OBJECTIVES

- Room Availability
- Forecasting Data
- Forecasting Formula
- Sample forecast forms
- Refining Budget Plans
- Forecasting Room Revenue
- Estimating Expense
- Daily operation Reports
ROOM AVAILABILITY

- According to Oxford dictionary, forecasting means “to say what will happen probably in future.”
- It is prediction of future happening based on precise analysis of data available.
- Number of rooms available for selling on a future date is called room availability or forecasting.
INFORMATION REQUIRED FOR FORECASTING

➢ Thorough knowledge of hotel and area
➢ Market profiles
➢ Hotel occupancy history
➢ Reservation trends
➢ Scheduled events
➢ Group profiles
➢ Cut-off date for rooms blocked
INFORMATION REQUIRED FOR FORECASTING

- Reservations (guaranteed/non-guaranteed); no-shows, cancellations
- Percentage of rooms reserved
- Impact of groups on dates in question
- Hotel’s remodeling/renovation plans
- Competition’s remodeling/renovation plans
- Plans for new hotels in the area
FORECASTING DATA

- Arrivals
- Walk-ins
- No-shows
- Understays
- Overstays
- Stayovers
- Check-outs
PERCENTAGE OF WALK-INS

Number of Room Walk-Ins
----------------------------------------------------------- * 100
Total Number of Room Arrivals

Purpose:
Helps front office managers know how many walk-ins to expect.
## PERCENTAGE OF NO-SHOWS

Number of Room No-Show
--------------------------------------------- * 100
Number of Room Reservations

**Purpose:**
Helps front office managers decide when (and if) to sell rooms to walk-in.
PERCENTAGE OF UNDERSTAYS

Number of Understay Rooms

--------------------------------------------- * 100

Number of Expected Check-Outs

Purpose:
Alerts front office manager to additional room availability.

20% of hotels charge understay guests

Gautam Singh, Hospitality Trainer, 07830294949
PERCENTAGE OF OVERSTAYS

Number of Overstay Rooms
------------------------------------------ *100
Number of Expected Check-Outs

Purpose:
Alerts front office managers to potential problems when rooms have been reserved for arriving guests.

Gautam Singh, Hospitality Trainer, 07830294949
ROOMS AVAILABILITY OR FORECASTING FORMULA

Total number of guestrooms
- Out of order rooms
- Stayovers
- Reservations
+ Reservations x no-show percentage
+ Understays
- Overstays
= Number of Rooms Available for Sale
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<th>LFT</th>
<th>DBL</th>
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FORECASTING

- Since short-term forecasts are the most accurate, the time frames forecasted most often are:
  - 3 Day
  - 7 Day
  - 10 Day
  - 14 Day
- Longer term forecasts are run:
  - 30 day (or comparable cutoff date)
  - 90 day
  - 12 Month Rolling-Annual Budget/Marketing Plan
FRONT OFFICE BUDGETING

The most important long-term planning function

FOM is responsible for:

1. Forecasting Rooms Revenue
   - Use historical trend data

2. Estimating Expenses
   - Vary directly with rooms revenue
   - Payroll, laundry & supplies
FORECASTING ROOMS REVENUE

Forecasted Annual Rooms Revenue =

Rooms Available × Occupancy Percentage × Average Daily Rate

Rooms Available = Total Rooms × 365 Days
FORECASTING ROOMS REVENUE EXAMPLE

100 Room Hotel

\[ 100 \times 365 \text{ days} = 36,500 \text{ Rooms Available} \]

75% Occupancy Percentage = .75

$50 Average Daily Rate

\[ 36,500 \times .75 \times $50 = $1,368,750 \]
ESTIMATING EXPENSES

Most expenses for front office operations are direct expense in that they vary in the proportion to rooms revenue. Historical data can be used to calculate an approximate percentage of rooms revenue that each expense item may be represent.
ESTIMATING EXPENSES

- Expense categories as percentages of rooms revenue:

<table>
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<tr>
<th>Year</th>
<th>Payroll &amp; related expense</th>
<th>Laundry &amp; Guest supplies</th>
<th>Commissions &amp; reservation expenses</th>
<th>Other expenses</th>
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<td>2005</td>
<td>16.5%</td>
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<td>3.1%</td>
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FORECASTING ROOM AVAILABILITY

The most important **short-term** planning function

Hotel Occupancy History
- The past few months and last year at this time

Reservation Trends
- How far in advance are reservations being made?

Scheduled Events
- City-wide conventions; sporting events, etc.

Group Profiles
- Pickup history
ROOM COUNT

The number of rooms occupied by the guest is called as room count.

= Expected arrivals + Expected stayovers

OR

= Expected arrivals + Walk-ins – Cancellations – no-shows + Stayovers + extended stays – early departures
DAY END
HOTEL AVAILABILITY

HOTEL/HOUSE POSITION – Room status of the hotel
- Plus
- Minus
- +/- Zero

HOTEL/HOUSE STATUS - Booking status of the hotel
- Open / Free sale – Bookings are confirmed
- Closed / Sold out – Bookings are turned away
- On request – Bookings are waitlisted
DAILY OPERATIONS REPORT

The daily operations report, also known as the manager’s report, the daily report, the daily revenue report, contains a summary of the hotel’s financial activities ring a 24 hour period. The daily operations report provides a means of reconciling cash, bank accounts, revenue, and accounts receivable.
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<th></th>
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