the first week of March can be calculated as follows.

$$\begin{aligned} \text{Percentage of Overstays} &= \frac{\text{Number of Overstay Rooms}}{\text{Number of Expected Check-Outs}} \\ &= \frac{47}{346-33+47} \\ &= .1306 \text{ or } 13.06\% \text{ of Expected Check-Outs.} \end{aligned}$$

To help regulate room Overstays, front office agents are trained to verify an arriving guest's departure date at check-in. Such verification can be critical, especially when the hotel is at or near full occupancy and there are no provisions for overstay guests. Overstays may also prove problematic when specific rooms have been blocked for arriving guests. This is especially important for suites or other rooms that may have special importance to an incoming guest.

2.3.4. Percentage of Understays. Understays represent rooms occupied by guests who check-out before their scheduled departure dates. Understay guests may have arrived at the hotel with guaranteed or non-guaranteed reservations or no walk-ins.

The percentage of understays is calculated by dividing the number of under stay rooms for a period by the total number of expected room check-outs for the same period. Using figures from Exhibit 7, the percentage of understays for the Holly Hotel during th first week of march can be calculated as follows.

$$\begin{aligned} \text{Percentage of Understays} &= \frac{\text{Number of Under stay Rooms}}{\text{Number of Expected Check-Outs}} \\ &= \frac{33}{346-33+47} \\ &= .0917 \text{ or } 9.17\% \text{ of Expected Check-Outs} \end{aligned}$$

Guests leaving before their stated departure date create empty rooms that typically are difficult to fill.that,understay rooms tend to represent permanently lost room revenue.Overstays,on the other hand,are guests staying beyond their stated departure date and may not harm room revenues..When the hotel is not operating at full capaity,overstays result in additional,unexpected room revenues. In an attempt t regulate understay and overstay rooms,front office staff should;

- Confirm or reconfirm each guest's departure date at registration. Some guests may already know of a change in plans, or a mistake may have been made in the original processing of the reservation. The earlier erroneous data are corrected, the greater the chance for improved planning.
- Present an alternate guestroom reservation card to a registered guest explaining that an arriving guest holds a reservation for his or her room. A card may be placed in the guest's room the day before or the morning of the scheduled day of the registered guest's departure.
- Review group history. Many groups, especially associations, hold large closing events for the entire group on the last day of the meeting. Reservations may be made by guests to include attending the event. However, changes in plans or other priorities may require guests to leave early. While it is difficult for the hotel to hold guests to the number of nights they reserved, manager can plan for an early departure, based on the group's history.
- Contact potential overstay guests about their scheduled departure date to confirm their intention to check out. Room occupancy data should be examined each day; rooms with guests expected to check out should be flagged. guests who have not left by check-out time should be contacted and asked about their daparture intentions. This procedure permits an early revised count of overstays and allows sufficient time to modify previous front office planning,if necessary.

2.4 Forecast formula

Once relevant occupancy statistics have been gathered, the number of rooms available for sale on any given date can be determined by the following formula.

- Total Number of Guestrooms
- Number of Out-of -Order Rooms
- Number of Room Stayovers
- Number of Room Reservations
- Number of Room Reservations x Percentage of No-Shows
- Number of Room Understays
- Number of Room Overstays

Number of Rooms Available for sale

Note that the above formula does not include walk-ins. They are not included because the number of walk-ins a hotel can accept is determined by the number of rooms available for sale. If a hotel is full due to existing reservations, stayovers, and other factors, it can not accept walk-ins.

As an example, consider the Holly Hotel, a 120 room property, where on April 1 there are three out-of -order rooms and 55 stayovers. On that day, there are 42 guests with reservations scheduled to arrive. Since the percentage of no-shows has been recently calculated at 18.06 percent, the front office manager calculates that as many as eight guests with reservations may not arrive ($42 \times 18.06 = 7.59$ rounded to eight) Based on historical data, six understays and fifteen over-stays are also expected. The number of rooms projected to be available for sale on April 1 can be determined as follows.

-	Total Number of Guestrooms	120
-	Number of Out-of- Order Rooms	- 3
-	Number of Room Stayovers	- 55
-	Number of Room Reservations	- 42
+	Number of Room Reservations x No-Show Percentage	+ 8
+	Number of Room Understays	+ 6
-	Number of Room Overstays	-15
	Number of Rooms available for sale	19

Ten-Day Forecast Form

Location # _____ Week Ending _____

Date Prepared _____ Prepared by _____

To be submitted to all department heads at least one week before the forecast period begins.

	Tu	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun
1. Date of pay roll (start week and end week (to be used on the pay-roll schedule)													
2. Balance of departures													
3. Reservations Arrivals- Group (taken from log book)													
4. Reservations Arrivals- Individual (taken from log book)													
5. Future Reservations (estimated reservations received after forecast is complete)													
6. Expected Walk-ins (% of walk-ins based on reservations received and actual occupancy for past two weeks)													
7. Total Available													
8. Stayovers													
9. TOTAL FORECAST ROOMS													
10. Occupancy multiplier (based on number of guests per occupied room for average of the same day for last three weeks)													
11. FORECASTED NUMBER OF GUESTS													
12. Actual rooms occupied (taken from daily reports on actual date to be completed by front office supervisor)													
13. Forecast Variance (difference between forecast and rooms occupied on actual date)													
14. Expected to be completed by front office													

APPROVED _____ DATE _____

General Manager Signature

Therefore, the Holly Hotel is considered to have 19 rooms available for sale on April 1. Once this figure is determined, front office management can decide whether or not to accept more reservations and can determine its level of staffing. Front office planning decisions must remain flexible, they are subject to change as the front office learns of reservation cancellations and modifications. It should also be noted that room availability forecasts are based on assumptions whose validity may vary on any given day.

2.5. Sample Forecast Forms

The front office may prepare several different forecasts depending on its needs. Occupancy forecasts are typically developed on a monthly basis and reviewed by food and beverage and rooms division management to forecast revenues, project expenses, and develop labor schedules. A ten-day forecast, for example, may be used to update labor scheduling and cost projections and may later be supplemented by a more current three-day forecast. Together, these forecasts help many hotel departments maintain appropriate staff levels for expected business volume and there by help contain costs.

2.5.1. Ten-Day Forecast . The ten-day forecast at most lodging properties is developed jointly by the front office manager and the reservations manager, possibly in conjunction with a forecast committee. Many properties develop their ten-day forecast from their yearly forecast. A ten-day forecast usually consists of.

- Daily forecasted occupancy figures, including room arrivals, room departures, rooms sold, and number of guests.
- The number of group commitments, with a listing of each group's name, arrival and departure dates, number of rooms reserved, number of guests and perhaps quoted room rates.
- A comparison of the previous period's forecasted and actual room counts and occupancy percentages.

Refining A forecast

A yearly forecast provides an excellent starting point for developing shorter-term, more accurate forecasts. Managers can better assess the business by reviewing current reservations and booking pace. The closer the forecast is, the more accurate it will be.

Here is a checklist for revising forecasts:

- List all group bookings and transient reservations on the books.
- Examine arrivals, departures, and group information for the given period.
- Determine if demand for this particular period of time is high or low.
- Chart the peaks and valleys on a graph to better identify high/low demand.
- Have sales agents call competing properties for rates and consider adjusting your rates.
- Make decisions to maximize revenue during each time period number of rooms reserved number of guests and perhaps quoted room rates
- A comparison of the previous period's forecasted and actual room counts and occupancy percentage

A special ten-day forecast may also be prepared for food and beverage, banquet, and catering operations. This forecast usually includes expected number of guests, which is often referred to as the house count. Some times the house count is divided into group and non group categories so that the hotel's dining room managers can better understand the nature of their business and their staffing needs.

To help various hotel departments plan their staffing and payroll levels for the upcoming period, the ten-day forecast should be completed and distributed to all department offices by mid-week for the coming period. This forecast can be especially helpful to the housekeeping department. A ten-day forecast form, as shown in Exhibit 8, is typically developed from data collected through several front office sources. (The occupancy multiplier mentioned in section 10 is discussed later in this chapter.)

First, the current number of occupied rooms is reviewed. The estimated number of over-stays and expected departures are noted. Next, relevant reservation information is evaluated for each room (and guest) by date of arrival, length of stay, and date of departure. These counts are then reconciled with reservation control data. Then, the actual counts are adjusted to reflect the projected percentage of no-shows, anticipated understays, and expected walk-ins. These projections are based on the hotel's recent history, the seasonality of its business, and the known history of specific groups scheduled to arrive. Finally conventions and other groups are listed on the forecast to alert various department managers to possible periods of heavy, or light, check-ins and check-outs. The number of rooms assigned each day to each group may also be noted on the sheet.

Most computer systems provide the data on the books in a report format for the front office manager to use. However, most computer systems do not forecast" business. Programming to successfully analyze historical trends and market conditions has been tried in the past with little success. Therefore, while the computer system can assist in forecasting, it is the knowledge and skill of the front office manager that determines how accurate the forecast is. Exhibit 9 contains a checklist that some revenue managers use when revising forecasts.

2.5.2. Three Day Forecast: A three-day forecast is an updated report that reflects a more current estimate of room availability. It details any significant changes from the ten-day forecast. The three-day forecast is intended to guide management in fine tuning labor schedules and adjusting room availability information. Exhibit 10 presents a sample three-day forecast form. In some hotels, a brief daily revenue meeting is held to focus on occupancy and rate changes for the next few days. The results of this meeting are often included in the three-day forecast.

Sample Daily Checklist for Accurate Room Counts

- Check the rack and reservation list for cancellations.
- Check the rack at 3:00 P.M. for cancellations for the day.
- Check the rack against the folio books to catch omissions.
- Check housekeeping reports against the room rack to catch omissions.
- Check for rooms that are due out but still have balances on them for which folio cards are the indicated source of payment.
- Check reservations for any duplications.
- Call the reservations system to make sure all cancellations were recorded.
- Check the switchboard, telephone rack, and/or alphabetical room list for the sure that the guest is not already registered.
- Call the local airport for a report on cancelled flights.
- Check the weather reports for cities from which a number of guests are expected.
- Check reservations against convention books to catch duplications.
- Check with other hotels for duplicate reservations if a house or corporation bureau and other hotel reservation was a second choice.
- Check arrival dates on all reservation forms to be sure none were omitted.
- Check the rooms cancellation list.
- If the cancellation was made through the reservations manager, call the person who made the cancellation in the executive office and the property is close to full, call the person in the executive office. If the cancellations are personal friends and are willing to help out by paying for the room.
- Check the property's cutoff time for placing a person in a room. Call the person with a long guarantee to see if they have a room. If they do, call the person to see if they can give up the room.
- Ask the property's cutoff time for cancellations. If necessary, call the person who made the reservation to see if they can pay for the room.
- If the rooms are out of order or are not in use, check to see if they are in use. If they are, check to see if they are in use. If they are, check to see if they are in use.
- If the remaining work convey in writing, convey information to the person who made the reservation. If the information is essential.

Room Revenue Summary for the Emily Hotel

Year	Rooms Revenue	Increase Over Dollar	Prior Year Percentage
20x1	\$1,000,000	—	—
20x2	1,100,000	\$100,000	10%
20x3	1,210,000	110,000	10%
20x4	1,331,000	121,000	10%

Rooms Revenue Statistics for the Bradley Hotel

Year	Rooms Sold	Average Daily Rate	Net Rooms Revenue	Occupancy Percentage
20x1	30,660	\$50	\$1,533,000	70%
20x2	31,974	52	1,662,648	73%
20x3	32,412	54	1,750,248	74%
20x4	32,850	57	1,872,450	75%

Room Count Considerations. Control books, charts, computers applications, projections, ratios, and formulas can be essential in short- and long- range room count planning. Each day, the front office performs several physical counts of rooms occupied, vacant, reserved, and due to check out, to complete the occupancy statistics for that day. A computerized system may reduce the need for most final counts, since the computer can be programmed to continually update room availability information.

It is important for front desk agents to know exactly how many rooms are available, especially if the hotel expects to operate near 100 percent occupancy. Once procedures for gathering room count information are established, planning procedures can be extended to longer periods of time to form a more reliable basis for revenue, expense, and labor forecasting. The checklist in Exhibit 11 may be applicable to non-automated and semi-automated operations alike.

2.6. Budgeting for operations

The most important long-term planning function performed by front office managers is budgeting front office operations. The hotel's annual operations budget is a profit plan that addresses all revenue sources and expense items. Annual budgets are commonly divided into monthly plans which, in turn, are divided into weekly (and sometimes daily) plans. These budget plans become standards against which management can evaluate the actual results of operations. In most hotels, room revenue are greater than food, beverage, banquets, or any other source of revenue. In addition, rooms division profits are usually greater than those of any other department. Therefore, an accurate rooms budget is vital to creating the overall budget of the hotel.

Expense Categories as percentages of Rooms Revenue for Bradley

Year	Pay roll and Related Expenses	Laundry Linen and Guest Supplies	Commissions and Reservation Expenses	Other Expenses
20x1	16.5%	2.6%	2.3%	4.2%
20x2	16.9%	2.8%	2.5%	4.5%
20x3	17.2%	3.0%	2.6%	4.5%
20x4	17.4%	3.1%	2.7%	4.6%

The budget planning process requires the closely coordinated efforts of all management personnel. While the front office manager is responsible for rooms revenue forecasts, the hotel accounting division will be counted on to supply department managers with statistical information essential to the budget preparation process. The hotel accounting division is also responsible for coordinating the budget plans of individual department managers into a comprehensive property-wide operations budget for top management's review. The hotel general manager and controller typically review departmental budget plans and prepare budget report for approval by the hotel's owners. If the budget is not satisfactory elements requiring change may be returned to the appropriate division managers for review and revision.

The primary responsibilities of the front office manager in budget planning are forecasting rooms revenue and estimating related expenses. Rooms revenue is forecasted with input from the reservations manager while expenses are estimated with input from all department managers in the rooms division.

2.6.1. Forecasting Rooms Revenue

Historical financial information often serves as the foundation on which front office managers build rooms revenue forecasts. One method of rooms revenue forecasting involves an analysis of rooms revenue from past periods. Dollar and percentage differences are noted and the amount of rooms revenue for the budget year is predicted.

For example, Exhibit 12 shows yearly increases in net rooms revenue for the Emily Hotel. For the years 20 X1 to 20 X 4, the amount of rooms revenue increased from \$1,000,000 to \$1,331,000, reflecting a 10 percent yearly increase. If future conditions appear to be similar to those of the past, the rooms revenue for 20X5 would be budgeted at \$1,464,100 -- a 10 percent increase over the 20 X4 amount.

Another approach to forecasting rooms revenue bases the revenue projection on past room sales and average daily room rates. Exhibit 13 presents rooms revenue statistics for the 120-room Bradley Hotel from 20 X1 to 20 X 4. An analysis of these statistics shows that occupancy percentage increased three percentage points from 20 X 1 to 20 X2, one percentage point from 20 X2 to 20 X 3, and one percentage point from 20 X 3 to 20 X 4. Average daily room rates increased by \$2, \$2, and \$3 respectively over the same periods. If future conditions are assumed to be similar to those of the past, a rooms revenue forecast for 20 X 5 may be based on a one percent increase in occupancy percentage (to 76 percent) and a \$3 increase in the average daily room rate (to \$60). Given these projections, the following formula can be used to forecast rooms revenue for the year 20 X 5 for the Bradley Hotel

Forecasted		Rooms		Occupancy		Average
	=		X		X	
Rooms Revenue		Available		Percentage		Daily Rate
	=	43,800	X	76	X	\$60
	=	\$1,997,280				

The number of rooms available is calculated by multiplying the 120 rooms of the Bradley Hotel by the 365 days of the year. This calculation assumes that all the rooms will be available for sale each day of the year. This will probably not be the case but it is a reasonable starting point for projection.

This simplified approach to forecasting rooms revenue is intended to illustrate the use of trend data in forecasting. A more detailed approach would consider the variety of different rates corresponding to room types, guest profiles days of the week, and seasonality of business. These are just a few of the factors that may affect rooms revenue forecasting.

2.6.2. Estimating Expenses

Most expenses for front office operations are direct expenses in that they vary in direct proportion to rooms revenue. Historical data can be used to calculate an approximate percentage of rooms revenue that each expense item may represent. These percentage figures can then be applied to the total amount of forecasted rooms revenue, resulting in dollar estimates for each expense category for the budget year.

Typical rooms division expenses are payroll and related expenses; guestroom laundry (terry and linen); guest supplies (bath amenities, toilet tissue, matches); hotel merchandising (in-room guest directory and hotel brochures); travel agent commissions and reservation expenses; and other expenses. When these costs are totaled and divided by the number of occupied rooms, the cost per occupied room is determined. The cost per occupied room is often expressed in dollars and as a percentage. Exhibit 14 presents expense category statistics of the Bradley Hotel from 20 X1 to 20 X 4, expressed as percentages of each year's rooms revenue. Based on this historical information and management's current objectives for the budget year 20 X 5, the percentage of rooms revenue for each expense category may be projected as follows: payroll and related expenses --17.6 percent; laundry, linen and terry, and guest supplies --3.2 percent; commissions and reservation expenses -- 2.8 percent; and other expenses --4.7 percent.

Using these percentage figures and the expected rooms revenue calculated previously, the Bradley Hotel's rooms division expenses for the budgeted year are estimated as follows:

- Pay roll and related expenses

$$\text{\$ } 1,997,280 \times .176 = \text{\$ } 351, 521.28$$

- Laundry linen, terry and guest supplies

$$\text{\$ } 1,997,280 \times .032 = \text{\$ } 63, 912.96$$

- Commissions and Reservations expenses

$$\$ 1,997,280 \times .028 = \$ 55,923.84$$

- Other expenses

$$\$ 1,997,280 \times .047 = \$ 93,872.16$$

In this example management should question why costs continue to rise as a percentage of revenue. If costs continue to rise (as a percentage, not in real dollars), profitability will be reduced. Therefore, one of the outcomes of the budget process will be to identify where costs are rising as a percentage of revenue. Then, management can analyze why these costs are increasing disproportionately with revenue and develop a plan to control them.

Since most front office expenses vary proportionately with rooms revenue (and therefore occupancy), another method of estimating these expenses is to estimate variable costs per room sold and then multiply these costs by the number of rooms expected to be sold.

2.6.3. Refining Budget Plans

Departmental budget plans are commonly supported by detailed information gathered in the budget preparation process and recorded on worksheets and summary files. These documents should be saved to provide an explanation of the reasoning behind the decisions made while preparing departmental budget plans. Such records may help resolve issues that arise during the budget review. These support documents may also provide valuable assistance in the preparation of future budget plans.

If no historical data are available for budget planning, other sources of information can be used to develop a budget. For example, corporate headquarters can often supply comparable budget information to its chain-affiliated properties. Also, national accounting and consulting firms usually provide supplemental data for the budget development process.

Many hotels refine expected results of operations and revise operations budgets as they progress through the budget year. Reforecasting is normally suggested when actual operating results start to vary significantly from the operations budget. Such variance may indicate that conditions have changed since the budget was first prepared and that the budget should be brought into line.

2.7 Key Terms

income statement-- a financial statement that provides important information about the results of hotel operations for a given period of time.

market condition approach -- an approach to pricing that bases prices on what comparable hotels in the geographical market are charging for a similar product.

multiple occupancy percentage -- the number of rooms occupied by more than one guest divided by the number of rooms occupied by guests.

multiple occupancy ratio -- a measurement used to forecast food and beverage revenue, to

indicate clean linen requirements, and to analyze daily revenue rate; derived from multiple occupancy percentage or by determining the average number of guests per rooms sold; also called double occupancy ratio.

occupancy percentage -- an occupancy ratio that indicates the proportion of rooms sold to rooms available for sale during a specific period of time.

occupancy ratio -- a measurement of the success of the hotel in selling rooms; typical occupancy ratios include average daily rate, revenue per available room, average rate per guest, multiple occupancy statistics, and occupancy percentage.

operating ratios -- a group of ratios that assist in the analysis of hospitality operations.

overstay -- a guest who stays after his or her stated departure date.

2.8 Self Assessment Questions

1. What steps can front office employees take to control understays and unwanted overstays?
2. What are the differences between RevPAR and Eev PAC? How can the front office manager use each ratio?
3. How do ten-day and three-day forecasts help ensure efficiency in front office operations? What is the relationship between these forecasts? What departments in the hotel rely on these forecasts, other forecasts, other than the front office?
4. What are the primary responsibilities of the front office manager in budget planning? How are they performed?

Lesson- 3**Evaluating Front Office Operations****3.0 Objective:**

To Develop and understand the Budgeting for operations

Structure:

- 3.1. Introduction
- 3.2. Daily Operations Report
- 3.3. Occupancy Ratios
 - 3.3.1. Occupancy Percentage
 - 3.3.2. Multiple Occupancy Ratios
 - 3.3.3. Average Daily Rate
 - 3.3.4. Revenue for Available Room
 - 3.3.5. Revenue for Available Customer
- 3.4. Rooms Revenue Analysis
 - 3.4.1. Yield Static
 - 3.4.2. Hotel Income Statement
 - 3.4.3. Rooms Division Income Statement
 - 3.4.3.1. Sample Consolidated Statement of Income
 - 3.4.3.2. Sample Rooms Division Income Statement
- 3.5 Key Terms
- 3.6 Self Assessment Questions

3.1. Introduction

Evaluating the results of front office operations is an important management function. Without thoroughly evaluating the results of operations, managers will not know whether the front office is attaining planned goals. Successful front office managers evaluate the results of department activities on a daily, monthly, quarterly, and yearly basis. The following sections examine important tools that front office managers can use to evaluate the success of front office operation, these tools include:

- + Daily operations report
- + Occupancy ratios
- + Rooms revenue analysis
- + Hotel income statement
- + Rooms division income statement
- + Rooms division budget reports
- + Ratio standards

3.2. Daily Operations Report

The daily operations report, also known as the manager's report, the daily report and the daily revenue report, contains a summary of the hotel's financial activities during a 24-hour period. The daily operations report provides a means of reconciling cash, bank accounts, revenue, and accounts receivable. The report also serves as a posting reference for various accounting journals and provides important data that must be input to link front and back office computer functions. Daily operations reports are uniquely structured to meet the needs of individual hotel properties.

Exhibit 15 presents a sample daily operations report for a hotel with food and beverage service. Room statistics and occupancy ratios form an entire section of a typical daily operations report. Enriched by comments and observations from the accounting staff, statistics shown on the daily operations report may take on more meaning. For example, statistics about the number of guests using the hotel's valet parking services take on added significance when remarks indicate that valet sales are down while occupancy is up. The front office manager may assume that the front office staff is not properly promoting available guest valet parking services.

The information provided by the daily operations report is not restricted to the front office manager or hotel general manager. Copies of the daily operations report are generally distributed to all department and division managers in the hotel.

3.3. Occupancy Ratios

Occupancy ratios measure the success of the front office in selling the hotel's primary product: guestrooms. The following rooms statistics must be gathered to calculate basic occupancy ratios:

- Number of rooms available for sale
- Number of rooms sold
- Number of guests
- Number of guests per room
- Net rooms revenue

Generally, these data are contained on the daily operations report. Occupancy ratios that can be computed from these data include occupancy percentage, average daily rate, revenue per available room (Rev PAR), revenue per available customer (Rev/AC) multiple (or double) occupancy ratio, and average rate per guest. Computed occupancy percentage and average daily rate may also appear on a property's daily operations report. These ratios typically are calculated on a daily, weekly, monthly, and yearly basis.

The night auditor typically collects occupied rooms data and calculates occupancy ratios, while the front office manager analyzes the information to identify trends, patterns, or problems. When analyzing the information, the front office manager must consider how a particular condition may produce different effects on occupancy. For example, as multiple occupancy increases, the average daily room rate generally increases. This is because when a room is sold to more than one person, the room rate is usually greater than when the room is sold as a single. However, since the room rate for two people in a room is usually not twice the rate for one person, the average room rate per guest decreases.

The following sections examine how daily occupancy ratios are calculated for the Gregory Hotel. Room division data needed for the calculations are as follows:

- + The Gregory Hotel has 120 rooms and a rack rate of \$98. (For simplicity, we will assume in this example that this rack rate is applicable to both singles and Doubles.)
- + Eighty-three rooms were sold at varying rates.
- + Eighty-five rooms were occupied by guests. (Rooms sold does not equal rooms occupied by guests because, on this particular day, single guests occupied two rooms at a complimentary room rate, thereby generating no rooms revenue. Note that the handling of complimentary rooms may differ among hotel properties.)
- + Ten rooms were occupied by two guests; therefore, a total 95 guests were in occupancy.
- + \$6,960 in rooms revenue were generated.
- + \$7,363.75 in total revenue was generated, including rooms, food, beverage, telephone and other.

3.3.1. Occupancy percentage. The most commonly used operating ratio in the front office is occupancy percentage. Occupancy percentage indicates the proportion of rooms either sold or occupied to number of rooms available during a specific period of time. It is important to note that some hotels use the number of rooms sold to calculate this percentage, while other hotels use the

number of rooms occupied to calculate the number. Including complimentary rooms in the calculation can change certain operating statistics, such as average room rate. Using rooms sold, rooms occupied, or both is valid, depending upon the needs and history of the property. For purposes of this discussion, rooms occupied will be used to illustrate the occupancy percentage calculation.

Sometimes, out-of-order rooms may be included in the number of rooms available. At properties that evaluate management performance partly on the basis of occupancy percentage, including out-of-order rooms in the number of rooms available provides the manager with incentive to get those rooms fixed and recycled more quickly. Including all rooms in the property also provides a consistent base on which to measure occupancy. Conversely, not including out-of-order rooms may allow managers to artificially increase the calculated occupancy percentage simply by improperly classifying unsold rooms as out-of-order. Some properties do not include out-of-order rooms because the rooms are not actually available for sale. Also, to the extent that the occupancy percentage is used to evaluate the performance of front office staff having no control over out-of-order rooms, including those rooms may unfairly penalize staff. Regardless of the approach chosen, it should be used consistently.

The occupancy percentage for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Occupancy Percentage} &= \frac{\text{Number of Rooms Occupied}}{\text{Number of Rooms Available}} \\ &= \frac{85}{120} \\ &= .708 \text{ or } 70.8\% \end{aligned}$$

3.3.2. Multiple Occupancy Ratios. The multiple occupancy ratio (frequently called the double occupancy ratio, although this phrasing may not always be accurate) is used to forecast food and beverage revenue, to indicate clean linen requirements, and to analyze average daily room rates. Multiple occupancy can be calculated by determining a multiple occupancy percentage or by determining the average number of guests per room sold or occupied (also called the occupancy multiplier or the multiple occupancy factor).

The multiple occupancy percentage for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Multiple Occupancy Percentage} &= \frac{\text{Number of Rooms Occupied by more than one Guest}}{\text{Number of Rooms Occupied}} \\ &= \frac{10}{85} \\ &= .118 \text{ or } 11.8\% \end{aligned}$$

The average number of guests per room sold for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Average Guests for Room Sold} &= \frac{\text{Number of Guests}}{\text{Number of Rooms Sold}} \\ &= \frac{95}{83} \\ &= .114\% \end{aligned}$$

3.3.3. Average Daily Rate. Most front office managers calculate an average daily rate (ADR) even though room rates within a property vary significantly from single rooms to suites, from individual guests to groups and conventions, from weekdays to weekends, and from busy to slack seasons.

The average daily rate for the Gregory Hotel is calculated as follows

$$\begin{aligned} \text{Average Daily Rate} &= \frac{\text{Rooms Revenue}}{\text{Number of Rooms Sold}} \\ &= \frac{\$6,960}{83} \\ &= \$83.86 \end{aligned}$$

Some hotels include complimentary rooms in the denominator to show the true effect of complimentary rooms on the average daily rate. Sometimes this is called the average house rate.

3.3.4. Revenue per Available Room(Rev PAR). Rev PAR has become one of the most important statistics in recent years. RevPAR divides the total room revenue of the hotel by the number of available rooms. It measures, in effect, the revenue generating capability of the hotel. Hotels with strong food, beverage, banquet, and recreational facilities have Rev PAR well above the average daily rate. Hotels with fewer revenue centers have Rev PAR numbers closer to the ADR.

The Rev PAR for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Rev PAR} &= \frac{\text{Actual Room Revenue}}{\text{Number of Available Rooms}} \\ &= \frac{\$6,960}{120} \\ &= \$58 \end{aligned}$$

3.3.5. Revenue per Available Customer(Rev PAC). Rev PAC is also becoming an important industry statistic. Rev PAC divides the total revenue generation of the hotel by the number of guests staying overnight. It measures the average revenue generated by each guest. For hotels with high multiple occupancy, this figure is especially important, since it shows an average spend per guest. In these hotels, the higher the multiple occupancy, the greater the revenue.

The RevPAC for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Rev PAC} &= \frac{\text{Actual Room Revenue}}{\text{Number of Guests}} \\ &= \frac{\$7,363.75}{95} \\ &= \$77.51 \end{aligned}$$

Average Rate per Guest. Resort hotels, in particular, are often interested in knowing the average room rate per guest (ARG). This rate is normally based on every guest in the hotel, including children.

The average rate per guest for the Gregory Hotel is calculated as follows:

$$\begin{aligned} \text{Average Rate per Guest} &= \frac{\text{Rooms Revenue}}{\text{Number of Guests}} \\ &= \frac{\$6,960}{95} \\ &= \$73.26 \end{aligned}$$

3.4. Rooms Revenue Analysis

Front office staff are expected to sell rooms at the rack rate unless a guest qualifies for an alternate room rate. A room rate variance report lists those rooms that have been sold at other than their rack rates. With this report, front office management can review the use of various special rates to determine whether staff has followed all appropriate front office policies and procedures. Computerized front office systems can be programmed to automatically prepare a room rate variance report.

One way for front office managers to evaluate the effectiveness of the front office staff in selling rooms is to look at the yield statistic, which is actual rooms revenue as a percentage of potential rooms revenue.

3.4.1. Yield Statistic. Potential rooms revenue is the amount of rooms revenue that can be generated if all the rooms in the hotel are sold at rack rate on a given day, week, month, or year. The ratio of actual to potential rooms revenue is known as the yield statistic. The potential revenue for the Gregory Hotel is \$ 11,760 (all 120 rooms sold at the rack rate of \$98). Given actual rooms revenue of \$ 6,960, the yield statistic for the Gregory Hotel can be calculated as follows:

$$\begin{aligned} \text{Yield Statistic} &= \frac{\text{Actual Rooms Revenue}}{\text{Potential Rooms Revenue}} \\ &= \frac{\$ 6,960}{\$ 11,760} \\ &= .5918 \text{ or } 59.18\% \end{aligned}$$

This result reveals that, for the day in question, actual rooms revenue was 59.18 percent of the amount that could have generated if all 120 rooms had been sold at the full rack rate of \$98

3.4.2. Hotel Income Statement

The hotel's income statement provides important financial information about the results of hotel operations for a given period of time. The period may be one month or longer, but should not exceed one business year. Since a statement of income reveals the amount of net income for a given period, it is one of the most important financial statements used by management to evaluate the overall success of operations. Although front office managers may not directly rely upon the hotel's statement of income, it is an important financial indicator of operational success and profitability. The hotel income statement relies in part on detailed front office information that is supplied through the rooms division income statement. The rooms division income statement is discussed in the next section.

The hotel's statement of income is often called a consolidated income statement because it presents a composite picture of all the hotel's financial operations. Rooms division information appears on the first line, under the category of operated departments. The amount of income generated by the rooms division is determined by subtracting payroll and related expenses and other expenses from the amount of net revenue produced by the rooms division over the period covered by the income statement. Payroll expenses charged to the rooms division may include those associated with the front office manager, front desk agents, reservations agents, housekeepers, and uniformed service staff. Since the rooms division is not a merchandising facility, there is no cost of sales to subtract from the net revenue amount.

Revenue generated by the rooms division is usually the largest single amount produced by revenue centers within a hotel. Based on the figures in Exhibit 16, the amount of income earned by the Eatonwood Hotel's rooms division during the year was \$4,528,486 ---or 81.7 percent of the total operated department income of \$5,544,699.

3.4.3. Rooms Division Income Statement

The hotel's statement of income shows only summary information. The separate departmental

income statements prepared by each revenue center provide more detail. Departmental income statements are called schedules and are referenced on the hotel's statement of income.

Exhibit 16 references the rooms division schedule as 1. The rooms division income statement appears in Exhibit 17. The figures shown in Exhibit 16 for the rooms division net revenue, payroll and related expenses, other expenses, and departmental income are the same amounts that appear for the rooms division under the category of operated departments in Exhibit 17.

The rooms division schedule is generally prepared by the hotel accounting division not by the front office accounting staff. The figures are derived from several sources, as follows:

rooms Division Entry

Source Documents

Salaries and wages..... Time cards, payroll records

Employee benefits..... Payroll records

Commissions..... Travel agency billings

(Reservation expenses are the hotel pays for central reservation services and reservations made through global distribution systems.)

By carefully reviewing the rooms division income statement, the front office manager may be able to develop action plans to improve the division's financial condition and services. For example, the income statement may indicate that telephone revenue is down due to the application of a long-distance surcharge. This analysis reveals that guests are making fewer telephone calls because the cost per call was increased by the surcharge. Therefore, even though the revenue per call may have increased, overall telephone revenues have decreased. In many hotels, there is a surcharge for direct dial long-distance telephone service by the hotel. Yet, there is no surcharge or a minimal charge to use a telephone credit card. Housekeeping provides another example. If a hotel increases the number of rooms, room attendant is assigned to clean per day from 14 to 15, it will likely need attendants. This can produce savings in wages, benefits, and possibly cleaning supplies. Front office managers must note, however, that taking measures to reduce costs may reduce guest service.

3.4.3.1. Sample Consolidated statement of Income (Exhibit 16)

	Schedule	Revenue	Costs	Payroll & Related Expenses
1. Sales	1	\$ 1,000,000		\$ 1,000,000
2. Other income	2	100,000	600,057	600,000
3. Total Revenue	3	1,100,000	162,258	205,000
4. Total Operating Expenses	4		107,298	31,000
5. Total Operating Income	5			
6. Total Consolidated Departments		\$ 1,100,000	1,162,613	1,923,400
7. Total Consolidated Operating Expenses				
8. Total Consolidated Revenue and General	6			220,000
9. Total Consolidated Revenue and General	7			1,000,000
10. Total Consolidated Revenue and General	8			200,000
11. Total Consolidated Revenue and General	9			
Total Consolidated Operating Expenses				523,700
Total Consolidated Revenue and General		\$ 1,100,000	\$ 1,162,613	\$ 2,473,600
Income After Undistributed Operating Expenses				

- Contract cleaningSupplier invoices
- Guest transportation..... Invoices
- Laundry and dry cleaning.....Housekeeping and out side laundry/
Valet charges for employee uniforms
- Linen.....Supplier invoices
- Operating supplies.....Supplier invoices
- Reservation expenses(if any).....Reservation system invoices
- Other operating expenses.....supplier invoices
(such as from equipment rentals,etc.)

3.4.3.2. Sample Rooms Division Income Statement (Exhibit 17)

Rooms Division - A1 Income Statement For the year ended 31/03/20xx		Current Period
REVENUE		8,51,21,991
		54,636
		<u>8,06,55,355</u>
EXPENSES		
STAFF		885,919
		<u>2,12,464</u>
		1,00,000
		66,775
		2,420
		30,874
		1,241
		48,545
		42,495
		12,140
		122,600
		40,308
		12,442
		7,122
		60,705
		5,100
		<u>473,487</u>
		<u>1,541,870</u>
		<u>\$4,528,486</u>

3.5 Key Terms

rack rate -- the standard rate established by the property for a particular category of rooms.

revenue per available customer (Rev PAC) -- a revenue management measurement that focuses on revenue per actual guest.

revenue per available room (Rev PAR) -- a revenue management measurement that focuses on revenue per available room.

room rate variance report -- a report listing rooms that have not been sold at rack rates

3.6 Self Assessment Questions

1. What occupancy ratios are commonly calculated by the front office? What is the significance of occupancy ratios ?
2. What methods can a front office manager use to evaluate how effectively the front office is selling rooms?

Lesson- 4

Rooms Division Budget Reports

4.0 Objective:

To study and Develop Reports pertaining to Front office operations.

