

ADVANCE FRONT OFFICE MANAGEMENT – SHM8C53

Unit: 1

Lobby: stages of guest contacts with the hotel (pre-arrival, arrival, during their stay, departure) – procedures for left luggage, scanty baggage and safe deposit facility – guest mail handling – paging – job description of bell captain and bell boy- errand card- qualities of a good telephone operator – equipments in use [PBX, PABX, EPABX]- wake up call procedures.

Unit: 2 Guest accounting

Job description of front office cashier – records and ledgers maintained by cashier [visitor's tabular ledger, guest weekly bill, allowance voucher, visitors paid out, taxes, Foreign currency encashment, credit cards, charge slip, telephone voucher, cashier- reports, petty cashier- reports, petty cash voucher etc..]- Ways of setting bills

Unit: 3 Night auditing

Functions of night auditing- job description of night auditor- cross checking, credit monitoring and verify no show and cancellation – daily and supplementary room rates- night audit process – preparing night auditing reports.

Unit: 4 Planning front office operations

Establishing room rates – rule of thumb approach and hubbart's formula – forecasting room availability – room revenue analysis.

Unit: 5 Evaluating front office operations

Evaluating occupancy ratio, house count, bed occupancy percentage, average room revenue, average revenue per guest, over stay percentage, under stay percentage, no show percentage, cancellation percentage and foreign guest occupancy percentage – break even and pricing analysis concept of yield management and measuring yield.

Reference Books:

1. Hotel front office training manual – sudhir Andrews. Tata mc graw hill publishers, New Delhi.
2. Hotel house keeping training manual – sudhir Andrews. Tata mc graw hill publishers.
3. Front office management – s.k.Bhatnagar frank brothers &co.LTD, Damaganj,new delhi.

Unit: 1

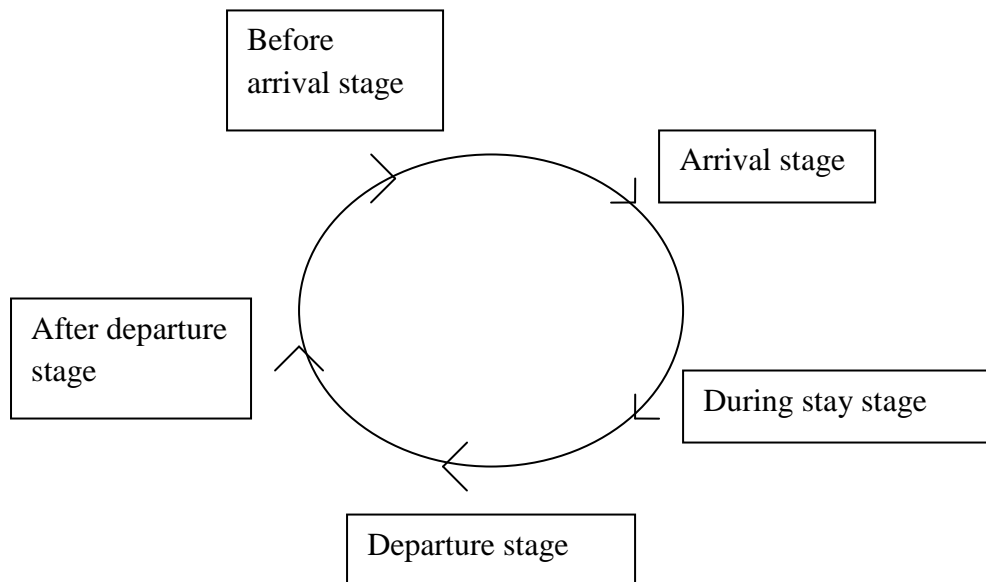
Lobby:

A lobby is an area furnished with seating arrangements and is a meeting place common to all hotel guests whether residents or not, located immediately upon entry into the hotel building. The lobby assumes importance as it is the first and last area of contact of a guest with the hotel.

