

**BHARATH COLLEGE OF SCIENCE AND
MANAGEMENT, THANJAVUR – 05.**

DEPARTMENT OF HOTEL MANAGEMENT

**FRONT OFFICE AND ACCOMODATION OPERATIONS
16SACHM2**

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Front Office Operation

1. INTRODUCTION

HOTEL

As per the Hotel Proprietors Act, 1956, a hotel is an “Establishment held out by the proprietor as offering food, drink and if so required, sleeping accommodation, without special contract to any traveler presenting himself who appears able and willing to pay a reasonable sum for the services and facilities provided and who is in a fit state to be received”. As a result of this definition establishments such as Hospitals, Hotels, Apartments and Prisons, although provide accommodation to people yet do not come under Hotels.

Common law states that a Hotel is a place where all who conduct themselves properly, and who being able to pay and for their entertainment, are received, if there be accommodation for them, any who without any stipulated engagement as to the duration of their stay or as to the rate of compensation are while there supplied at a reasonable cost their meals, lodging and other services and attention as are necessarily incident to the use as a temporary home.

A hotel may be called as an establishment where primary business is to provide to the general public lodging facilities and which may also furnish one or more of the various services such as food, beverage, laundry, uniformed services etc., Hence, Hotel can also be called as home multiplied by commercial activities. **As per the Reader’s Digest Dictionary the term “Hotel” refers to ‘a house of entertainment of travelers’.**

According to the Encyclopedia Britannia the word ‘Hotel’ is of ancient origin, but its use in English for a house offering lodging and food for travelers is

recent. The Hostlers of London took the name of Inn keeping in 1473. The meaning of word 'Hostler' is an inn servant.

The term 'Hotel' was used in England in about 1760. Hotel or Inn is defined by British law as a "Place where a benefited traveler can receive food and shelter, provided he is in a position to pay for and is in a fit condition to be received.

A Hotel or an Inn may also be defined as an establishment whose primary business is providing lodging facilities for the general public and which furnishes one or more of the following services

- a) Food and Beverage Service
- b) Room Service
- c) Uniformed Service
- d) Laundry Service and
- e) Use of furniture and fixture etc.,

In legal terminology a hotel is an Inn and is required under common law to offer to its visitors lodging, food and protection to their baggage. Hotel service is generally based on these three fundamental necessities of life. In addition to these a modern hotel provides its visitors many luxuries of modern urban city living, all under of roof.

GROWTH OF HOTEL INDUSTRY IN INDIA

In India in early period, hospitality as an industry was not organized but was provide either on individual or village bases. Later Buddhist monasteries provide board and lodging to travelers. During Chandra Gupta Maura's reign, inns and guest houses where established. Then some universities like Axial also provided accommodation to Buddhist monks and such places were called Chaityas.

In India too the development of hotel industry is closely linked to travel. In India travel was mainly on animals (mule, horse and camel) and for rest during their travel at strategic points Dharmashalas, Sarais, Chapels of Panchayats, Chowtry (in South India) and temples and religious places were provided by rich people such as Rajas, Kings, Zamindars etc., Usually free accommodation and food for travelers was given. During medieval period it was mandatory for the state authorities to provide food and shelter to the wayside traveler.

Musafir Khanas and Sarais

These developed during the Muslim period, many famous and well known musafir Khanas and sarais were made in the Sindh province during the Arab invasion, and also at Peshawar and Lahore. Mohammad Tughlak and Feroz Shah Tughlak made inns in the northern part of India. Later, Sher Shah Suri, Akbar, Jahangir and Shah Jahan made inns in different parts of India, Jahana begum built a very beautiful sarai at Sahibabad (Begamabad) and its beautiful garden is still there and is called Queens Garden or Azad Park. The fountain in the upper garden has the inscription 'Gar findaus Bar Rui Zaminast – Haminhastu, Haminhastu, Haminhasu'.

Delhi has always been traditionally hospitable, and we find overwhelming evidence of this in the innumerable sarais and rest houses of the ancient city. Delhi has been built seven times in the area spanning from Mehrauli to Shahjahanabad. Delhi is believed to be the oldest living capital of the world. During their reigns rulers of Delhi built sarais throughout their kingdom for the comforts of travelers. The sarais offered a baoli or a talab (a bathing tank), a stable, a dargah for prayer and sometimes a bimar khana a place for sick and ill travelers. A sufi or saint also lived often in the sarai, Many rulers such as Allauddin Khilji banned the selling,

consumption and drinking of spirits in sarais, Most of the sarais in Delhi belong to the Slave Period. As per Shiab – al – din Alumrai there were 2000 Khangbs and sarais in Delhi and its suburs. Most of these have not survived. Some of the famous sarais are mentioned below :

1. QUTUB SARAI : At the entrance of the tomb of Kamali Jamali, it had a 50 feet deep baoli in its courtyard.
2. LADHA SARI : Also Called as baghi – Nazir, it is 300 yards south of the tomb of Jamali. It was built in 1748.
3. LADO SARAI : Also in the same vicinity, it was originally a caravan sarai.
4. SARABAN SARAI : It is in Kamlapati Garden, very close to Delhi – Qutub Road.
5. DAUD SARAI: It is situated about 500 yards south of the tomb of Maulana Quli Khan in Qutub area.
6. KALLU SARI : Built during Tughlaq period, it is in the vicinity of Sarvpriya Vihar area. Its main feature, a rubble masonry building, is called as Bijay mandl.
7. ARAB KI SARI : It was built in 1560 – 61 by Hamida Banu Begam, wife of Humayun, as a settlement of 300 Arabs (whom she had brought with her while returning from a pilgrimage to Mecca)
8. SHEIKH SARAI : It was named after a popular saint shiek Allauddin who lived there and had his tomb during his own lifetime.