Structure:

4.1. Introduction

4.2. Sample Rooms Division Budget Report

4.3. Operating Ratios

4.3.1. Useful Rooms Division Operating Ratios

4.3.2. Sample Pay Roll Analysis Form

4.3.3. Ratio Standards

4.4. Summary

4.5 Key Terms

4.6 Self Assessment Questions

4.1 Introduction

Generally, the hotel's accounting division also prepares monthly budget reports that compare actual revenue and expense figures with budgeted amounts. These reports can provide timely information for evaluating front office operations. Front office performance is often judged according to how favorably the rooms division's monthly income and expense figures compare with budgeted amounts.

A typical budget report format should include both monthly variances and year-to-date variances for all budget items. Front office managers are more likely to focus on the monthly variances since year-to-date variances merely represent the accumulation of monthly variances. Exhibit 18 presents a rooms division budget report for the Gregory Hotel for the month of January. This budget report does not yet contain year-to-date figures since January is the first month of the business year for this particular hotel.

It is important to note that Exhibit 18 presents both dollar and percentage variances. The dollar variances indicate the difference between actual results and budgeted amounts. Dollar variances are generally considered either favorable or unfavorable as follows:

	Favorable Variance	Unfavorable Variance
Revenue	Actual exceeds budget	Budget exceeds actual
Expenses	Budget exceeds actual	Actual exceeds budget

For example, the actual amount of salaries and wages for rooms division personnel in the month of January was \$20,826, while the budgeted amount for salaries and wages was \$ 18,821, resulting in an unfavourable variance of \$2,005. This dollar variance is bracketed to indicate that it is unfavorable. However, if the revenue variance is very favorable, and unfavorable variance in expenses (such as in payroll) is not necessarily negative. The comparative variance may merely indicate the greater expense associated with serving more guests than were anticipated when the budget was created. One way to verify whether a variance is really unfavorable or favorable is to divide the actual rooms occupied for the period into the actual cost and budgeted cost. If the actual cost is at or below the budgeted cost per room, the variance is actually positive, even though there was more expense.

Percentage variances are determined by dividing the dollar variance by the budgeted amount. For example, the 7.61 percent variance for net revenue shown in Exhibit 18 is the result of dividing the dollar variance figure of \$11,023 by the budgeted net revenue amount of \$144,780.

4.2. Sample Monthly Rooms Division Budget Report

The budget report shows both dollar and percentage variances because dollar variances alone or percentage variances alone may not indicate the significance of the variances reported. For example, dollar variances fail to show the magnitude of change from the budgeted base. The monthly budget report for the front office of a large hotel may show that actual net revenue varied from the budgeted amount by \$1,000. This may seem to be a significant variance, but if the \$1,000 variance is based on a budgeted amount of \$ 500,000, it represents a percentage difference of only 0.2 percent. Most front office managers would not consider this a significant variance. However, if the budget amount for the period was \$ 10,000, a \$1,000 dollar variance would represent a percentage variance of 10 percent, a percentage variance most front office managers would consider significant.

Percentage variances alone can also be deceiving. For example, assume that the budgeted amount for an expense item is \$10, and the actual expense was \$ 12.

The dollar variance of \$ 2 represents a percentage variance of 20 percent. While this percentage difference appears significant, front office management's effort to investigate a \$2 variance may not be productive.

The fact that actual results of front office operations differ from budgeted amount on a budget report should not be surprising. Any budgeting process, no matter how sophisticated, is unlikely to be perfect. Front office managers should not analyze every variance. Only significant variances require management analysis and action. The hotel general manager and controller can provide criteria by which the front office manager can determine which variances are significant.

4.3. Operating Ratios

Operating ratios assist managers in evaluating the success of front office operations. Exhibit 19 suggests more than 20 ratios that may be useful to managers in evaluating the success of front office operations.

Payroll and related expenses tends to be the largest single expense item for the rooms division as well as the largest for the entire hotel. For control purpose labor costs are analyzed on a departmental basis. Dividing the payroll and related expenses of the rooms division by the division's net room revenue yield one of the most frequently analyzed areas of front office operations -- labor cost.

3.1. Useful Rooms Division Operating Ratios (Exhibit 19)

Operating ratio	X			
Operating ratio		X	X	X
Operating ratio		X	X	
Operating ratio		X		
Operating ratio	X	X	X	X
Operating ratio	X	X	X	X
Operating ratio	X	X	X	X
Operating ratio	X	X	X	X

Operating ratios should be compared against proper standards -- budgeted percentages, for example. Any significant differences between actual and budgeted labor cost percentages must be carefully investigated, since payroll and related expenses represent the largest single expense category.

4.3.2. Sample Payroll Analysis Form (Exhibit 20)

The image shows a large, dark, and heavily obscured area representing a sample payroll analysis form. The content is illegible due to the image quality.

One method for analyzing payroll and related expenses involves a form similar to the one shown in Exhibit 20. Actual figures for the current and previous periods, as well as budgeted amounts, are itemized for comparative analysis. Any significant differences should be highlighted and explained in the remarks section. By conducting a payroll and related expenses analysis, the front office manager demonstrates to general management that he or she attends to the most important controllable expense in the rooms division. Careful attention to staffing as the number of rooms sold fluctuates can guarantee that the percentage of payroll and related expenses to total revenue remains relatively constant from month to month.

4.3.3. Ratio Standards

Operating ratios are meaningful only when compared against useful criteria such as:

- Planned ratio goals
- Corresponding historical ratios
- Industry averages

Ratios are best compared against planned ratio goals. For example, a front office manager may more effectively control labor and related expenses by projecting a goal for the current month's labor cost percentage that is slightly lower than the previous month's. The expectation of a lower labor cost percentage may reflect the front office manager's efforts to improve scheduling procedures and other factors related to the cost of labor. By comparing the actual labor cost percentage with the planned goal, the manager can measure the success of his or her efforts to control labor costs.

Industry averages may also provide a useful standard against which to compare operating ratios. These industry averages can be found in publications prepared by the national accounting firms and trade associations serving the hospitality industry.

Experienced front office managers realize that operating ratios are only indicators; they do not solve problems or necessarily reveal the source of a problem. At best, when ratios vary significantly from planned goals, previous results, or industry averages, they indicate that problems may exist. Considerably more analysis and investigation are usually necessary to determine appropriate corrective actions.

4.4. Summary

Resources available to front office managers include people, money, time, work methods, materials, energy, and equipment, each of which is in limited supply. The front office manager's job involves planning and evaluating the use of such limited resources in meeting the organization's objectives. The process of management can be divided into specific management functions: planning, organizing, coordinating, staffing, leading, and controlling. Although specific front office management tasks vary from hotel to hotel, fundamental management functions are similar in scope.

Planning is probably the most important management function. Without competent planning, productivity may be extremely low. Without the direction and focus planning provides, the front office manager may become overly involved with tasks that are unrelated to or inconsistent with accomplishing the hotel's objectives. Using the planned goals as a guide, a front office manager performs an organizing function when dividing the work among front office staff fairly. Organizing includes determining the order in which tasks are to be performed and when each group of tasks should be completed.

The management function of coordinating involves using resources to attain planned goals. A front office manager must be able to coordinate the efforts of many individuals who are all doing different sets of tasks at the same time. The management function of staffing involves recruiting and selecting applicants and scheduling employees. Staffing guidelines are usually based on formulas for calculating the number of employees required to meet guest and operational needs under specified conditions.

Leading is a complicated management skills. For a front office manager, leading involves overseeing, motivating, training, and disciplining employees and making decisions. Every hotel has a system of internal control for protecting the assets of the business. The control process ensures that the actual results of operations closely match planned results. The management function of evaluating determines the extent to which planned goals are attained. Evaluating also involves reviewing and revising front office goals.

Three important front office planning functions are establishing room rates, forecasting room availability, and budgeting for operations. Hotels will normally have several different room rates. The rack rate is listed on the room rate schedule to inform front desk agents of the standard selling price of each guestroom in the hotel. Front office employees are expected to sell rooms at the rack rate unless a guest qualifies for an alternate room rate. Establishing rack rates for room types and determining discount categories and special rates are major management decisions. To set rates that will ensure the hotel's profitability, management should carefully consider such factors as cost, inflation, and competition.

Setting room rates through the market condition approach is the simplest and most commonly used. In the market condition approach, the hotel's rates are set to be competitive with similar hotels in the market. The rule-of-thumb approach to setting room rates sets the rate at \$1 for each \$1,000 of construction and furnishings cost per room, assuming a 70 percent occupancy. The Hubbart Formula for determining the average price per room considers costs, desired profits, and expected number of rooms sold. The front office manager must understand the effects of rate and occupancy on room revenue to ensure that the hotel meets its revenue goals.

The most important short-term planning statistic is forecasting the number of rooms available for sale on any future date. Room availability forecasts are used to help manage the reservations process, to guide room sales efforts, and to plan staffing requirements. The process of forecasting room availability generally relies on historical occupancy data. Such statistics as the percentage of no-shows, walk-ins, overstay and understay can be critical factors in effective forecasting.

The most important long-term planning function performed by front office managers is budgeting. The annual operations budget is a profit plan that addresses revenue sources and expense items and is divided into monthly plans which in turn, are divided into weekly (and sometimes daily) plans. Budget plans become standards against which management can evaluate the operational results. The primary responsibilities of the front office manager in budget planning are forecasting rooms revenue and estimating related expenses. The process requires the front office manager and the accounting division to coordinate their efforts.

Evaluating the results of front office operations is an important management function. Important management tools used to evaluate front office operations include daily operations reports, occupancy ratios, room revenue analysis, the hotel income statement, the rooms division income statement, rooms division budget reports, and operating ratios and ratio standards.

4.5 Key Terms

rule-of-thumb approach -- a cost approach to pricing rooms; using this approach, the room rate is set at \$1 for each \$1,000 of construction and furnishings cost per room, assuming an occupancy of 70 percent.

stayover-- a room status term indicating that the guest is not checking out today and will remain at least on more night; a guest who continues to occupy a room from the time of arrival to the stated date of departure.

understay-- a guest who checks out before his or her stated departure date.

yield statistic -- the ratio of actual rooms revenue to potential rooms revenue.

4.6 Self Assessment Questions

1. How can front office managers use budget reports to analyze operations? Why is reporting of both dollar and percentage variances valuable?
2. Discuss useful standards against which front office managers should compare operating ratios. What is the significance of a variance from standards?

4.7 Internet Sites

For more information visit the following Internet sites. Remember that Internet addresses can change without notice.

Hotel RevMAX

<http://www.hotelrevmax.com>

Smith Travel Research

<http://www.wvstar.com>

Travel ICLICK

<http://www.travelclick.net/>

TIMS Reports

<http://www.TIMSreports.com>

4.8 Reference Book

Managing Front Office Operations, (Sixth Edition)

by **Michael L. Kasavana, Ph.D, Richard M. Brooks, CHA**

Lesson- 5**Revenue Management****5.0 Objective:**

1. To Study the concept of Revenue Management and application to Hotel Industry.

Structure:**5.1. Introduction****5.2. The Concept of Revenue Management****5.2.1. Hotel Industry Applications****5.2.1.1. Capacity Management****5.2.1.2. Discount Allocation****5.2.1.3. Duration Control****5.2.2. Measuring Yield****5.2.2.1. Formula 1: Potential Average Single Rate****5.2.2.2. Formula 2: Potential Average Double Rate****5.2.2.3. Formula 3: Multiple Occupancy percentage****5.2.2.4. Formula 4: Rate Speed****5.2.2.5. Formula 5: Potential Average Rate****5.2.2.6. Formula 6: Room Rate Achievement Factor****5.2.2.7. Formula 7: Yield Statistic****5.2.2.8. Formula 8: Equivalent Occupancy****5.2.2.9. Formula 9: Required Non Room Revenue per Guest.****5.3 Key Terms****5.4 Self Assessment Questions**

5.1. Introduction

Historically a hotel's daily performance has been evaluated on either occupancy percentage or average daily rate (ADR). Unfortunately, such one-dimensional analyses fail to capture the relationship between these two factors and the room revenue they produce. For example, a hotel may decrease its room rates, or ADR, in an effort to increase occupancy. This strategy, while helping to improve the occupancy percentage, fails to account for the revenue lost because of lower room rates. In addition, it does not take into account the cost per occupied room, which can reduce overall profitability. Unless occupancy increases can overcome the drop in rate and the relatively stable cost per occupied room, profits may actually go down. Similarly, increases in room rates, or ADR, may be accompanied by a decline in occupancy percentage. This means that some revenue will be lost because room that might have been sold at lower rates will remain unsold. Some hotel companies prefer to build occupancy percentage using low room rates to attract business, while others prefer to set a target average room rate and are willing to sacrifice occupancy to achieve it.

Revenue management presents a more precise measure of performance because it combines occupancy percentage and ADR into a single statistic : the *yield statistic*. Simply stated, revenue management is a technique used to maximize revenues. Revenue management, sometimes called yield management, takes into account as many of the factors influencing business trends as possible. It is also an evaluative tool that allows the front office manager to use potential revenue as the standard against which actual revenue can be compared.

There are various approaches to revenue management. Often, each approach is modeled to meet the needs of an individual's hotel. This chapter presents many of the common elements and basic assumptions used in revenue management analysis. Although revenue management analysis can be performed manually, this approach is cumbersome, time-consuming, and error prone. With the use of a computer and appropriate application software, revenue management calculations can be automatically performed very quickly and accurately.

5.2. The Concept of Revenue Management

The concept of revenue management originated in the airline industry. Most travelers know that passengers on the same flight often pay different fares. Super saver discounts, fourteen-day advance-purchase plans, stay-over -Saturday-night packages, and so forth have become the norm for airline pricing. What is not as widely known is the potential application of revenue management to other service industries. Revenue management has proven successful in the lodging, car rental, cruise line, railroad, and touring industries - basically, in situations where reservations are taken for a perishable commodity. The key to successful implementation appears to be an ability to monitor demand and to develop reliable forecasts.

Revenue management plays an important role in the financial success of lodging properties today. Like the airline industry, lodging managers are discovering that maximizing profits means more than setting prices and waiting to see what happens. Success in today's world means making the best of each selling situation.

Despite the benefits of revenue management, many lodging properties fail to use this valuable tool. Why? Possibly because revenue management goes beyond calculations and formulas. It involves analysis, evaluation, and strategy. It requires team involvement. It is an art that one develops and perfects through experience.

Revenue management is based on supply and demand. Prices tend to rise when demand exceeds supply; conversely, prices tend to fall when supply exceeds demand. Proper pricing adjustments, which take existing demand into account and can even influence it, appear to be the key to profitability. To increase revenue, the hotel industry is attempting to develop new forecasting techniques that will enable it to respond to changes in supply and demand with optimal room rates. The hotel industry's focus is shifting from high-volume bookings to high-profit bookings. By increasing bookings on low-demand days and by selling rooms at higher room rates on high-demand days, the industry improves its profitability. In general, room rates should be higher (in order to maximize rate) when demand exceeds supply and lower (in order to increase occupancy) when supply exceeds demand.

Revenue management is about making predictions and decisions - predictions about how much and what type of business to expect and the subsequent decisions a manager makes to get the most revenue from that business.

5.2.1. Hotel Industry Applications

All hotel companies have a common problem: they produce a fixed inventory of perishable products that cannot be stored if unsold by a specific time. The real commodity that hotels sell is time in a given space. If a room goes unsold on a given night, there is no way to recover the time lost and therefore the revenue lost. Therefore, these products are typically sold for varying prices that depend on the timing of the transaction and the proposed date of delivery.

To make predictions - called forecasts - managers need information. They have to understand the property and the competitive market in which the property operates. They also need to consider future events – or variables – that might affect business.

Forecasts help determine whether room rates should be raised or lowered and whether a reservation request should be accepted or rejected in order to maximize revenue. Front office managers have successfully applied such demand forecasting strategies to room reservation systems, management information systems, room and package pricing, room and revenue management, seasonal rate determination, pre-theater dinner specials, and special, group, tour operator and travel agent rates. Front office managers have identified several benefits, including :

- Improved forecasting.
- Improved seasonal pricing and inventory decisions.
- Identification of new market segments.
- Identification of market segment demands.
- Identification of market segment demands.
- Enhanced coordination between the front office and sales divisions
- Determination of discounting activity.
- Improved development of business plans.
- Establishment of a value - based rate structure.
- An increase in business and profits.

- Savings in labor costs.
- Reduced expenses caused by poor planning.
- Initiation of consistent customer - contact scripting (that is, planned responses to customer inquiries or requests regarding reservations)

A common statement about the goal of revenue management is that it involves selling the right rooms to the right guests at the right rate at the right time. Selecting revenue management strategies and tactics is really about picking and choosing the reservations you want. Your goal is to identify the high yield guest – the one who will pay the most and stay the longest – so you can achieve the highest possible profits. You do this by controlling room rates and availability through rate and stay restrictions.

Different demand situations call for different tactics. The challenge is to look at each day as a separate situation and implement tactics best suited to your property, your guests, your market, and your demand conditions. This is done through capacity management, discount allocation, and duration control.

5.2.1.1. Capacity Management : Capacity management involves various methods of controlling and limiting room supply. For example, hotels will typically accept a statistically supported number of reservations in excess of the actual number of rooms available in an attempt to offset the potential impact of early check-outs, cancellations, and no-shows. Capacity management (also called selective over booking) balances the risk of overselling guest rooms against the potential loss of revenue arising from room spoilage (rooms going unoccupied after the hot topped taking reservations for a given date).

Other forms of capacity management include determining how many walk-ins to accept on the day of arrival, given projected cancellations, no-shows, and early departures. Capacity management strategies usually vary by room type. That is, it might be economically advantageous to overbook more rooms in an acceptable solution to an oversell problem. The amount of such overbooking depends, of course, on the level of demand for the higher - priced rooms. In sophisticated computerized revenue management systems, capacity management may also be influenced by the availability of rooms at neighboring hotels or other competing properties.

The risks in overbooking should be clearly understood. It is generally better to have some rooms vacant at the end of the hotel day than to walk guests to other hotels. Walking guests leads to guest dissatisfaction. Guests will change hotels or brands if overbooking relocates them too often. In addition, hotel management must be aware of how the local laws interpret overbooking.

5.2.1.2. Discount Allocation : Discounting involves restricting the time period and product mix (rooms) available at reduced or discounted rates. For each discounted room type, reservations are requested at various available rates, each set below rack rate. The theory is that the sale of a perishable item (the guestroom) at a reduced room rate is often better than no sale at all. The primary objective of discount allocation is to protect enough remaining rooms at a higher rate to satisfy the projected demand for rooms at the rate, while at the same time filling rooms that would otherwise have remained unsold. This process is repeated for each rate level from rack rate on down as demand indicates. Implementing such a scheme requires a reliable mechanism for demand forecasting.

A second objective of limiting discounts by room type is to encourage up selling. In an upselling situation a reservation agent, or front desk agent, attempts to place a guest in a higher rated room. This technique requires a reliable estimate of price elasticity and / or the probability of upgrading. (Elasticity refers to the relationship between price and demand. If a small increase in price produces a dramatic drop in demand, the market is said to be price elastic. If a small increase in price produces little or no effect on demand, the market is said to be price inelastic.

5.2.1.3. Duration Control : Duration control places time constraints on accepting reservations in order to protect sufficient space for multi-day requests (representing higher levels of revenue). This means that, under revenue management, a reservation for a one-day stay may be rejected, even though space is available for that night.

For example, if Wednesday is close to sell out but adjacent nights are not a hotel may want to optimize its revenue potential for the last few remaining rooms on Wednesday by requiring multi-day only. Similarly, if the hotel is projected to be close to capacity Tuesday, Wednesday, the Thursday, then accepting a one-night stay during any of those days may be detrimental to the hotel's overall room revenue since it may block occupancy on the other days. Hotels facing such situations may require that reservations for projected full-occupancy periods for more than one night.

These strategies may be combined. For example, duration control may be combined with discount allocation. A three-night stay maybe available for discount, while a one-night stay may require the rack rate. It must be cautioned, though, that using these strategies must not be apparent to the guest. A guest might not understand why he or she must stay three nights to get a discounted rate if he or she wants to stay only one night. Proper use of revenue management relies on selling; it never divulges the revenue management strategy being used.

5.2.2. Measuring Yield

Revenue management is designed to measure revenue achievement. One of the principal computations involved in revenue management is the hotel's yield statistic. The yield statistic is the ratio of actual room revenue to potential room revenue. Actual room revenue is the revenue generated by the number of rooms sold. Potential room revenue is the amount of money that would be received if all rooms were sold at their rates (or, as is described below, at the hotel's potential average rate).

Potential revenue can be determined in more than one way. Some resorts calculate their potential revenue as the amount that would be earned if all rooms were double occupancy. Commercial hotels often calculate their potential revenue by taking into account the percentage mix of rooms normally sold at both single and double occupancy. The second method results in a lower total potential revenue figure, since single rooms are assumed to be sold at less than double rooms. In fact, while it is unlikely that a hotel will attain a potential that is based on 100 percent double occupancy (first method), a hotel using the second method may actually be able to exceed its "potential" if demand for double rooms exceeds sales mix projections.

Since the hotel's yield statistic will vary with the method used, once a preferred method has been chosen, it would be used consistently. The second method (using both single and double occupancy) is illustrated in the formulas that follow. For hotels using the first method (based on 100 percent double occupancy), formulas, 1, 3, 4, and 5 are not applicable; for such hotels, the potential average double rate (formula 2) will be the same as the potential average rate (formula 5).

The mathematical computations required for revenue management are relatively simple, even though a series of formulas are usually involved. This section is intended to introduce the basic formulations of revenue management calculations.

For the following discussion, assume that the Casa Vana Inn has 300 guestrooms, has an ADR of \$80 per room, and is currently operating at a 70 percent average occupancy. The hotel offers 100 one-bed and 200 two-bed guestrooms. Management has established single and double rack rates for each room type. Any one-bed room sold as a single is priced at \$90; as a double, it sells for \$110. Any two-bed room sold as a single is priced at \$100; as a double, it sells for \$120.

5.2.2.1. Formula 1 : Potential Average Single Rate

If the hotel had not varied its single rate by room type (for example, if all singles were \$90), the potential average single rate would equal its rack rate. When, as in this case, the single rate differs by room type, the potential average single rate is computed as a weighted average. It is found by multiplying the number of rooms in each room type category by its single room rack rate and dividing the sum total by the number of potential single rooms in the hotel. For the Casa Vana Inn, the potential average single rate is computed as follows :

Room Type	Number of Rooms	Single Rack Rate	Revenue at 100% Occupancy Singles
1 bed	100	\$ 90	\$ 9,000
2 beds	200	100	20,000
	300		\$ 29,000

$$\text{Potential Average} = \frac{\text{Single Room Revenues at Rack Rate}}{\text{Number of Rooms Sold as Singles}}$$

$$\begin{aligned} \text{Single Rate} &= \frac{\$29,000}{300} \\ &= \% 96.67 \end{aligned}$$

5.2.2.2. Formula 2 : Potential Average Double Rate

If the hotel had not varied its double rate by room type, the potential average double rate would equal its rack rate. When, as in this case, the double rate differs by room type, the potential average double rate is computed as a weighted average. It is found by multiplying the number of rooms in each room type category by its respective double - room rack and dividing the sum total by the number of potential double rooms in the hotel. For the Casa Vana Inn, this computation is as follows :

Room Type	Number of Rooms	Double Rack Rate	Revenue at 100% Occupancy Singles
1 bed	100	\$ 110	\$ 11,000
2 beds	200	120	34,000
	300		\$35,000

$$\text{Potential Average} = \frac{\text{Double Room Revenues at Rack Rate}}{\text{Number of Rooms Sold as Singles}}$$

$$\text{Single Rate} = \frac{\$35,000}{300}$$

$$= \% 116.67$$

Note : For lodging properties basing potential revenue on 100 percent double occupancy, this step is all that is needed to determine potential average rate (see formula 5).

5.2.2.3. Formula 3 : Multiple Occupancy Percentage

An important element in determining a hotel's yield statistic is the proportion of the hotel's rooms that are occupied by more than one person, that is, the multiple occupancy percentage. This information is important because it indicates sales mix and helps balance room rates with future occupancy demand. In the case of the Casa Vana Inn, if 105 of the 210 rooms sold (at 70 percent occupancy) are normally occupied by more than one person, the multiple occupancy percentage is computed as follows :

$$\text{Multiple Occupancy} = \frac{105}{210}$$

$$\text{percentage} = 0.5 \text{ or } 50\%$$

5.2.2.4. Formula 4 : Rate Spread

In addition to multiple occupancy percentage, another intermediate computation is important to yield statistics. The determination of a room rate spread among various room types can be essential to the use of yield decisions in targeting a hotel's specific market. The mathematical difference between the hotel's potential average single rate (formula 1) and potential average double rate (formula 2) is known as the rate spread. For the Casa Vana Inn the rate spread is computed as follows :

$$\begin{aligned} \text{Rate Spread} &= \text{Potential Average Double Rate} \\ &\quad - \text{Potential Average Single Rate} \\ &= \$ 116.67 - \$96.67 \\ &= \$ 20.00 \end{aligned}$$

5.2.2.5. Formula 5 : Potential Average Rate :

A very important element in revenue management formulation is the potential average rate. A hotel's potential average rate is a collective statistic that effectively combines the potential average rates, multiple occupancy percentage, and rate spread. The potential average rate is determined in two steps. The first step involves multiplying the rate spread by the hotel's multiple occupancy percentage. The result is added to the hotel's potential average single rate to produce a potential average rate based on demand (sales mix) and room rate information. For the Casa Vana Inn the potential average rate is computed as follows :

$$\begin{aligned} \text{Potential Average Rate} &= \left(\frac{\text{Multiple Occupancy}}{\text{Percentage}} \times \frac{\text{Rate}}{\text{Spread}} \right) + \text{Potential Average Single Rate} \\ &= (5 \times \$20) + \$ 96.67 \\ &= \$106.67 \end{aligned}$$

5.2.2.6. Formula 6 : Room Rate Achievement Factor

The percentage of the rack rate that the hotel actually receives is contained in the hotel's achievement factor (AF), also called the rate potential percentage. When revenue management software is not being used, the achievement factor is generally calculated by dividing the actual average rate the hotel is currently collecting by the potential average rate¹. The actual average rate equals total rooms revenue divided by either rooms sold or rooms occupied (depending on hotel policy). For the Casa Van Inn, the room rate achievement factor is computed as follows :

$$\begin{aligned} \text{Achievement Factor} &= \frac{\text{Actual Average Rate}}{\text{Potential Average Rate}} \\ &= \frac{\$80.00}{\$106.67} \\ &= 0.750 \text{ or } 75.0\% \end{aligned}$$

The achievement factor is also equal to 100 percent minus the discount percentage. By calculating its achievement factor, management discovers how much its actual room rates varied from established rack rates. In this case, the discount percentage is 25 percent.

As is shown below, the achievement factor can be used in one method of determining the yield statistic. It is not necessary to calculate the achievement factor, because the yield statistic can be determined without it. Nonetheless, the achievement factor is an important statistic in its own right because it allows management to monitor and therefore better control the hotel's use of discounting. For this reason, many hotels calculate the achievement factor as part of their revenue management efforts.

5.2.2.7. Formula 7 : Yield Statistic

An important element in revenue management is the yield statistic. The yield statistic calculation incorporates several of the previous formulas into a critical index. There are various ways to express and calculate the yield statistic, all of which are equivalent :

1. Yield = $\frac{\text{Actual Rooms Revenue}}{\text{Potential Rooms Revenue}}$
2. Yield = $\frac{\text{Room Nights Sold}}{\text{Room Nights Available}} \times \frac{\text{Actual Average Room Rate}}{\text{Potential Average Rate}}$
3. Yield = Occupancy Percentage \times Achievement Factor

The first equation is used for a hotel that offers all its rooms at a single rack rate, regardless of occupancy. When (as is for more common) a hotel uses more than one rack rate for different room types and / or occupancies, potential rooms revenue equals total room nights available times the potential average rate.

The self-explanatory second equation is not demonstrated here. The third equation is illustrated below. For Casa Vana Inn, the calculations as follows :

$$\begin{aligned} \text{Yield} &= \text{Occupancy Percentage} \times \text{Achievement Factor} \\ &= 0.7 \times 0.75 \\ &= 0.525 \text{ or } 52.5\% \end{aligned}$$

Consider another example. Assume that the Cybex Hotel has 150 rooms and a rackrate of \$70. On average, the hotel sells 120 rooms per night at an average room rate of \$60. What is the yield for this property ?

$$\begin{aligned} \text{Occupancy Percentage} &= 120 \div 150 = 0.8 \text{ or } 80\% \\ \text{Rate Achievement Factor} &= 60 \div 70 = 0.857 \text{ or } 85.7\% \\ \text{Yield} &= 0.8 () 0.857 = 0.686 \text{ or } 68.6\% \end{aligned}$$

When using this approach to determine the yield statistic, note that complimentary rooms must be treated in the achievement factor the same way that they are treated in the occupancy percentage. That is, if complimentary rooms determine the achievement factor must equal room revenues divided by rooms occupied, not rooms sold. If complimentary rooms are ignored in the occupancy percentage, they should be ignored in calculating the actual average room rate as well.

Instead of computing yield as percentage, some lodging operations prefer an alternate statistic that focus on revenue per available room (RevPAR). The RevPAR can be calculated using either of the following equations :

$$\begin{aligned} \text{RevPAR} &= \frac{\text{Actual Room Revenue}}{\text{Number of Available Rooms}} \\ \text{RevPAR} &= \text{Occupancy percentage} \times \text{ADR}. \end{aligned}$$

For example, suppose the 300 - room Casa Vana Inn sells 180 rooms for a total of \$11,520. What is this hotel's revenue per available room ?

$$\text{RevPAR} = \frac{\text{Actual Room Revenue}}{\text{Number of Available Rooms}}$$

$$= \$11,520 \div 300 = \$38.40$$

or

$$\text{RevPAR} = \text{Occupancy Percentage} \times \text{ADR.}$$

$$= 60\% \times \$64 = \$38.40.$$

where occupancy percentage = $180 \div 300 = 0.6$ or 60%

5.2.2.8. Formula 8 : Equivalent Occupancy

The equivalent occupancy formula can be used when management wants to know what other combinations of room rate and occupancy percentage provides equivalent revenue.

Sample Discount Grid (Exhibit 1)

Rank Margin Current Occupancy	\$100.00 \$11.00							
	Equivalent Occupancy Percentage Required to Maintain Profitability if Rates are Discounted by:							
	5%	10%	15%	20%	25%	30%	35%	
100%	106.0%	112.7%	120.3%	129.0%	139.1%	150.0%	161.8%	
95%	100.7%	107.0%	114.3%	122.5%	132.1%	143.0%	154.8%	
90%	95.4%	101.4%	108.2%	116.1%	125.2%	136.0%	147.8%	
85%	90.1%	95.8%	102.2%	109.6%	118.2%	129.0%	140.8%	
80%	84.8%	90.1%	96.2%	103.2%	111.3%	120.0%	131.9%	
75%	79.5%	84.5%	90.2%	96.7%	104.8%	112.0%	120.6%	
70%	74.2%	78.9%	84.2%	90.3%	97.6%	104.0%	111.4%	
65%	68.9%	73.2%	78.2%	83.8%	90.4%	96.0%	102.1%	
60%	63.6%	67.6%	72.2%	77.4%	82.4%	87.0%	91.9%	
55%	58.3%	62.0%	66.1%	70.9%	76.5%	80.0%	84.6%	
50%	53.0%	56.3%	60.1%	64.5%	69.5%	73.0%	77.4%	
45%	47.7%	50.7%	54.1%	58.0%	62.6%	67.0%	71.2%	
40%	42.4%	45.1%	48.1%	51.6%	55.6%	60.0%	64.2%	
35%	37.1%	39.4%	42.1%	45.1%	48.7%	52.0%	55.6%	
30%	31.8%	35.6%	38.4%	41.7%	45.7%	49.0%	52.4%	
25%	26.5%	28.2%	30.1%	32.2%	34.8%	37.0%	39.2%	

The equivalent occupancy formula is very similar to the identical yield occupancy formula, but takes marginal costs into account by incorporating gross profit or contribution margin. The cost per occupied room (also called the marginal cost) of providing a room is the cost the hotel incurs by selling that room (for example, housekeeping expenses such as cleaning supplies); this cost would not be incurred if the room were not sold (as opposed to fixed costs, which are incurred whether the room is sold or not). The contribution margin is that portion of the room rate that is left over after the marginal cost of providing that room has been subtracted out.²

To find the equivalent occupancy, use either of the following formulas (which are equivalent versions of the same equation) :

$$\text{Equivalent Occupancy} = \text{Current Occupancy Rate} \times \frac{\text{Rack Rate} - \text{Marginal Cost}}{\text{Rack Rate} \times \left(\frac{1 - \text{Discount Percentage}}{\text{Percentage}} \right) - \text{Marginal Cost}}$$

$$\text{Equivalent Occupancy} = \text{Current Occupancy Percentage} \times \frac{\text{Current Contribution Margin}}{\text{New Contribution Margin}}$$

$$= 70\% \times \frac{\$80 - \$12}{\$100 - \$12}$$

$$= 0.541 \text{ or } 54.1\%$$

Recall from the discussion of identical yields that the Casa Vana Inn needs a 56 percent occupancy to produce an identical yield statistic, that is, equivalent gross revenue. However, the Casa Vana Inn does not need to match its gross revenue in order to achieve the same net revenue, since by selling fewer rooms (at the higher price) it incurs fewer associated operating costs.

Application of Yield and Equivalent Occupancy Formulas (Exhibit 2)

	Number of Rooms Sold	Occupancy Percentage	Average Room Rate	Gross Room Revenue	Total Contribution Margin	Yield
Identical	100	56.0%	\$100	\$10,000	\$14,280	52.5%
Equivalent	152	54.1%	\$100	16,200	14,280	50.6%
New Rate	100	53.0%	\$100	10,000	10,200	48.9%
New Rate	102	53.0%	\$100	10,200	14,520	51.6%

Based on a marginal cost of \$12. Since fixed costs are the same for all situations, the differences between total contribution margins will exactly equal the differences between net revenues.

Equivalent revenue of \$14,280. Based on this amount, net revenue would be \$14,282.

Although rack rates are raised relatively infrequently, discounting is a common practice in the lodging industry. What is the equivalent occupancy to 70 percent with an \$ 80 average room rate if the average room rate is discounted by 20 percent (to \$64) ?

$$\begin{aligned}\text{Equivalent Occupancy} &= 70\% \times \frac{\$80 - \$12}{\$64 - \$12} \\ &= 0.915 \text{ or } 91.5\%\end{aligned}$$

A discount grid can help management to evaluate room rate discounting strategies. For example, if the average room rate of a hotel is \$100 and its marginal cost (cost per occupied room) is \$11, the grid in Exhibit 1 lists the occupancy percentage needed to achieve equivalent net revenue, given different room rate discount levels. To prepare a discount grid, first calculate the marginal cost of providing a guestroom. Next, integrate this information into the equivalent occupancy formula and perform the calculations to fill in the grid. Completing a discount grid manually is quite time-consuming; spreadsheet programs greatly simplify the process.

Applying the yield and equivalent occupancy formulas to the same data will help illustrate their differences. Suppose once again that the Casa Vana Inn is currently operating at 70 percent occupancy with an average rate of \$80 and a marginal cost of \$12. Would the Inn be better off with an average rate of \$100 and a 50 percent occupancy? What about \$100 and 55 percent occupancy ? Exhibit 2 presents these data and applies the yield statistic and equivalent occupancy formulas. Note that 50 percent occupancy falls below both the 56 percent needed for identical yield and the 54.1 percent needed to produce equivalent net room revenue. Therefore, according to either approach, the Casa Vana inn is worse off operating at a 50 percent occupancy and a \$100 average room rate.

The second situation, however, finds the two approaches in conflict and illustrates the superiority of the equivalent occupancy formula. At 55 percent occupancy, the Casa Vana Inn falls short of the 56 percent needed to produce an identical yield statistic. When the yield statistic formula is used, the Inn appears to be worse off. However, the 55 percent occupancy level is higher than the 54.1 percent needed to produce equivalent net room revenue. With the equivalent occupancy formula, the Inn would be better off. A close look at the total contribution margin column – which shows that contribution (and therefore net room revenue) would rise – reveals that the equivalent occupancy formula provides more accurate and useful information.

Of course, the net gain in room revenue would have to be weighed against the potential loss of non-room revenue caused by a lower occupancy.