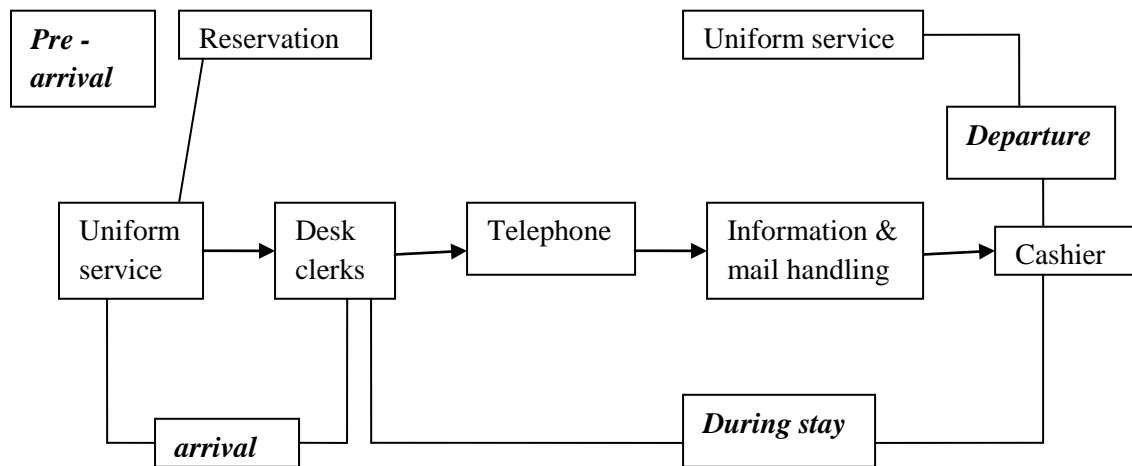
The lobby desk is managed by a lobby manager who represents the management all 24 hours. He is a problem solver and has the authority to handle all guest grievances. He controls a team of lobby supervisors (bell captains) and lobby attendants (bell boys).

Large hotels may also have a guest relations executive (normally a lady) located in the lobby to handle in-house public relations with guests.

Guest cycle:



Stages of guest contact with the hotel:



Pre-arrival:

During the pre-arrival stage the prospective customer makes a decision as to which hotel to patronize.

Arrival:

This is the second major stage of guest contact with hotel. The major activities at this time are registration and rooming and both the guest and hotel enter with a binding contract.

During stay:

This is the third stage and major activities during this stage are guest accounts keeping, his complaints and suggestions handling etc. also referred to “On going responsibilities” stage for hotel.

Departure:

This is the fourth stage. It involves mainly the bill settlement of the guest.

Left luggage procedure:

The term “left luggage” is attribute to luggage left by a guest who checks out of the hotel but wishes to collect his luggage later. They leave their luggage in the hotel premises (normally a strong room specially provided for this facility) under the guarantee by the management that the luggage would be safe. Some hotels may charge a fee for this facility, but most hotels do not.

Procedure:

Receipt

- Step 1: ascertain if guest wishing to leave his luggage has paid his hotel bill.
- Step 2: string the baggage ticket on each piece of luggage separately. The baggage ticket has a number which is also printed on the counterfoil of the ticket
- Step 3: enter details in the left luggage register.
- Step 4: tear off the counterfoil of each ticket and hand it over to the guest.
- Step 5: keep the luggage in the left luggage area.

Delivery

- Step 1: take the counterfoil of the luggage ticket from the guest.
- Step 2: tally the same with the ticket attached to the luggage in the left luggage area.
- Step 3: enter the date of delivery in the left luggage register.
- Step 4: retain counterfoils and tags of luggage.

Left baggage register

Date	Room No.	Name of guest	Bell boy name	Luggage Tag no.	Description of luggage	Date of delivery	remarks
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Scanty baggage:

A guest with scanty baggage would have hand baggage or no baggage at all. Such guests are a hazard as they can slip out of the hotel without paying their bill. Most management stipulates a policy that “scanty baggage” guests are required to pay a deposit in advance as a safeguard against skipping out of the hotel. Guests who manage to check out of the hotel without intentions of paying the bill are called “skippers”.

Procedure:

- Step 1: notify the lobby manager and the front office as soon as guest arrives with scanty baggage.
- Step 2: stamp “scanty baggage” on the arrival errand card.
- Step 3: stamp “scanty baggage” on the registration card.
- Step 4: enter particulars in the “scanty baggage” register. The type of information filled is appended below.
- Step 5: get the registration card signed by the lobby manager who has the discretion to ask for a deposit from the guest.
- Step 6: get the scanty baggage register signed by the lobby manager.

Scanty baggage register

Date	Name of guest	Room number	Name of bell boy	Time	Description of luggage	Description of luggage	Re-marks	Signature of lobby manager	Signature of bell boy
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Safe Deposit Facility:

All hotels, provide safe deposit facilities to their guests and notices such as “Please do not leave your valuables in room”, “Safe deposit facility is available in the hotel”, etc .

In a small hotel the front office cashier is given this duty and when a guest makes a request of depositing the valuables or cash, the cashier takes the valuables or cash and puts it in an envelopes and seals it. Many times the guest and the cashier both sign it. Then the cashier puts it in a safe box. The guest is given the receipt of the same. When the guest wants it back, he gives the receipt back to the cashier, signs a register and the cashier returns that back to the guest.