5.2.2.9. Formula 9 : Required Non-Room Revenue per Guest

While equivalent occupancy, unlike the yield statistic, accounts for marginal costs, both fail to account for changes in net non-room revenue due to changes in occupancy. A manager wanting some clear indication of whether a change in room rate will render more than an offsetting change in net non-room revenue may find an answer using breakeven analysis. This approach involves calculating or estimating a number of elements :

- The net change in room revenue due to room rate changes.
- The amount of net non-room revenue needed to offset any reduction in net room revenue

(when room rates are discounted) or the amount of net room revenue needed to offset any reduction in net non-room revenue (when room rates are increased).

- The average amount each guest spends in non-room revenue centers.
- The change in occupancy likely to result from room rate changes.

The breakeven calculation is based on the weighted average contribution margin ratio (CMR_w) for all non-room revenue. While a detailed discussion of this topic is beyond the scope of this text, a simple formula for determining the CMR_w for all non-room revenue centers is as follows.³

$$CMR_w = \frac{\text{Total Non - Room Revenue} - \text{Total Non - Room Revenue Center Variable Costs}}{\text{Total Non - Room Revenue}}$$

Knowing the CMR_w and the average amount that guests spend in non-room revenue and having estimated the probable change in occupancy (number of guests), the front office manager can then determine whether the net change caused by higher or lower room rates is likely to be more than offset by the net change in non-room revenue.

For example, suppose hotel management is considering room rate discounting in an attempt to increase occupancy and therefore net revenue. The formula used to determine the required non-room revenue per guest follows :

$$\text{Required Non-Room Revenue per Guest} = \frac{\text{Required Increase in Net Non - Room Revenue}}{\text{Number Additional Guests}} \div CMR_w$$

The front office manager can compare the result of this equation with the actual average non-room spending per guest. If this number is higher than the actual average non-room spending per guest, the hotel is likely to lose net revenue by discounting its room rates; that is, the additional guests brought in through discounting will not spend enough to offset the net loss in room revenue. If the amount needed per additional guest is lower than the actual average amount spent the hotel is likely to increase its net revenue through discounting.

As another example, assume that the 400-room Bradely Inn has a \$144.75 potential average room rate (generating potential room revenue of \$57,900) and a \$12 marginal cost per room. The Inn currently operates at 60 percent occupancy (240 rooms sold per night) and an average room rate of \$137.50. Management believes that it can raise occupancy to 75 percent (300 rooms sold per night) by lowering its average room rate to \$110. It also believes it can raise occupancy to 90 percent ((360 rooms sold per night) by lowering the average room rate to \$91.67. Should management attempt either of these strategies ?

It is important to note that since room revenue (\$33,000) is the same for all three situations, looking simply at a yield statistic (57 percent) does not offer a solution. Equivalent occupancy calculations offer more useful information. A reduction in average room rate to \$110 would require

an equivalent occupancy of 76.8 percent (60 percent \times \$125.50 \div \$98.00). A reduction to \$91.67 would require an equivalent occupancy of 94.5 percent (60 percent \times \$125.50 \div %91.67). Based on management's forecasts of 75 percent and 90 percent occupancies, both average room rate reductions would result in a decrease in net room revenue.

Still, the average room rate reductions may be justifiable on the basis of increased total revenue. The first step in determining whether this is the case is calculating the total contribution margin (or, if fixed cost data are available, the net room revenue) of the three options.

Level of Occupancy	Number of Rooms	Room Contribution Margin	Total Revenue Contribution
60%	400	$(\$137.50 - \$12.00)$	\$30,120
75%	400	$(\$110.00 - \$12.00)$	\$29,400
90%	400	$(\$91.67 - \$12.00)$	\$28,681

An average room rate reduction to \$110 brings in an additional 60 guests but results in a net revenue loss of \$720. A reduction in average room rate to \$91.67 brings in an additional 120 guests but lowers net room revenue by \$1,439. In either situation, to offset the loss, the Bradley Inn needs to earn an average net nonroom revenue of \$12 for each additional guest (\$720 \div 60 extra guests; \$1,439 \div 120 extra guests). If the non-room CMR_w is found to be 0.25, the required nonroom spending for each additional guest is :

$$\text{Required Non-Room Spending} = \$12 \div 0.25 = \$48.$$

In other words, if the Bradley Inn's guests typically spend an average of more than \$48 per day in the Inn's non-room revenue centers, the Inn is likely to increase its total net revenue by offering either room rate discount.

Non-room revenue considerations can become critical factors in a revenue management analysis. Some hotels require that groups receiving discounted room rates contract for hotel food and beverage services to render the total revenue package attractive.

This discussion has thus far approached the breakeven analysis of required non-room revenue by examining a room rate reduction that decreases net room revenue and increases occupancy. Breakeven analysis can also be used to examine the net effects of a room rate increase. Consider the following situations.

When room rates are increased, occupancy percentage generally falls (unless demand is very inelastic). An increase in price may reduce room sales so much that net room revenue actually falls, despite the higher ADR. Because occupancy has declined, it is likely that non-room revenue will also decline. In this situation, it is clear that the price increase would hurt the hotel's financial position.

However, a room rate increase may in fact lead to higher net room revenue despite the decrease in occupancy it causes. Although higher net room revenue appears to be an outcome that management would desire, such a rate increase should not be implemented without careful analysis because, even if net room revenue goes up, total net revenue may still drop. This can occur when the occupancy decline reduces net non-room revenue by an amount greater than the net room revenue increase.

For example, assume that the 400 - room Cybex Hotel is considering increasing its room rate from \$80 to \$90. Current occupancy is 80 percent. Forecasted occupancy after the the price increase is estimated to be 75 percent. The marginal cost of selling a guestroom is \$14. The average daily non-room spending per guest is \$75 and the weighted average contribution margin ratio for all non-room revenue centres is 0.30. Should management implement the rate increase? First, calculate the effect on net room revenue contribution.

Level of Occupancy		Number of Rooms		Room Contribution Margin		Total Revenue Contribution
80%	×	400	×	(\$80 – \$14)	=	\$21,120
75%	×	400	×	(\$90 – \$14)	=	\$22,800

Net room revenue would increase by \$1,680 if the room rate were increased. The profit percentage per occupied room would increase from 82.5 percent (\$66/\$80) to 84.4 percent (\$76/\$90).

Net Non-Room Revenue

At 80% occupancy : 320 guests × \$75 × 0.30 = \$7,200

At 75% occupancy : 300 guests × \$75 × 0.30 = \$6,750

Net non-room revenue would decrease by \$450 if the room rate were increased.

Finally, subtract the net non-room revenue loss from the net room revenue gain. In this example, total daily net revenue would increase by \$1,230 (\$1,680 – \$450) if the room rate is increased by \$10. Given this net gain, management should implement the increase.

Now suppose that the front office manager had forecasted occupancy to be 71 percent after the rate increase rather than 75 percent. This change would lead to a different conclusion, as the following calculations demonstrate.

Occupancy		Rooms		Room Contribution Margin		Total Contribution
80%	×	400	×	(\$80 – \$14)	=	\$21,120
71%	×	400	×	(\$90 – \$14)	=	\$21,584

Net room revenue would increase by \$464 if the room rate were increased.

Net Non-Room Revenue

At 80% occupancy : 320 guests × \$75 × 0.30 = \$7,200

At 71% occupancy : 284 guests × \$75 × 0.30 = \$6,390

Net non-room revenue would decrease by \$810 if the room rate were increased.

In this revised example, total daily net revenue would decrease by \$346 (\$810 – \$464). Given such circumstances, management should not implement the room rate increase.

5.3 Key Terms

achievement factor—the percentage of the rack rate that a hotel actually receives in hotels not using revenue management software, this factor is generally approximated by dividing the actual average room rate by the potential average rate.

booking lead time—a measurement of how far in advance bookings are made.

breakeven analysis—an analysis of the relationships among costs, revenue, and sales volume allowing one to determine the revenue required to cover all costs also called cost-volume-profit analysis.

close to arrival— a yield management availability strategy that allows reservations to be taken for a certain date as long as the guest arrives before that date; for example, a hotel may accept a reservation for a Wednesday night if the guest's actual stay begins on Tuesday night.

contribution margin – sales, less cost of sales for either an entire operating department or for a given product; represents the amount of sales revenue that is contributed toward fixed costs and / or profits.

cost per occupied room – the variable or added cost of selling a product that is incurred only if the room is sold; also called marginal costs.

discount grid— a chart indicating the occupancy percentage needed to achieve equivalent net revenue, given different discount levels.

5.4 Self Assessment Questions

1. What is the goal of revenue management?
2. Why is communication between the various revenue centers important to the successful implementation of revenue management?
3. What are the importance and limitations of using historical data when planning revenue management strategies?
4. What might be the impact of closing discount rates when business is down?

Lesson- 6**Elements of Revenue Management****6.0 Objective:**

To study Elements of Revenue Management and develop knowledge on sales and activities

Structure:

- 6.1. Introduction**
- 6.2. Group Room Sales**
 - 6.2.1. Goup Booking Data**
 - 6.2.2. Group Booking Pace**
 - 6.2.3. Anicipated Group Business**
 - 6.2.4. Group Booking Lead Time**
 - 6.2.5. Displacement of Transient Business**
- 6.3. Transient Room Sales**
- 6.4. Food and Beverage Activity**
- 6.5. Local And Area Wide Activities**
- 6.6. Special Events**
- 6.7. Fair Market Share Forecasting**
- 6.8 Key Terms**
- 6.9 Assessment Questions**

6.1. Introduction

The fact that flexible room rates affect both the number of guests and associated revenue transactions helps demonstrate the potential complexities of revenue management. Focusing attention on only room revenue potential may not present management with a comprehensive overview.

Revenue management becomes even more complex when room rate discounting is granted on a selective rather than general basis, and when it involves selling rooms for which there may be competing buyers. Hotels frequently offer discounts to certain categories of guests (for example, senior citizens and government employees). Hotels must also decide whether to accept or refuse group business at a discounted room rate. This section discusses various situations that can arise when hotels base their booking decisions on revenue management.

The following elements must be included in the development of a successful revenue management strategy.

- Group room sales
- Transient (or FIT) room sales
- Food and beverage activity
- Local and area - wide activities
- Special events.

One of the most important issues to understand about revenue management is that the practice changes from property to property. It may also change from season to season within a property due to sources of business, competition, and other issues. However, there are certain elements important to developing basic revenue management skills.

6.2. Group Room Sales

In many hotels, groups form the nucleus of room revenue. It is common for hotels to receive reservations for group sales from three months to two years in advance of arrival. Some international business hotels and popular resorts commonly book groups more than two years in advance. Therefore, understanding group booking trends and requirements can be critical to the success of revenue management.

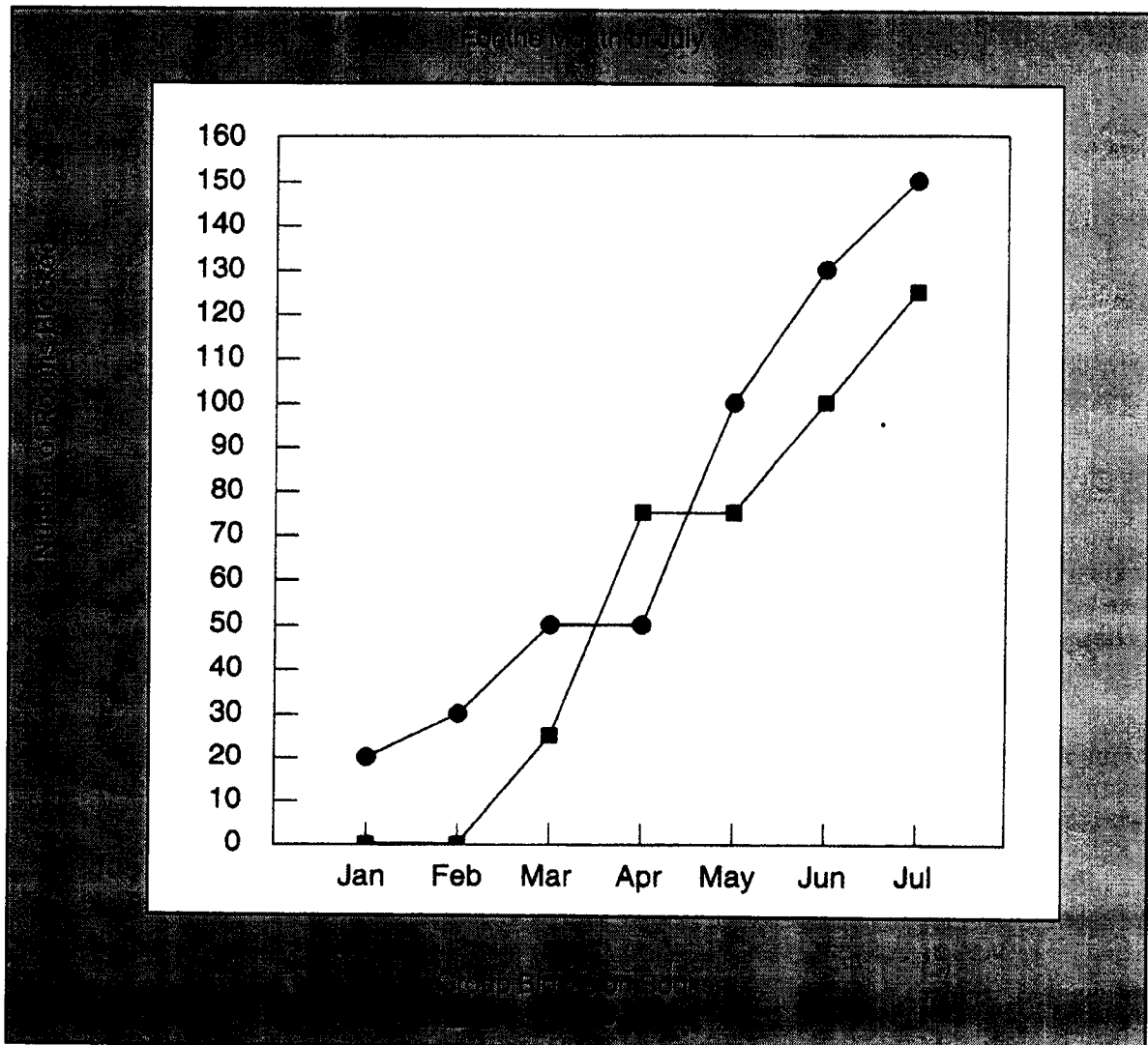
Sales and catering managers are in constant contact with new and existing clients. When a request comes in, the sales or catering manager must carefully research and document what the client is requesting. Then, the information is presented to the revenue meeting for a series of considerations. Questions to be asked before a decision is made include :

- Does the group request fit into the hotel's strategy for the period ? For example, the group requires 100 rooms, but that number will exceed the group allocation for the period.
- Are there other groups who are interested in the same period?
 - + What meeting space will group require ?

- What impact will this group have on booking additional group business for the same dates ?
- What is the group willing to pay in room rate ?
- Do the food and beverage functions include catered events or will the hotel's restaurants be used ?
- What revenue can the hotel plant to earn for rooms, food and beverage and other sources?

To understand the potential impact of group sales on overall room revenue, the hotel should collect as much group profile information as possible, including :

Lead Time/Booking Pace for Sample Hotel (Exhibit 3)



- Group booking date
- Group booking pace
- Anticipated group business
- Group booking lead time
- Displacement of transient business

6.2.1. Group Booking Data. Management should determine whether the group blocks already recorded in the reservations file should be modified because of anticipated cancellations, historical over-estimation of the number of rooms needed, or greater demand than originally anticipated by the group leader. If the group has a previous business profile, management can often adjust expectations by reviewing the group's booking history. Groups tend to block 5 percent to 10 percent more rooms than they are likely to need, in optimistic anticipation of the number of attendees. The hotel's deletion of unnecessary group rooms from a group block is called the wash factor. Management must be careful in estimating how many rooms should be "washed" from the block. If a group block is reduced by too many rooms, the hotel may find itself overbooked and unable to accommodate all of the members of the group.

6.2.2. Group Booking Pace. The rate at which group business is being booked is called the group booking pace. ("Booking" in this context refers to the initial agreement between the group and the hotel, not to the specific assignment of individual rooms in the block to group members.⁴) For example, suppose that in April of a given year a hotel has 300 rooms in group blocks it is holding for scheduled functions in October of the same year. If the hotel had only 250 group rooms booked for October at the same time the year before, the booking pace would be 20 percent ahead of the previous year's pace. Once a hotel has accumulated several years of group booking data, it can often identify a historical trend that reveals a normal booking pace for each month of the year. Although this forecasting process appears simple, it can become very complicated due to unanticipated fluctuations, such as a one-time, city-wide convention. These variations should be noted so that they can be recognized in future booking pace forecasting. Management should strive to maintain a straightforward method for tracking group booking pace. Booking pace can be an invaluable forecasting variable.

6.2.3. Anticipated Group Business. Most national, regional, and state associations, as well as some corporations, have policies governing the locations of annual meetings. For example, a group may rotate its meeting location among three cities, returning to each every three years. Although a contract may not yet be signed, hotel management may be confident that the group will return according to the cycle. Of course, a group may not always return to the same hotel in the area. However, even when it goes to other hotels, the group may displace other group and non-group business that will need to find alternate accommodations in the area. The hotel analyzing these data can then forecast the "pressure" in the market and adjust their selling strategies accordingly. In addition, tentative bookings that await final contract negotiations should also be included in the revenue management analysis.

6.2.4. Group Booking Lead Time. Booking lead time measures how far in advances of a stay bookings are made. For many hotels, group bookings are usually made within one year of planned arrival. Management should determine its hotel's lead time for group bookings so that booking trends can be charted. Booking trends can be combined with booking pace information to illustrate

the rate at which the hotel is booking group business compared with historical trends (see Exhibit 3). This information can be very important when determining whether to accept an additional group and at what room rate to book the new group. If the current booking pace is lower than expected or lags behind the historical trend, it may be necessary to offer a lower room rate to stimulate increased occupancy. On the other hand, if demand is strong and the group booking pace is ahead of anticipated or historical trends it may be appreciated to discount room rates. Catering sales must also be taken into consideration when looking at booking lead times. For example, weddings are often planned a year or more in advance. If the catering department receives a request for the hotel ballroom a year in advance, management must make a decision to accept the catering request or hold out for the possibility of a group that will take guestrooms as well as the ballroom. The group booking may never come, and if the hotel turns down the catering business, the guestrooms and ballroom will be empty.

2.5. Displacement of Transient Business. Management should consult its demand forecast when determining whether or not to accept additional group business. Displacement occurs when a hotel accepts group business at the expense of transient guests. Since transient guests often pay higher room rates than group members, this situation warrants close scrutiny. Transient rooms are guestrooms sold to guests who are not affiliated with a group registered with the hotel. A non-group guest may also be called an FIT (free independent traveler).

Revenue and Yield Calculations (Exhibit 4)

	Tuesday		Wednesday		Thursday		Friday	
	Without Group	With Group	Without Group	With Group	Without Group	With Group	Without Group	With Group
Gross Revenue	\$24,400	\$28,000	\$22,800	\$26,400	\$26,600	\$27,800	25,800	\$27,800
Contribution	19,300	22,000	18,000	20,700	21,050	21,800	20,400	21,800
Yield	61.0%	70.0%	57.0%	66.0%	66.5%	69.5%	64.5%	69.5%
Based on a marginal cost of \$15								
Potential revenue = \$100 potential average rate X 400 rooms = \$40,000								

Assume that the 400 room Halbrook Lodge has a potential average rate of \$100, an actual average transient rate of \$80, an actual average group rate of \$60, and a marginal cost of \$15 per occupied room. Consider the impact of a proposed group block of 60 rooms during an upcoming four-day period.

	Tuesday	Wednesday	Thursday	Friday
Rooms Available	400	400	400	400
Definite Groups Booked	140	140	150	150
Expected Transient Demand	200	180	220	210
Available Rooms	60	80	30	40
Proposed Group Block	60	60	60	60
Transient Displacement	0	0	30	20

If the proposed group block is accepted, no displacement occurs on Tuesday and Wednesday; the hotel clearly benefits on these days because it sells rooms it did not expect to sell (earning an additional \$3,600 gross and \$2,700 net room revenue each day). On Thursday and Friday, however, 30 and 20 transient guests, respectively, would be displaced. Still, as shown in Exhibit 4, Thursday's room revenue will rise by \$ 1,200 gross and \$750 net if the group is accepted. Friday's room revenue will rise by \$1,200 gross and \$1,400 net if the group is accepted. In other words, accepting the group business will increase the hotel's yield on each of the four days. Since it also raises the hotel's occupancy, this ground's business will probably increase non-room revenue as well.

Several factors help determine whether a group reservation should be accepted. As just illustrated, the hotel should first look at revenue factors. A group should probably be accepted only if the expected revenue gain (including that from non-room revenue centers) offsets the transient guest revenue loss. In addition, management must consider what happens to the transient guest who cannot be accommodated. Whether these displaced guests are frequent or first-time guests, they may decide not to return to a hotel that has turned them away. The transient revenue lost may not be confined simply to the nights in question, especially when frequent guests choose not to return. Of course, turning away potential group business may also reduce future business.

Another situation in which the transient revenue lost may not be confined simply to the nights in question occurs when a non-group guest wishing to come in on Tuesday for three nights will be turned away if the group is taken. Even though the group is displacing actual non-group rooms on Thursday because of lack of inventory, it is affecting Tuesday and Wednesday as well.

Deciding whether to accept a group that forces transient displacement is an issue that deserves careful consideration. Management must consider the longer term impact on future business.

Keeping track of a group's history can help re-allocate group rooms to transient when those rooms may not be needed. Most groups over-estimate the number of rooms needed by about five to ten percent. That percentage is called the wash factor. By knowing each group's wash factor, a manager can safely release the excess rooms from the block. If a group's block is reduced by too many rooms, the property may find itself oversold and unable to accommodate all of the guests. If the group doesn't have a history with the property, a manager might contact other hotels where the group has previously stayed.

6.3. Transient Room Sales

As mentioned earlier, transient rooms are those rooms sold to non-group travelers. Transient business is usually closer to the date of arrival than group business. A commercial hotel may book a majority of its group business three to six months before arrival, while booking transient business only one to three weeks before arrival. At a resort hotel, group bookings may be established one to two years in advance, while transient business may be booked three months in advance. As with group business, management must monitor the booking pace and lead time of transient business in order to understand how current reservations compare with historical with historical and anticipated rates. This leads to the more complex subject of transient room rate discounting.

In a previous example, room rates were set by bed type and number in inventory. However, in today's market there may be many other reasons to price rooms differently. In order to maximize room revenue, front office managers may decide to classify rooms by location, desirability, or size and charge a premium for better rooms. For example, rooms that are smaller, near noisy corridors, unrenovated or that offer less desirable views are likely to be offered at lower rates. Therefore, these rooms may be classified as standard and be assigned a lower room rate. More desirable rooms may be classified as deluxe and be assigned higher room rates.

In order to build business, hotels may offer deluxe rooms at standard rates to attract guests. This is especially true in times of low demand. Then, as demand improves to a predetermined threshold, any remaining deluxe rooms can then be offered at full rack rate. Under this strategy, management attempts to maximize room revenue, not just average room rate or occupancy percentage. The reasoning is that lower demand creates a more competitive situation for the hotel. Discounting may reduce the amount of business lost because of rate resistance and allows the hotel to sell rooms that might otherwise remain vacant. An astute manager must know when to eliminate room rate discounts. If room rates are increased too soon, occupancy may be lost. If room rates are increased too late, some rooms may be sold for less than they could have been sold for. When discounting a deluxe room to a standard rate, the reservation or front desk agent should tell the guest that he or she is being upgraded. This will add value to the guest's stay. It also reduces the confusion on the part of the guest the next time he or she comes to the hotel and is quoted a higher rate.

Managers must also consider the ethics of revenue management when choosing strategies. If a guestroom is classified as standard, there is usually a very good reason for it. Therefore, it would appear unethical to sell the room at a rate higher than its rack rate just because someone may be willing to pay the higher rate. Even though demand may provide the opportunity for a higher rate, charging the rate just because the market will accept it for the period is not always a good business practice. Some hotels have done this and receive criticism from the market for doing it. This is one reason many states require room rates to be posted in each room.

Another issue to consider in transient room sales is the discounting offered to certain sources of business. Discounts can be offered to corporate and government travelers, as well as senior citizens, military and airline personnel, travel agents, and others. Quite often, these discounts apply to a substantial portion of a hotel's business. Some hotel companies are following the lead of airlines by offering discounts to guests booking through the Internet. Their justification for these discounts is that there are lower costs associated with Internet reservations. These savings are being passed along to the consumer. However, this practice is still in its infancy and it will take time for the

traveling public and hotel management to understand the impact of this type of discounting. For example, by offering Internet reservation discounts, hotel management must ask what impact it will have on the volume of travel agency reservations.

Controlling discounts is crucial to producing an optimal yield. For example if a hotel has very few rooms reserved over a holiday period, it may open all discounts to callers just to attract business. As demand builds over the period, the discounts may be selectively closed. When the front office manager believes that rooms can be sold at a higher rate without an offsetting loss in occupancy, the discount should be closed. Some discounts cannot be closed off. Whenever possible, contracts for discounts should provide for flexibility when business conditions warrant.

6.4. Food and Beverage Activity

While banquet and catering functions are food and beverage revenue generation they can have an effect on yield decision. For example, if a banquet with no guestroom requirements is occupying the hotel's ballroom, a group needing to guestrooms and a ballroom may have to be turned away. In most cases, the group needing both catering and guestroom space will produce more profit for the hotel. Therefore, local food and beverage functions should be viewed in light of the potential for booking groups that need meeting space, food and beverage service and guestrooms. Cooperation and communication between hotel departments is important to effective revenue management.

6.5. Local and Area-wide Activities

Local and area-wide activities can have dramatic effects on the revenue management strategies of a hotel. Even when a hotel is not in the immediate vicinity of a convention, transient guests and smaller groups displaced by the convention may be referred to the hotel (as an overflow facility). When this occurs, the front office manager should be aware of the convention and the demand for guestrooms it has created. If the demand is substantial, transient and group rates may need to be adjusted.

Convention business may render a trend analysis of group and transient activity invalid. If the booking pace of either group or transient rooms sales is significantly altered, the front office manager should immediately investigate. An increase in demand could indicate a convention in the area or a large booking at another property. A decrease in demand could indicate a major group cancellation at a competing property, which is now reducing its regular pricing to fill its guestrooms.

Ethics and good business practice should play an integral part in a yield strategy or tactic. It is appropriate and legal for competitors to occasionally meet and discuss general business trends. However, it is not legal to discuss room rates or the establishment (fixing) of room rates. There may also be additional sources of information that identify what is affecting business in the area. For example, most visitors and convention bureaus publish a list of meetings in their areas. Under no circumstances should employees of two different hotels discuss rate structuring or any other hotel operating issue since such activity might be considered a violation of anti-trust laws in the United States.

6.6. Special Events

Quite often, special events such as concerts, festivals, and sporting events are held in or near a hotel. The hotel may be able to take advantage of such demand enhancing activities by restricting

room rate discounts or requiring a minimum length of stay. This is a common practice, for example, during the Christmas holidays at many Southern resorts. Guest wishing to stay over Christmas may be required to guarantee a four or five - night minimum stay. Similarly, room discounts were eliminated during the 1996 Summer Olympic Games in Atlanta, Georgia, due to high demand and limited availability. Minimum stays were also required. These are all sound revenue management tactics, but they must be managed carefully so the hotel does not alienate frequent travelers.

6.7 Fair Market Share Forecasting

One of the other important elements of revenue management is understanding how well the hotels is doing in relation to the competition. This is known as the fair market share., It is important to know whether the rates being quoted are competitive and whether the hotel is actually getting its fair share of the available business in a market.

A primary tool for this analysis is the Smith Travel Accommodations Report, or STAR report. The STAR report is historical, so the information it provides tells hotel management how well their revenue management strategies and tactics worked in the past. By reviewing the past, however, management can make key decisions on how the hotel should be positioned in the future. The key statistic in the STAR report is the RevPAR Index. This statistic tells hotel management whether the property received its fair share of the business for the period reported compared to its competition, or competitive set. For example, if a property had a 100 percent RevPAR Index, it would have received its fair share of business for the market. Keep in mind that RevPAR takes botoccupancy and average daily rate into consideration. If a hotel received a score of 105 percent, it would have actually achieved more than its fair market share for the period. A score of 90 percent, on the other hand, would indicate that the hotel's competitive set did better for the period.

This information should be analyzed whenever the STAR report arrives, but also used for forecasting the next several months and the same period next year. For example, most hotels have peak and off-peak seasons. Management usually finds it convenient to classify each month into a business season. The STAR report can be used to position rates for a coming month, or develop next year's budget, by season. It may show opportunities for rate improvement or provide an indication of necessary rate repositioning. For example, management may look at the STAR report for the last two years and identify that their RevPAR Index for the month of June has been over 105 percent. That could be an indication that they can continue to command higher rates during the month because of high demand. However, the STAR report should not be the only source of information on which to base decisions. For example, if another 300 room hotel is expected to open before June of next year, it may be more difficult holding or increasing rates because there will be more competition in the market.

6.8 Key Terms

displacement – the turning away of transient guests for lack of rooms due to the acceptance of group business; also called non-group displacement

equivalent occupancy – given a contemplated or actual change in the average room rate, the occupancy percentage needed to produce the same net revenue as was produced by the old price and occupancy percentage.

fair market share – a comparison of a hotel's ADR and occupancy percentage, or Rev PAR,

against its competition to determine whether it is getting its share of business in the market.

fixed costs– costs that remain constant in the short run even though sales volume varies.

forecast – a projection of estimated business volume.

group booking pace – the rate at which group business is being booked.

hurdle rate– in the context of revenue management, the lowest acceptable room rate for a given date.

marginal costs – the variable or added cost of selling a product that is incurred only if the room is sold; also called cost per occupied room.

6.9 Self Assessment Questions

1. What role does booking pace play in revenue management?
2. What is a wash factor and how does it affect revenue management?
3. Why is transient displacement analysis so important to determining whether to accept a group reservation?
4. What is the difference between marginal cost and fixed cost?

Lesson- 7**Using Revenue Management****7.0 Objective:**

To Develop Utilisation of Revenue Management and improve Tactics and Strategies

Structure:

- 7.1. Introduction
- 7.2. The Revenue meeting
- 7.3. Potential High and Low Demand Tactics
- 7.4. Implementing Revenue Strategies
 - 7.4.1. Hurdle Rates
 - 7.4.2. Minimum Length of Stay
 - 7.4.3. Close to Arrival
 - 7.4.4. Sell Through
- 7.5. Revenue Management Software
- 7.6. Summary
- 7.7 Key Terms
- 7.8 Review Questions
- 7.9 Case Study

7.1. Introduction

Revenue management is an ongoing process. Whether the property is experiencing high demand or low demand, revenue management has a role and is part of the hotel's overall approach to business. Many hotels find it very useful to have a regular revenue meeting to share important business information and make appropriate revenue management decisions.

7.2. The Revenue Meeting

A common mistake is to consider revenue management to be a short-term process. Some managers try to make decisions within a few weeks of the arrival date. In fact, this is the opposite of what should be done. Successful revenue management looks months or years into the future, tracking business trends and guest demand. This is especially true of group-oriented hotels that have the majority of their rooms in their group allocation. These hotels usually book groups well into the future, so their revenue management decisions have impact well into the future as well. While changing rates within a few weeks of arrival in these hotels may improve ADR or RevPAR, the real impact is made when the group is booked and the rates are confirmed.

Because a property's staff is essential to the success of revenue management efforts, they will want to meet as part of a revenue management team. This team usually includes representatives from key areas of the property. The general manager, all the sales managers and catering managers, and the reservations manager generally attend the revenue meeting as part of the revenue management team. If the hotel has a dedicated revenue manager, that person is also a regular attendee. Other managers may be invited to attend periodically. For example, the hotel controller may attend periodically to report on month end results or special issues that the revenue meeting should address. The front office manager and food and beverage manager or catering manager may also be invited, as some decisions may need their involvement. Exhibit 5 lists ways that the revenue management team can encourage the entire staff to be involved in revenue management.

The team acts as satellite agents for implementing a revenue management plan. They can help a property determine whether past forecasts were accurate and may alert the revenue manager to significant patterns in group or transient behavior. The team can develop action plans for interdepartmental communication. With accurate forecasts in hand, all departments can prepare for the days ahead :

- Knowing how many guests are in house can help food and beverage prepare.
- Rate changes and adaptations in selling strategy affect the sales department.
- Occupancy percentages will affect housekeeping and bell services.

Unless regular processes are established, it will be difficult for a property to ensure that revenue management is ongoing. The revenue management team may meet either daily, weekly, or monthly.

Here are some ideas for getting your staff involved in revenue management :

- Create a sense of competition. Show staff members the various forms and reports, such as TIMS or STAR. Let them know how your competition is doing and encourage them to exceed your biggest competitors.
- Post measurable, specific goals such as budgets or occupancy data. Your staff needs to know exactly what is expected of them, so make sure the goals are challenging yet attainable.
- Show staff members how much they each affect the bottom line. Staff members who understand their role in the organization and the impact they have are more likely to support your efforts.
- Provide incentives or recognition for goal attainment. Seek and provide feedback on good work and follow up when goals aren't met. Coach staff members to correct problems.
- Train your staff. Simply telling them what you want them to do isn't enough. Take the time to show them exactly what you expect from them. Follow up continuously to make sure standards are being met.

Daily meetings typically last only fifteen or so minutes. During the meeting the team :

- Reviews the three-day forecast and makes sure that previously agreed-upon strategies are still in place.
- Reviews the previous day's (or weekend's) occupancy, room revenue, ADR and yield statistic. These numbers are customarily available through night audit reporting. If there are variances from what was expected, they should be briefly discussed so that everyone understands what the differences are.
- Reviews the booking pace for near-term business (usually within three months). The revenue meeting needs to know whether the hotel is where it should be in the number of rooms and rooms revenue. The booking pace is compared to the day-to-day increase of business the hotel has planned. If the hotel is below the pace, there is a problem and action steps must be taken to build the business. If the pace is above the plan, the hotel may have additional revenue opportunities to consider. Most commercial hotels do not have a lot of transient business on the books months in advance. In these properties, the booking pace is really concerned with group business. However, resorts may have strong transient demand months in advance. For instance, ski resorts and warm weather resorts may track the booking pace of Christmas season packages sold to transient guests. The group booking pace of Christmas season packages sold to transient guests. The group booking pace may be checked weekly or less frequently for business farther into the future.
- Reviews old business. In some cases, more research is needed before a revenue decision can be made. Group history may not be immediately available, the reservation pick up of a city-wide convention may need to be checked, the flexibility of meeting dates or the exact

meeting room requirements may be needed before decisions can be made. In these cases, the person responsible for researching the issue will present their findings so that decisions can be made.

- Presents new business. There are two elements to new business, transient and group business. Transient business changes daily, especially within a week of arrival. This is true of all hotels. Because of this, the reservations manager must monitor transient demand closely and important changes should be presented to the revenue meeting. For instance, a hotel may expect to have 75 percent occupancy one week into the future and transient demand has already driven occupancy above that forecast. The revenue meeting needs to know that so that rates and other strategies can be reviewed. This should not be a reactive process. Plans should be set in advance for each day that management believes an opportunity may arise to change rates. For example, management believes that when a hotel reaches 90 percent occupancy, only rack rates should be able to offer selected discounts without having to wait for the next meeting.
- Discusses any last-minute adjustments that need to be made.
- Determines what information needs to be circulated as part of the interdepartmental communication plan.
- Reviews the 30-60 day outlook and communicates any updates in those forecasts.

At weekly meetings, the team might meet for an hour to :

- Review forecasts for 30, 60, 90 and 120 days out.
- Discuss strategies for upcoming critical periods.

At monthly meetings, the revenue management team discusses issues that affect the big picture. They might look specifically at slow months and determine what efforts might boost sales, such as additional marketing, appeals to locals, or special sales force deployment. They would also review the ongoing annual forecast. Some teams also use monthly meetings to provide any needed training on revenue management skills.

All elements of revenue management should be viewed together to make an appropriate decision. While the process is potentially complex, a failure to include relevant factors may render revenue management efforts less than fully successful.

Yield statistics should be tracked daily. Tracking yield statistics for an extensive period of time can be helpful to trend recognition. However, to use revenue management properly, management must track yield statistics for future days. Future period calculations must be done every business day, depending on how far in advance the hotel books its business. If a hotel is currently at 50 percent yield for a day three weeks away, there may be plenty of time to put strategies in place to increase the projected level of yield. Discounts may be opened to raise occupancy or closed to raise average rate. If achieving full potential room revenue is not possible (and it usually is not), the front office manager must decide on the best combination of rate of occupancy.