In a large hotel, they provide safety locker facility to their guests. At the time of arrival the guests are advised to keep their valuables and documents etc. in safe deposit boxes/lockers. Usually the double custody safe deposit lockers are installed in a room right behind the cash counter. The cashier is responsible for operating the locker. Usually this facility is given without any charges to the guest. Each locker can be operated by using two keys simultaneously (one is used by the cashier and the other key by the guest which is given to him when the locker is allotted.

Guest Mail Handling:

Mail is often handled by the information assistant. If the hotel has a large number of rooms, the volume of mail received everyday may be appreciable enough to make the handling of it one of the major and critical tasks of the front office. Mail may vary from letters, business and promotional material, cables and telexes, to large parcels.

The timely delivery of the same to guests is important as it might influence his certain plans. To safeguard the hotel from guest complaints regarding mail, most hotels insist on the following:

1. Timing-stamp of all mail at the time of receipt.
2. If the registered insured envelope or parcel is received in an opened state, to record this in the mail log book and have it counter signed the postman.

3. All registered mail, insured mail, etc. should have the signature of the guest when delivered.

Paging:

Paging is the process of locating a guest in a given area within the hotel. When a party calls a guest on the phone and the party specifically knows that the guest he is contacting is in a specific area, then the information assistant writes the guest's name and room number on the paging board and deploys a bell boy to do the paging with this board. The bell boy then holds the board (which has bells with rings which draw the attention of the guest when shaken) above his head so that guests in an area can see. The bell boy walks through that specified area. The guest, if in that area, immediately contacts the bell boy who escorts the guest to the phone.

Job description of bell captain:

Job title : bell captain
Category : supervisory
Reports to : 1. Sr. bell captain
2. Lobby manager

Job definition: to supervise and provide all porter services with efficiency and politeness.

Directly controls : bell – boys

Assigned area of activity: principally the lobby area but is authorized to work in any part of the hotel depending upon the errand demanded.

Hours of operation : one shift of 8 hours in 24 hours, or as per policy of the management.

Authority : to check bell boys in their daily operations.
To appraise their performance.

Work performed : 1. brief all bell boys at the beginning of a shift.
2. Ensure that bell boys in their shifts are well groomed and uniformed.
3. Control the movement of all bell boys.
4. Assign errands to bell boys.
5. Ensure that the bell desk is well stocked with postage.
6. Initiate action again “scanty baggage” guests.
7. Organize paging services in the lobby.
8. Execute formalities regarding “left luggage”.
9. Assist in security vigilance functions.
10. Assist in crew and group wake call procedure.
11. Perform any other duties that are required by management from time to time.

Job description of bell boy:

- Job title** : bell boy
Category : non-supervisory
Reports to : 1. bell captain
 2. Sr. bell captain
 3. Lobby manager
Job definition : to handle guest baggage at the time of arrival and departure and to do errands as required.
Directly controls : guest baggage during transit in the hotel.
Assigned area of activity: principally the lobby area boy is authorized to work in any part of the hotel depending upon the errand demanded.
Hours of operation : one shift of 8 hours, or as per the policy of the management.
Authority : None
Work performed : 1. Carry guest baggage at the time of guest arrival.
 2. Carry guest baggage into the guest room and explain all controls in the room to the guest.
 3. Issue postage against cash to guests.
 4. Deliver guest baggage to “left luggage” room if required.
 5. Check the guest room at the time of guest departure.
 6. Carry baggage at the time of guest departure.
 7. Check guest rooms to validate the discrepancy report.
 8. Page guests in the lobby area if required.
 9. Report “scanty baggage” guests to bell captain.
 10. Perform any errands as required by guests and management.
Coordinates with :
Front office : for the arrival and departure of guests to validate room discrepancy report.
Security : for reporting and assisting in dealing with undesirable elements in the lobby.

Errand card:

Errand card indicates that room has been allotted to the guest. The information counter at the front office will indicate that the guest has been allotted a room by handing over the errand card, which mentions the room number. The room key is also handed over with the errand card. This is mainly brings to the guest’s attention of any baggage damaged to protect the hotel from blame.