Each sales contract for group business should be reviewed individually. Contracts should be compared with historical trends as well as with budgets. Sales managers are expected to make

a group rate recommendation for each group they bring to the meeting. This rate recommendation needs to be compared to the budget and perhaps forecast. If it meets or exceeds the hotel's objectives for the period, there is usually little discussion. However, if the proposed rates fall below expectations, there needs to be a good reason. A hotel usually has a group sales target or budgeted figure for each month. Each group should be examined to see if it will contribute to meeting the budget. If current transient demand is strong and the group will produce only minimal revenue, the hotel may consider not booking it. If demand is weak, the hotel may decide to accept the group simply to create revenue by selling rooms that would not otherwise be sold. Using group booking pace analyses will help management determine whether the hotel is on track to reach its target.

Another factor is the actual group booking pattern already on the books. For example, a hotel may have two days between groups that are not busy. Management may solicit a lower-revenue-generating group to fill the gap. The opposite may also occur. A group may desire space during a period when the hotel is close to filling its group rooms goal. Adding the group may move the hotel group sales above its goal. While this appears to be favourable, it may displace higher-rated transient business. If the group wants the hotel, it may need to be quoted a higher than normal group rate to help make up for the revenue lost through the displacement of transient guests.

The same type of analysis is needed for transient business. For example, due to the discounts offered by the hotel, corporate and government business may be assigned the standard category of rooms. As these standard rooms fill, the hotel may only have deluxe rooms left to sell. If demand is not strong, management may decide to sell the deluxe rooms at the standard rack rate to remain competitive. It is best to look at a combination of group and transient business before making firm occupancy and rate decisions.

Since the objective of revenue management is to maximize revenue, tracking business by revenue source helps determine when to allow discounted room rates. As various sources of business are identified, each should be analyzed to understand its impact on total revenue. Quite often, front office managers will authorize discounted room rates for groups if the group has the potential to generate repeat customers.

7.3. Potential High and Low Demand Tactics

Hotels need to determine revenue management strategies for both high and low demand periods. During times of high demand, the normal technique is to increase room revenue by maximizing average room rate. Transient and group business market segments may each require a unique, specific strategy.

Below are some transient business tactics used during high demand periods.

- Try to determine the right mix of market segments in order to sell out at the highest possible room rates. This strategy is highly dependent upon accurate sales mix forecasting.
- Monitor new business bookings and use these changed conditions to reassign room inventory. Certain inventory may be assigned to specific market segments. For example, standard rooms may be sold to travelers who have reservations with deep rate discounts. As occupancy begins to climb, consider closing out low room rates and charging rack rates only for the remaining inventory of standard rooms. Management should be prepared to re-open lower room rates should demand begin to slack off. Management must closely monitor demand and be flexible in adjusting room rates. It is important to note here that rooms can

always be sold for less than their posted rack rate. However, it is unethical to sell them for more than their posted rack rate.

- Consider establishing a minimum number of nights per stay. For example, a resort that always fills to capacity over Labor Day weekend may require a threeday minimum stay in order to better control occupancy.

A number of group business tactics may be appropriate during high demand periods. When deciding between two or more competing groups, for example, select the group that produces the highest total revenue. Management must rely on its experience with groups to develop sound revenue management policies.

Given the focus on total revenue, it may be wise to sell blocks of guest rooms to groups that also book meeting space, food and beverage service, and hospitality suites. A group that books ancillary space and services is likely to spend more time and money in the hotel. This tactic usually requires restricting access of local patrons to function, meeting, and public spaces; if these spaces are booked by local patrons, potentially more profitable groups needing such space may be forced to go elsewhere.

Another tactic for handling group business during high demand periods is to attempt to move price-sensitive groups to low demand days. In other words, if the hotel forecasts high demand for a time when a price-sensitive group has already booked space, management may try to reschedule the group's business to a period of lower demand. This tactic, which is often easier said than done, allows the hotel to replace the lower room rate group with a group willing to pay higher rates.

Exhibit 6 gives some additional high demand tactics that a hotel can use while Exhibit 7 lists tactics for excess demand periods.

The underlying strategy for transient and group business during low demand periods is to increase revenue by maximizing occupancy. Front office managers may find the following business tactics helpful.

High Demand Tactics (Exhibit 6)

1. **Close or restrict discounts**
Analyze discount and restrict them as necessary to maximize the average rate. You may offer discounts for those who book longer stays, or restrict bookings to shorter stays.
2. **Apply minimum length of stay restrictions carefully**
A minimum length of stay restriction can help a property increase room nights. For groups, study the group's pattern and decide how many days they are likely to add to their stay.
3. **Reduce group room allocations**
Communicate with group leaders on a regular basis. Make sure the group actually needs the number of rooms identified in their contract. If not, make adjustments.
4. **Reduce or eliminate 6 p.m. holds**
Reduce or eliminate the number of unpaid rooms that are being held until 6 p.m. When demand is high, you will need rooms available to fill.
5. **Tighten guarantee and cancellation policies**
Tightening guarantee and cancellation policies helps to ensure payment for room nights. Charge credit cards for the first night's stay on the day the reservation is made.
6. **Raise rates to be consistent with competitors**
Charge rates consistent with the competition, but limit rate increases to those rates published in the Central Reservation System and listed in brochures for the period.
7. **Consider rate raise for package**
If you're already offering a package discount, consider raising the rate for that package.
8. **Apply full price to suites and executive rooms**
In a high demand situation, charge full price for suites and executive rooms.
9. **Select dates that are to be closed-to-arrivals.**
By allowing reservations to be taken for a certain date as long as the guest arrives before that date, a property is able to control the volume of check-ins. It is important to track and monitor denials that occur due to this restriction.
10. **Evaluate the benefits of sell-throughs.**
With a sell-through, the required stay can begin before the date the strategy is applied. This is often used when one day has a peak in occupancy and management does not want the peak to adversely affect reservations on either side of the peak day.
11. **Apply deposits and guarantees to last night of stay**
For longer lengths of stay, make sure the deposits and guarantees apply to the last night of the stay, minimizing early departures.

- 1 Carefully design a flexible rating system that permits sales agents to offer lower rates in certain situations. Such rates should be determined early in the planning process in anticipation of low demand periods.
- 1 Strive to accurately project expected market mix. The precision of this projection will influence the eventual yield statistic.

Excess Demand Tactics (Exhibit 7)**Apply high demand tactics**

In an excess demand situation, where demand may exceed availability, it is important to consider all restrictions normally employed during a high demand situation.

Understand the cause of excess demand

Find out exactly what is causing excess demand.

- Is it a one-day or multi-day event?
- What type of event is it? What is the audience make-up?
- What other properties are likely to sell out due to the event?
- Is the demand local or for a larger area?
- Are the potential guests likely to accept a minimum length of stay requirement or other stay restrictions?

Answers to these questions will help determine the best strategy to apply.

Examples:

- If you find out that the demand is due to a two-day event, you may consider a two-night stay requirements to weed out other transients who will only stay one night.
- If you find out that the guests are likely to cancel depending upon the specific circumstances of the event, you can require a 48- or 72-hour cancellation notice. (For instance, your guests may be participating in a sporting tournament where certain teams may or may not advance to subsequent rounds. They may choose to return home once their participation in the event has ended.) A more positive approach would be to make rooms available to the fans of the teams who advance to the next round.
- If the event is located close to your property, you may be able to close off discounts for this period.

- Management should closely monitor group bookings and trends in transient business. Do not close off lower rate categories and market segments arbitrarily.
- As low occupancy periods become inevitable, open lower rate categories, solicit price-sensitive groups, and promote corporate, government, and other special discounts. Consider developing new room rate packages and soliciting business from the local community (for example, weekend gateways for the local transient market).
- Consider maintaining high room rates for walk-in guests. Since these guests have not contacted the hotel prior to arrival, they typically present an opportunity to increase the average rate through top-down unselling techniques.
- A non-financial tactic involves upgrading guests to nicer accommodations than they are entitled to by virtue of their room their room rate. This technique may lead to increased guest satisfaction and enhanced customer loyalty. The implementation of this policy is strictly a management decision and has some risks. For example, the guest may expect the same upgrade on future stays. This may not be possible and the reservations or front desk staff

should take extra care to explain that this is a special, one-time upgrade because the hotel appreciates the guest's business.

This list of suggested tactics is not exhaustive, but it is representative of industry strategies. Some additional low-demand tactics are listed in Exhibit 8.

7.4. Implementing Revenue Strategies

Once all of this has been organized and analyzed, the front office manager must determine what rates will be used on any given day. Certain strategies and tactics come with warnings. Applying restrictions too rigidly can actually discourage business. Managers must constantly keep in mind that the ultimate goal is to meet the needs to guests. Any tactic that fails to meet guests needs will not produce the desired effect. Too much revenue management can be just as ineffective as no revenue management at all. That being said, there are four tactics that must be applied cautiously :

1. Hurdle rate
2. Minimum length of stay
3. Close to arrival
4. Sell-through

7.4.1. Hurdle Rates

Rack rates are always left open, whether demand is high or low. Then, the front office manager must set the lowest rate for a given date based upon demand. Rates that fall below this minimum will not be offered. This is sometimes called the hurdle rate. Any room rate that can be sold at a rate above the hurdle rate is acceptable for that date. Any rate below the hurdle rate should not be offered. Some automated revenue management systems will not even display rates below the hurdle rate, thus preventing their use. Hurdle rates can fluctuate from day to day, depending upon the hotel's desired yield and market conditions. The hurdle rate usually reflects the front office manager's pricing strategy to maximize yield.

Sometimes incentives are offered to front desk and reservations agents for selling rooms above the hurdle rate. For example, if the hurdle rate for a given day is \$80 and a reservations agent sells a room for \$90, he or she might receive 10 promotion points. At the end of the month, all promotion points are totaled. For every 100 points, the reservations agent might receive a monetary reward. Incentives of this kind must be applied carefully, however. Reservations and front desk agents may elect not to offer lower rates that provide fewer incentive points, even though they are above the hurdle rate. While they are building incentive points, they may actually be turning away business.

Incentives may also be provided for longer guest stays. For example guest staying three nights may qualify for a lower rate than a guest staying for one night. This is a **stay-sensitive hurdle rate**. Reservations agents may receive incentives for booking a three-night stay, even if it is at a lower rate, because the total revenue generated from the reservation will be greater than the revenue of a one-or two night stay.

Low Demand Tactics (Exhibit 8)

1. **Dynamic Pricing**
Dynamic pricing allows you to adjust rates in real time based on demand. You can use dynamic pricing to increase rates during peak periods and decrease rates during low demand periods. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

2. **Room Packages**
During low demand periods, one tactic is to combine rooms with services into a package deal. This tactic is most effective when you have a large number of rooms and a high volume of bookings. Non-occupancy can be included in the package deal to attract on-lookers and improve occupancy.

3. **Room Categories Open**
During low demand periods, one tactic is to open up particular markets or booking channels. This tactic is most effective when you have a large number of rooms and a high volume of bookings. During low demand periods it is important to have a variety of room nights.

4. **Room Bundles**
During low demand periods, one tactic is to bundle rooms with services to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

5. **Room Incentives**
During low demand periods, one tactic is to offer incentives to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

6. **Room Restrictions**
During low demand periods, one tactic is to restrict room availability to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

7. **Room Staff**
During low demand periods, one tactic is to increase the number of staff to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

8. **Room Relationships with Competitors**
During low demand periods, one tactic is to build relationships with competitors to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

9. **Room Keeping**
During low demand periods, one tactic is to keep rooms open to attract on-lookers and improve occupancy. This tactic is most effective when you have a large number of rooms and a high volume of bookings.

Communicating hurdle rates can be done in various ways. Some hotels post the rate strategies in the reservations office and at the front desk where the agent can see them but the guest cannot. Some computer systems, as stated above, automatically display acceptable rates only. Whatever the communication method, it is essential that reservation information be kept current. Yield strategies can change several times a day and all front desk and reservations agents must know when a change occurs.

7.4.2. Minimum Length of Stay

So far, this chapter has concentrated on maximizing yield by controlling room rates. While this approach can be quite effective, alternative strategies dealing with room availability are also available. Such strategies include minimum length of stay, close to arrival, and sell-through. All such strategies may be applied to specific room types, rate categories or package plans, as well as well as well as the entire hotel.

A minimum length of stay strategy requires that a reservation must be for at least a specified number of night in order to be accepted. Examples of this were presented earlier in this chapter. The advantage of this strategy is that it allows the hotel to develop a relatively even occupancy pattern. It is common for resorts to use this approach during peak occupancy periods. Hotels may also use it during special events or high occupancy periods.

The use of minimum length of stay requirements is intended to keep an occupancy peak on one day from reducing occupancy on the days before and after peak. This strategy should be applied with great care. With a strict minimum stay requirement, profitable guests who don't want to stay for the required time may choose to take their business elsewhere. This strategy should only be applied when it will encourage additional business rather than frustrate guests. To ensure that the strategy is working, managers can check denials and regrets on a daily basis.

Minimum lengths of stay can be applied with discount rates. For example, guests may have to pay rack rates for shorter stays, but be offered discounts for minimum lengths of stay.

7.4.3. Close to Arrival

A close to arrival strategy allows reservations to be taken for a certain date as long as the guest arrives before that date. For example, if the front office is expecting a 300-rooms checking in may be too much of a strain on the front desk and its related departments. Therefore, guests arriving before that date and staying through the date will be acceptable. However, additional arrivals on the peak arrival date will not be accepted. As with a minimum length of stay strategy, the reservations office should track the number of reservation requests denied due to this restriction.

7.4.4. Sell-Through

The sell-through strategy works like a minimum length of stay requirement except that the required stay can begin before the date the strategy is applied. For example, if a three-night sell-through is applied on Wednesday, the sell-through applies to Monday, Tuesday and Wednesday. Arrivals on each of those days must stay for three nights in order to be acceptable.

A sell-through strategy is especially effective when one day has a peak occupancy and management does not want the peak to adversely affect reservations on either side of the peak day. Hotels use a sell-through strategy as a technique to overbook the peak day. By properly

forecasting no-shows, early departures, and reservation cancellations, management may be able to manage the peak day so that the overbooking is reduced and all guests with reservation are accommodated. Without such a strategy, the days before and after the peak may have reduced occupancy because the peak may block extended stays.

Room availability strategies can be used together with room rate strategies. For example, a three-night minimum length of stay can be used in conjunction with a hurdle rate of \$90. If the guest desires only a two-night stay, the rack rate of \$110 may be quoted to the guest or the reservation may not be accepted.

7.5. Revenue Management software

Although the individual tasks of revenue management can be performed manually, the most efficient means of handling data and generating yield statistics is through revenue management software. Revenue management software can integrate room demand and room price statistics to simulate high revenue-producing product scenarios.

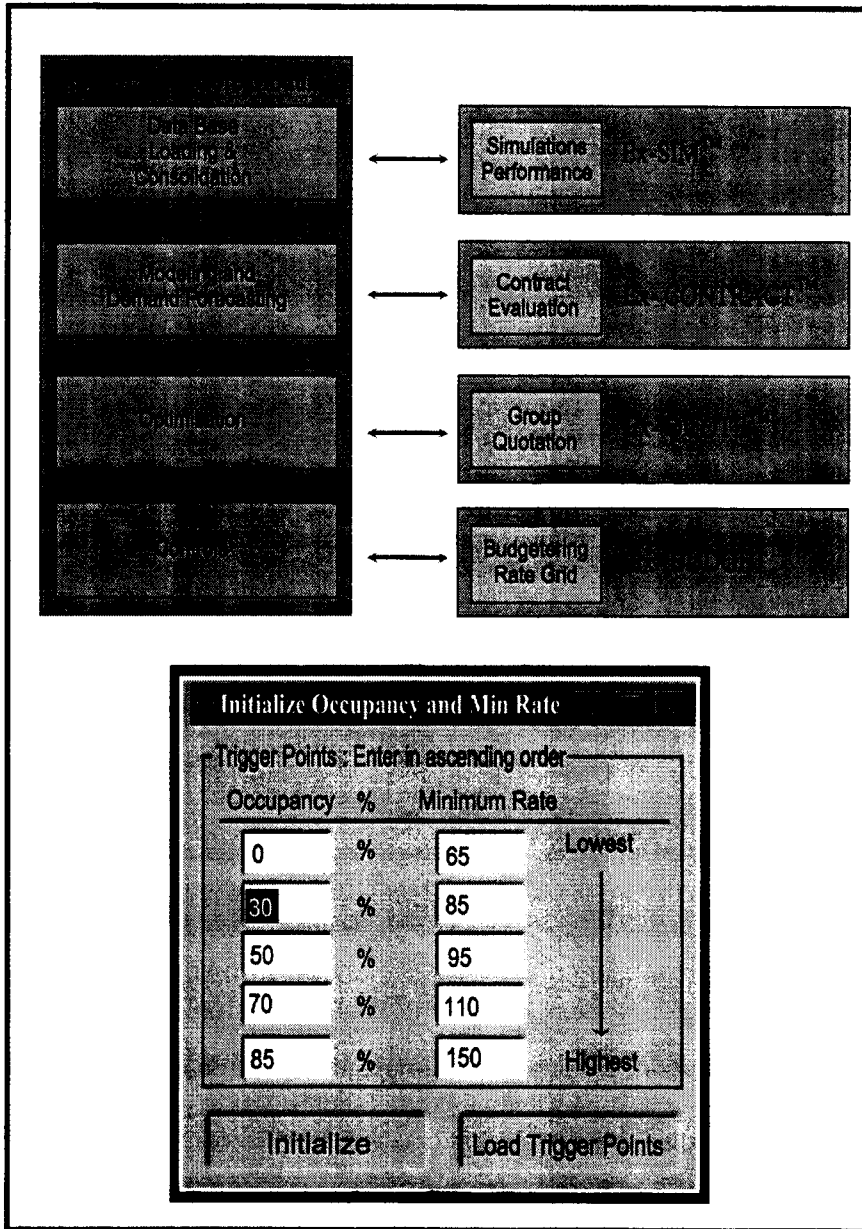
Revenue management software does not make decisions for managers. It merely provides information and support for managerial decisions. Since revenue management is often quite complex, front office staff will not have the time to process the voluminous data manually. Fortunately, a computer can store, retrieve and manipulate large amounts of data on a broad range of factors influencing room revenue. Over time, revenue management software can help management create models that produce probable results of decisions. Decision models are based on historical data, forecasts, and booked business.

In those industries where computer-based revenue management has been applied, the following results have been observed :

- Continuous monitoring : a computerized revenue management system can track and analyze business conditions 24 hours a day, seven days a week.
- Consistency: software can be programmed to respond to specific changes in the marketplace with specific corporate or local management rules resident in the software.
- Information availability: revenue management software can provide improved management information which, in turn, may help managers make better decisions more quickly.
- Performance tracking : a computer-based system is capable of analyzing sales and revenue transactions occurring within a business period to determine how well revenue management goals are being achieved.

Revenue management software is also able to generate an assortment of special reports. The following are representative of revenue management software output :

- Market segment report : provides information regarding customer mix. This information is important for effective forecasting by market segment.
- Calendar/booking graph : presents room-night demands and volume of reservations on a daily basis.



There are many companies that offer a variety of revenue management software programs designed for lodging companies. These modules graphed by Easy Revenue Management Solutions (<http://www.easyrms.com>) and the screen shot from Itech (<http://www.itech2000.com/yield management>) are just two examples.

- Future arrival dates status report : furnishes demand data for each day of the week. This report contains a variety of forecasting information that enables the discovery of occupancy trends by comparative analysis of weekdays. It can be designed to cover several future periods.
- Single arrival date history report : indicates the hotel's booking patterns (trends in reservations). This report relates to the booking graph by documenting how a specific day was constructed on the graph.
- Weekly recap report : contains the sell rates for rooms and the number of rooms authorized and sold in marketing programs with special and / or discounted rates.
- Room statistics tracking sheet : tracks no-shows, guaranteed no-shows, walk-ins, and turn-aways. This information can be instrumental in accurate forecasting.

Since management is interested in revenue enhancement, computer-based revenue management has become a popular hospitality industry software application.

7.6. Summary

Revenue management presents a more precise measure of room revenue and occupancy performance than other historical benchmarks. Revenue management is effective because it combines occupancy percentage and ADR into a single statistic. Revenue management focuses on maximizing room revenues while taking into account factors influencing business trends. It is an evaluative tool that allows front office management to use potential revenue as the standard against which actual revenue is compared.

Revenue management has proven successful in business environments in which reservations are taken for a perishable commodity. The key to successful revenue management appears to be reliable forecasting, since revenue management is based on conditions of supply and demand.

Because revenue management uses a set of demand - forecasting techniques to determine effective prices for a forecasted value of business, it can be highly successful when applied to the rooms reservation process. Revenue management seeks to maximize revenue by controlling forecast information in three ways capacity management, discount allocation, and duration control.

Capacity management involves a number of methods of controlling and limiting room supply. Capacity management may be influenced by the availability of rooms at neighboring hotels or competing properties. Discounting involves restricting the time period and product mix (rooms) available at reduced prices. The primary objective of discount allocation is to protect enough remaining rooms at a higher rate to satisfy the projected demand for rooms at that rate, while at the same time filling rooms that would otherwise have remained unsold. Duration control places time constraints on accepting reservations in order to protect sufficient space for multi-day requests (representing higher levels of revenue).

The principle computation involved in revenue management is the yield statistic, which is the ratio of actual revenue to potential revenue. Actual revenue is the revenue generated by the number of rooms sold. Potential revenue is the amount of money that would be received if all rooms were sold at rack rate or potential average rate. The potential average rate is a collective

statistic that combines the hotel's potential average single and double rates, multiple occupancy percentage, and rate spread into a single figures. The achievement factor is found by dividing the hotel's actual average room rate by the potential average rate. Alternatively some lodging operations prefer the statistic that focuses on revenue per available room (RevPAR).

Calculations of different combinations of occupancy and actual average room rate may result in identical room revenue and yields. Management must be careful not to assume that identical yields represent identical operating situations with respect to the number of rooms and number of guests in occupancy.

The revenue meeting is the forum used by most hotels to make their important revenue management decisions. The revenue meeting is held as frequently as necessary. Both group and transient business issues are discussed and revenue strategies are implemented.

Revenue management becomes even more complex when discounting is granted on a selective rather than general basis, and when it involves selling rooms for which there may be competing buyers. Hotels frequently offer discounts to guests falling into certain categories (for example, senior citizens, government employees). Hotels must also decide whether to accept or refuse group business at a discounted rate. Understanding the impact of group business on the hotel's operating performance may be an important factor in how revenue management should be applied.

Since the objective of revenue management is to maximize revenue, tracking business by revenue source will also help determine when to allow discounted business. Some hotels may decide to allow specific types of discounted business, such as corporate business, because these markets are responsible for many repeat guests. As the various sources of business are determined, each should be analyzed. As the various sources of business are determined, each should be analyzed to understand its impact on total revenue. Quite often, managers will take discounted business if it generates frequent customers, since the long-term impact is very positive.

Implementing yield strategies involves setting hurdle rates for rooms. The hurdle rate is the minimum rate that can be offered at a given time. The hurdle rate is sometimes stay-sensitive, meaning lower rates are available to guests who stay a minimum length of time. Sometimes incentives are used to encourage front desk and reservations agents to sell rooms at rates above the hurdle rate. Since hurdle rates change frequently, efficient communication of rates and changes is critical.

Revenue management often focuses on maximizing yield by controlling rates. Other strategies that focus on length of stay and arrival dates are also effective. These other strategies can also be effectively combined with rate control to improve yield.

Endnotes

1. This method does not produce an achievement factor that is as precise as that which can be calculated by revenue management software. This is because the potential average rate is a weighted average of the rack rates of all rooms in the hotel. It is more accurate to use the weighted average of the rack rates of only the rooms that were actually sold (or occupied). Since the sales mix of rooms sold typically changes from day to day, so does the weighted average of those rooms' rack rates. Because it is impractical and cumbersome to manually

calculate a weighted average of rack rates for rooms actually sold every day, the potential average rate of all rooms is generally used instead. The element of error this introduces may not be significant. Nonetheless, revenue management software is able to calculate the achievement factor more precisely because it can easily and automatically calculate the daily weighted average of the rack rates of rooms sold (or occupied).

2. In theory, and as used in our examples throughout the rest of this chapter, marginal costs are assumed to be constant at a given amount per room. In practice, this is not always the case. For example, certain labour costs may move incrementally, that is, as occupancy goes up, at some point management will have to add another front desk agent to help service the guests. Also, room attendants are usually paid by the shift, not by the room; if a room attendant cleans 12 rooms one day and 15 the next, the marginal cost per room will vary slightly. In addition, some properties are able to shut down wings not in use. If adding a guest means opening up an entire wing, the marginal cost of simply adding a single room. For a more detailed discussion of these issues, see Raymond S. Schmidgall, *Hospitality Industry Managerial Accounting*, 4th ed. (East Lansing, Mich.: Educational Institute of the American Hotel & Lodging Association, 1997), chapter 6.
3. For a more detailed discussion of breakeven analysis and contribution margin ratios, see Schmidgall, chapter 7.
4. Group business usually involves the hotel's sales division. The sales division typically books the group. It then turns the booking over to the reservations manager, who blocks the group. As individual group members contact the hotel, they are booked and the size of the block is reduced accordingly.

7.7 Key Terms

minimum length of stay – a revenue management availability strategy requiring that a reservation must be for at least a specified number of nights in order to be accepted.

potential average rate – a collective statistic that effectively combines the potential average single and double rates, multiple occupancy percentage, and rate spread to produce the average rate that would be achieved if all rooms were sold at their full rack rates.

rate potential percentage – the percentage of the rack rate that a hotel actually receives, found by dividing the actual average room rate by the potential average rate; also called the achievement factor.

rate spread – the mathematical difference between the hotel's potential average single rate and potential average double rate.

revenue management – a technique based on supply and demand used to maximize revenues by lowering prices to increase sales during periods of low demand and by raising prices during periods of low demand and by raising prices during periods of high demand.

revPAR – a revenue measurement that focuses on revenue per available room.

sell-through – a revenue management availability strategy that works like a minimum length of stay requirement except that the length of the required stay can begin before the date the strategy is applied.

stay-sensitive hurdle rate— in the context of revenue management, a hurdle rate (or minimum acceptable room rate) that varies with the length of the guest reservation.

wash factor—the deletion of unnecessary group rooms from a group block.

weighted average contribution margin ratio—in a multiple product situation, an average contribution margin for all operated departments that is weighted to reflect the relative contribution of each department to the establishment's ability to pay fixed costs and generate profits.

Yield statistic – the ratio of actual rooms revenue to potential rooms revenue.

7.8 Self Assessment Questions

1. What does the equivalent occupancy equation consider that the identical yield equation does not? Why is the difference significant? What important question does neither equation address?
2. Should a group reservation be accepted or rejected solely on the basis of its effect on room revenue? Why or Why not?
3. What are several tactics that may be appropriate to take when room demand is low? When room demand is high?
4. What is the hurdle rate? How is it used in revenue management? What availability strategies are there to work with yield management?

Internet Sites

For more information, visit the following Internet Sites. Remember that Internet addresses can change without notice.

Smith Travel Research

TIMS Reports

[http:// www.wwstar.com](http://www.wwstar.com)

[http://. TIMS reports.com](http://.TIMSreports.com)

7.9 Case Study

Reviving Revenue Management

The Hearthstone Suites Hotel is an all-suite property with 250 rooms. A new property, the Fairmont Hotel, opened near Hearthstone Suites three months ago. Several months before the opening of the Fairmont, Laurie, the GM at the Hearthstone Suites, pushed all her front office and reservations staff to sell as many rooms as possible. As she put it, "Whatever it takes, to stay competitive". The director of sales, Pat, supported the plan from day one, but Jodie, the front office manager, program managers implemented a year and half earlier would be totally useless because of the push for occupancy.

The most recent profit and loss statement indicates that Jodie's fears were fulfilled. Though the occupancy is at budget year-to-date, the average daily rate (ADR) is down by \$6. Also, the mix of commercial business is lower than planned -40 percent of guest mix instead of 50 percent. Also, the SMERF segment a catch - all team for group business at substantially low rates- Social, Military, Educational, Religious, and Fraternal groups.

Jodie, Pat, and Laurie are in a meeting to discuss these latest figures:

Laurie, the general manager, opens the meeting by saying, "Well, we've weathered the storm caused by the opening of the Fairmont. We managed to hold on to our occupancy level. But it looks like we have some regrouping to do. I trust you've each received the profit and loss statement I sent you. I'm concerned about the fact that we've lost so much of our share of the commercial business. And our ADR is much too low."

"I agree," says Jodie, "but I was just following orders when I had my staff focus on selling rooms. Our good occupancy rate has come at the cost of both yield management and revenue. I will take quite awhile to regain our former position"

"We all sat down and agreed months before the Fairmont opened that we should do our best to keep our occupancy numbers, and that's what we've done," says Pat. "You and your staff have worked hard and are to be commended, Jodie."

"Hear, hear" says Laurie, "And now we have some time to re-evaluate our position and start targeting that corporate segment again."

"I just hope it's not too late to win it back from Fairmont." sighs Jodie.

Later that day Jodie gathers her front desk and reservations team to brief them about re-implementing the revenue management program. "I know you've all been putting a lot of extra effort into filling rooms over the past several months. I'm proud of you, the whole management team is. We've met our occupancy goals. The down side is that our guest mix is off. we've lost some of our commercial segment and gained too much of the SMERF segment. And our ADR is down a full \$6. It's time we received the revenue management program we use?"

"The revenue what?" blurts Jack, a fairly new front desk agent. "You never told us about that."

"Now hold on a minute," counters Jodie, "some of you are so new that you haven't been fully trained in this program, but I know I've talked about it to some extent with all of you."

"Sure, you told me a little about it," offers Tracey, a reservationist. "I never have been comfortable with it, to tell the truth. One day I quote a guest \$ 85 and he books a suite. A month later he calls back to book another and I quote \$105. Then the guest asks why the rate went up- what am I supposed to say?"

"Well, there are things you can tell guests who ask that, but we're not going to get into that right now," says Jodie.

Bill the most experienced front desk agent, speaks up "I've been using the yield management program all along, just like you showed me." He turns to his co-workers. "It's really not unreasonable when you look at the big picture of the hotel's revenue. I just tell inquisitive callers that our rates depend on their arrival dates. Some periods are busier for us than others, and that affects rates."

"Bill, it's good to hear that you continued using the yield management program," Jodie says. We can get into more detail on applying it in formal training We've had a lot of changes since the push for volume began- changes in personnel and even changes in the yield management

program it self. It's clearly time I evaluated training needs in our department in the area of yield management program execution. You can be confident, Tracey- and all of you- when you quote rates that they are competitive for what we offer. That reminds me," and here Jodie pauses a moment, "how many of you have actually been inside some of our suites?"

Three of the six employees raise their hands. "How many have seen rooms at the Fairmont or at any of our other competitors?" continues Jodie. Only Bill raises his hand. "So almost none of you have seen the difference between our suites and the single rooms other properties are offering?"

"There hasn't been time to look at what we're selling" protests Jack.

"? much less to look at what anyone else is selling," adds Linda, another reservationist.

"That's what I was afraid of," says Jodie. "In the next two weeks or so, as I'm re-evaluating training needs, I'm going to have each of you spend time gaining an appreciation of the value we offer- especially in comparison with the value of Fairmont's offerings and those of our other competition."

"Are we still going to be offering the \$ 84 supersaver rate?" asks Tracey "We've lot of repeat business because of the rate."

"I've had callers tell me we're the best deal in town," Linda says.

But Bill cautions, "We won't need to use it next week. The Home Builders convention is in and every room in town will be booked. We can afford to charge more next week."

"That's good thinking, Bill," says Jodie. "I know it's nice to be popular with guests and it's easy to use that discount whenever a potential guest shies away from a quoted rate, but the supersaver rate is intended to be used only as a last resort or in other special cases. We shouldn't be offering it too frequently. We also need to adjust our selling strategies when special events come along like this convention."

"Speaking of selling strategies, when are we going to get to go through that training module on selling skills you were talking about?" inquires Linda. "I've heard about it but I haven't gone through it yet."

Discussion Questions

1. How can the management team address the problem of low ADR?
2. What are some ways Jodie could make employees like Jack and Tracey more familiar and comfortable with a Yield management programme?
3. What selling skills should training focus on for the Hearthstone Suites Hotel staff?
4. How can the Hearthstone Suites Hotel regain some of the commercial business it has lost?

Case Number 370CF

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Lesson- 8**Managing Human Resources****8.0 Objective:**

To Study the Recruiting Internal and External. And Selecting Tools and Applicants

Structure:

- 8.1. Introduction**
- 8.2. Recruiting**
 - 8.2.1. Internal Recruiting**
 - 8.2.1.1. Cross Training**
 - 8.2.1.2. Succession Planning**
 - 8.2.1.3. Posting Job Openings**
 - 8.2.1.4. Paying Performance**
 - 8.2.1.5. Maintaining a Call Back List**
 - 8.2.2. External Recruiting**
 - 8.2.2.1. Networking**
 - 8.2.2.2. Temporary Employment Agencies**
 - 8.2.2.3. Employee Referral Programs**
 - 8.2.2.4. Tax Credits**
 - 8.2.2.5. Workers with Disabilities**
- 8.3. Selecting**
 - 8.3.1. Selection Tools**
 - 8.3.2. Evaluating Applicants**
 - 8.3.2.1. Sample Job Application form**
 - 8.3.2.2. Pre- Employment Inquiry Guide**
- 8.4. Interviewing**
 - 8.4.1. Common Problems Associated with interviewing**
 - 8.4.2. Interview Questions**
 - 8.4.2.1. Sample Interview Questions**
 - 8.4.2.2. Sample Interview Evaluation Form**
 - 8.4.2.3. Interview Evaluation**
- 8.5 Key Terms**
- 8.6 Self Assessment Questions**

8.1. Introduction

Today's front office managers face much greater challenges than managers of a generation ago. Labor management has always been a significant issue, but the recent past shows that the future promises to put even more emphasis on this area. Front office managers must be skilled at handling a diverse work force that blends people of varying ages, ethnic backgrounds, cultures, and values. Just as the nature of the work force will change, so will the techniques and incentives that govern its management. This chapter focuses on some of the basic concepts that front office managers need to know to effectively manage and develop competent staff.

8.2. Recruiting

Employee recruitment is the process by which qualified applicants are sought and screened to fill open positions. The process involves announcing or advertising job vacancies through proper sources, and interviewing and evaluating applicants to determine the best person for the job.

The human resources division often assists the front office manager in finding and hiring qualified individuals. Not all hotels, however, have a human resources division. When they don't, the front office manager may have to seek out qualified recruitment sources, place the advertisements, and post the job openings internally, conduct the initial interviews, contact applicants' references, and perform other related tasks. Even when the hotel has a human resources division, it is the front office manager's responsibility to identify the skills and qualities needed in front office job positions and to communicate this information to the human resources division to ensure that it qualifies candidates properly. This generally is done with a job description that identifies the skills, personal qualities, and responsibilities of the position. Regardless of how prospects are identified, the front office manager should personally interview top candidates for front office positions.

8.2.1. Internal Recruiting

Internal recruiting involves the transfer or promotion of current employees. Through this form of recruiting, managers have access to applicants who are familiar with the hotel and possibly the front office and who have proven skills. Internal recruiting may also boost employee morale and productivity. Employees tend to show loyalty to hotels that provide opportunities to increase their skills, knowledge, status, and income. Many industry leaders, including company presidents, vice presidents, and general managers, have risen through the ranks as a result of internal recruiting. Exhibit 1 summarizes the advantages and disadvantages of internal recruiting.

Advantages and Disadvantages of Internal Recruiting (Exhibit 1)

Advantages

- Improves the morale of the promoted employee.
- Improves the morale of other employees who see future opportunities for themselves.
- Managers can better assess the abilities of internal recruits, since their performances have been observed over time.
- Internal recruiting for supervisory and management positions results in a succession of promotions (one to fill each vacated job), which reinforces the "Internal career ladder."
- The cost of internal recruitment is lower than the cost of external recruitment.