ERRAND CARD				
Bell boy no:			Date:	
Room no:			Name:	
Suitcase	Briefcase	Hand bag	Packets	Others
Remarks :				
Bell boy sig :			Capt’s Sig :	

Qualities of a good telephone operator:

- **Punctuality** – it is extremely important that an operator reports for duty at least five minutes before his/her shift.
- **Personal hygiene and deportment** – operators must be particularly careful that their mouths are free from odour. Hair should be properly groomed and finger nails well maintained.
- **Accuracy** – errors are usually caused by carelessness or misunderstanding. All this can be avoided by the exercise of reasonable care, particularly in putting through connections, ringing, listening attentively, speaking and enunciating distinctly, allowing proper time for connection and paying close attention to signals.
- **Speed** – speed is a skilled performance for each operation with the least possible expenditure of energy. Consistency in speed of service is necessary.
- **Cooperation** – cooperation between all attendants and in fact, all employees is essential for the successful performance of the hotel's business.
- **Clarity of speech** – clarity when speaking on telephones is essential. Clarity of speech is often lost by the operator speaking
- **A sense of responsibility on the job** – irresponsibility can lead to the guest's / hotel's loss of business or equipment damage which is irreparable.
Secrecy – all employees are expressly forbidden to divulge any information regarding communications between users of the telephone.
- **Memory** – it is nice if a telephone operator remembers a guest's names as it gives a personal touch which is particularly important in a service industry like hoteliering.
- **Concentration, application and quickness** – operators have to develop absolute concentration in their work. It is also imperative that the operators apply their mind to their work, take their work seriously as this will go a long way towards guest satisfaction.
- **Cheerfulness** – it is essential that an operator brings out the cheerfulness in his/her voice.
- **Careful and polite** – alongwith being careful the operator must possess the quality of politeness as well.

Equipment in use:

Two types of telephone equipment:

- * **PBX** – private branch exchange
- * **PABX** – private automatic branch exchange
- * **EPABX** -electronic PABX.

There are various types of PBX's for example, 3+9, 5+20, 10+50 etc. This means that there are 3, 5 and 10 main lines and 9, 20 and 50 extensions respectively. The PBX has the advantage of being cheaper than the PABX, and hence, can be used in small organizations where the PABX would prove economically less viable.

PABX is used for outdoor calling & incoming. While as, **EPABX** is used only for indoor incoming & outgoing. When u want to give Connection to more people using less telephone lines EPABX is used.

Differences between the PBX & PABX:

S. No	PBX	PABX
1	The number of extensions is limited.	A larger number of extensions can be connected.
2	Charging of calls made by the guests are to be calculated by the operator.	Individual meters for each extension are provided.
3	Service connections are also given as the extensions only, thereby minimizing the number of extensions to guest rooms.	The service connections do not minimize the extension connections since these are given no separate working digits.
4	Internal and outside calls are to be connected by the telephone operators thereby causing an additional work-load on them.	The guests/executives can dial an internal extension and outside calls straight without going to the operator.
5	The traffic and the work-load cannot be streamlined.	The traffic and the work-load on operators can be streamlined.

Wake-up call procedure:

A wake-up call is a telephone call made by the telephone operator to a guest at a specific time, predetermined by the guest. Normally, the telephone department are fully concerned with wake-calls, but the lobby personnel are involved when wake-calls have to be made of airline crews and groups.

The wake-call time is thus 45 minutes to one hour before the pick up time.

In the case of groups, the group leader or travel agency would convey wake-up call timings to the lobby. The lobby would then prepare a wake-call.

Crew/group wake-call list

Serial number	Name of guest	Room no.	Call time
Scheduled call time			Reference
Pick up time			
Amendments			
Call time			
Pick up time			

UNIT II:

Guest accounting:

Front office cashier:

A front office cashier is positioned beside the front office reception desk preferably in a cage in view of the cash stored with him. The cashier is the last point of contact of a guest where he settles his bill either by cash or as charge settlement, for his entire stay in the hotel.

Job description of front office cashier:

- Job description** : front office cashier
Category : non – supervisory
Reports to : 1. Income accountant
2. Chief accountant
3. Front office manager (operationally)
Job definition : post all guest charges and credits on guest folios accurately and in time so as to properly settle guest accounts or receive payment upon guest departure.
Directly controls/supervises : none, except when made shift-in-charge.
Assigned area of activity : front office cashier's cage.
Hours of operation : one shift in 24 hours for 8 hours, or as per the policy of the management.
Authority : refuse credit cards, currency notes or personal cheques as offered by guests. Give discounts as per policy. Hold back "credit cards" listed in the cancellation bulletin.
Work performed : 1. Post all guest charges and credit into their respective folios.
2. Settle all guest bills upon departure.
3. Encash foreign exchange as per regulations.
4. Disburse petty cash to hotel staff and authorized paid outs.
5. Control safety deposit lockers.
6. Operate the accounting machine and be responsible for all postings in it.
7. Receive and hold in safe custody all cash payments made by guests in the account is rendered.
8. Render account through cash envelop at the end of the shift.
Coordinates with:
Front office : regarding arrivals and departures.
Lobby : regarding arrivals and departures.
All other revenue producing departments such as restaurants, bars, telephones, etc. to collect charges to post into guest folios.