Disadvantages

- Internal recruiting promotes "inbreeding."
- Internal recruiting can cause morale problems among those employees who were skipped over for promotion.
- Internal recruiting can have political overtones; some employees attribute internal promotions to friendships with managers and supervisors.
- Filling a gap in one department through internal recruiting may create an even more critical gap in another department.

Internal recruiting includes cross-training, succession planning, posting job openings, paying for performance, and maintaining a call-back list.

8.2.1.1. Cross-Training. Whenever possible, employees should be trained to perform the duties of more than one job. **Cross-training** makes it easier for the front office manager to develop comprehensive employee schedules that include planned employee vacations and absences. Employees find cross-training beneficial since it diversifies their skills, gives their jobs variety, and makes them more valuable to the hotel. Cross-training may also lead to a wider range of promotion opportunities. Registration, cashiering, and reservations employees were cross-trained when front office systems were introduced many years ago. In smaller properties, reservations, front desk and telephone duties are often combined into one job. One recent innovation developed by a major hotel company is to cross-train front desk agents and bell attendants. In this case, the person who carries the guest's bags and escorts the guest to the room. There may be some disadvantages to cross-training, but the overall effects have been very positive.

8.2.1.2. Succession Planning. In succession planning, the front office manager identifies a key position and targets a particular employee to eventually fill that position. Front office management identifies the employee's training needs and ensures that those needs are met. The manager creates a staffing plan that identifies training dates and times, the trainer or trainers, and the date the employee will be qualified to assume the job.

8.2.1.3. Posting Job Openings. When the front office posts job openings internally, it gets a known applicant pool. Employees from other departments may want to transfer to the front office or current front office employees may want to advance within their own department. Whatever the case, front office management must make sure that the employee has the skills for the promotion, as well as a good work record.

The front office manager should post each available position as soon as it is officially open. The openings can also be discussed at departmental meetings. Some hotel companies open each position to people on staff before it is announced to outside applicants. Job postings are placed in a prominent location in the employee lounge or work area. Some hotel properties also find it useful to post entry-level positions. When employees know about these positions, they often encourage qualified friends or acquaintances to apply.

Postings should be comprehensive; they should describe jobs fully and specify minimum qualifications and required skills. The posting should tell applicants whether the job is for a day, night, or weekend shift. Some properties also post the exact wage or salary. In some hotels, employees cannot apply for openings until they have held their current positions for a certain period. When this is the case, the requirement should be clearly stated on the job posting.

2.1.4. Paying for Performance. Employees are more likely to be motivated to excel when they know the hotel has a wage program that rewards hard work and productivity. As employees gain more experience and proficiency, they should be paid accordingly. Giving all employees an identical wage increase, regardless of performance, may be discouraging to those employees who are exceeding expectations.

2.1.5. Maintaining a Call-Back List. While recruiting appears to be an infrequent event, in reality it is ongoing. To assist future staffing efforts, front office management can develop and maintain a call-back list of employees and previous applicants with special skills and interests. Some hotels also maintain a *back-up list*, or waiting list, of former employees who completed their employment in good standing. The front office may hire such individuals as supplemental labor during a peak business period or employee shortage.

8.2.2. External Recruiting

Front office managers may also recruit individuals from outside the hotel to fill open positions. New employees can contribute innovative ideas, unique perspectives, and creative ways of doing things. **External recruiting** includes networking, temporary employment agencies, and employee referral programs. Federal, state, and local government tax credit programs may also provide incentives for management to recruit individuals from designated groups. There are also several programs to encourage the hiring of workers with disabilities. Exhibit 2 summarizes the advantages and disadvantages of external recruiting.

8.2.2.1. Networking. Networking involves developing personal contacts with friends acquaintances, colleagues, business associates, educators, and school counselors. These personal contacts can often lead to employment referrals. Companies that provide services or supplies to the hotel may also share leads on possible jobs or job candidates. Other network sources may include members of trade or community associations. If a hotel is part of a chain, the front office manager can network with managers of other properties in the area. By working together, they make career advancement better for all employees and make employment with the chain more desirable.

8.2.2.2. Temporary Employment Agencies. Temporary employment agencies can provide staff to fill a wide range of positions. These agencies often train a pool of employees in specific employment areas. Temporary employment agencies operate for profit and therefore charge a higher hourly rate for temporary employees than the rate generally paid to permanent employees. These higher costs are usually offset in other ways. For example, temporary employment agencies may :

Advantages and Disadvantages of External Recruiting (Exhibit 2)

Advantages

- External recruiting brings new blood and new ideas into the company.
- Recruits from the outside can often provide not only new ideas but news about how and what competitors are doing.
- External recruits can provide a fresh look at your company, which sometimes reinforces the reasons current employees work for you. Consider, for example value of an external recruit saying such things as "You keep your kitchen much cleaner than they do at XYZ company where I use to work" or the helpful attitude of employees here certainly makes this a more pleasant place to work than my old job."

- External recruiting sometimes avoids many of the political problems associated with internal recruiting.
- External recruiting serves as a form of advertising for the company (newspaper ads, posters, bulletin board notices, and so on remind the public of your products and services).

Disadvantages

- It is more difficult to find a good fit with the company's culture and management philosophy when recruiting externally.
- Internal morale problems can develop if current employees feel that they have no opportunity to move up in the organization.
- It takes longer to orient external recruits than it does internal recruits.
- External recruiting can lower productivity over the short run because external recruits usually cannot produce as quickly or effectively as internal recruits.
- When employees believe that they could have done the job as well as the external recruit who was hired. Political problems and personality conflicts can result.
- Reduce overtime, recruitment, and hiring expenses.
- Provide screened and trained qualified employees.
- Create employee commitment by providing full-time positions and benefits.
- Be able to supply complete work crews.

On the downside, temporary employees may lack specific training in appropriate procedures. In addition, they will need time to become acquainted with the hotel layout, amenities, facilities, and departmental hours of operation. As a result, temporary workers may be less productive than the front office's own staff, and may require more supervision. Temporary workers are generally considered short-term additions to the permanent work force.

8.2.2.3. Employee Referral Programs. Some front offices adopt employee referral programs that encourage employees to recommend friends and acquaintances for open positions. An employee referral program usually rewards current employees who refer qualified staff members to the company. The program works best when front office management establishes the size of the referring employee's reward at the outset. The program must also specify which criteria will be applied and how referrals will be credited to the proper source. Usually, the referred employee must work for a specified trial period before the employee who made the referral can claim the reward. This period often ranges from 90 days to 180 days.

8.2.2.4. Tax Credits. Some government programs, such as the federal Targeted Jobs Tax Credits Program, provide tax incentives to private employers who hire individuals from specified human resource categories. Any front office employee hired under a tax credit program must be certified as a member of targeted category by a local office of the state employment commission before being hired. To claim the targeted job tax credit, the hotel must certify that the new employee is not a relative or dependent of the property's owner, and that he or she has not worked for the hotel before.

8.2.2.5. Workers with Disabilities. Some positions in the front office are, well-suited to employees with physical handicaps or disabilities. For example, a wheelchair user may be qualified to work as a telephone operator or reservations agent, since such jobs usually do not require standing or a great deal of moving within a work area. Workers with disabilities are usually highly motivated and many perceive their work as important evidence of their ability, skill, and independence.

In general, employees with disabilities can be recruited through local government job training agencies or with schools that provide training for people with disabilities. Some communities may also offer tax incentives to companies that employ persons with disabilities. Before hiring such individuals, the front office manager must ensure that work areas are compatible with the employees' needs. A major focus of the Americans with Disabilities Act of 1990 is to make it easier for people with physical and mental disabilities to find jobs and to advance within their careers. Hotels must take appropriate steps to comply with this legislation, particularly in terms of barrier-free design and employment practices. Since the traditional labor market is shrinking, people with disabilities are becoming an important and growing source of new employees. In addition, job description and specifications must clearly identify any restrictions or requirements that may exclude an employee covered by the ADA. For example, an employee in a wheelchair would not qualify as bell attendant because of the mobility and heavy lifting requirements of the position.

8.3. Selecting

Selecting the right person for a front office position should always involve the front office manager. Depending on the policy of the hotel, the front office manager may directly hire an applicant or may be limited to forwarding a hiring recommendation to top management.

Applicants with practical skills, knowledge, and aptitude are likely to become valuable front office employees. Three specific skills frequently required in front office work are good language, mathematical, and keyboard (typing) skills. An employee's language skills are necessary to communicate with guests and other employees; mathematical ability will help him or her understand front office accounting and transaction processing; keyboard skills are especially useful for recordkeeping and using a computer.

Since front office work involves a high degree of guest contact, managers usually seek certain personality traits in applicants. These traits include congeniability, flexibility, professional attitude, self-motivation, and a well-groomed appearance. Evaluating applicants in terms of personal qualities is highly subjective. An effective front office selection process usually focuses on a set of skills, attitude, and personal qualities. In addition, since the front office staff members have so much contact with guests, they should reflect the quality of the hotel during that contact. It does not matter whether the contact is by telephone, by letter, or face to face. Guests will create an image of the hotel through employee contact. One hotel company interviews prospective reservations agents by asking a few questions over the telephone. This allows the interviewer to hear the candidate's voice and how the candidate presents himself or herself over the phone. Proper selection of employees will help ensure that the hotel's image and values are upheld in all guest contacts.

8.3.1. Selection Tools

Job descriptions and job specifications are important selection tools. A job description lists all the tasks and related information that make up a work position. A job description may also outline

reporting relationships, responsibilities, working conditions, equipment and material to be used, and other information specific to the position. Job descriptions are especially helpful in recruiting and selecting employees since they clearly state the duties required to perform a particular job. Job descriptions may also explain how a work position relates to other work positions in the department.

Although each job is unique, some general statements can be made about work requirements in the front office. A job specification usually lists and describes the personal qualities, skills, traits, educational background, and experience a person needs to successfully perform the tasks outlined by a job description. To develop job specifications, managers may draw on the knowledge of other front office staff and any written material related to the job. For example, managers might describe an employee as demonstrating a professional attitude by reporting to work on time. A professional attitude might further be marked by sensitivity to guests, a sense of humor, congeniality, and good listening habits. A flexible employee might be defined as a team player who is willing to work different positions or shifts as necessary. Job specifications may include terminology that relates to the specific needs of the front office. For example, appropriate dress in a resort might mean casual dress, while in a commercial hotel, it is likely to mean business attire. Descriptions of personal qualities must be relevant to the needs of each individual property.

8.3.2. Evaluating Applicants

Generally, front office managers evaluate job applicants by reviewing completed job application forms, checking applicant references, and interviewing selected applicants. A hotel with a human resources division may screen applicants on the basis of front office job descriptions and job specifications. In hotels without a human resources division, the front office manager may be responsible for all aspects of screening and evaluating applicants. A job application form should be easy to complete and should require applicants to provide information that helps determine suitability for the job. Exhibit 3 presents a sample job application form.

Managers should check references to verify an applicant's identity and claims about previous work experiences and skills. Managers should be aware that past employers are often reluctant to provide any information other than the applicant's past job title, dates of employment, and salary. Former employers rarely reveal whether they would rehire the person. Past employer comments, especially if negative, increase the former employer's potential liability for charges of libel, slander, or defamation of character by the former employee. Front office managers must be familiar with their own property's policy on handling calls regarding the work record of current or past employees. Familiarity with such policy positions will allow managers to better understand the comments of job candidates' previous employers. It may also be hotel policy to have a police record check on all job applicants. This may be especially essential for certain positions, such as cashier or hotel van driver. A police check may help uncover an unsafe driving record, a drug record, or a dismissal from another job due to cash handling problems.

Questions contained on a job application form must be carefully structured since federal, state, and local laws prohibit discriminatory hiring practices. Exhibit 4 lists employment questions that may be considered discriminatory and suggests ways to avoid discrimination. Managers may also find this guide helpful when developing interview questions. Since laws, and their interpretation, vary from state to state, a qualified attorney should review job application forms, related personal forms, and interview procedures to ensure that their contents do not violate anti-discrimination laws.

3.2.1. Sample Job Application Form (Exhibit 3)

APPLICATION FOR EMPLOYMENT			
GENERAL INFORMATION/AVAILABILITY			
Name	_____		Social Security # _____
_____	First _____	Middle _____	_____
Address	_____		Phone _____
Street _____	City _____	State _____	Zip _____
If you are applying for a position which requires you drive, do you have a current Driver's licence? Yes <input type="checkbox"/> No <input type="checkbox"/>			
If you answered yes, Please provide			
	Licence Number _____	Class _____	
CITIZENSHIP: If you are not a citizen of the United States of America, do you have a permanent resident visa card, I-94 Form or letter from the Immigration Service indicating that you are legally permitted to work in the country?			
Yes <input type="checkbox"/> No <input type="checkbox"/> If hired, are you able to show proof of status? Yes <input type="checkbox"/> No <input type="checkbox"/>			
If you are under 21 years of age: List Age _____ Date of Birth _____			
For Employment Application, have you used any other name on a previous job? Yes <input type="checkbox"/> No <input type="checkbox"/>			
List Name _____			
Position	1st Choice _____	2nd Choice _____	
Wage or Salary Desired _____	per _____	Date available to start work _____	
For what job class are you applying? Full Time Yes <input type="checkbox"/> Part Time <input type="checkbox"/> _____ hours per week (Summer) <input type="checkbox"/>			
School Term <input type="checkbox"/> Other <input type="checkbox"/> Explain _____			
The following conditions may be required at some time in a job assignment. If required would you be willing to work			
A. Shift work? Yes <input type="checkbox"/> No <input type="checkbox"/>		B. Rational work schedule? Yes <input type="checkbox"/> No <input type="checkbox"/>	
C. Work schedule other than Monday through Friday? Yes <input type="checkbox"/> No <input type="checkbox"/>		D. Overtime work? Yes <input type="checkbox"/> No <input type="checkbox"/>	
List any scheduling problems or limitations: _____			
Is your transportation reliable to meet any work schedule requirement any day of the week? Yes <input type="checkbox"/> No <input type="checkbox"/>			
Have you ever been employed at this hotel before? Yes <input type="checkbox"/> No <input type="checkbox"/> When: _____			
Reason for leaving: _____		Name of Supervisor _____	
How did you intend to Apply: <input type="checkbox"/> Referred by _____ Address _____			
<input type="checkbox"/> Agency _____		<input type="checkbox"/> Sponsor _____	
<input type="checkbox"/> Friend/Current Employee _____		Name _____	
Do you have any relatives working here? _____			
Names _____			
Police Conviction Record: Have you ever been convicted of a felony? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please briefly describe the circumstances of your conviction, indicating the nature and place of the offence and the disposition of the case. A felony conviction does not necessarily bar you from employment since this will be looked upon as only one of the factors considered in the employment decision.			

Exhibit 3 (Continued)

MILITARY EXPERIENCE
 Have you ever served in the United States Armed Forces? Yes No If so, describe any special training or skills acquired during your service which may be helpful on this job? _____

EDUCATIONAL BACKGROUND

Type of School	Name & Address of School	Years Completed	Graduated	Major Field of Study
High School		9, 10, 11, 12	Yes <input type="checkbox"/> No <input type="checkbox"/>	
College		1, 2, 3, 4	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Other		1, 2, 3, 4	Yes <input type="checkbox"/> No <input type="checkbox"/>	

EMPLOYMENT HISTORY
 List the most recent employer first, then follow with the next most recent. We will check all references.

Name and Address of Previous Employer	Dates Worked From To Mo/Yr Mo/Yr	Position	Supervisor	Hours Worked Per Week	Rate of Pay
Company _____ Address _____ City _____ State _____ Phone _____					
If currently employed, may we contact this employer for a reference? Yes <input type="checkbox"/> No <input type="checkbox"/>					
Why did you leave or are interested in leaving this employer? _____					
Company _____ Address _____ City _____ State _____ Phone _____					
Why did you leave this employer? _____					

Include any additional employment history on another sheet of paper.

SPECIAL SKILLS
 Typing/Word Processing _____ Dictation/ Shorthand _____ Telephone _____ Computers _____
 Foreign Languages _____ Mechanical _____

PERSONAL REFERENCE
 Name _____ Address _____ City _____ State _____ Zip _____ Telephone _____
 (He or she should know you and would be able to give a personal reference.)

APPLICANT PLEASE READ AND SIGN
 I swear that the information contained in this application is correct to the best of my knowledge and understand that falsification of this information is grounds for immediate disqualification. I authorize any of the persons or organizations referenced in this application to give you any and all information concerning my previous employment, education, or any other information they might have, personal or otherwise, with regard to any of the subjects covered in this application and release all such parties from all liability for damage that may result from furnishing such information. I understand that this information, if furnished, does not discriminate in hiring or employment on the basis of race, sex, religion, or national origin. I understand that this information is for the use of the employer only and is not to be used for any other purpose.

 Date: _____

Page 2

3.2.2. Pre- Employment Inquiry Guide (Exhibit 4)

SUBJECT	QUESTIONS	ANSWERS
NAME	What is your name? Do you ever worked for this company before? If yes, in what capacity? If no, how long have you been unemployed? What is your educational qualification? What is your present address? What is your telephone number? What is your e-mail address?	My name is _____ I have not worked for this company before. I have been unemployed for _____ months. I have a _____ degree in _____ from _____ University. My present address is _____, _____, _____, _____, _____. My telephone number is _____. My e-mail address is _____.
ADDRESS	What is your present address? What is your permanent address? What is your telephone number? What is your e-mail address?	My present address is _____, _____, _____, _____, _____. My permanent address is _____, _____, _____, _____, _____. My telephone number is _____. My e-mail address is _____.
DEPARTMENT	What is your present department? What is your permanent department?	My present department is _____. My permanent department is _____.
RESUME	What is your resume? What is your permanent resume?	My resume is _____. My permanent resume is _____.
BIRTH PLACE	What is your birth place? What is your permanent birth place?	My birth place is _____. My permanent birth place is _____.
AGE	What is your age? Are you 18 years old or older?	I am _____ years old. Yes, I am 18 years old or older.
RELIGION	What is your religion?	My religion is _____.
CRIMINAL RECORD	Do you have any criminal record? If yes, what is the nature of the crime? If no, how long have you been unemployed?	I do not have any criminal record. I have been unemployed for _____ months.
EDUCATION	What is your educational qualification? What is your permanent educational qualification? What is your present address? What is your telephone number? What is your e-mail address?	I have a _____ degree in _____ from _____ University. My permanent educational qualification is _____. My present address is _____, _____, _____, _____, _____. My telephone number is _____. My e-mail address is _____.
HEIGHT	What is your height?	I am _____ cm tall.
WEIGHT	What is your weight?	I weigh _____ kg.
HAIR COLOR	What is your hair color?	My hair color is _____.
SKIN COLOR	What is your skin color?	My skin color is _____.
SEX	What is your sex?	I am _____.
CITIZENSHIP	Are you a citizen of the United States? If not, are you a citizen of any other country? If yes, what is the name of the country? If no, how long have you been unemployed?	I am a citizen of the United States. I am not a citizen of any other country. I have been unemployed for _____ months.
NOTES	What are your notes? What is your permanent notes?	My notes are _____. My permanent notes are _____.

Exhibit 4 (Continued)

SUBJECT	LAWFUL PRE-EMPLOYMENT INQUIRIES	UNLAWFUL PRE-EMPLOYMENT INQUIRIES
EDUCATION	Inquiry into the academic, vocational or professional education of an applicant and the public and private schools attended.	
EXPERIENCE	Inquiry into work experience. Inquiry into countries applicant has visited.	
ARRESTS	Have you ever been convicted of a crime? If so, when, where, and nature of offense?	Inquiry regarding arrests.
RELATIVES	Name of applicant's relatives, other than spouse already employed by this company.	Address of any relative of applicant, other than address (within the United States) of applicant's father and mother, husband or wife and minor dependent children.
NOTICE IN CASE OF EMERGENCY	Name and address of person to be notified in case of accident or emergency.	Name and address of nearest relative to be notified in case of accident or emergency.
MILITARY EXPERIENCE	Inquiry into an applicant's military experience in the Armed Forces of the United States or in a State Militia. Inquiry into applicant's service in particular branch of United States Army, Navy, etc.	Inquiry into an applicant's general military experience.
ORGANIZATIONS	Inquiry into the organizations of which an applicant is a member, excluding organizations the name of or character of which indicates the race, color, religion, national origin or ancestry of its members.	List all clubs, societies, and lodges to which you belong.
REFERENCES	Who suggested that you apply for a position here?	

This question may be asked only for the purpose of determining whether applicants are of legal age for employment.

Source: Michigan Department of Civil Rights, Lansing, Michigan.

8.4. Interviewing

First impressions do matter. Applicants form impressions of the interviewer, the hotel, the front office, and what it would be like to work there, just as the interviewer forms impressions of how suitable the applicant would be for the job. Often, eventual job satisfaction and productivity is the result of the expectations formed during an interview.

In large properties, the human resources division usually handles recruiting (including advertising) and initial screening of all job candidates. After that, the head of each department conducts the main, in-depth interview and decides whom to hire. The front office manager may delegate interviewing and hiring responsibilities to an assistant. Regardless of who does the actual hiring, the front office manager is ultimately responsible for hiring and maintaining a qualified front office staff.

Whoever the interviewer is, he or she should be thoroughly familiar with the job and its duties, benefits, wage scale, and other important factors. The interviewer should be an objective judge of people and their qualifications, a positive role model, and a skillful communicator. Exhibit 5 summarizes common problems associated with interviewing. When managers are aware of factors that can distort an interview, they can better prevent them and increase the probability of a successful interview.

8.4.1. Common Problems Associated with interviewing (Exhibit 5)

Similarity Error

Many interviewers are predisposed to react positively to candidates who are similar to themselves (in outside interests, personal background, and even appearance) and react negatively to candidates very different from themselves.

Contrast Error

Candidates should be compared to the standards that the club has established for the position, not to each other. Comparing candidates to one another, whether consciously or subconsciously, is particularly troublesome when two poor candidates are followed by a merely average candidate. Because of the contrast between candidates, the average candidate may be viewed as excellent, resulting in a contrast error.

Overweighting Negative Information

It is human nature to notice negative information more than positive information. When we examine a resume or an application, we tend to look for the negative, not the positive. This also happens in interviews.

First-Impression Error

Many interviewers tend to form a strong first impression of a candidate that they maintain throughout the interview.

Halo Effect

Sometimes an interviewer's favourable impression of a single dimension about a candidate's appearance, background, and so on can substantially color his or her overall impression. The halo effect occurs when an interviewer views everything that a candidate says or does in this favourable light.

Devil's Horns

The opposite of the halo effect. This phenomenon can often cause interviewers to see everything a candidate says or does in an unfavourable light.

Faulty Listening and Memory

Interviews do not always hear what is said in the way it was intended, nor do they remember everything that was said.

Recency Errors

An interviewer is likely to remember a candidate's most recent behaviors or responses, rather than behaviors or responses that occurred earlier in the interview.

Nonverbal Factors

Nonverbal factors such as clothing, smiles, speech patterns, and eye contact substantially influence an interviewer's impression of candidates. Some interviewers make up their minds about whom to hire based almost solely on the candidate's attire and demeanor.

The interview should be held in a comfortable, private setting that allows few, if any, interruptions. Focusing on the applicant shows a sincere interest. Applicants tend to be intimidated by business settings in which they sit in front of a desk and the interviewer sits on the other side of the desk. Interviewers often find it workable and more pleasant for the applicant to hold the interview in or near the actual work area. If the work site is too distracting for a sit-down interview, another location should be chosen. Unless there is an emergency, no telephone calls or other interruptions should be allowed during the interview.

Conducting an Interview. The interview process has at least five objectives :

1. To establish a basis for a working relationship.
2. To collect enough accurate information to make an informed hiring decision.
3. To provide enough information to help the applicant make a decision.
4. To promote the company and the work position to the preferred applicant.
5. To create good will between the hotel and the applicant.

Front office managers should speak in a conversational tone while conducting an interview. Care must be taken so that the applicant doesn't perceive the manager as patronizing or condescending. Essentially, managers should treat applicants with the same courtesy and respect they would extend to guests.

Interviewers should allow applicants to set the pace of the interview and should be patient with people who are nervous or shy. Applicants should not be told exactly what the manager is looking for, since some applicants might modify their responses to meet those expectations. Managers should also note the applicant's physical appearance, since many applicants will be groomed according to their highest personal standard.

A well prepared interviewer has a list of questions already developed before the start of the interview. Interviewers may not ask all the questions, and some questions will evoke answers that lead to additional questions that may not be on the list. Questions should allow applicants to fully express themselves without feeling that they are being interrogated. The use of closed-ended questions requiring "Yes" and "No" answers should be limited to verifying information provided on the completed application form or to obtaining additional facts. Asking closed-ended questions such as, "Did you enjoy your previous job?" often do not provoke detailed responses. Also, these types of questions may lead job applicants to respond with answers they feel the interviewer wants to hear. To provoke fuller responses to issues, managers should ask open-ended questions, such as, "What did you like most about your previous job?" or "What did you like least about your previous job."

Generally, an interviewer starts the interview with a period of small talk and perhaps humor to put the applicant at ease. Then, he or she moves into the body of the interview by asking the applicant about job expectations - basically, the kind of the work and working conditions the applicant is looking for. Interviewers should then focus on one principal area at a time. For example, the interviewer could thoroughly examine the applicant's work experience before talking about education or other areas.

Good interviewers encourage responses by using appropriate gestures and comments. They also listen carefully, noting the applicant's body language. Sudden changes in position or tone of voice, eye movement, facial expression, and nervous mannerisms may indicate that the applicant feels uneasy with the discussion. When applicants hesitate before answering a question, managers should follow up with related questions to probe for further information. Moreover, when an applicant responds vaguely or changes the subject, it may mean that he or she wants to avoid the topic. Similarly, interviewers can arouse an applicant's suspicions if they try to conceal or avoid topics. When an applicant asks about the work position or aspects of front office operations, the

interviewer should respond as directly and honestly as possible.

Providing the applicant a copy of the job description as part of the interview may be a good idea. It will clearly identify what the manager is looking for and the requirements of the job. The front office manager can review the job description with the applicant, identifying the important duties and responsibilities. This enables applicants to form a clearer picture of the job and an informed opinion as to whether they will like the job. If the interview is going well, there may even be a brief discussion about the actual training the candidate will receive if hired.

In hotels without a human resources division, the interviewer should determine early in the interview whether the applicant meets the position's basic requirements. This is also the time to mention other hiring prerequisites, such as the federal government's requirement that employees prove their legal right to work in the United States (note, however, that an applicant should not actually be required to provide such proof until after a hiring offer has been made). The person conducting the interview should also determine whether the applicant's personal job requirements may be met with respect to working conditions, scheduled hours, pay rate, type of work, and employment benefits. If it appears as though the job will not be satisfactory or workable for either side, the interview should end. Job offers made or accepted under less-than-ideal conditions are likely to lead to higher rates of employee dissatisfaction and turnover.

8.4.2. Interview Questions.

A two-step questioning process is the most common technique used in interviewing. First, the interviewer asks for specific information such as who, what, when, or where. The second, or follow-up, question seeks a more in-depth response—one that will tell the interviewer why or how. For instance, the first question might be, "What did you like most about working at your last hotel?" After the applicant answers, the interviewer asks why or how. For instance, the first question might be, "What did you like most about working at your last hotel?" After the applicant answers, the interviewer might ask, "Why was that your favorite?" Other questioning techniques interviewers can use include:

- Asking the applicant for a list rather than a single response, which allows for more spontaneity. Follow-up questions can be asked that narrow the field.
- Using direct questions to verify facts and cover a lot of information quickly. A direct question is sometimes called a closed question and usually requires a simple answer, such as yes or no.
- Asking indirect or open-ended questions, or asking the applicant to make comparisons. This technique is useful when the interviewer is seeking more than standard responses. An open-ended question is one that the applicant must elaborate on, such as "What were your favorite subjects in school?"
- Pursuing a specific subject in depth when a response seems unreasonable or unrealistic.
- Probing for additional information when the applicant gives a partial response. This is usually done by restating the reply as a question, such as, "So you felt that department was just too big, didn't you?"

- Using short affirmative responses to encourage the applicant to continue talking, such as, "I see," or "Please go on." Sometimes, it may also be helpful to nod your head in agreement.
- Using silence to indicate that the applicant should continue speaking.
- Suggesting sample answers when the applicant does not understand the question.
- Varying applicant responses by making comments rather than always asking questions.

What to ask. All questions must be based on sound business reasoning. Questions asked during an interview should be relevant to the open position. For example, the front office manager is not likely to ask an applicant for a position as a front desk agent the same questions that he or she would ask a person applying for a job as a front office supervisor. Applicants may be asked about their ability to perform specific job functions. Exhibit 6 presents a collection of sample questions that managers may use to develop interviews.

What not to ask. Managers must be careful when phrasing interview questions and when deciding what questions to ask. Generally, managers should avoid asking for information that cannot be legally used in a hiring decision. Discussions should not focus on birthplace, national origin, citizenship, age, sex, lifestyle, race, height and weight, marital status, religion or creed, arrest records, disabilities, and membership in clubs or religious or ethnic organizations. Managers may not ask job applicants about the existence, nature, or severity of a disability.

It is also illegal to ask questions of one sex and not the other. For example, interviewers should not ask only female applicants whether they have children or what plans they may have for child care. If such questions are employment-related and if the front office manager can prove they are, they must be asked of both male and female applicants.

Certain types of information must be obtained after an applicant is hired, such as proof of age and proof of the legal right to work in the United States. An appropriate time to obtain such information is while a recruit is completing employment papers. Also, a job offer may be conditioned on the results of a medical examination, drug test, or inquiry, but only if the examination or inquiry is required for all entering employees in the job. Medical examinations or inquiries of employees must be job-related and consistent with the employer's business needs.

4.2.1. Sample Interview Questions (Exhibit 6)

Relevant to job Background

- Did you regularly work 40 hours a week? How much overtime did you work?
- What were your gross and take-home wages?
- What benefits did you receive? How much did you pay for them?
- What salary/wage do you desire? What is the lowest amount you are likely to accept?
- Which days of the week are best for working?
- Have you ever worked weekends before? Where? How often?
- Which shift do you enjoy working the most? Which shift can't you work? Why?
- How many hours a week would you like to work?
- How will you get to work?
- Is your means of transportation reliable for the shifts you may be working?
- When you started your last job, what position did you hold? What position do you hold now or did you hold when you left?
- What was the starting salary of your present job or the last job you held?
- How often did you get pay increases on your present job or the last job you held?
- What three things do you want to avoid on your next job?
- What qualities do you expect in a supervisor?
- Why did you choose this line on work?
- Why are you interested in working at this hotel?
- Which work experience most influenced your career decisions?

Education and Intelligence

- When you were in school, what subjects did you like the most? Why ?
- When you were in school, what subjects did you like the least ? Why ?
- Do you think your grades are a good indicator of your overall abilities ?
- If you had to make the same educational decisions over again, would you make the same choices ? Why or why not?
- What is the most important thing you have learned in the past six months ?
- What good qualities did you find in your best teachers ? Can these apply to work as well ?

Personal Traits

Some of the following may be more suitable for people without much work background.

- What do you like to do in your spare time ?
- How many times were you absent or late for your present or last job ? Is that normal ? What were the reasons ?
- What does your family think of your working at this hotel ?
- On your last job, were the policies concerning being late or absent without cause clearly explained to you ? Were these policies fair ?
- What was your first supervisor like ?
- How did you get your first job ? Your most recent job ?

Exhibit 6 (Continued)

For the following questions about personal traits, job titles may be changed to meet the needs of the interview :

- Who has greater responsibilities-a front desk agent or a reservation sales agent ? Why ?
- Have you ever had to deal with an angry guest who complains about everything ? if so, how did you work with the guest to resolve the issues ?
- What do you consider the main reason people in the position you are applying for leave their jobs ? What would you do to change this ?
- Suppose your supervisor insisted you learn a task in a certain way, when you know there is a better way. What would you do ?
- Have you ever had a supervisor show favoritism to certain employees ? How did you feel about this ?
- Of all your job experiences, what did you like the most ? Why ?
- When you go to a store to purchase something, what qualities do you look for in the sales person ?
- What was your biggest accomplishment on your last job ?
- What would you have changed about your last job if you had the opportunity ?
- If the opportunity was offered to you, would you return to your last employer ? Why or why not ?
- How much notice did you give your last employer when you decided to leave (or plan to give your current employer)?
- What strengths and weaknesses do you bring to this new position ?
- What frustrates you on the job ? How do you handle this frustration ?
- On your last performance review, what areas did your former supervisor mention need to be improved ? Why do you think the comment was made ?
- What three areas would you most like to improve about yourself ?
- What one thing have you done of which you are the proudest ? Why ?
- What is the funniest thing that has ever happened to you ?
- What is important to you about the job you are applying for ? Why ?

Questions for Managerial Candidates

- What type of training program did you have for your employees ? Who set it up and who implemented it ?
- What have you done on your last job to improve the performance of the department you supervised ? How was this measured ?
- What are the most important attributes of a manager ?
- What hotels were your biggest competitors ? What were their strengths and weaknesses ?
- How would your employees describe you as a supervisor ?
- How many people did you have to discipline on your last job ? Describe the circumstances. How do you feel about terminating employees ?
- What did you do to motivate your employees ?

8.4.2.3. Interview Evaluation. The sample interview evaluation form presented in Exhibit 7 lists some key traits for front office staff. Portions of this form should be structured according to front office staff. Portions of this form should be structured according to front office job specifications. The front office manager can use such a form to evaluate an applicant's strengths and weaknesses. After interviewing an applicant, the front office manager may use the form to compile a score based on the following criteria.

- 1 Applicants score zero if they meet an acceptable level of skill in a given area, or if the skill is not directly job-related.
- 1 Applicants score plus one or plus three according to the degree they surpass the acceptable level of skill in job-related area.
- 1 Applicants score minus one or minus three according to the degree they fail to meet the acceptable level of skill in a job-related area.

Every applicant possesses strengths and weaknesses. An interview evaluation form ensures that shortcomings in one area do not diminish an applicant's chances for further consideration. After evaluating all applicants, the manager should select and hire the best applicant for the position. Generally, the applicant who scores the highest on the interview evaluation form will probably make the best employee. Once an applicant is selected, the manager should inform other applicants who were interviewed that the position has been filled. Sometimes, an unsuccessful applicant for one position may be qualified for an alternative open position. If so, the manager should encourage the applicant to apply or can take the time to notify another department manager of a qualified applicant.

Managers should document all employment interviews, especially interviews for applicants who were not hired. These interviewer's personal notes should not become part of a candidate's job application file.

8.5 Key Terms

closed-ended questions—questions requiring only “yes” or “no” answers; should be limited to verifying information provided on the application or to obtaining facts.

compressed schedule—an adaptation of full-time work hours that enables an employee to work the equivalent of a standard workweek in fewer than the traditional five days.

cross-training—teaching employees to fill the requirements of more than one position.

external recruiting—a process in which managers seek outside applicants to fill open positions, perhaps through community activities, internship programs, networking, temporary agencies, or employment agencies.

flextime—a program of flexible work hours that allows employees to vary their times of starting and ending work.

8.6 Self Assessment Questions

1. How are job descriptions and job specifications used in the selection process ?
2. Where can a front office manager look for job applicants ? What methods can the manager use to find and recruit employees ?
3. What are the steps involved in conducting an interview ? What techniques and cautions should an interviewer keep in mind when asking interview questions ?

Lesson- 9**Hiring****9.0 Objective:**

2. To study Hiring, Orienting and Develop Skills Training

Structure:

- 9.1. Introduction
- 9.2. Job Offers
 - 9.2.1. Extending Offer.
 - 9.2.2. Negotiating the Offer
 - 9.2.3. Completing an Offer
- 9.3. Processing Personnel Records
- 9.4. Orienting
- 9.5. Skills Training
 - 9.5.1. Prepare to Train
 - 9.5.1.1. Analyze Jobs
 - 9.5.1.2. Job Knowledge
 - 9.5.1.3. Atask list
 - 9.5.1.4. A job breakdown
 - 9.5.1.5. Develop job Breakdowns
 - 9.5.1.6. Develop Department Training Plan
 - 9.5.2. Present the Training
 - 9.5.3. Practice Skills
- 9.6. Followup
 - 9.6.1. Continue Coaching on the job
 - 9.6.2. Give Constant Feedback
 - 9.6.3. Evaluate
 - 9.6.4. Get Employees Feedback
- 9.7 Key Terms
- 9.8 Self Assessment Questions

9.1. Introduction

The hiring period begins when an employer extends an offer to a prospective employee. Hiring involves making all the necessary arrangements to prepare the recruit and current employees for a successful working relationship, including processing personnel records. The hiring period lasts through the recruit's initial on-the-job adjustments. In some cases, job applicants may interview with several managers including shift supervisors, rooms division managers, and even the general manager before being hired. Applicants should be told of this process as part of the initial interview process, so that they will understand that more than one visit to the property may be required.

9.2. Job Offers

Since hiring requires a degree of skill and knowledge of complex labor laws, most front office managers rely on the human resources division or someone specifically designated by top management. When only one or two people are authorized to make employment offers, the hotel has greater control over how the job is represented and what pre-employment promises are made. The three steps of making and closing employment offers are extending, negotiating, and concluding.

9.2.1. Extending the Offer. A carefully worded offer can represent the beginning of a potential employee's commitment to the employer. To be sure the terms of the offer are clear and there is no misunderstanding, many hotels require written job offers. Successful employment offers depend on timing. The longer a front office manager waits to extend an offer, the less likely a candidate is to accept. In the interim, the applicant may lose enthusiasm or interest, or may have accepted a job somewhere else. Whenever possible, job offers should be extended in writing. Doing so can eliminate misunderstandings about the job title, job requirements, starting pay, or working schedule. A well-written job offer includes a signature line for the applicant to accept the offer. This signature line provides an acknowledgement by the applicant that he or she has read and understands the contents of the offer.

9.2.2. Negotiating the Offer. During the interview process, the front office manager should become familiar with an applicant's background and expectations. Many of the areas that sometimes become obstacles to job offers (such as pay, starting dates, and employment benefits) should be discussed. Management should negotiate a job offer only when it is reasonably certain the offer will be accepted.

Establishing a reasonable starting date informs recruits that the front office expects its employees to give proper notice before leaving a job. Hotels cannot expect employees to give proper notice when they do not allow potential recruits sufficient time to give proper notice to their current employer.

9.2.3. Completing an offer. Once an applicant accepts a job offer, the front office manager should assure the applicant that he or she has made the right decision. Recruits should be told that they are not expected to know everything about a job at the outset, but that management believes in the ability to handle the job successfully. Supervisors should immediately begin preparations for the recruit's arrival, including informing other front office staff about the new employee. Current employees should be told the new recruit's name, previous job experience, and starting date. The front office manager should meet with workshift leaders and encourage them to assist with the recruit's training and work relationships.

9.3. Processing Personnel Records

Processing new employees' personnel records before they start work helps prepare them for their new positions. Uniforms should be fitted and name tags ordered since these items are needed for the employee's first work day. If the employee needs the hotel to issue a cashier bank or other supplies, this should be arranged prior to the first day of work, if possible.

The tone of the processing period should be warm, caring, and professional. If it's too light, casual, or hectic, new employees may conclude that the hotel or front office is lax in its policies and procedures. Employees should learn what management expects in the way of service, as well as the goals of the front office and the hotel. Management will find the processing period an excellent time to discuss goals and expectations with new employees.

At this time, the front office manager or human resources division employee should also discuss time cards, pay procedures, house rules, reporting instructions, and uniforms. A checklist can ensure that all important points are covered. Many of these points will be reinforced during employee orientation.

9.4. Orienting

New employees should be given an orientation when they arrive for their first day of work. A well-planned and organized orientation helps new employees get off to a good start. Usually, the new employee's first days on a job are filled with anxiety. The front office manager should take full responsibility for orienting new front office employees.

Managers should plan to make the employee's transition into the new job as smooth as possible. Successful orientation programs often include a written agenda that the new employee can use as a reference. The agenda should tell the employee who he or she will meet, where to meet, the time to meet, and what will be discussed. At the least, the orientation should include information about :

- The hotel - its history, reputation for service, names of key management personnel, plans for growth, company policies, and chair information.
- The benefits-wages, insurance coverage, employee discounts, vacations, and paid holidays.
- The working conditions-applicable training schedules, work schedules, breaks, meal periods, overtime, safety, employee bulletin boards and log books, and social activities.
- The job-the tasks the job entails, how the job fits within the front office, how the front office fits within the hotel, and what performance standards are expected.
- The front office team-introductions to fellow employees, overview of the key responsibilities of each employee, and explanation of reporting structures.
- The rules and regulations-regarding, for example, smoking, entry and exit disciplinary action, and parking privileges.
- The building-the layout of the building, the location of the employee entrance, locker room, employee dining room, uniform room, front desk, and other important departments. In addi-

tion, front desk, reservations, and bell staff should be shown guestrooms, dining rooms, recreation areas, and meeting rooms to begin to understand the layout of guest areas.

Much of this information should appear in the employee manual or handbook. Time should be set aside during an employee's first day of work to complete all proof of citizenship or work permit, tax withholding, insurance, and similar work-related forms. Uniforms and lockers should be provided if they are part of the job. New employees should also be given a tour of the entire facility, especially the different types of guestrooms and meeting rooms. The tour should include the work area, time clocks, and locations of posted work schedules, supply areas, first aid kits, restrooms, and break areas. A tour of related departments will help reinforce an explanation of the workflow and need for teamwork. During the tour, the front office manager should introduce as many fellow staff members as possible.

Management should ensure that all revenue centres are shown to the recruit. The tour should also point out the locations of housekeeping, laundry, maintenance, accounting, and other important hotel departments. Among the most important to key managers, especially the general manager and the rooms division manager, if they were not part of the interview process. Such introductions can help make the recruit feel part of the team immediately. It also establishes recognition between management and staff.

9.5. Skills Training :

Ensuring that employees receive proper training is one of the front office manager's major responsibilities. This does not mean that the manager must necessarily be the trainer. The actual training functions may be delegated to trainers, to department supervisors, or even to talented line employees. However, the front office manager is responsible for ongoing training programs in the department.

Most managers and trainers understand that the goal of training is to help staff members develop skills to do your jobs well. Many managers and trainers, however, are not sure of the best way to train. Often, they need a framework for training. The four-step training method provides that framework. The four steps in the method are :

Job Knowledge for Front Office Employees (Exhibit 8)

Knowledge for Front Office Employees	Knowledge for Front Desk Employees
Quality of service	What is a front desk employee?
Bloodborne pathogens	Working as a team with coworkers and other
Personal appearance	other departments
Emergency situations	Target markets
Block and hold	Using guest room equipment and amenities
Recycling procedures	The telephone system
Guest workbooks	Point-of-sale equipment
Management identification	The front desk computer system
Property damage	Front desk printers
Employee policies	Room racks
The Americans with Disabilities Act	Types of reservations
Knowledge for Front Office Employees	Room inventory and occupancy terms
Telephone sources	Room rate terms
Security	Frequency program
Guest types	Check-in and check-out guidelines
Registration need	Room forecasts
Employee policies	Credit card approval procedures
Complaint information	Check approval procedures
Guest preferences	Credit check report
Additional guest services	Currency exchange
Elevator courtesy	Per stock system
Registration needs	VIPs
Preregistration	Present the training
Property damage	Follow-up

Job Knowledge for Front Office Employees (Exhibit 9)**FRONT DESK AGENT TASK LIST**

1. Use the front desk computer system
2. Use the front desk printers
3. Use the front desk telephone system
4. Use the facsimile machine
5. Use the photocopy machine
6. Organize the front desk and prepare for check-ins.
7. Use the front office log book
8. Prepare and use an arrivals list, Block and unblock rooms
10. Set up preregistrations
11. Begin guest check-in,
12. Establish the payment method during check-in.
13. Secure authorization for credit cards.

14. Issue and control guestroom keys/key cards
15. Finish guest check-in.
16. Use effective sales techniques
17. Preregister and check in group arrivals.
18. Show rooms to potential guests
19. Use a waiting list when rooms are not ready for check -in.
20. Relocate guests in sold-out situations
21. Use a manual room rack system
22. Process room changes
23. process safe deposit box transactions for guests
24. Prepare a cash-only report for outlets
25. Run and follow up on credit check reports,
26. Process guest mail, packages, telegrams and faxes
27. Maintain a guest information directory
28. Prepare maps and provide directions
29. Help guests with special requests
30. Respond to questions about services and events
31. Handle guest service problems
32. Cash checks for guests
33. Pick up, use, and turn in cash bank
34. Post guest charges and payments
35. Follow guest privacy and security measures
36. Process wake-up call requests
37. Operate the pay movie system
38. Process guaranteed no-shows
39. Update room status
40. Help guests make future reservations
41. Process guest check-outs
42. Adjust disputed guest charges
43. Transfer allowable guest charges
44. Process automatic check-outs
45. Handle late guest check-outs
46. Process late charges
47. Keep the front desk clean and orderly
48. Reconcile room status with the p.m. housekeeping report
49. Prepare a current status report
50. Perform bucket or tub checks
51. Inventory and requisition front desk supplies
52. Complete and turn in the shift checklist
53. Respond to situations requiring first aid.
54. Respond to emergency alarms.

Source : Hospitality Skills Training Series, Front Desk Employee Guide (East Lansing, Mich. : Educational Institute of the American Hotel & Lodging association)

9.5.1. Prepare to Train

Preparation is essential for successful training. Without adequate preparation, the training will lack a logical sequence and key details of the job may be omitted. Before training begins, the front office manager must analyze the job and assess the training needs of the staff.

9.5.1.1. Analyze Jobs. The foundation for training and for preventing performance problems is job analysis. **Job analysis** is determining what knowledge staff members must have, what tasks they need to perform, and the standards at which they must perform them. Without a complete knowledge of what each staff member is expected to do, you can't train properly. Job analysis involves three steps : identifying job knowledge, creating a task list, and developing a job breakdown for each task performed by front office positions. The knowledge, lists, and breakdown also form an efficient system for evaluating performance.

9.5.1.2. Job knowledge identifies what a staff member needs to know to perform his or her job. Job knowledge can be divided into three categories. Knowledge for all hotel employees, knowledge for front office employees, and knowledge specific to a position like a front desk agent. Exhibit 8 lists topics that might be covered with all hotel employees, topics relevant for all front office employees, and knowledge requirements for front desk agents.

9.5.1.3. A task list should reflect the total job responsibility of a position. Exhibit 9 presents a sample task list for a front desk agent. Note that each line on the sample task list begins with a verb. This format stresses action and clearly indicates to a staff member what he or she will be responsible for doing. Wherever possible, tasks should be listed in an order that reflects the logical sequence of daily responsibilities.

9.5.1.4. A job breakdown includes a list of needed equipment and supplies, steps, how-to's, and tips explaining how to complete a single task. The job breakdown format can vary to suit the needs and requirements of individual operations. Exhibit 10 presents a sample job breakdown for task # 16, Use Effective Sales Techniques, listed in Exhibit 9.

Exhibit 10 (Continued)

STEPS	HOW-TO'S	TIPS
3. Suggest property promotions.	<ul style="list-style-type: none"> ○ Listen to guests. If they specifically ask for a restaurant outside the lodging property, suggest local establishments ○ Suggest the lounge if guests are looking for a place to unwind ○ Stay informed about changes in menus, hours, and entertainment. Guests expect about your property. ○ Ask your supervisor which promotions are available at your property ○ Study the features and benefits of each promotions ○ Enthusiastically describe programs that may meet guest's needs. ○ Give guests any brochures and other promotional material available 	<p>See "Restaurant Menus" in Knowledge for All Front Office Employees.</p> <p>Guests like to feel that they are getting "freebies" or "special deals".</p> <p>so they can hold meetings.</p>

Source : Hospitality Skills Training Series, Front Desk Employee Guide (East Lansing, Mich. : Educational Institute of the American Hotel & Lodging Association)

Each member of the front office staff should know the standards that will be used to measure his or her job performance. Therefore, it is important to break down job tasks and document the standards. In order to serve as performance standard, each task must be observable and measurable. Exhibit 11 shows a sample Training Needs Evaluation for Current Employees form that can be used as a performance evaluation. The front office manager (or the supervising manager) conducting a performance evaluation should be able to simply check the box matching the staff member's performance. Performance evaluations should be held frequently for new employees. These evaluations should be reinforcing sessions, focusing on areas of success as well as areas or required improvement. As less frequently until they are fully trained.

Sample Training needs Evaluation Form (Exhibit 11)**Training Needs Evaluation for Current Employees :**

How well are your current employees performing ? Use this form to observe and rate their work.

Part 1 : Job Knowledge

Rate the employee's knowledge of each of the following topics :	Well Below Standard	Slightly Below Standard	At Standard	Above Standard
Knowledge for All Employees				
Quality Guest Service				
Bloodborne Pathogens				
Emergency Situations				
Lost and Found				
Recycling Procedures				
Safe Work Habits				
Manager on Duty				
Your Property's Fact Sheet				
Employee Policies				
The Americans with Disabilities Act				
Employees				
Telephone Courtesy				
Security				
Guestroom Types				
Maintenance Needs				
Property Policies				
Your Community				
Giving Directions				
Transportation to the Airport				
Elevator Courtesy				
Restaurant Menus				
OSHA Regulations				
Employees				
What is a Front Desk Employee ?				
Working as a Team with Co-Workers and Other Departments				
Target Markets				

Exhibit 11 (continued)

Training Needs Evaluation for Current Employees (continued)

Part 1 : Job Knowledge (continued)

Rate the employee's knowledge of each of the following topics :	Well Below Standard	Slightly Below Standard	At Standard	Above Standard
Using Guestroom Equipment and Amenities				
The Telephone System				
Point-of-Sale Equipment				
The Front Desk Computer System				
Front Desk Printers				
Room Racks				
Types of Reservations				
Room Inventory and Occupancy Terms				
Room Rate Terms				
Room Status Terms				
Frequent Flyer Program				
Check-in and Check-out Guidelines				
Room Forecasts				
Credit Card Approval Procedures				
Check Approval Procedures				
Credit Check Report				
Current Exchange				
Par Stock System				
VIPS				

9.5.1.5. Develop Job Breakdowns : If one person in the front office is assigned the responsibility of writing every job breakdown, the job may never get done, unless the operations is very small with a limited number of tasks. Some of the best job breakdowns are written by those who actually perform the tasks. In properties with large staffs, standards groups can be formed to handle the writing tasks. Group members should include department supervisors and several experienced employees. In smaller properties, experienced staff members might be assigned to write the job breakdowns alone.

Most hotels have a policy and procedures manual. Although this manual rarely contains the detail necessary to set up effective training and evaluation programs, portions of it may be helpful to members of a standards group as they write job breakdowns for each department position. For example, if the procedure sections of the manual include job descriptions and job specifications, they may help a standards group in writing job lists and performance standards. The policy sections may be helpful sources of a additional information that can be included in the job breakdowns.

Exhibit 11 (continued)

Training Needs Evaluation for Current Employees (continued)				
Part 2 : Job Knowledge				
Rate the employee's skills in performing each of the following tasks :	Well below Standard	Slightly Below Standard	At Standard	Above Standard
Use the Front Desk Computer System				
Use the Front Desk Printers				
Use the Front Desk Telephone System				
Use the Facsimile Machine				
Use the Photocopy Machine				
Organize the Front Desk and Prepare for Check-ins				
Use the Front Office Logbook				
Prepare and Use an Arrivals List				
Block and Unblock Rooms				
Set up Preregistrations				
Begins Guest Check-in				
Establish the Payment Method During Check-in				
Secure Authorization for Credit Cards				
Issue and Control guestroom Keys				
Finish Guest Check-in				
Use Effective Sales Techniques				
Preregister and Check in Group Arrivals				
Show Rooms to Potential Guests				
Use a Waiting List When Rooms Are Not Ready for Check-in				
Relocate Guests in Sold-out Situations				
Use a Manual Room Rack System				
Process Room Changes				
Process Safe-Deposit-Box Transactions for Guests				
Prepare a Cash-Only Report for Outlets				
Run and Follow Up on Credit Check Reports				
Process Guest Mail, Packages, Telegrams, and Faxes				
Maintain a Guest Information Directory				

Exhibit 11 (continued)

Training Needs Evaluation for Current Employees (continued)				
Part 2 : Job Knowledge (continued)				
Rate the employee's skills in performing each of the following tasks :	Well Below Standard	Slightly Below Standard	At Standard	Above Standard
Prepare Maps and Provide Directions				
Help Guests With Special Requests				
Respond to Questions About Services and Events				
Handle Guest Service Problems				
Cash Checks for Guests				
Pick Up, Use, and Turn In Your Cash Bank				
Post Guest Charges and Payments				
Follow Guest Privacy and Security Measures				
Process Wake-Up Calls				
Operate the Pay Movie System				
Process Guaranteed No-Shows				
Update Room Status				
Help Guests Check-Outs at the Desk				
Adjust Disputed Guest Charges				
Transfer Allowable Guest Charges				
Process Automatic Check-Outs				
Handle Late Guest Check-Outs				
Process Late Charges				
Keep the Front Desk Clean and Orderly				
Reconcile Room Status With the P.M. Housekeeping Report				
Prepare a Current Status Report				
Perform Bucket or Tub Checks				
Inventory and Requisition Front Desk Supplies				
Complete and Turn In the Shift Checklist				
Respond to Situations Requiring First Aid				
Respond to Emergency Alarms				

Source : Hospitality Skills Training Series, Front Desk Employee Guide (East Lansing, Mich. : Educational Institute of the American Hotel & Lodging Association)

Most hotels have a policy and procedures manual. Although this manual rarely contains the detail necessary to set up effective training and evaluation programs, portions of it may be helpful to members of a standards group as they write job breakdowns for each department position. For example, if the procedure sections of the manual include job descriptions and job specifications, they may help a standards group in writing job lists and performance standards. The policy sections may be helpful sources of a additional information that can be included in the job breakdowns.

The job breakdowns for tasks that involve the use of equipment may already be written in the operating manuals supplied by vendors. Standards groups should not have to write performance standards for operating the front desk computer system. Instead, the standards group may simply refer to (or even attach) appropriate pages from the operating manual supplied by the vendor for in-house training.

Developing job breakdowns involves breaking down each task on each front office job list by writing the performance standards that state the specific observable and measurable steps a staff member must take to accomplish the task. The front office manager should assist the standards group in writing performance standards for at least two or three positions. While assisting the group, the manager should stress that each performance standard must be observable and measurable. The value of each performance standard can be tested by asking whether a supervisor or manager can evaluate a staff member's performance by simply checking a "Yes" or "No" in the performance review column. Sometimes measurable performance standards include written tests to verify employees have the required knowledge. These tests should be easy to administer, using mostly multiple choice, true/false and fill in the blank type questions.

After the standards group has written job breakdowns for two or three tasks, the writing of job breakdowns for the other tasks should be assigned to individual members of the group. Within a specified time, they should submit their work to the front office manager, who then assembles the breakdowns, has them processed into a single format (perhaps similar to that shown in Exhibit 10 or in the appendix of this chapter) and provides copies to all of the group's members. A final meeting can then be held, with the standards group carefully analyzing the breakdowns for each position. After the job breakdowns have been finalized, they should be used immediately to train the front office staff.

Analyze New Employee Training Needs. The task list is an excellent tool with which to plan employee training. Realistically, new staff members cannot be expected to learn all of the tasks before the first day on the job. Before you began training, study the task list. Then, rate each task according to whether it should be mastered (1) before working alone on the job; (2) within two weeks on the job; or (3) within two months on the job.

Select several of the tasks that you rated as "1" and plan to cover those in the first training session. After the employee understands and can perform these teach the remaining tasks in subsequent training sessions until the new staff member has learned all of the tasks.

Once you've decided which tasks you'll teach in each training session, turn to the job breakdowns. Think of the job breakdown for each task as a lesson plan for training or as learning guide for self-directed study. Because the job breakdowns list all the steps staff members must perform, they tell exactly what needs to be done during the training. Job breakdowns can direct the instruction and make sure that critical points or steps are not overlooked.

The knowledge a staff member must know is usually written on a single page. Assign new employees nine or ten knowledge sections or job breakdowns at a time to study. Do not ask an employee to read all the knowledge sections and all the job breakdowns at once. This will overwhelm the employee and he or she won't remember enough information to perform the job well.

Analyze Current Employee Training Needs. Front office managers sometimes feel that there's problem with an employee's work or with several employees' work, but they're not exactly sure what it is; or they feel that something's not quite right with the staff, but don't know where to start making improvements. A training-needs assessment can help uncover a staff member's weaknesses as well as weaknesses of an entire staff. To conduct a needs assessment of a single employee, observe present performance for two or three days and record it on a copy of a form similar to the one in Exhibit 11. Areas in which the employee scores poorly are those you'll want to target when you plan refresher training.

9.5.1.6. Develop Department Training Plan. It's a good idea to make a training plan four times a year, every three months or so. And it's best to complete each plan one more before the beginning of each quarter. Follow these steps to prepare for training sessions :

- Carefully review all knowledge sections and job breakdowns that you will use in training.
- Make a copy of each knowledge section and job breakdown for each trainee.
- Establish a training schedule. This will depend on whom you are training and the training method you use. Remember to limit each training session's information to what employees can understand and remember.
- Select a training time and location. When possible, conduct training at the appropriate work stations during slow business hours.
- Notify the employee or employees of the dates and times of the training sessions.
- Practice your presentation.
- Gather all the necessary supplies for demonstrating tasks.

9.5.2. Present the Training

Well-developed job breakdowns provide all the information you need to conduct the "present" step of the four-step training method. Use the job breakdowns as a training guide. Follow the sequence of each step in each job breakdown. For each step, show and tell staff members what to do, how to do it, and why the details are important.

Give them a chance to prepare. Let new employees study the task list to get an overview of all the tasks they will learn to perform. If possible, give the list to them at least one day before the first training session. At least a day before each training session, let new and current employees review the job breakdowns that you plan to cover in that session. Then begin each training session by going over what they will do. Let them know how long activities will take and when their breaks will be.

As you explain the steps, demonstrate them. Make sure staff members can see exactly what you are doing. Encourage them to ask questions whenever they need more information. Be sure take enough time when presenting your training. Go slowly and carefully. Be patient if staff members don't understand right away. Go over all the steps at least two times. When you show a step a second time, ask them questions to see if they understand. Repeat the steps as many times as necessary. Avoid jargon. Use words that employees who are new to the hospitality industry or your property can understand. They can pick up the jargon later.

9.5.3. Practice Skills

When the trainer and trainees agree that they are familiar with the job and able to complete the steps acceptably, trainees should try to perform the tasks alone. Immediate practice results in good work habits. Have each trainee demonstrate each step of the task presented during the training session. This tells you whether they really do understand. Resist the urge to do the tasks for the employees.

Coaching will help staff members gain the skill and confidence necessary to perform the job. Compliment employees immediately after correct performance. Gently correct them when you observe problems. Bad habits formed at this stage of the training may be very difficult to break later. Be sure that the trainee understand can explain not only how to perform each step, but also the purpose of each step.

9.6. Follow Up

There are a number of things you can do to make it easier for your employees to carry skills over to the workplace after training. Some of these options include :

- Provide opportunities to use and demonstrate new skills during the after training.
- Have employees discuss the training with their co-workers.
- Provide ongoing, open communication on progress and concerns.

9.6.1. Continue Coaching on the Job. While training helps employees learn new knowledge and develop new skills and attitudes, coaching focuses on the actual on-the-job application of what has been learned in the training sessions. As a coach, you challenge, encourage, correct, and positively reinforce the knowledge, skills, and attitude learned during the training session. On-the-job coaching tips include :

- Observe employees while they work to ensure that they are performing tasks correctly and let them know when they do something exceptionally well.
- Make casual suggestions to correct minor problems.
- Tactfully correct employees when they make major mistakes. Typically the best way to do this is in a quiet location, when neither of you is busy.
- If an employee is using an unsafe procedure, correct the problem right away.

9.6.2. Give Constant Feedback : Feedback is when you tell employees how well they are performing. Two types of feedback are positive feedback, which recognizes a job well done, and

redirective feedback, which recognizes incorrect performance and reviews how the employees can improve. Some tips for giving both types of feedback include :

- Let employees know what they are doing correctly and incorrectly.
- Tell employees when they perform well after training. This will help them remember what they learn. It will also encourage them to use those behaviors and that information on the job.
- If employees are not meeting performance standards, first compliment them for the tasks they are doing correctly. Then, show them how to correct their bad habits, and explain why it's important that they do so.
- Be specific. Describe behaviour by stating exactly what the employee said and did.
- Choose your words carefully; you want to sound helpful, not demanding.
- Don't say, "You used quality guest service when you asked the guest who seemed lost if you could help, but you should have known the restaurant's hours of operation. Study your copy of the property's fact sheet".
- Do say, "You used quality guest service when you asked the guest who seemed lost if you could help, and you could give even better service by learning the restaurant's and other facilities' hours of operation. Let me get you another copy of the property's fact sheet."
- Make sure you understand what the employee is saying. Say something such as, "What I'm hearing you say is...."
- Make sure the employee understands your message. Say something such as, "I'm not sure I explained everything clearly. Let me hear what you think I said".
- Always be sincere and tactful with your comments. Employees appreciate an honest compliment about a specific behaviour. And no one likes to be embarrassed or put down by criticism.
- Tell employees where to find help when you are not available.

9.6.3. Evaluate : Evaluate employees' progress. Use the task list as a checklist to confirm that all tasks have been mastered. Provide further training and practice for tasks that have not been mastered.

9.6.4. Get Employees' Feedback. Let employees evaluate the training they received. This can help you improve your training efforts for them and other employees. Keep training records for each person who receives training. Track each employee's training history and keep a copy of a training log in that employee's personnel file.

9.7. Key Terms

hiring period—the time directly after an employment offer has been made through the new-hire's initial adjustments to the job; this period involves all arrangements necessary to prepare the new-hire and current staff for a successful working relationship.

incentive program—a program offering special recognition and rewards to employees based on their ability to meet certain conditions; programs vary in structure and design and are a way to award exceptional performance.

internal recruiting—a process in which managers recruit job candidates from within a department or property; methods include cross-training, succession planning, posting job openings, and keeping a call-back list.

job analysing—determining what knowledge each position needs, what tasks each position needs to perform, and the standards at which the employee must perform the tasks.

job breakdown—a form that details how the technical duties of a job should be performed.

job description—a detailed list identifying all the key duties of a job as well as reporting relationships, additional responsibilities, working conditions, and any necessary equipment and materials.

job knowledge— information that an employee must understand in order to perform his or her tasks.

9.8 Self Assessment Questions

1. What points should be covered in an employee orientation ?
2. How does a job breakdown expand on the information contained in a job list ? What steps are involved in developing job breakdowns ?
3. Why is preparation for training important ? How can trainers prepare for training ? What guidelines can help trainers effectively train ?

Lesson- 10**Staff Scheduling****10.0 Objectives:**

To Study Staff Scheduling, Develop Staff motivation.

Structure:

- 10.1. Introduction
- 10.2. Alternative Scheduling Techniques
 - 10.2.1. Part time Scheduling
 - 10.2.2. Flextime Scheduling
 - 10.2.3. Compressed Schedules
 - 10.2.4. Job Sharing
- 10.3. Staff Motivation
- 10.4. Training
 - 10.4.1. Cross- Training
 - 10.4.2. Recognition
 - 10.4.3. Communication
- 10.5. Incentive Programs
 - 10.5.1. Performance Appraisals
- 10.6. Summary
- 10.7 Key Terms
- 10.8 Self Assessment Questions
- 10.9 Case Study

10.1 Introduction

Employee scheduling is one of the most challenging tasks confronting a front office manager. Scheduling can be extremely complex, especially when front office staff has been trained to perform only specific tasks. For example, a front desk agent should not be scheduled as a switchboard operator when he or she has had no switchboard training.

Employee scheduling affects payroll costs, employee productivity, and morale. The more cross-training that occurs within the front office, the fewer staff required to perform front office tasks. Staffing flexibility is the direct result of proper training in several areas. Cross-training provides front office staff with expanded job knowledge and a broader range of skills. Many employees find work more interesting when they are trained to do several tasks. When staff see their skills improving and expanding, they feel more confident, the result for the front office is improved employee morale. Good morale has a way of spreading throughout the entire staff.

Front office managers must be sensitive to the scheduling needs of their staff. For example, hourly staff may request a varied schedule to avoid working hours that conflict with school classes. Some front office staff may ask to work varied shifts to learn the unique challenges posed by each shift. Some front office managers base employee scheduling on seniority. Others base their schedules on other criteria and preferences. Both methods are fair, but the front office manager must be consistent in applying scheduling criteria and attentive to each staff member's needs to determine a workable schedule.

While being sensitive to employee needs, the front office manager must also keep the needs of the front office in mind. Scheduling employees on days when they are available but not needed can be an unnecessary financial burden to the hotel.

Front office managers may find the following tips helpful when developing staffing schedules.

- A schedule should cover a full workweek, typically defined as Sunday through Saturday. The schedule should be developed using the business forecast of the hotel. Front desk and uniformed service operations usually schedule staff based upon the number of check-ins and check-outs expected each day. The reservations office usually schedules based upon when reservation traffic is expected. This may take some coordination with the sales department. For example, the sales department may have an advertisement in the Sunday travel section of newspapers. Readers may want to make their reservations immediately, so someone should be scheduled at the hotel to take calls and inquiries.
- Schedules should be posted at least three days before the beginning of the next workweek. Some states require schedules be posted five days or more before the beginning of the next work period. It is also essential that the front office manager understand laws pertaining to overtime hours and pay.
- Days off, vacation time, and requested days off should be indicated on the posted work schedule. Employees should be familiar with the required lead time to submit a vacation request.
- The work schedule for the current week should be reviewed daily in relation to anticipated

business volume and unanticipated changes in staff availability. If necessary, changes to the schedule should be made.

- Any scheduling changes should be noted directly on the posted work schedule.
- A copy of the posted work schedule can be used to monitor the daily attendance of employees. This copy should be retained as part of the department's permanent records.

10.2 Alternative Scheduling Techniques

Alternative scheduling involves a staffing schedule that varies from a typical 9 A.M. to 5 P.M. workday. Variations include part-time and flextime hours, compressed schedules, and job sharing.

10.2.1. Part-Time scheduling. Part-time staff frequently include students, new or young parents, retirees, and other individuals who choose not to work full-time. Employing part-time staff can provide the front office with extra flexibility in scheduling. It can also help reduce labor costs since expenses attributable to benefits and overtime usually decrease.

10.2.2. Flextime Scheduling. Flextime planning allows employees to vary the time they begin and end work shifts. Each shift has certain hours when all scheduled staff must be present. Staffing needs during the rest of the shift can vary. The front office manager must ensure that each hour of the day is adequately covered. Flextime can enhance staff morale, productivity, and job satisfaction. Moreover, front offices with flextime arrangements can sometimes attract a larger number of high quality employees. Most front office managers use flextime in one form or another to cover the varying workloads of all shifts. For example, traditional shifts at the front desk are from 7 A.M. to 3 P.M. and 3 P.M. until 11 P.M. Due to heavy check-in-traffic, however, it may be more beneficial to schedule one or two employees on a noon to 8 P.M. shift. Airport hotels may have a 6 A.M. to 2 P.M. shift to cover early morning departures.

10.2.3. Compressed Schedules. Compressed schedules offer employees the opportunity to work the equivalent of a standard work week in fewer than the usual number of days. One popular arrangement condenses the 40-hour work week into four 10-hour days. Compressed schedules tend to be somewhat inflexible. Front office staff members may prefer inflexible hours within a four-day week to flexible hours within a five-day week. Benefits from the employer's point-of-view include enhanced employee morale and reduced absenteeism. Front office managers should be cautious when considering the adoption of compressed schedules. In some states, employees qualify for overtime by working more than eight hours a day, even though their total work week may not exceed 40 hours.

10.2.4. Job Sharing. In job sharing, the combined efforts of two or more part-time employees fulfill the duties and responsibilities of one full-time job. Usually, the staff members who share a job work different hours and often different shift portions. Some overlap is desired so staff can exchange information, solve problems or simply ensure a smooth workflow. Job sharing can lessen department turnover and absenteeism, as well as increase staff morale. The front office also benefits since even if one job-sharing partner terminates employment, the other may be likely to stay and help train a new partner.

It should be noted that all of the scheduling techniques discussed above must be done with certain restrictions in mind. In hotels where the hourly staff is represented by unions, there may be work scheduling rules that limit the flexibility of schedules or require overtime pay after eight

hours are worked on any given day. In other cases, state and federal wage and hour laws may place some limitations on scheduling. Before a front office manager begins scheduling employees, the he or she should have a thorough knowledge of these union contract rules and work regulations.

10.3. Staff Motivation :

Front office managers should strive to create a work environment that fosters the professional development and growth of the staff. To do so, management must provide training, guidance, instruction, discipline, evaluation, direction, and leadership. When the front office lacks these basic elements, staff may become passive, critical, and indifferent to the hotel's objectives. Such feelings may manifest themselves in absenteeism, poor productivity, and high employee turnover.

With the current changes in the labor market and the high cost of employee turnover, the front office must seek ways to retain effective staff. One way to meet this major challenge is to practice strong motivational techniques.

Motivation can mean many different things. For the purpose of this text, motivation means the art of stimulating a front office staff member's interest in a particular job, project, or subject to the extent that he or she is challenged to be continuously attentive, observant, concerned, and committed. Motivation is the result of satisfying human needs associated with personal worth, value, and belonging. In the front office, the outcome of motivation should be that a staff member's sense of worth, value, and belonging has improved from taking part in a particular activity. A front office staff member who receives recognition for contributions he or she makes to the front office's success is typically a highly motivated top performer.

A front office manager can motivate front office staff in a number of ways, including training, cross-training, recognition, communication, and incentive programs.

10.4. Training

One of the most effective ways to motivate employees is to train them. Training informs employees that management cares enough to provide the necessary instruction and direction to ensure their success. Successful training includes information not only about the job tasks and duties (the "what to do" on a job), but also about the company culture (the "why tasks are done certain way" on the job). The what and why must tie together. If the employee does not know why a job is done a certain way, he or she will not really understand the job. This can lead to poor job performance and friction between employees. When employees understand the culture, they become part of it and support it.

Training significantly reduces the frustration front office staff experience when they do not know that is expected of them. Effective training educates staff about performance expectations, required tasks, and equipment. The investment in training pays off because it makes employees more productive and efficient, as well as easier to manage.

10.4.1. Cross-Training

Cross-training simply means teaching an employee's job functions other than those he or she was hired to perform. Cross-training has many advantages for both front office management and staff.

For the employee, cross-training can offer an opportunity to acquire additional work skills. For the manager, cross-training increases flexibility in scheduling. Cross-trained employees are more valuable since they can perform several job functions. Finally, cross-training can be a valuable motivational tool that removes many of the obstacles associated with professional growth and advancement.

10.4.2. Recognition

When guests make positive comments about a front office staff member or select the hotel for a return stay, it usually reflects guest satisfaction. Front office management should communicate positive feedback to staff as recognition for a job well done. Graphs and charts which depict improvements in revenues, achievements, occupancy, and guest satisfaction can also be effective motivators.

Guest, managerial, and peer recognition are strong staff motivators. Many hotels solicit guest feedback through comment cards. Comment cards may be handed out at the front desk or placed in guestrooms, dining rooms, or other areas. Comment cards frequently ask guests to mention employees who have provided employee bulletin boards, especially those complimenting individual staff efforts.

The front office may offer incentives to staff who are favorably recognized by guests. For example, a front desk agent who is mentioned through guest comment cards, comments to managers, or letters to the front office may receive dinner in the hotel dining room or a gift certificate.

Another popular form of recognition is an employee-of-the-month program. A front office staff member of the month may be selected by front office management or the front office staff. Usually, an employee qualifies for this honor by demonstrating extraordinary commitment to the front office, its standards, and its goals. The front office employee of the month usually receives a prize certificate or a plaque.

10.4.3. Communication

Keeping employees informed about front office operations helps produce positive results. Staffs who are informed about upcoming events tend to feel a greater sense of belonging and value.

A front office newsletter or bulletin can be an excellent way to establish and maintain formal communications. Articles included in such a newsletter might be job-related or personal, including such topics as :

- Job opening announcements
- Arriving, or in-house, VIPs and special events in the hotel
- Promotion, transfer, resignation, and retirement announcements
- New recruit announcements
- Performance tips
- Special recognition awards
- Birthday, marriage, engagement, and birth announcements
- Upcoming event information

A front office area bulletin board provides an opportunity to post schedules, memorandum, announcements, VIPs in house or arriving, group functions, regular training reminders, and other pertinent information. Bulletin boards are most effective when they are in an area accessible to all front office staff and when employees regularly review the information. In many hotels, employee bulletin boards may be the only source of day-to-day information employees need to do their job properly.