Records & ledgers maintained by cashier:

Visitor's tabular ledger: (VTL)

An accounting system usually used in small hotels. It is loose large sheet in which the daily transactions of the hotel with guests are recorded. All the credit sales vouchers which are

made by the various departments of the hotel (when guests make transactions) are collected in bills department and the entries are made in the VTL against each guest account respectively.

Generally a tabular ledger has a set of columns with details of the room and its occupant, such as room number, rate, terms, number of sleepers, etc. and second set of columns are charges of apartment and food.

In addition to daily charges the tab sheet shows the daily sales under respective heads and includes breakfast, tea, snacks, telephone call charges, sales taxes etc.

Guest weekly bill:

Generally for long staying guests weekly bills (on 7 days basis) are made from visitor’s tabular ledger and hence it is called as *weekly bill*. After seven days a new continuation bill called as *follow* is made.

Allowance voucher:

When an overcharge occurs on the guest account and an allowance must be made and shown in the appropriate column on the tab sheet, it is then recorded in the allowance book showing the date on which allowance is made, the guest name and the service concerned along with the allowance voucher number to confirm the action. There are basically four accounts for allowance granting. They are

1. lodging and room rent

- off-season concessions
- when a guest with a reservation has to be accommodated in a higher priced room due to non-availability of the booked type.

2. telephone charges

- when customer is wrongly charged for local or trunk calls, he is given an allowance.

3. overcharges

- when the guest is wrongly charged for what he has not availed the customer is given an allowance.

4. unsatisfactory service.

When the customer is not satisfied with the service, he will be annoyed, complain and may refuse to pay. Hotels are liberal in giving such allowance but take drastic actions against the employees who are found responsible for the unsatisfactory service.

Allowance voucher	
s.no:.....	Date:.....
Room no:.....	Amount:.....
Name or account no:.....	Date:.....
Explanation:.....	
.....	
Signature:.....	

Visitor’s paid out:

Paid out voucher

Guest's name:.....			
Dated:.....		Room acct No:.....	
Detailed explanation			
Rupees (in words)			
Prepared by	Authorized by	Audited by	
			Signature of recipient

Foreign currency encashment:

When a guest wants to exchange foreign currency for local currency, he should fill the foreign currency exchange encashment certificate.

						Date:.....
Guest name:.....			Regd.no:.....			Room
Passport no:..... Nationality:.....			no:.....			
T.Cheque no. (or) currency note no:	amount	Type money	Exchange rate	Rs.	P	
Guest signature		Approved by:		Cashier		
We further certify that we have adjusted a sum of Rs..... Out of the above mentioned rupee equivalent towards settlement of our bill nos..... totaling Rs..... / encashment from hotel clients						Cashier signature

Credit cards:

The Bank Americard (now known as Visa card) and master charge started in 1959 as local and regional credit cards soon became outstanding examples of multipurpose bank credit covering entertainment, travel, shopping etc. other well-known credit cards are Pan Am Credit Card, Eurocard, etc.

The key reason attributable to the popularity of the credit card system lies in the fact that it is convenient to carry around. It is a better substitute than carrying cash especially for businessmen on long trips. Establishments are prepared to extend credit to strangers as the credit card represents no credit risk. It becomes more convenient for people to sign for expenditures rather than pay for them. Establishments find that customers, who sign, buy more, so they motivated to accept credit card payments.

Hotels accept credit cards in a big way, covering a wide range of credit card institutions, because they pass on their liability to the credit card institution. Hotels receive prompt payment from the institution and the commission hotels pay more than makes up for the cost they would have incurred in maintaining a machinery to collect credits from customers.

Telephone voucher:

In many of the hotels telephone calls are metered. If not, a voucher is made as and when the guest makes a call-local, STD and Trunk. These vouchers are made by the telephone operator and are sent to cashier.

Local telephone call voucher		
No:	Room no:	Account No:
New Delhi	Guest Name:	Date:
	Explanation	charges
		Total
Prepared by		(Signed by)

Cashier – reports:

Cashier.....		Shift from..... to		Date.....							
received			Foreign nationals & non-residents			Exemption under clause no.			paid		
Bill no.	room								name	Room no	Name
	departure	On account	Received in foreign currency	Received in Indian currency	Received in Indian currency under exempted category						

Petty cash voucher:

In petty cash voucher details which the guest’s paid like taxi, medical charge, stamps, telegraph charges etc are mentioned.