10.5. Incentive Programs

Employees deserve special appreciation of the work they perform. An incentive program is one of the most effective ways to acknowledge staff members who excel in their work. Incentive programs vary in structure and design and often are an excellent way to reward exceptional performance. The front office should develop and establish incentive programs that result in a situation which is beneficial to guests, the employees, and the front office. An effective incentive program should challenge the staff and create a spirit of competition.

A well designed front office incentive program should :

- Recognize and reward exceptional staff performance
- Increase staff productivity
- Demonstrate commitment to guest satisfaction
- Promote staff participation in revenue and service improvement through suggestions for improvement

Front office managers should consider the following basic guidelines when developing an incentive program :

- Develop an incentive program that is appropriate and specific to the front office.
- Outline the specific goals and objectives for the program.
- Define the conditions and requirements which front office staff must meet to receive recognition and rewards.
- Brainstorm a variety of rewards and obtain the necessary approvals for any expenditures.
- Determine the date and time the program will begin. Every staff member should participate. Front managers should be sure to design a program that is fun, realistic, and creative.

Rewards front office management typically consider are :

- Commendation letters
- Certificates of appreciation
- Public photo display (with the staff member and general manager and / or front office manager)
- Recognition dinners or events

- Gift certificates
- Complimentary weekend packages
- Special parking privileges
- Recognition plaques

Successful incentive programs also provide staff with feedback about goal attainment. For example, charts posted on the front office bulletin board that show individual progress may be very motivational for a reward-oriented incentive program. Goals should be challenging, but should not be so unrealistic that they appear unachievable. Unrealistic goals can frustrate employees and destroy the motivational value of the incentive program.

Front office incentive programs usually center on enhanced occupancy, room revenue, average rate, and guest satisfaction. Conducting one incentive program at a time will help staff focus on specific goals. For example, the front office manager may develop an incentive program directed at increasing the average daily rate or occupancy. Staff may work toward achieving a specific occupancy percentage or a specific average daily rate. The incentive should last for a specific time period. After this time period elapses, the incentive program should end. During a slow season, for instance, the front office manager may want to concentrate on building occupancy. During peak periods, the front office manager may implement an incentive program to maximize the average daily rate through upselling at the front desk.

10.5.1. Performance Appraisals

Front office staff needs to feel secure with respect to their job performance. The interaction between front office staff and management can affect an employee's self-image and job perception. Like the employee evaluations discussed earlier in this chapter, a performance appraisal is one of the most effective techniques a manager can use to enhance motivation and morale.

A performance appraisal :

- Provides each front office staff members with formal written feedback on his or her job performance.
- Identifies strengths and a weakness in performance and provides plans and actions for improvement.
- Gives the manager and each employee the opportunity to develop specific goals and progress dates.
- Recognizes and rewards outstanding performance through possible promotions, wage increases, and additional responsibilities.
- Helps identify employee compatibility with a specific work position.

Front office managers will discover there are many methods and techniques for evaluating staff performance. Although most hotel companies have performance appraisal programs, each front office manager should tailor an appraisal program to meet the department's goals and objectives. Normally, an effective performance appraisal focuses on an employee's job performance and the steps the employees can follow to improve their skills and performance. Performance ap-

appraisals should be fair, objective, informative, and positive. When the appraisal process is complete, the employee should clearly understand what he or she is doing well and where he or she needs to improve. Every employee should receive an appraisal at least once a year.

Many front office managers use written performance appraisal forms and procedures. Written appraisals can be very supportive and beneficial when employee counseling or termination are necessary. Written job evaluations that are acknowledged and signed by the staff members should be placed in the employee's personnel file. The form may also include an area for the employee to add his or her own comments and, perhaps, identify what other positions he or she would like to be considered for in the future. A plan of action can then be developed between the supervisor and employee to prepare for the next position. Written appraisal forms are also important because they protect employers from legal action in case an employee feels they have been treated unfairly. There is much less chance of a legal problem when a hotel can show the history of work and disciplinary issues with an employee and what the hotel did to try to correct the situation.

10.6. Summary

The nature of the work force has changed, as have the techniques and laws that govern its management. Front office managers must recognize these changes in order to better manage and direct the efforts of the front office staff.

Employee recruitment is the process of seeking and screening qualified applicants to fill positions. The process involves communicating job vacancies and interviewing and evaluating applicants. Internal recruiting—the promotion of current employees—can enhance front office morale and productivity. Internal recruiting includes cross-training, succession planning, posting job openings on the premises, rewarding employees for job performance, and keeping a call-back list. External recruiting includes networking, contacting temporary employment agencies, and following up on employee referrals. Federal, state, and local government programs encourage properties to recruit individuals from designated groups by offering tax benefits.

Job descriptions and job specifications are important selection tools. A job description lists all the tasks and related information that make up a work position. Job specifications list and describe the personal qualities, skills, traits, educational background, and experience needed to successfully perform the tasks outlined by a job description.

A job application form should be simple to fill out and should require applicants to provide only information that determines how suitable the person may be for the job. Front office managers evaluate job applicants by reviewing completed job applications forms, checking applicant references, and interviewing selected applicants. Managers should check references to verify an applicant's claims.

A job interviewer should be an objective judge of people, a positive role model, a skillful communicator, and a good sales person. Managers and interviewers should know what to ask and what not to ask; many types of questions are illegal. After an applicant is interviewed, the applicant should be evaluated. The use of an interview evaluation form will help ensure that shortcomings in one area do not unduly diminish an applicant's chances for further consideration.

Hiring involves making all the necessary arrangements to prepare the new employee and current staff for a successful working relationship. The hiring period lasts throughout the new

employee's initial adjustment to the job. Since hiring requires knowledge of complex employment and labor laws, most hotels rely on the human resources division or someone specifically designated by top management.

New employees should be given an orientation when they arrive for their first day of work. The front office manager should take full responsibility for orienting new front office employees.

A critical responsibility of the front office manager is ensuring that employees receive proper training. Training can be guided by job lists, which list the tasks that the person in a position must perform. Job breakdowns specify how each task on a job list should be performed. The job breakdown can serve as a training guide and as a tool for evaluating performance. The front office manager can use performance evaluations based on job breakdowns to identify an employee's training needs.

Scheduling employees is one of the most complex and difficult tasks a front office manager faces. Employee scheduling affects payroll costs, productivity, and morale. Staffing flexibility can be achieved by cross-training employees. Cross-training lowers labor costs and provides employees with expanded job knowledge and a broader range of skills.

Front office management should strive to create a work environment that fosters the professional development and growth of employees. To do so, management should provide training, guidance, instruction, discipline, evaluation, direction, and leadership. When an organization lacks these basic elements, employees may become passive, critical, and indifferent to the company's objectives. Such feelings manifest themselves in absenteeism, poor productivity, and high employee turnover.

10.7 Key Terms.

job sharing— an arrangement by which two or more part-time employees share the responsibilities of one full-time position.

job specifications— a list of the personal qualities, skills, and traits needed to successfully perform the tasks outlined by job description.

motivation— stimulating a person's interest in a particular job, project, or subject so that the individual is challenged to be continually attentive, observant, concerned, and committed.

open-ended questions— questions requiring more than a "yes" or "no" answer; should lead to detailed responses.

orientation— the period of time devoted to teaching a new employee the basic elements of the job, including the skills and information required to perform the job.

performance appraisal— the process by which an employee is periodically evaluated by his or her manager or supervisor to assess job performance and to discuss steps the employee can take to improve job skills and performance.

performance standard— a required level of performance that establishes the acceptable quality of work.

recruitment— the process by which qualified applicants are sought and screened to fill currently

or soon-to-be-vacant positions; involves announcing or advertising job vacancies and evaluating applicants to determine whom to hire.

task list— a list identifying all the key duties of a job in the order of their importance.

10.8 Review Questions :

1. What are several types of alternative scheduling techniques ?
2. The most effective performance appraisals are conducted for what reason(s) ?
3. What is motivation ? What methods can front office managers use to motivate employees ? How could an incentive program be used as method for motivating front office employees ?
4. Why is a written performance evaluation important to the hotel and the employees?

Internet Sites

For more information, visit the following Internet sites. Remember that Internet addresses can change without notice.

HR Magazine

<http://www.shrm.org/hrmagazine>

Human Resource Executive Magazine

<http://www.hrexecutive.com>

Society for Human Resource

HR Online

<http://www.hr2000.com>

Management (SHRM)

<http://www.shrm.org>

10.9 Case Study

Staffing for Ski Season at the Frozen Penguin Resort

As a winter ski destination, the Frozen Penguin Resort encounters many full-occupancy seasonal periods. In fact, the hotel is booked solid for the six weeks in the middle of ski season (a ten-week-season). Anticipating this increase in business, management must develop a plan to staff the resort in both the first two weeks (early) and final two weeks (late) as well as the six-week high point of the season.

Fortunately Mr. Scott, the newly hired front office manager, used to be responsible for staffing the Sequestered Summer Resort, a property that experienced similar occupancy cycles. The fact that the Frozen Penguin is located in a wilderness region, however, creates a unique challenge to Mr. Scott. He always had the luxury of hiring temporary employees from the community college near the Sequestered Summer Resort. In the mountains surrounding the Frozen Penguin, there is little availability of temporary staff.

Mr. Scott believes that there are two parts to the solution to the staffing puzzle. First, he figures he must recruit a core staff that will commit itself to working the entire ten weeks. He believes he can pay each staff member a reasonable rate throughout the work period and also offer

an incentive bonus, payable at the successful completion of the entire season. Second, Mr. Scott feels that in the past the resort has not sufficiently trained the staff to work at a high level of productivity. He feels that through cross-training and restructuring of front office functions, staff members will be capable of working much more effectively and will maintain good morale.

Discussion Questions

1. What do you think are the strengths and weaknesses of the core staff proposal? Is an incentive bonus for successful completion a sound idea? What else could be done to attract the staff necessary to operate the resort?
2. Provide five questions that Mr. Scott may be wise to ask each candidate during a job interview. Be careful to develop questions that will enable Mr. Scott to evaluate the applicant's potential for the proposed training program.
3. What do you think about Mr. Scott's plan to cross-train and restructure front office functions and responsibilities? What do you believe to be of importance in building morale?
4. How should Mr. Scott communicate standards to the applicants to ensure that they understand the resort's expectations?

Case Number: 33212CA

The following industry experts helped generate and develop this case. Richard M. Books, CHA, Vice-President of Service Delivery Systems, MeriStar Hotels and Resorts, Inc, and Michael L. Kasavana, NaMa Professor in Hospitality Business, The School of Hospitality Business, Michigan State University, East Lansing, Michigan.

This case also appears in Case Studies in Lodging Management (Lansing Mich.; Educational Institute of the American Hotel & Lodging Association, 1998) ISBN 0-86612-184-6.

Reference:

Managing Front Office Operations by Michael L. Kasavana, Ph.D, Richard M. Brooks, CHA.

Lesson- 11**Knowledge For All Employees****11.0 Objectives:**

1. To Develop Employee Knowledge

Structure:**11.1. Introduction****11.2. Knowledge for all Employees****11.2.1. Knowledge for Front Office Employees****11.2.2. Knowledge for Front Desk Employees****11.2.3. Knowledge for Reservationists****11.2.4. Knowledge for PBX Operators****11.2.5. Knowledge for Bell Attendants****11.2.6 Knowledge for Concierges****11.2.7. Front Desk Employee****11.2.7.1. Relocate Guests in Sold- out Situations****11.2.7.2. Process Room Changes****11.2.7.3. Process Safe Deposit- Box Transactions for Guests****11.2.7.4. Handle Guest Service Problems****11.2.7.5. Reconcile Room Status with the P.M. House keeping Report**

11.1 Introduction

Knowledge will play a immense role in the performance of their duties and they can satisfy all the concerned.

11.2. Knowledge for All Employees

Quality guest service

Bloodborne pathogens

Personal appearance

Emergency stuations

Lost and found

Recycling procedures'

Safe work habits

Manager on duty

Your property's fact sheet

Employee policies

The Americans with Disabilities Act

11.2.1. Knowledge for All Front Office Employees

Telephone courtesy

Security

Guestroom types

Location of guestrooms and property facilities

Maintenance needs

Property policies

Your community

Giving directions

Transportation tot he airport

Elevator courtesy

Restaurant menus

OSHA regulations

Dealing with guests under the influence of alcohol

11.2.2. Knowledge for Front Desk Employees

What is a front desk employee?

Working as a team with co-workers and other deprtments

Target markets
Using guestroom equipment and amenities
The telephone system
Point-of-sale equipment
The front desk computer system
Front desk printers
Types of reservations
Room inventory and occupancy terms
Room rate terms
Room status terms
Frequent flyer program
Check-in and check-out guidelines
Room forecasts
Credit card approval procedures
Check approval procedures
Credit check report
Currency exchange
Par stock system
VIPs

11.2.3. Knowledge for Reservationists

What is a reservationist?
Working as a team with co-workers and other departments
The reservations computer system
Reservations printers
Yield management
The telephone system
Scripts
Types of reservations
Room rates
Room inventory and occupancy terms
Room forecasts
Guest credit policies

Frequent flyer program

Groups

Travel agents

Target markets

File system

11.2.4. Knowledge for PBX Operations

What is a PBX Operator?

Working as a team with co-workers and other departments

The computer system

Front office printers

The telephone system

PBX information directory

Handling emergencies

Room forecasts

Location of all property facilities

Using guestroom equipment and amenities

Par stock system

11.2.5. Knowledge for Bell Attendants

What is a bell attendant ?

Working as a team with co-workers and other departments

Bell stand posting system

The telephone system

Using guestroom equipment and amenities

Information that guests want to know

Luxury limousines

Lost luggage

Key control

Tip reporting procedures

11.2.6. Knowledge for Concierge?

Working as a team with co-workers and other departments

Your day as a concierge

Ethics

Property management

Location of all property facilities

Using guestroom equipment and amenities

Special guest amenities

Information that guest want to know

Foreign language and interpreters

Shopping trips

Room rate terms

Frequent flyer program

Lost luggage

The telephone system

The computer system

Concierge printers

Credit card approval procedures

Check approval procedures

Currency exchange

Sanitation

Liquor brands and categories

U.S. alcoholic beverage laws

Responsible alcohol service procedures

Dealing with guests under the influence of alcohol

Standard drink recipe development

Standard drink ingredients and garnishes

Converting recipes

Glassware type and use

Heimlich maneuver and first aid

Key control

Tip reporting procedures

Concierge inventory

VIPs

11.2.7. Front Desk Employee

1. Use the Front Desk Computer System
2. Use the Front Desk Printers
3. Use the Front Desk Telephone System
4. Use the Facsimile Machine
5. Use the Photocopy Machine
6. Organize the Front Desk and Prepare for Check-Ins
7. Use the Front Office Logbook
8. Prepare and Use an Arrivals List
9. Block and Unblock Rooms
10. Set Up Preregistrations
11. Begin Guest Check-in
12. Establish the Payment Method During Check-in
13. Secure Authorization for Credit cards.
14. Issue and Control Keys
15. Finish Guest Check-In
16. Use Effective Sales Techniques
17. Preregister and Check in Group Arrivals
18. Show Rooms to Potential Guests
19. Use a Waiting List When Rooms Are Not Ready for Check-In
20. Relocate Guests In sold-out Situations
21. Use a Manual Room Rack System

22. Process Room Changes
23. Process Safe-Deposit-Box Transactions for Guests
24. Prepare a Cash-Only Report for Outlets
25. Run Credit Check Reports and Collect Payments
26. Process Guest Mail, Packages, Telegrams, and Faxes
27. Maintain a Guest Information Directory
28. Prepare Maps and Provide Directions
29. Help Guest With Special Requests
30. Respond to Questions About Facilities and Events
31. Handle Guest Service Problems
32. Cash Checks for Guests
33. Pick Up, Use and Turn in Your Cash Bank
34. Post Guest Charges and Payments
35. Follow Guest Privacy and Security measures
36. Process Wake-up Calls
37. Operate the Pay Movie system
38. Process Guaranteed No-Shows
39. Update Room Status
40. Help Guests Make Reservations
41. Process Guest Check -Outs at the Desk
42. Adjust Disputed Guest Charges
43. Transfer Allowable Guest Charges
44. Process Automatic Check-Outs
45. Handle Late Guest Check -Outs
46. Process Late Charges
47. Keep the Front Desk Clean and Orderly
48. Update the Function Reader Board

- 49.Reconcile Room Status With the P.M Housekeeping Report
- 50.Prepare a Current Status Report
- 51.Perform Bucket or Tub Checks
- 52.Perform a Night Audit
- 53.Inventory and Requisition Front Desk Supplies
- 54.Complete and Turn in the Shift Checklist
- 55.Use pagers,Two-Way Radios,and Public address Systems
- 56.Use Washers and Dryers
- 57.Respond to Situations Requiring First Aid
- 58.Respond to Emergency Alarms

2.71. FRONT DESK EMPLOYEE: Relocate Guest in Sold-Out Situations

Materials needed : A list of Similar lodging properties, a telephone, and a courtesy vehicles.

STEPS	HOW-TO'S
<ol style="list-style-type: none"> 1. Keeps a list of local lodging properties similar to yours. 2. Call different properties to check availability on sold-out days 3. Excuse yourself and get your manager if you think a guest cannot be accommodated. 4. Help your manager help guests who cannot be accommodated at your property. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ask the guest to please wait a moment. Remain calm and professional. Do not tell the guest about the possible problem. Only managers should decide whether someone can be roomed or not. <input type="checkbox"/> Get your manager. If you can't leave the front desk, ask another employee to get the manager for you. <input type="checkbox"/> When your manager arrives, calmly explain the situation to him or her. <input type="checkbox"/> Call the property where the guest will be staying and arrange to pay for the guest's first night's stay. Paying for guest's stay at another lodging property is known as "walking" a guest. Do not use this term while talking with guests. Some properties give guests a voucher to pay for their stay at another property. <input type="checkbox"/> These steps to pay for a guest's stay vary among properties. <input type="checkbox"/> Call a taxi to take the guest to the property. Arrange to pay the fare. <input type="checkbox"/> The steps to pay taxi fare vary among properties. <input type="checkbox"/> Offer return transportation for the following day.

FRONT DESK EMPLOYEE: Relocate Guest in Sold-Out Situations (Continued)

Materials needed : A list of Similar lodging properties, a telephone, and a courtesy vehicles.

STEPS	HOW-TO'S
<p>5. Arrange for message to be delivered to the guest.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Find out if the guest has mail, packages telegrams, faxes, or messages and give items to the guest before he or she leaves. <input type="checkbox"/> Inform the PBX operator of the alternate property right away. <input type="checkbox"/> Forward messages to the alternate property <input type="checkbox"/> The steps to pay taxi fare vary among properties.
<p>6. Encourage the guest to return the next day.</p>	
<p>7. If the guest returns the next day, provide quality guest service.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ask your Supervisor if you may upgrade the guest or give him or her the best available room for the remainder of the stay. <input type="checkbox"/> Tell your manager that the guest has returned so that he or she can welcome the guest. Your manager may wish to send a note of apology or a gift basket when the guest returns. 1

2.7.2. FRONT DESK EMPLOYEE: Process Room Changes

Materials needed : Guest room keys, a room status report, and registration cards.

STEPS	HOW-TO'S
<p>1. Move unsatisfied guests to acceptable rooms.</p> <p>2. Provide bell attendant assistance for room changes.</p> <p>3. Changes the room number on the registration card.</p> <p>4. Inform the housekeeping department of the change.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> If there's a problem with a guest's room move the guest to a same-rate room. <input type="checkbox"/> If none are available, move the guest to a higher rate room for no additional charge. <input type="checkbox"/> If there's a problem with the type of room, offer to move the guest to a room that will better meet the guest's needs. <input type="checkbox"/> If the new room has a higher rate, explain the extra charge to the guest and get his or her agreement to pay before moving him or her. <input type="checkbox"/> Enter the room change information into the computer or other front office rooming system before making the change of rooms. <input type="checkbox"/> If there are no other rooms available at the property, tell your supervisor about the problem right away. <input type="checkbox"/> Send a bell attendant to help guests change rooms. <input type="checkbox"/> Give the bell attendant the new guestroom key and have him or her bring back the first guestroom key. <input type="checkbox"/> Return the original guestroom key to its correct location. <input type="checkbox"/> About 10 minutes after a move is done, call the guest to make sure the new room meets his or her expectations. <input type="checkbox"/> Housekeeping may need to touch up the original room. They may also need to change the room status in the computer from clean to dirty. No one can be checked into the room before housekeeping check it.

FRONT DESK EMPLOYEE:**Process Safe - Deposit - Box Transactions for Guests(continued)**

STEPS	HOW-TO'S
<p>4. File the safe-deposit-box cards in the correct location, usually with the registration card or in a file box at the front desk.</p> <p>5. Provide access to boxes whenever guest wish.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Tell the guest that he or she has the only key to the box. <input type="checkbox"/> Explain that if the guest loses the key, he or she will have to pay for the cost of drilling a new key. <input type="checkbox"/> Have the guest sign the back of the safe deposit-box card <input type="checkbox"/> Record on the card the date and time the items were placed in the box, and your name or initials. <input type="checkbox"/> Record each access on the back of the guest's safe-deposit-box card before allowing entry to the box. <input type="checkbox"/> Present the guest's safe-deposit-box card to him or her. <input type="checkbox"/> Ask the guest to sign the back of the card. <input type="checkbox"/> Always make sure the signature matches the one on the front of the card. Only the person whose signature appears on the card may have access to the box. A key may be lost or stolen, and the person asking for access may not be the guest. <input type="checkbox"/> Immediately notify the front office manager if signatures do not match <input type="checkbox"/> Record the date, the time, and your initials as a witness to the access. <input type="checkbox"/> Provide a private location for the guest to take items out of or put items into the box <input type="checkbox"/> Each time the guest asks for the box, ask if he or she is closing it out.

FRONT DESK EMPLOYEE:**Process Safe - Deposit - Box Transactions for Guests(continued)**

STEPS	HOW-TO'S
6. Close out the boxes	<ul style="list-style-type: none"><input type="checkbox"/> Record on the back of the safe-deposit-box card the guest's final access to the box.<input type="checkbox"/> Have the guest sign and date the front of the card, indicating that he or she is closing out the box.<input type="checkbox"/> Record the date and time, and your initials as a witness to the access.<input type="checkbox"/> Provide a private place for the guest to remove his or her valuables.<input type="checkbox"/> Be sure the guest removes all contents of the box.<input type="checkbox"/> Thank the guest and file the card.<input type="checkbox"/> Keep cards on file for at least six months.<input type="checkbox"/> Place the key back in the safe-deposit-box key-hole.

2.7.4. FRONT DESK EMPLOYEE: Handle Guest Service Problems

STEPS	HOW-TO'S
<p>1. Listen to the guest explain the problem.</p> <p>2. Respond to the guest.</p> <p>3. Resolve the problem</p> <p>4. Follow up to make sure the problem was taken care of the guest's satisfaction.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Give the guest your undivided attention. <input type="checkbox"/> Ask questions to determine the exact problem. <input type="checkbox"/> Repeat the problem in your own words to make sure you understand. <input type="checkbox"/> Apologize. Say you are sorry for the inconvenience, whether you believe the complaint is reasonable or not. <input type="checkbox"/> Do not blame the guest, a co-worker, or anyone else for the problem. <input type="checkbox"/> Tell the guest what can be done to take care of the problem. <input type="checkbox"/> If possible, offer options and allow the guest to choose a solution. <input type="checkbox"/> Explain what actions you will take. <input type="checkbox"/> Tell the guest when you will take action and when you expect the problem to be resolved. <input type="checkbox"/> Take care of the problem yourself, if possible. <input type="checkbox"/> Contact the appropriate person to correct the problem, if necessary. <input type="checkbox"/> Monitor the progress of the people working to handle the problem. <input type="checkbox"/> When action has been taken, contact the guest and ask whether he or she is satisfied with the solution.

FRONT DESK EMPLOYEE: Handle Guest Service Problems (continued)

STEPS	HOW-TO'S
<p>1. Listen to the guest explain the problem.</p> <p>2. Respond to the guest.</p> <p>3. Resolve the problem</p> <p>4. Follow up to make sure the problem was taken care of the guest's satisfaction.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ask if you can do anything else for the guest. <input type="checkbox"/> Contact your supervisor if the guest is not satisfied. <input type="checkbox"/> Stay calm. Don't let angry guests bring you down to their level. <input type="checkbox"/> Let guests express their feelings. Don't interrupt when guests are telling you a problem. <input type="checkbox"/> Acknowledge angry guests feelings. You might say, "I understand how frustrated you must feel". <input type="checkbox"/> Ask simple questions to calm guests down, such as, "What time did this happen?" or "Exactly how long did you wait?" <input type="checkbox"/> Offer a choice of solutions, if possible. You might say, "I can fix that in 15 minutes or I can get you a new one in 30 minutes. Which would you prefer?" <input type="checkbox"/> Tell the guest exactly what you will do and how long it will take you to do it. <input type="checkbox"/> Follow up to make sure the problem was handled correctly. <input type="checkbox"/> Contact your supervisor right away if the guest is not satisfied.

Lesson- 12**Reservationist****12.0 Objective:**

To study about Reservations through Various systems

Structure:**12.1. Introduction****12.2. Resevationist with various systems****13.2.1. Use the Guest History System****13.2.2. Use effective Telephone Sales Techniques****12.3. PBX Operator****12.3.1 Maintain and Use Guest Information Directory****12.3.2. Respond to Questions about Sevices and Events****12.3.3. Help Guests make International Telephone Calls****12.3.4. Respond to Dissatisfied Guests****12.4 Self Assessment Questions****12.1. Introduction**

Generally Reservationists use various systems to get reservations and cancellations to their guests.

12.2. Reservationist with various systems

1. Use the Reservations Computer System
2. Use the Reservations Department and 800-Number Printers

3. Use the Facsimile Machine
4. Use the Photocopy Machine
5. Follow Yield Management Procedures
6. Greet Callers and Direct Calls
7. Take Reservations by telephone
8. Take Reservations by Printed Form
9. Take Reservations for Guests in Group Blocks
10. Use the Guest History System
11. Use Effective Telephone Sales Techniques
12. Promote Special Marketing Programs
13. Block Rooms for Guests With Special Requests
14. Process Reservation Records
15. Process Reservation Confirmations
16. Set Up and Monitor Group Reservation Masters
17. File Reservation Records
18. Document Reservation Calls
19. Give Directions
20. Mail Information to Potential Guests When Requested
21. Process Prepayments and Advance Deposits for Reservations
22. Process Reservation Changes and Cancellations
23. Process Travel Agent No-Show and Cancellation Forms
24. Complete and Run All Required Reports
25. Help Prepare room Availability Forecasts
26. Prepare and Turn in the Reservations department Checklist
27. Review the Arrivals List for Errors

12.2.1. RESERVATIONIST : Use the Guest History System

Materials needed : The reservations computer system and the guest history system.

STEPS	HOW-TO'S
<p>1. Access the guest history system on the computer when taking reservations.</p> <p>2. Use guest history information to personalize the reservation.</p> <p>3. Always use guest history information tactfully.</p>	<ul style="list-style-type: none"> <li data-bbox="689 562 1336 825">❑ Ask if the caller has previously stayed at your property. Depending on the capabilities of your guest history system, you may be able to find your caller's preferences for <ul style="list-style-type: none"> <li data-bbox="728 695 905 726">• Room type <li data-bbox="728 730 951 762">• Room location <li data-bbox="728 766 920 798">• Room rates <li data-bbox="728 802 974 833">• Special requests <li data-bbox="689 863 1336 926">❑ If so, find the caller's name in the computer's guest history records. <li data-bbox="689 955 1336 1060">❑ To make sure you have the correct guest history record, ask for the caller's address and compare it with the address on the record. <li data-bbox="689 1157 1336 1220">❑ Describe the room the caller reserved for his or her last stay. <li data-bbox="689 1249 1336 1354">❑ Ask if the caller would like a similar room. Or describe a room with more features and ask if he or she would prefer that room. <li data-bbox="689 1383 1336 1488">❑ Don't recite all of the information you have about the caller. Callers may be uncomfortable if they feel you know too much about them. <li data-bbox="689 1518 1336 1581">❑ Use the information to make suggestions you think he or she would like

12.2.2. RESERVATIONIST : Use Effective Telephone Sales Techniques

Materials needed : A telephone

STEPS	HOW-TO'S
<p>1. Match your property's features to the caller's needs.</p> <p>2. Promote special marketing programs.</p> <p>3. Use upselling techniques.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Know the features of each type of available guestroom. <input type="checkbox"/> Listen to the caller's needs <input type="checkbox"/> Describe the features as they satisfy the caller's needs. For instance, if the room's feature is a desk and big sofa, tell the caller how he or she would benefit: "The room has a desk to give you plenty of room to work and a big sofa so you can relax after a long day." <input type="checkbox"/> Don't dwell on any drawbacks that your property may have. <input type="checkbox"/> If the caller brings up a negative, tell him or her about at least two benefits to offset the negative. <input type="checkbox"/> Know your property's rates and the flexibility you may exercise in quoting different rate. Upselling is a way of selling a more expensive guestroom than the one the guest originally requests <input type="checkbox"/> Consider the needs of the caller and the available room types and rates <input type="checkbox"/> Three upselling techniques are: <ul style="list-style-type: none"> • Top-Down: Recommend the room with the highest rate that fits the caller's needs. If the caller does not take the , describe the room with the next highest rate, and so on until the caller chooses a room. When occupancy is very low, your supervisor may tell you to freely negotiate downward to capture as much business as possible.

12.2.3. RESERVATIONIST : Use Effective Telephone Sales Techniques (continued)

Materials needed : A telephone

STEPS	HOW-TO'S
<p>4. Ask for the sale</p> <p>5. Keep the record of your progress in converting calls to reservations.</p> <p>6. Sell the lodging property's facilities and services.</p>	<ul style="list-style-type: none"> ● Bottom -Up:If the caller asks for the lowest priced room,describe it and give its rate. Then suggest extra amenities and benefits that the caller could enjoy in a more expensive room.For example you might say,"For only \$10 more,you could have a king-size bed for a better night's rest."This sales technique may upsell callers to a middle rate when they might otherwise choose a lower rate. Most people tend to avoid extremes and choose something in the middle. ● Choose of Alternatives: Give the caller a choice of two or three room-two high priced and one mid-priced.Described the benefits of each room and state the differences in each rate. Then ask the caller which room he or she prefers. It is better to state the difference in each rate. Then ask the caller which room he or she prefers.It is better to state the difference in rates rather than the full price of the higher-priced room. <ul style="list-style-type: none"> ❑ Even when the property is full,don't forget tosell . Offer an alternative date or put the caller on a waiting list. ❑ Even if a caller says he or she is just calling around for information,ask if he or she would like to make a reservation. ❑ Always try to break your own record. ❑ Always be aware of property events that will interest potential guest. In addition to guestrooms,you can sell the other facilities and services offered by the property.

RESERVATIONIST : Use Effective Telephone Sales Techniques(continued)

Materials needed : A telephone

STEPS	HOW-TO'S
	<ul style="list-style-type: none"> <li data-bbox="705 520 1352 583">❑ Try to keep guests at the property for meals, entertainment, and recreation. <li data-bbox="705 655 1352 1033">❑ Tell callers about the property's <ul style="list-style-type: none"> <li data-bbox="739 703 1352 766">• Restayrabts, coffee shops, room service, and snack bars <li data-bbox="739 787 1121 814">• Lounges and entertainment <li data-bbox="739 835 1312 863">• Gift shops, barbershops, and beauty shops <li data-bbox="739 884 1352 911">• Health clubs, golf courses, and swimming pools <li data-bbox="739 932 1111 959">• Laundry and valet services <li data-bbox="739 980 1352 1033">• Banquet facilities ,meeting rooms, and catering services <li data-bbox="705 1075 1352 1201">❑ If the caller asks if you have personally tried the restaurant or another activity at the property, do not feel embarrassed if you have not simply say,"No ,but our guests have been very pleased." <li data-bbox="705 1243 1352 1329">❑ Think about the needs and pleasures of the caller, and do your part to arrange for a pleasant stay with great food and fun.

12.3. PBX Operator

1. Use the Front Office Computer System
2. Use the Front Office Printers
3. Use the Switchboard
4. Use the Facsimile Machine
5. Use the Photocopy Machine
6. Restrict Guest Telephones
7. Maintain and Use the Guest Information Directory
8. Respond to Questions About Services and Events

9. Give Directions
10. Help Guests Make International Telephone Calls
11. Process Guest Telephone Charges
12. Process Guest Telephone Charges
13. Follow Guest Privacy and Security Measures
14. Use Pagers, Two-Way Radios, and Public Address Systems
15. Issue and Control Master Keys
16. Process Guest Mail, Packages, Telegrams, Faxes and Messages
17. Read and Make Entries in the Front Office Logbook
18. Complete or PBX Shift Checklist
19. Complete or Run All Required Reports and Forms
20. Keep the PBX Area Organized and Clean
21. Respond to Fire Alarms or Smoke Alarms
22. Respond to Non-Five Emergencies
23. Respond to Bomb threats
24. Respond to Weather Emergencies
25. Help Evacuate the Property
26. Respond to Threatening, Obscene, or Prank Telephone Calls
27. Respond to Dissatisfied Guests

12.3.1. PBX :Maintan and Use the Guest Information Directory

Materials needed : The guest information directory maps,brouchers,and a local telephone directory.

STEPS	HOW-TO'S
<p>1. Be Familiar with the guest information</p> <p>2. Update and complete the directory</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The guest information directory has information about local events, services attractions, restaurants,and entertainment sites. <input type="checkbox"/> Look at how the directory's information is organized <input type="checkbox"/> Read the information in the directory. <input type="checkbox"/> The location of the guest information directory varies among properties. <input type="checkbox"/> Collect brochures, maps and other information about local events, services and attractions. Put them in the directory. The directory should include information about. <ul style="list-style-type: none"> • Special events • Art and cultural attractions • Theaters and cinemas • Night clubs and entertainment • Shopping centers • Restaurants • Lounges and taverns • Recreation and hobby activities (Bowling centers, gyms,etc) • Transportation • Medical services • Personnel services (baby sitters, hair salons,etc) • Business services (typists,equipment rental firms, etc) • Churches and synagogues • Maps of the area

PBX :Maintan and Use the Guest Information Directory (continued)

STEPS	HOW-TO'S
<p>5. Keep the record of your progress in converting calls to reservations]</p> <p>6. Sell the lodging property's facilities and services.</p>	<ul style="list-style-type: none"> ❑ Make sure the directory include the following information for each establishment: <ul style="list-style-type: none"> • Name and location • Directions from the property • Telephone number • Hours of operation • Type of establishment • Whether reservations are needed • Name of owner is a dress code • Approximate cost of taxi fare to reach the site • Entry fee or cost of the attraction • Public transportation available to the site ❑ Use your local telephone directory to get missing information

12.3.2. PBX : Respond to Questions About Services and Events

Materials needed : The guest information directory, a pen, paper, daily and weekly function sheets, and the staff telephone directory.

STEPS	HOW-TO'S
<p>1. Provide polite help to guest.</p> <p>2. Find the information guests need</p> <p>3. Call guests back quickly with the information</p> <p>4. Provide directions.</p> <p>5. Explain the operation of guestroom equipment.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Listen carefully to the guests to find out what he or she wants to know. Ask questions to clarify, if you are not sure. <input type="checkbox"/> Give a clear response in a helpful tone of voice. <input type="checkbox"/> When possible, recommend the property's restaurants, lounges, services, and other facilities first. <input type="checkbox"/> If you do not know the answer to a question, tell the guest that you or another employee will find out the answer and will call right back with the information. Write down the guest's name and room number. <input type="checkbox"/> Refer to the guest information directory if guests ask for help selecting or locating local events, services, attractions, restaurants or entertainment sites <input type="checkbox"/> Know whom in your community to call for more information, and contact them if necessary. <input type="checkbox"/> Guests may be waiting to make plans <input type="checkbox"/> Give clear directions to each place selected by the guest. <input type="checkbox"/> If a guest calls for help with guestroom heaters, air conditioners, televisions, pay movies controls, etc., slowly and carefully explain how to use the equipment. <input type="checkbox"/> Repeat the steps, if necessary, until the guest understands. <input type="checkbox"/> If the equipment still does not work after the guest follows your instructions, send a bell attendant or maintenance employee to the room to check the problem.

PBX : Respond to Questions About Services and Events (continued)

STEPS	HOW-TO'S
<p>6. Answer questions about function times and locations.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Refer to the daily and weekly function sheets. <input type="checkbox"/> If a guest asks for information that is not on one of the sheets,ask the guest to please wait a moment while you find the answer. <input type="checkbox"/> Call the department (catering ,sales,convention services,etc,) in charge of the function to get the information the caller needs. <input type="checkbox"/> Tell the guest the information as soon as you can. <input type="checkbox"/> Provide directions to function rooms
<p>7. Coordinate guest requests with other property departments.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> If a guest requests a service that involves another department,call the appropriate employee and explain the situation. <input type="checkbox"/> Do not tell guests to call other departments unless a guest has a question about a lost or found item. <input type="checkbox"/> If guests lose something, tell them to contact the department or person in charge of the lost and found. <input type="checkbox"/> Check back with the guests if possible to make sure everything was taken care of to the guest's satisfaction.

12.3.3. PBX: Help Guests Make International Telephone Calls

Materials needed: The switchboard and a telephone directory.

STEPS	HOW-TO'S
1. Ask the guest for the telephone number.	<ul style="list-style-type: none"> <input type="checkbox"/> Ask for the following <ul style="list-style-type: none"> • International access code (usually 011) • Country code (such as 33 for France) • City code (such as 1 for Paris) • Local numbers <input type="checkbox"/> Your telephone directory may have country and city codes of major cities listed in a customer information section. Or you may have a chart at your work station with all the international codes. <input type="checkbox"/> If the guests does not have the code numbers call the local operator. <input type="checkbox"/> If you are unclear about how to place an international call. Call the operator ("0") for instructions.
2. Carefully dial all the numbers.	<ul style="list-style-type: none"> <input type="checkbox"/> Allow 45 seconds for the ringing to start. <input type="checkbox"/> If you or the guest reaches a wrong number or is cut off before completing an international call, call the local operator("0") and request credit.
3. Make operator-assisted calls.	<ul style="list-style-type: none"> <input type="checkbox"/> Dial the special international access code "01" instead of the standard "011." <input type="checkbox"/> Give clear information about the number and party you are calling. Ask the operator for times and charges.

12.3.4. PBX : Respond to Dissatisfied Guests

STEPS	HOW-TO'S
<p>1. Listen to the guest.</p> <p>2. Apologize to the guest.</p> <p>3. Take appropriate action</p> <p>4. Call the guest back to be sure the matter resolved to his or her satisfaction.</p>	<ul style="list-style-type: none"> <li data-bbox="699 531 1318 632">❑ Listen to the details of the complaint. Give the guest time to explain how he or she feels and what he or she wants. <li data-bbox="699 663 1318 730">❑ While listening, stay calm, and do not react angrily or argue with the guest.. <li data-bbox="699 829 1318 957">❑ Acknowledge the guest's feelings and apologize for the problem, no matter whose fault it is. Never are, criticize, ignore, or challenge a guest's complaint. <li data-bbox="699 993 1318 1087">❑ Repeat the complaint to make sure you understood everything and so the guest knows you listened. <li data-bbox="699 1157 1318 1255">❑ Thank the guest for bringing the problem to your attention, and tell the guest you will take care of the problem right away. <li data-bbox="699 1291 1318 1358">❑ Immediately call the appropriate person or department to handle the problem. <li data-bbox="699 1394 1318 1461">❑ Ask the employee handling the problem to let you know when it is corrected. <li data-bbox="699 1497 1318 1564">❑ If the employee is unable to fix the problem, contact the Manager on Duty right away. <li data-bbox="699 1600 1318 1667">❑ Never tell the guest to call the department responsible for correcting the problem

12.4 Self Assessment Questions

1. What steps you will take to get the Guest History?
2. How you use effective Telephone Sales Techniques?
3. How you use and maintain the Guest information Directory?
4. How you respond to Questions about services and Events?
5. How you will respond to Dissatisfied Guests?

Lesson- 13**Bell Attendant****13.0 Objective**

To Study about Various Systems for Bell Attendant

Structure:

13.1. Introduction**13.2. Provide Door Service for Guests****13.2.1. Provide Storage for Guest Luggage****13.3. Concierge****13.3.1. Respond to Guest Inquiries or Requests****13.3.2. Prepare Maps and provide Directions****13.3.3. Arrange Tours for Guests****13.4 Self Assessment Questions****13.1. Introduction**

Bell attendant has to use Bell Stand Telephone System, Facsimile Machine, Bell Stand Logbook, He has to assist guests while Rooming and Check-out and supplying news papers etc.,

13.2. Bell Attendant

1. Use the bell stand Telephone System.
2. Used the Facsimile Machine
3. Use the Photocopy Machine
4. Follow the Property's posting positions
5. Maintain the Bell Stand Logbook and Front Sheets
6. Load and Transport Luggage and Other Articles
7. Provide Door Service for Guests
8. Use the Guest Information Directory
9. Assist in Rooming Guest

11. Provide Storage for Guest Luggage
12. Show Rooms to potential Guests and Check Rooms for Occupancy
13. Process Room Changes
14. Perform Errands
15. Arrange For or Hail Taxis for Guests
16. Process and Deliver Mail, Messages, Facsimile, or Packages
17. provides Valet parking
18. Deliver Morning Newspapers to Guests
19. Deliver Morning Newspapers to Guests
20. Process Guest Laundry
21. Deliver Guest Service Equipment and supplies to Guestrooms
22. Arrange For services Requested by Guests
23. Handle guest service problems
24. Assist with luggage for Group Arrivals and Departures
25. Perform Upkeep on Courtesy Vehicle
26. Report Courtesy Vehicle Accidents
27. provide Courtesy Transportation
28. Arrange Limousine Service
29. Operate property Equipment
30. Maintain and Inventory of Keys
31. Use pagers, Two-Way Radios, and public Address Systems
32. Set Up, Maintain, and Take Down a Continental Breakfast.
33. Prepare Coffee
34. process Lost and Found Items
35. Prepare Maps and Provide Directions
36. Clean the Lobby, Entrance, Bell Stand, and Luggage Carts
37. Update the Function Reader Board
38. Restock the Lobby Brochure Racks
39. Respond to Situations Requiring First Aid
40. Respond to Emergency Alarms

2.1. BELL ATTENDANT: Provide Door Service for Guests

Materials needed: A luggage cart, luggage claim checks, and guest vehicle keys

STEPS	HOW-TO'S
1. Make guests feel welcome	<ul style="list-style-type: none"> <input type="checkbox"/> Smile, make eye contact, and greet guests. A guest should never have to greet you first. You are responsible for making a great first impression. <input type="checkbox"/> Open the door for guests if there is no door attendant. <input type="checkbox"/> No matter what you are doing, if a guest approaches the entrance, look up and greet the guest. Step forward and offer help. <input type="checkbox"/> The standard greeting to guests varies among properties.
2. Step up an arriving vehicle, open the door, welcome the guest.	<ul style="list-style-type: none"> <input type="checkbox"/> If you have any doubt about whether an arriving guest is checking in, ask. Eagerness communicates the spirit of quality guest service. <input type="checkbox"/> Assist anyone who needs help getting out of the vehicle.
3. Unload luggage for arriving guests.	<ul style="list-style-type: none"> <input type="checkbox"/> Lift luggage using safe lifting and bending techniques. <input type="checkbox"/> Handle luggage carefully to avoid damaging it. <input type="checkbox"/> Load luggage on to luggage cart.
4. Direct arriving guest to the front desk.	<ul style="list-style-type: none"> <input type="checkbox"/> Tell guests that you will follow with their luggage. <input type="checkbox"/> If guests prefer to carry their own luggage, politely direct them to the front desk, offer future assistance, and wish them a good stay.

BELL ATTENDANT: Provide Door Service for Guests (continued)

STEPS	HOW-TO'S
<p>5. Provide parking service and informaton.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Provide valet parking if this is a service at your property. <input type="checkbox"/> If more than five minutes are required to park a vehicle, room the guest and come back to park the vehicle later, or ask another bell attendant to park the vehicle. <input type="checkbox"/> Give guests who refuse valet services clear directions to parking area. <input type="checkbox"/> Inform guests of any parking charges.
<p>6. Promptly move guests luggage to a secure area..</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Tear the two - part luggage claim check into its two parts. <input type="checkbox"/> Give guests one part of the claim check. <input type="checkbox"/> Attach the second part of the claim check to the cart holding the guests luggage.
<p>7. Open doors for departing guests.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Hold the door wide open enough for the guests to pass through. <input type="checkbox"/> Thank guests for staying at your property, and invite them to return.

2.2. BELL ATTENDANT: Provide Storage for Guests Luggage

Materials needed: Luggage claim checks, a pen, damp cloths, broom, a vacuum cleaner and a mop.

STEPS	HOW-TO'S
1. Check in luggage.	<ul style="list-style-type: none"> <input type="checkbox"/> Attach a luggage claim check to each piece of luggage. <input type="checkbox"/> Tear off claim check stubs and present them to guests. Explain to guests how to pick up checked luggage. <input type="checkbox"/> If valuable items are being checked, not where you stored them on your part of the claim check stub. <input type="checkbox"/> Store luggage in the designated closet. <input type="checkbox"/> During times of heavy check-in and check-out, you may store luggage in an overflow area. When you store luggage in an overflow area, mark it on the claim check stub.
2. Return checked luggage to guests.	<ul style="list-style-type: none"> <input type="checkbox"/> Ask guests for their claim check stubs. <input type="checkbox"/> Find the bags and turn them over to guests or help guests move them. <input type="checkbox"/> If guests have lost their claim checks, escort them to the closet to identify bags. <input type="checkbox"/> Politely ask to see identification such as a driver's license to compare with the name and address on the bags. Many bags look alike, and guests will appreciate your attention to security.
3. Maintain the luggage.	<ul style="list-style-type: none"> <input type="checkbox"/> Straighten all items. <input type="checkbox"/> Make sure items belonging to the same group are grouped together. <input type="checkbox"/> Arrange luggage according to claim checks or according to the guest last names.

BELL ATTENDANT: Provide Storage for Guests Luggage (continued)	
STEPS	HOW-TO'S
4. Direct arriving guest to the front desk.	<ul style="list-style-type: none"> <input type="checkbox"/> When possible, store luggage off the floor to make cleaning easier. <input type="checkbox"/> Dust shelves with a damp cloth and pick up all trash and debris. <input type="checkbox"/> Sweep, vacuum, or mop floors as appropriate or move luggage so that the floors can be cleaned by housekeeping personnel. <input type="checkbox"/> Replace luggage in an orderly arrangement. <input type="checkbox"/> If you suspect that luggage has been left behind, check with front desk employee and find out when the guest checked out. <input type="checkbox"/> Take luggage that has been left behind to the lost and found department. <input type="checkbox"/> The amount of time to wait before taking luggage to the lost and found department, varies among properties.

14.3. Concierge

1. Use the Front Desk Computer System
2. Use the Printers
3. Use the Facsimile Machine
4. Use the Photocopy Machine
5. Use the Concierge Logbook
6. Use the Guest History System
7. Inventory and Requisition Supplies
8. Maintain and Use Equipment in the Concierge-Level Kitchen
9. Prepare coffee
10. Provide Complimentary Concierge-Level Breakfast

11. Pick Up, Use and Turn In Your Cash Bank
12. Post Guest Charges and Payments
13. Order VIP Amenities
14. Prepare and place Welcome Notes in Guestrooms
15. Make Courtesy Calls to Guests
16. Maintain the Guest Information Directory
17. Learn About Local Restaurants
18. Respond to Guest Inquiries or Requests
19. Prepare Maps and Provide Directions
20. Prepare and Send Thank-You Notes
21. Help Guests With Future Reservations
22. Help Guests Make Airline or Railway Reservations
23. Rent Cars for Guests
24. Arrange Limousine Service for Guests
25. Arrange Taxi Service for Guests
26. Help Guests Arrange Business Services
27. Arrange Tours for Guests
28. Use Pagers and the Public Address System
29. Provide Complimentary Cocktail Service
30. Prepare Alcoholic Beverages
31. Respond to Dissatisfied Guests
32. Respond to Situations Requiring First Aid
33. Respond to Emergency Alarms

13.3.1. CONCIERGE : Respond to Guest Inquiries or Requests

Materials needed : The Guest information directory , maps, a telephone directory, paper ,pens,a petty cash voucher, a paid-out voucher, property stationary, and the concierge book

STEPS	HOW-TO'S
<p>1. Provide information to guests.</p>	<ul style="list-style-type: none"> ❑ Listen carefully to determine exactly what the guests wants to know. Ask questions to clarify,if you are not sure. It's very important to understand exactly what the guest experts from you before you make a suggestion. ❑ When possible, recommend the property's restaurants,lounges,services, and other facilities first. ❑ Refer to the guest information directory if guests ask for help selecting or locating local events, services, attractions, restaurants, or entertainment sites. As the concierge, you should know more than any other property employee about local events,services, attractions, restaurants, and entertainment sites. ❑ Know whom in your community to call for more information, and contact them if necessary. ❑ To help guests make decisions, show them any brochures, menus, or other promotional materials you have. ❑ Write down the names, addresses, and phone numbers of all the places guests are interested in.
<p>2. Provide directions.</p>	<ul style="list-style-type: none"> ❑ Give clear directions to each place selected by the guest ❑ Use a map, if necessary, and mark the routes on the map.
<p>3. Answer questions about function times and locations.</p>	<ul style="list-style-type: none"> ❑ Refer to the daily and weekly function sheets, which state what groups are meeting at the property.

CONCIERGE : Respond to Guest Inquiries or Requests (continued)

STEPS	HOW-TO'S
<p>4. Within house rules perform personal services for guests.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> If guest ask for information that is not on one of the sheets, ask them to please wait a moment while you find the answer. <input type="checkbox"/> Call the department (catering, sales convention services , etc) responsible for organizing the function to find the information you need. <input type="checkbox"/> Tell the guest the information as soon as you get it. <input type="checkbox"/> Provide directions to function rooms. <input type="checkbox"/> Find out your property's policies about providing personal services. Guests may ask for personal services such as baby-sitting shoe shines, car washes, or help buying a gift. <input type="checkbox"/> Smile and tell the guest that you'll do every thing you can to help them. <input type="checkbox"/> If you can't do something for the guests request, tell them what you can do instead. <input type="checkbox"/> If necessary, recommend an establishment that can help the guest. Refer to the guest information directory or the telephone directory for more information. For instance, if you are asked to exchange foreign currency, but your property cannot do this ,tell the guests where they can get the currency exchanged. Offer to draw a map, and arrange courtesy transportation if appropriate. <input type="checkbox"/> When you are able to provide a personal service, make sure you are clear on what the guests want and how much they are prepared to spend <input type="checkbox"/> Fill out a petty cash voucher or paid-out voucher.

CONCIERGE : Respond to Guest Inquiries or Requests (continued)

STEPS	HOW-TO'S
<p>5. Coordinate guest requests with other property departments</p> <p>6. Make restaurant reservations for guests.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> If a guest requests a service that involves another department, call the appropriate employee and explain the situation <input type="checkbox"/> Do not tell the guests to call other departments unless a guest has a question about a lost or found item. <input type="checkbox"/> If a guests lose something, tell them to contact the person in charge of the lost and found. <input type="checkbox"/> Check back with the guest if possible to make sure everything was taken care of to the guest's satisfaction <input type="checkbox"/> Call the restaurant. If you have a personal contact there, ask to speak with him or her. <input type="checkbox"/> Tell the person taking the reservation : <ul style="list-style-type: none"> 1 The guest's last name 1 The number of people in the party 1 Time of arrival 1 The guest's special needs(smoking or nonsmoking,type of table,etc.) 1 Your name and telephone number <input type="checkbox"/> Write down the information on property stationary and give it to the guest right away.

CONCIERGE : Respond to Guest Inquiries or Requests (continued)

STEPS	HOW-TO'S
7. Help guests get tickets.	<ul style="list-style-type: none"> ❑ Guests may ask you to get them tickets to the theater, opera, ballet, amusement parks, museums, etc. ❑ If necessary get the following information from the guest: <ul style="list-style-type: none"> • Number of adults and children that need tickets. • Arrival time • Credit card number, type and expiration date • Special guest needs ❑ Be sure to let the guest know that he or she will be charged for the tickets. ❑ Call the establishment's ticket office. Refer to the guest information directory or the telephone directory for more information. ❑ Find out if you reserve tickets. If so, have them sent to you at the property or ask the ticket office to hold the tickets for your guests. ❑ Provide all necessary information. ❑ Be sure to find out all information the guest will want to know, such as: <ul style="list-style-type: none"> 1 The establishment's hours of operation or the length of the show 1 Location and directions from the property 1 Accommodations for the guests with disabilities 1 Special features, promotions, packages, etc.
8. Record the guest service in the concierge logbook.	<ul style="list-style-type: none"> ❑ Write the information on property stationary and give it to the guest right away.

13.3.2. CONCIERGE : Prepare Maps and Provide Directions

Material needed : A local map, a photocopy machine, a telephone directory, a highlighter pen, paper, and pen.

STEPS	HOW-TO'S
<p>1. Get a clear local map.</p> <p>2. Make 25 to 50 copies of the map.</p> <p>3. Mark on copies of the map the best routes to popular places.</p> <p>4. Provide directions.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ask your supervisor if the lodging property has a local map that shows side streets. Your property may have a file of directional cards to help guests find various point of interest. <input type="checkbox"/> If not,ask if you may call your local chamber of commerce, visitor's bureau,or a taxi company and have one sent to the property. <input type="checkbox"/> If the map is large, Photocopy the area around the property and the areas around popular locations. <input type="checkbox"/> You may need to use the reduction key on the copier to photocopy a large enough section of the map. <input type="checkbox"/> Select several places that guests usually ask di-rections to , such as the airport. <input type="checkbox"/> Use a highlighter pen to mark the best route to one location.For each place,use a new copy of the map. <input type="checkbox"/> Write in street names and landmarks as needed. <input type="checkbox"/> Write on each map copy the telephone number of the location highlighted. <input type="checkbox"/> Start at the lodging property <input type="checkbox"/> Use "right," "straight," and "left" instead of "north", "south", "east", and "west" to direct guests. <input type="checkbox"/> Give street names, but include landmarks to help out. Remember that most guests are from out of town and won't be familiar with your city. <input type="checkbox"/> Explain the simplest route, not necessarily the shortest one. <input type="checkbox"/> If directions are difficult to follow, write them down. <input type="checkbox"/> Keep several unmarked map copies to high-light routes when guests ask for directions. Guests may ask for directions to places for which you haven't premarked routes. If so, you don't want them to have to wait while you make more copies of the original map

13.3.3. CONCIERGE: Arrange Tours for Guests

Material needed : the guest information directory, a telephone directory, a telephone, the concierge logbook, a pen, and property stationery.

STEPS	HOW-TO'S
<p>1. Help guests select a tour.</p> <p>2. Call the tour company to make the reservation.</p> <p>3. Tell the guest about the arrangements</p> <p>4. Write down the guest service in the concierge logbook.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ask guests what they are interested in seeing <input type="checkbox"/> Find out how much time guests want to spend on a tour <input type="checkbox"/> Ask if they prefer to walk or ride while on a tour. <input type="checkbox"/> Find out how much money they want to spend on a tour. <input type="checkbox"/> Refer to the guest information directory or call the local chamber of commerce or traveler's bureau for more information. <input type="checkbox"/> Confirm the tour price and other information in case there has been a change since the information you currently have was printed. <input type="checkbox"/> Give the tour company the guests name. <input type="checkbox"/> Find out when and where the tour begins. Ask for and write down other details about the tour. <input type="checkbox"/> Type or neatly write the tour information on property stationery. <input type="checkbox"/> Give the guest the information.

Lesson-14**Jobs Description****14.0 Objectives:**

To Study How to report to concerned

Structure:

14.1. Duties and Responsibilities of Front Office Manager

14.2. Duties and Responsibilities of Front Desk Agent

14.3. Duties and Responsibilities of Reservations Agent

14.4. Duties and Responsibilities of Front Office Cashier

145. Duties and Responsibilities of Hotel Switchboard Operator

14.6. Duties and Responsibilities of Night Auditor

14.7. Duties and Responsibilities of Guest Services Manager

14.8. Duties and Responsibilities of Concierge

14.1. DUTIES AND RESPONSIBILITIES OF FRONT OFFICE MANAGER**JOB DESCRIPTION****POSITION TITLE :** FRONT OFFICE MANAGER**REPORTS TO :** Assisatant Manager or general Manager**POSITION SUMMARY :** Directly supervises all front office personnel and ensures proper completion of all front office duties. Directs and coordinates the activities of the front desk, reservations, guest services, and telephone areas.**DUTIES AND RESPONSIBILITIES :**

1. Participates in the selection of front office personnel.
2. Trains, cross-trains, and retrains all front office personnel.
3. Schedules the front office staff.
4. Supervises workloads during shifts.
5. Evaluates the job performance of each front office employee.
6. Maintains working relationships and communicates with all departments.
7. Maintains master key control.
8. Verifies that accurate room status information is maintained and properly communicated.
9. Resolves guest problems quickly, efficiently, and courteously.
10. Updates group information, Maintains, Monitors and prepares group requirements. Relays information to appropriate personnel.
11. Reviews and completes credits limit report.
12. Works within the allotted budget for the front office.
13. Receive information from the previous shift manager and passes on pertinent details to the on coming manager.
14. Checks cashiers in and out verifies banks and deposits at the end of each shift.
15. Enforces all cash-handling, check-cashing, and credit policies.
16. Conducts regularly scheduled meetings of front office personnel.
17. Wears the proper uniform at all times. Requires all front office employees to wear proper uniforms at all times.
18. Upholds the hotel's commitment to hospitality.

PREREQUISITES:

Education : Minimum of two-year college degree. Must be able to speak, read, write, and understand the primary language(s) used in the workplace. Must be able to speak and understand the primary language(s) used by guests who visit the workplace.

Experience: Minimum of one year of hotel front-desk supervisory experience, experience handling cash, accounting procedures, and general administrative tasks.

Physical : Requires fingering, grasping, writing, standing, sitting, walking, repetitive motions, verbal communications and visual acuity.

14.2. DUTIES AND RESPONSIBILITIES OF FRONT DESK AGENT**JOB DESCRIPTION****POSITION TITLE: FRONT DESK AGENT****REPORTS TO :** Front Office Manager

POSITION SUMMARY : Represents the hotel to the guest throughout all stages the guest's stay. Determines a guest's reservation status and identifies how long the guest will stay. Helps guests complete registration cards and then assign rooms, accommodating special requests whenever possible. Verifies the guest method of payment and follows established credit-checking procedures. Place guest and room information in the appropriate front desk racks and communicates this information to the appropriate hotel personnel. Works closely with the housekeeping department in keeping room status reports up to date and coordinates requests for maintenance and repair work. Maintains guest room key star age, and maintains and supervises access to safe deposit boxes. Must be sales-minded. Presents options and alternatives to guests and offers assistance in making choices. Knows the location and types of available rooms as well as the activities and services of the property.

DUTIES AND RESPONSIBILITIES :

1. Registers guests and assigns rooms. Accommodates special requests whenever possible.
2. Assists in preregistration and blocking of rooms for reservations.
3. Thoroughly understands and adheres to proper credit, check-cashing, and cash handling policies and procedures.
4. Understands room status and room status tracking.
5. Knows room locations, types of rooms available, and room rates.
6. Uses suggestive selling techniques to sell rooms and to promote other service of the hotel.
7. coordinates room status updates with the housekeeping department by notifying housekeeping of all check-outs, late check-outs, early check-ins, special requests, and part-day rooms.
8. possesses a working knowledge of the reservations departments. Takes some day reservations and future reservations when necessary. known cancellation procedures.
9. Files room keys.
10. Knows how to use front office equipments.
11. Processes guest check-outs.
12. Posts and files all charges to guest, master, and city ledger accounts.
13. Follows procedures for issuing and closing safe deposit boxes used by guests.
14. Uses proper telephone etiquette.
15. Uses proper mail, package, and message handling procedures.
16. Reads and initials the pass-on log and bullet in board daily. Is aware of daily activities and meetings taking place in the hotel.

FRONT DESK AGENT (continued)

17. Attends department meetings.
18. Coordinates guest room maintenance work with the engineering and maintenance division.
19. Reports any unusual occurrences or requests to the manager or assistant manager.
20. Knows all safety and emergency procedures. Is aware of accident
21. Maintains the cleanliness and neatness of the front desk area.
22. Understands that business demands sometimes make it necessary to move employees from their accustomed shift to other shifts.

PREREQUISITES :

Education : High school graduate or equivalent. Must be able to speak, read, write, and understand the primary language (s) used in the workplace. Must be able to speak and understand the primary language (s) used by guests who visit the workplace.

Experience : Previous hotel-related experience desired.

Physical : Requires fingering, grasping, writing, standing, sitting, walking, repetitive motives, hearing, visual acuity, and may on occasion have to lift and carry up to 40 pounds.

14.3. DUTIES AND RESPONSIBILITIES OF RESERVATIONS AGENT**JOB DESCRIPTION****POSITION TITLE : RESERVATIONS AGENT****REPORTS TO : Front Office Manager**

POSITION SUMMARY : Responds to communications from guests, travel agents, and referral networks concerning reservations arriving by mail, telephone, telex, cable, fax, or through a central reservation system. Creates and maintains reservation records--usually by date of arrival and alphabetical listing. Prepares letters of confirmation and promptly processes any cancellations and modifications. Tracks future room availabilities on the basis of reservations, and helps develop forecasts for room revenue and occupancy, additional duties may include preparing the list of arrivals for the front office, assisting in preregistration activities when appropriate, and processing advance reservation deposits. Knows the types of rooms the hotel has as well as their location and layout. Knows of all hotel package plans--meaning status, rates, and benefits.

DUTIES AND RESPONSIBILITIES:

1. Processes reservations by mail, telephone, telex, cable, fax, or central reservation systems referral.
2. Processes reservations from the sales office, other hotel departments, and travel agents.
3. Knows the types of rooms available as well as their location and layout.
4. Knows the selling status, rates, and benefits of all package plans.
5. Knows the credit policy of the hotel and how to code each reservation.
6. Creates and maintains reservation records by date of arrival and alphabetical listing.
7. Determines room rates based on the selling tactics of the hotel.
8. Prepares letters of confirmation.
9. Communicates reservation information to the front desk.
10. Processes cancellations and modifications and promptly relays this information to the front desk.
11. Understands the hotel's policy on guaranteed reservations and no-shows.
12. Processes advance deposits on reservations.
13. Tracks future room availabilities on the basis of reservations.
14. Helps develop room revenue and occupancy forecasts.
15. Prepares expected arrival lists for front office use.
16. Assists in preregistration activities when appropriate.
17. Monitors advance deposit requirements.
18. Handles daily correspondence. Responds to inquiries and makes reservations as needed.
19. Makes sure that files are kept up to date.

RESERVATIONS AGENT (continues)

20. Maintains a clean and neat appearance and work area at all times.

21. Promotes goodwill by being courteous, friendly, and helpful to guests, managers, and fellow employees.

PREREQUISITES:

Education: High school graduate or equivalent must be able to speak, read, write, and understand the primary language(s) used in the workplace. Must be able to speak and understand the primary language(s) used by guests who visit the workplace.

Experience: Previous hotel-related experience desirable.

Physical: Requires fingering, grasping, writing, standing, sitting, walking, repetitive motions, hearing, visual acuity, and good speaking skills.

14.4. DUTIES AND RESPONSIBILITIES OF FRONT OFFICE CASHIER**JOB DESCRIPTION**

POSITION TITLE : FRONT OFFICE CASHIER

REPORTS TO : Front Office Manager

POSITION SUMMARY : Posts revenue center charges to guest accounts. Receive payment from guests at check-out. Coordinates the billing of credit card and direct-billed guest accounts with the accounting division. All guest accounts are balanced by the cashier at the close of each shift. Front office cashiers assume responsibility for any cash used in processing front desk transactions. May also perform a variety of banking services for guests, such as check cashing and foreign currency exchange.

DUTIES AND RESPONSIBILITIES :

1. Operates front office posting equipment.
2. Obtains the house bank and keeps it balanced.
3. Completes cashier pre-shift supply checklist.
4. Takes departmental machine readings at the beginning of the shift.
5. Completes guest check-in procedures.
6. Post charges to guest accounts.
7. Handles paid-outs.
8. Transfers guest balances to other accounts s required.
9. Cashes checks for guests following the approval policy.
10. Completes guest check-out procedures.
11. Settles guest accounts.
12. Handles cash, traveler's checks, personal checks, credit cards, and direct billing requests properly.
13. Posts non-guest ledger payments
14. Makes account adjustments.
15. Disperses guest records upon check-out.
16. Transfers folios paid by credit card to each credit card's master file.
17. Transfers folios charged to the non-guest ledger to each company's master file.
18. Balances department totals at the close of the shift.
19. Balances cash at the close of the shift.
20. Managers safe deposit boxes.

PREREQUISITES :

Education : High school graduate or equivalent desired. Must be able to speak read, write, and understand the primary language(s) used in the workplace.

Experience : Previous hotel-related experience beneficial

Physical : Requires fingering, grasping, writing, standing, sitting, walking, repetitive motions, hearing, and visual acuity. Must possess basic computational ability.

14.5. DUTIES AND RESPONSIBILITIES HOTEL SWITCH BOARD OPERATOR**JOB DESCRIPTION****POSITION TITLE :** HOTEL SWITCH BOARD OPERATOR**REPORTS TO :** Front Office Manager

POSITION SUMMARY: Speaks clearly, distinctly, and with a friendly, courteous tone. Uses listening skills to put callers at ease and obtains accurate, complete information. Answers incoming calls and directs them to guest rooms through the switchboard (PBX) system or to hotel personnel or departments. Takes and distributes messages for guests, provides information on guest services, and answers inquiries about public hotel events. Provides a paging services for hotel guests and employees. Processes guest wake-up calls

DUTIES AND RESPONSIBILITIES :

1. Answers incoming calls.
2. Directs calls to guest rooms, staff, or departments through the switchboard or PBX system.
3. Places outgoing calls.
4. Receives telephone charges from the telephone company and forwards charges to the front posting.
5. Takes and distributes messages for guests
6. Logs all wake-up call requests and performs wake-up call services.
7. Provides information about guest services to guests.
8. Answers questions about hotel events and activities.
9. Understands PBX switchboard operations.
10. Provides paging services for hotel guests and employees.
11. Knows what action to take when an emergency call is requested or received.
12. Monitors automated systems including fire alarms and telephone equipment when the engineering and maintenance department is closed.

PREREQUISITES :

Education : High school graduate or equivalent desired. Must be able to speak, read, write, and understand the primary language(s) used by guests who visit the workplace.

Experience : Previous hotel-related experience desirable.

Physical : Requires fingering, grasping, writing, standing, sitting, walking, repetitive motions, hearing, visual acuity, and good verbal skills.

14.6. DUTIES AND RESPONSIBILITIES OF NIGHT AUDITOR**JOB DESCRIPTION****POSITION TITLE :** NIGHT AUDITOR**REPORTS TO :** Front Office Manager or Accounting Department

POSITION SUMMARY : Checks front office accounting records for accuracy and on a daily basis, summarizes and compiles information for the hotel's financial records. Tracks room revenues, occupancy percentages, and other front office operating statistics. Prepares a summary of cash, check, and credit card activities reflecting the hotel's financial performance for the day. Posts room charges and room taxes to guest accounts including guest transactions not posted during the day by the front office cashier. Processes guest charge vouchers and credit card vouchers. Verifies all account postings and balances made during the day by front desk cashiers and agents. Monitors the current status of coupon, discount, and other promotional programs. Is able to function as a front desk agent especially in terms of check-in and check-out procedures.

DUTIES AND RESPONSIBILITIES :

1. Posts room charges and taxes to guest accounts
2. Processes guest charge vouchers and credit card accounts.
3. Posts guest charge vouchers transactions not posted by the front office cashier.
4. Transfers charges and deposits to waste accounts
5. Verifies all account postings and balances.
6. Monitors the current status of coupon, discount, and other promotional programs.
7. Tracks room revenues, occupancy percentage, and other front office statistics
8. Prepares a summary of cash, check, and credit card activities.
9. Summarizes results of operations for management.
10. Understands principles of auditing, balancing, and closing out accounts.
11. Knows how to operate posting machines, typewriters, and other front office equipment and computers.
12. Understands and knows how to perform check-in and check-out procedures.

PREREQUISITES :

Education : Minimum of a two-year college degree. Must be able to speak, read, write, and understand the primary language(s) used in the workplace. Must be able to speak and understand the primary language(s) used by guests who visit the workplace.

Experience : Minimum one year of hotel front-desk supervisory experience, experience handling cash, account procedures, and general administrative tasks.

Physical : Requires fingering, grasping, writing, standing, sitting, walking, repetitive motions, verbal communications and visual acuity.

14.7. DUTIES AND RESPONSIBILITIES OF GUEST SERVICES MANAGER**JOB DESCRIPTION****POSITION TITLE :** GUEST SERVICES MANAGER**REPORTS TO :** General Manager /Front Office Manager**POSITION SUMMARY :** Oversees all guest services operations, including free desk, reservations, PBX, bell staff, and transportation services to ensure quality and guest satisfaction.**DUTIES AND RESPONSIBILITIES :**

1. Answers letters of inquiry regarding rates and availability.
2. Trains new Guest Services department personnel.
3. Maintains a thorough knowledge of the room rack locations, types of rooms, room rack operations, package plan, and discounts.
4. Maintains a detailed knowledge about the hotel's services and hours of operations.
5. Oversees servicing and security of the safe deposit boxes.
6. Knows all safety and understands emergency procedures and how to act upon them . Understands accident prevention policies.
7. Knows cash handling procedures. Files and posts all changes to guest maste and city ledger account.
8. Possesses thorough knowledge of credit and check-cashing policies and procedures and adheres to them.
9. Anticipates and intervenes in all incidents of guest dissatisfaction and attempts to satisfy all such guests , within hotel polcy.
10. Develops and maintains all aspects of the hotel's reservations system directed toward the maximization of profit.

PREREQUISITES :**Education :** Minimum of a two year college degree. Ability to speak and understand the primary language(s) used by guests who visit the workplace. Ability to speak, read, write and Understand the primary language(s) used in the workplace.**Experience :** Minimum one year of hotel front-desk supervisory experience, experience handling cash, account procedures, and general administrative tasks.**Physical :** Requires fingering, grasping, writing ,standing, sitting, walking , repetitive motions, verbal communications, and visual acuity.

14.8. DUTIES AND RESPONSIBILITIES OF CONCIERGE**JOB DESCRIPTION****POSITION TITLE :** CONCIERGE**REPORTS TO :** Front Office Manager

POSITION SUMMARY : Serves as the guest's liaison for both hotel and non-hotel services. Functions are an extension of front desk agent duties. Assists the guest--regardless of whether inquiries concern in-hotel or off-premises attractions, facilities, services, or activities. Knows how to provide concise and accurate directions. Makes reservations and obtains tickets for flights, the theater of special events. Organizes special functions such as VIP cocktail receptions arranges for secretarial services.

DUTIES ND RESPOSIBILITIES :

1. Develops a strong knowledge of the hotel's facilities and services and of the surrounding community.
2. Provides guests with directions to attractions or facilities, in or outside the property
3. Provides guests with information about attractions, facilities, services, and activities in or outside the property.
4. Makes guest reservations for air or other forms of transportation when requested. Obtains necessary itinerary and tickets.
5. Makes guest reservations for the theater and other forms of entertainment when requested. Obtains necessary tickets and provides directions to facilities.
6. Organizes special functions as directed by management.
7. Arranges secretarial and other office services
8. Coordinates guest requests for special services or equipment with the appropriate department.
9. Contacts roomed guests periodically to ascertain any special needs.
10. Handles guest complaints and solves problems to the degree possible.

PREREQUISITES :

Education : Minimum of two years college education with emphasis in business sales, or marketing. Must be able to speak, read, write, and understand the primary language(s) used in the workplace and by guests who visit the workplace

Experience : Minimum of two years sales experience with minimum of one year superviisory experience.

Physical : Requires bending, stooping, climbing, standing, walking, sitting, fingering, reaching, grasping, lifting, carrying, repetitive motions, vsual acuity, hearing, writing, and speaking. Must exert well-paced mobility to reach other departments of the hotel on a timely basis.