Ways of settling bills:

A departing guest can settle his bill by a number of ways.

Mainly they can be grouped into two:

1. Cash
2. Credit

Cash mode of payment:

The cash mode includes payment of bill in Indian rupees and acceptable foreign currency such as dollars and pounds etc. in case of cash payment the system is very simple. If the guest has paid in foreign currency and there is any balance amount to be given in Indian rupees. An encashment certificate is also issued to the guest. No need of any bank account for purchasing and encashing of travelers cheque.

Travelers cheques are a very safe and convenient way of transporting currency. There is no danger even if they are stolen, snatched on a gun point etc. as they will be encashed only when they will be signed by the holder in the presence of the encashing authority and the second signature tallies with the first signature.

A foreign travelers cheque must be treated like foreign currency and the necessary records and statements and certificates must be maintained like in case of foreign currency and required records should be sent to Reserve Bank of India by the hotel.

Credit mode of payment:

1. Airline vouchers

Some airlines give MAO (Meal and Accommodation Order) and P.S.O (Passengers Service Order) to the layover passengers traveling from one destination to another.

2. Company account payment

The companies issue authorization letters to their executives on the basis of which they get services such as accommodation etc. from the hotel.

3. Travel agency vouchers

It indicates that the guest has pre-paid to the travel agency amounts for accommodation etc. and the recovery of such amounts are made from the travel agent and not from the guest.

4. Credit card payment

It is one of the most commonly used methods of bill settlement by a guest. It is a small, convenient to carry plastic card issued by State Bank of India, etc. every credit card has an authorized limit.

5. Personal cheque payment by the guest.

Normally payments by personal cheques are not accepted. Lobby manager have to give authorization for the payment made by personal cheques.

UNIT III:

Night Auditing:

Night Auditor:

The Night Auditor in a hotel is the pulse of the accounting function. He compiles and audits all revenue transactions by reconciling the revenue statements of all revenue outlets with a view to prepare a daily report of the day's business called summary transcript.

For this purpose a day would extend from midnight to midnight.

Job description of night auditor:

Job position : night auditor

Category : supervisory

Responsible to : 1. Income accountant
2. Chief accountant

Job definition : compile and audit all revenue transactions and reconcile the revenue statements of outlets with the front office accounting machine with a view to prepare a daily report of the day's business.

Directly controls/supervises : front – office cashiers.

Assigned area of activity : desk back office, front desk cashiers cage.

Hours of operation : basically 8 hours at night but hired for job completion.

Authority : can question front office and restaurant cashiers to ensure all transactions are accounted for.

Work performed :

1. Reconcile all revenue statements from outlets with the machine.
2. Verify and validate front office cashier's vouchers/forms.
3. Check guest folios.
4. Verify front office cashier's report.
5. Clear cashiers NCR machine.
6. Prepare a statement of bills over a specified amount.
7. Prepare daily transcript.
8. Audit night receptionist's room report.

Coordinates with : front office cashier & all cashiers of revenue outlets.

Equipments handled : NCR (National Cash Register) machines of all revenue outlets and master NCR machine of front office for posting of charges and auditing, calculators – electronic and manual for simple calculations, addressograph for processing credit cards, and telephone meters for recording individual guest room telephone meter readings.

Cross checking:

For every revenue generating transaction section of the hotel the originating revenue centre documents the type i.e. cash charge or paid outs and the monetary value of the transaction. Transactional documentation identifies the nature and amount of the transaction and is the basis for data input into accounting system. An accounting system should provide independent supporting documents to verify transactions.

Night audit should cross check the information on room revenue(which he receives from folio bucket) with room rate posting on guest folios against housekeeping reports of occupied rooms and front office room rack to avoid any occupancy error etc.

The night auditor relies on transactional documentation to prove that proper accounting procedures were followed. The auditor's review of daily posting reconciles front office account against revenue centre and departmental stores.

Credit monitoring:

Various factors such as credit card company, credit limit/floor limit, guest's credit profile (status/ reputation), hotel's house credit limits, etc. are instrumental in fixing line of credit with guest by the hotel guests with credit cards are given credit up to the limit of his card which is fixed by the credit card company and guests with no credit card or with some other credit facilities are given credit only upto the house limit which is fixed by the hotel as per hotel policy and rules.

Verify no show:

Before posting charges for "no show" the night auditor must verify the status of reservation and make sure that it was a guaranteed reservation and at the same time should ensure that the guest has not been registered (check for any possible duplicate reservation). Be doubly

sure before billing a no show guest as, in doing so, the risk of losing the future business, particularly in case of travel agent, may be great.

NO SHOW AND CANCELLATION CHART				
Following are the no shows and cancellations for				
Name	No. of rooms	Date out	Booked by	cancellations

Daily & supplementary room rates:

Daily rates showing guest’s transactional activities for that day and supplementary rates refers to non-guest’s account and combined together they represent all transactions for any one day and form the basis of a consolidated report of front office accounting data against which department totals can be matched.

The total of charged purchases reported by various revenue generating centers should equal to total amount of charged purchases posted to guest and non-guest accounts. An out-of-balance condition among non-guest account will help night auditor detect and correct errors.

Night audit process:

The audit process points out errors and corrections on daily basis. Although this process traditionally is done during night yet in a computer based organization the auditing is done every minute.

The night auditing involves following steps in sequence.

1. Complete outstanding posting.
2. Recognize room status discrepancies.
3. balance all departments
4. verify room racks
5. verify no show reservations
6. post room rates and taxes
7. prepare reports
8. deposit cash
9. back up system
10. distribute reports

Complete outstanding postings such as room and tax charges etc.

The first job of the night auditor is to post room and tax charges and this should be done either manually, mechanically or electronically. In case of mechanical posting machine vouchers from various food and beverage outlets can be classified first according to the revenue centre and further on the basis of meals (breakfast, lunch, dinner etc.) and functions (happy hours, entertainment etc.) similarly, postings from other point of sales such as valet, laundry, telephone, gift shop and parking etc. should be done. In case of some posting remaining from previous work shift the night auditor must post them to the guest or non-guest account as the case may be.

Reconciling room status discrepancies:

Room status discrepancies must be sorted out in time. Front office must maintain current and accurate room status information to determine the number and types of room available for

sale. The night auditor should verify the guest folio against the housekeeping and room status report to make sure that all the three reconcile and are in balance.

Balance all departments’ financial activities and running the trial balance:

The process of balancing departments is called “trial balance” and this uncovers any corrections or adjustments to be made during the night audit process and can be done before posting room and tax charges so that if the trial balance is correct and the final balance is wrong then the error is in room and tax charge.

In addition the night auditor may include the calculation of certain statistics such as room occupancy, average revenue per available room (total room revenue/number of rooms available for sale) and the compiling of summary report for management.

This report shows the total of amount of charge posted to the guest account by departments. Many times the trial balance does not tally due to errors in communication or posting of amount.

Departmental balancing sequence:

1. Sort vouchers by originating department
2. After verifying, total the correction voucher on audition machine.
3. Consider voucher again.
4. The voucher should agree with the corrected figure of the departments.
5. In an automatic system, revised individual shift reports can be printed after the correction and adjustments have been made.

Verify no show:

Be doubly sure before billing a no show guest as, in doing so, the risk of losing the future business, particularly in case of travel agent, may be great.

Reconciling accounts receivable:

City ledger, which is collection of non-resident and outstanding accounts of those guests who have already checked out are recorded in this ledger. Ex: credit cards account, direct billing to company, airlines etc. Night auditor should assemble such charges and verify their accuracy.

Any cash received against these accounts will be written in cashier’s report. Many times the city ledger accounts may go very high. The controller of hotel must closely watch the balance of these accounts to ensure effective cash flow.

Preparing night audit reports:

Depending upon the policy of the hotel and manager’s requirement, the number and content of the night auditor’s report may differ. Some managers may require more financial details than others.

Night auditor’s report should be viewed as a functional tool. This provides feedback on daily operational performance. Daily review of figures reported will allow management the opportunity to be flexible in meeting planned financial goals.

Night auditor’s report				
D-night auditor’s machine balance no			date	
	Date	Symbols net total	Back total	

Room				
Restaurant				
Telephone				
Long distance				
Laundry & dry cleaning				
Miscellaneous				
Paid out				
Total debits				
Miscellaneous				
Paid				
Total credits				
Net difference				
Opening Dr. balance				
Net outstanding				
Total machine Dr. balance				
Less Cr. balance				
Net outstanding				
Detector counter reading	Date charged			
Auditor's control	central total at zero		auditor	
	Master tape locked			
	Audit control locked			

Unit IV:

Planning front office operations:

Rule of thumb approach:

It is a traditional way of charging room rate. In this system “one rupee” rate is fixed for every Rs.1000/- spent on room construction cost. This is also called as “cost rate formula”.

Hubbart's formula:

In the 1940s the American hotel association asked the gentleman by the name of Roy Hubbart to develop a way to compute room rates. Mr. Hubbart came up with a method to calculate a hotel room rate based on the costs incurred in operating the hotel and a reasonable return on investment for the investors.

Going beyond simple room cost, the Hubbart formula allowed the hotel to scientifically illustrate to a banker what the return on investment would be. This quantifiable approach was well received.

The formula incorporates three different sections or schedules:

1. Looks at specific financial calculations
2. Looks at the rates per occupied room
3. Incorporates square footage into the analysis.

The formula considers the following;

1. The operational costs/expenditures and include a certain percentage of returns on land and building and another percentage on hotel keeping capital employed.
2. Deduct from the above cost the incomes received through rentals, food and beverage sales and other miscellaneous sales. (all sales other than rooms)
3. Divide the remaining for charging room rates by projected number of rooms occupied.

Forecasting room availability and room revenue analysis:

For the purpose of making a revenue forecasts (budget), the front office manager needs past periods (any specified) financial information. Another way of projecting room revenue is on the basis of past room sales.

In hotel industry one of the major department is front office and most of the expenses are of direct expenses nature, which means that they are in direct proportion to the total room revenue, which means more the revenue, more the expenses, and less the revenue, lesser the expenses. By using the data, we can calculate approximately the percentage of room revenue in relation to each one of the expense items, such as labour cost, bathroom items cost, bed room decoration cost, bed room linen cost, taxes on labour cost, cost involved in reservation procedure and many other such items.

Unit V:

Evaluating front office operations:

Evaluating occupancy ratio:

Occupancy ratios relate to the sale of rooms. Occupancy ratios reflect:

- Use factor of hotel rooms and the facilities.
- Selling skills of the staff in meeting its basic selling responsibility.
- The pattern of business.

House count: (H.C)

(the number of guests staying on a particular night)

$H.C = \text{Previous H.C} + \text{Arrivals} - \text{departures.}$

Total number of guests in the hotel can also be calculated as follows:

Total guests = single rooms + 2 x (double rooms) + extra beds.

Bed occupancy percentage: (guest occupancy or sleeper occupancy)

Average room rate = total room revenue

Number of rooms sold

Average room revenue: (ratio of rooms income to the number of occupied rooms)

Number of beds sold
----- x 100
Number of beds available for sale

Average revenue per guest / average spent (ARG):

It is the ratio of room income to the total number of guests staying in the hotel.

Suppose a hotel has 260 rooms, and suppose on a particular night all rooms are sold and 436 guests are in the hotel, and suppose the total revenue received is Rs. 8,74,380/-

Hence ARG = 874380

$$\frac{\text{-----}}{436} = \text{Rs.2005.45}$$

Overstay percentage:

This is the percentage of scheduled departures who remain on in the hotel, even after their scheduled date of departure.

The formula for overstay percentage is:

Number of overstays
----- x 100
Total number of scheduled departures

Understay percentage:

This is the percentage of those guests who leave before their expected date of departure i.e. don't stay until the announced date of their departure.

The formula for the understay percentage is:

Understays
----- x 100
Stayovers

No-show percentage:

It is the percentage of those guests who did not arrive inspite of confirmed reservation.

Number of (DNA) did-not arrive guests
The formula = ----- x100
Number of confirmed reservation guests

Cancellation percentage:

It is the percentage of total number of cancellations as against total number of reservations.
total number of cancellations

The formula = ----- x100
Total number of confirmed reservations

Foreign guest occupancy percentage:

Total guest H.C – no.of locals (Indians) = number of foreign guests

Their percentage is calculated by

$$\text{The formula} = \frac{\text{Number of foreign guests in hotel}}{\text{Total number of guests in hotel (H.C)}} \times 100$$

Breakeven & pricing analysis:

It is the sale at the point (rate) where by selling the rooms at that point (rate) there is neither profit nor loss.

Yield management:

The word yield means to produce or give forth an output or return, and the term yield management means output management. Making the very best use of product is yield management.

Yield management is applicable to service industry or any industry where the product's perishability is very high, for example a bed room, which if not sold on a particular day, cannot be stored for future use. Hence the process of knowing how many bookings to take at what rate (rack rate or discounted rate), for how many days so that the maximum number of rooms are sold and maximum possible revenue is generated for that period is called yield management.

Concept of yield management:

Yield management aims to maximize revenue by adjusting prices of commodity to suit market demand. Yield management is based on supply and demand.

The hotel aim should be “ high profit business rather than high volume business” . it is a set of demand forecasting techniques used to determine whether prices should be increased or decreased, and whether a reservation request should be accepted or rejected with an aim to achieve maximum revenue. Yield management combines occupancy percentage and ADR (Average Daily Rate) into a single statistics: YIELD.

Factors other than high season and off season such as, duration and type of accommodation used by guests, control and market segment pricing etc. are also important in yield management.