Some more popular sarais of Delhi are Sarai Shahji built in Mughal period, Gur ki Sarai on the eastern side of Karnal Road with its mosque of Hyrewali, sarai Bangash near Fatehpuri mosque, sarai Topkhana, the Dargha ShahSabi Baksh with its musafir khanna on Faiz Bazar road, Jai Sarai on southeast of hauzkhas village,

Katwaria Sarai in the center of the village, Phus ki Sarai, Ghatu Sarai, Nepa Sarai and the famous Yusuf Sarai, etc.,

- Journeys undertaken by some famous thinkers and philosophers in olden days in India : Fa Hien (Visited India in 402 AD), Hieun Tsang (626-643 AD), Marco Polo (1273). These People have also mentioned of shelters for travelers in their accounts on India.
- Sarais started developing into inns and western style hotels with the coming of British's in important cities like Calcutta and Bombay.
- During this period boats were kept ready at ports. Agents took care of travelers and their luggage. Private carriage would take them to hotel on their arrival at the shore.
- As early as 18th century there were excellent inns (taverns) in India. Some famous inns were: Portuguese Georges, Parsee Georges and paddy Georges.
- Some famous hotels of that time: Albion Hotel, Victory Hotel, Hope Hall (Rs.6 per day for room and meals)

Records are available showing that Philip Stanhope (1778), a traveler, stayed in a luxuries and excellent tavern in Bombay. David Prince, who visited India, stayed at Mac Far lanes Hotel.

A dinner to commemorate the capture of Shiranga patnam was served at Maclean's Hotel in 1880 at Bombay. The same remained a resort for many years of Sans Souci Club which entertained Duke of Wellington, Lord Nelson and Sir Arthur Wellesley.

- Pallanjee Pestonjee (1840) started the first luxurious hotel in Bombay, It was famous for its excellent cuisine, beers and wines and its excellent management. Later he opened another hotel at Fort in Bombay.
- Auckland Hotel (1843) was established in Calcutta.

Later it was renamed as Great Eastern Hotel in 1858 and later renovated for a sum of Rs. 10 lacs.

- Esplanade Hotel (1871) was built in Calcutta by John wakson (Britisher). The hotel had 130 rooms.
- Dak Bungalows were made during British period for official touring for various purposes which were later replaced into a modified Circuit Houses.
- Later, some Swiss and other families also owned hotels in India. One such example was Hotel Fanseca in New Delhi which was later demolished and Hotel Taj Mahal at Mansingh Road was built, there.
- Taj group of hotels: In 1903, JRD Tata constructed the Taj Mahal Hotel in Bombay the flagship hotel of Indian hotels company. It was the first hotel of international standards and repute, built by an Indian for Indians. For quite a long time Taj Bombay was the only hotel of Tata's. It is also said that the earning of this hotel were used for the development of Tata Memorial Research Institute Bombay for the development of medicines and treatment of disc eases like cancer.

Later the company expended its wings with taking over Ram Bagh Palace in Jaipur and Lake palace Udaipur. Ram Bagh palace remained one of the best 10 hotels of world for quite a long time. Later the group started expended and opened hotels in Delhi, Madras, Goa, Varanasi, Calcutta, Bangalore and many other places. The group also operates abroad with hotel in England Taj also Operates Flight catering service.

- The Government realized the importance of tourism in 1962 when there ws a drop in tourist arrivals from 1,39,804 to 1,34,360.
- Incentives were offered by the Department of Tourism (DOT).
- Hotel Corporation and Tourism Corporations were established.

- Ashoka Hotel Ltd., and Vigyan Bhavan were made in 1956 in a record time of the year.
- Later, the Union Ministry of Housing and welfare constructed 3 hotels: Lodhi Hotel, Hotel Janpath and Ranjit Hotel.
- In 1963 an ad-hoc committee (Jha Committee) was set up by the Government of India to give recommendations about the development of Hotel & Tourism Industry and one of its major recommendations was that ‘if’ adequate hotel accommodation of the right type for the kind of growth of tourism..... is to be provide, public sector will have to paly a major role in this field.
- Later in 1956, the Dewan Chaman Lall Committee was set up by the Government of India (Hotel Standard and Rate structure Committee) to,
 1. Lay down criteria for classification of hotel in view of international standard.
 2. Suggest guidelines for the promotion of tourism to India and within India.
 3. Suggest improvements on the existing arrangements and availability of sources for the promotion of national and international tourism.
 4. Suggest a rate structure keeping in view the existing price structure in hotel industry. Till 1963 hotels were mainly run by private operators and only rest houses and tourist bungalows were run by the Department of Tourism. Hotels at Puri, Aurangabad and Ranchi were traditionally run by the Railways and State governments. Hotels at Brindavan – Mysore were also run by the state Government.
- Formation of three corporations and ITDC
In 1964 three corporation were set up by Government of India, viz.,

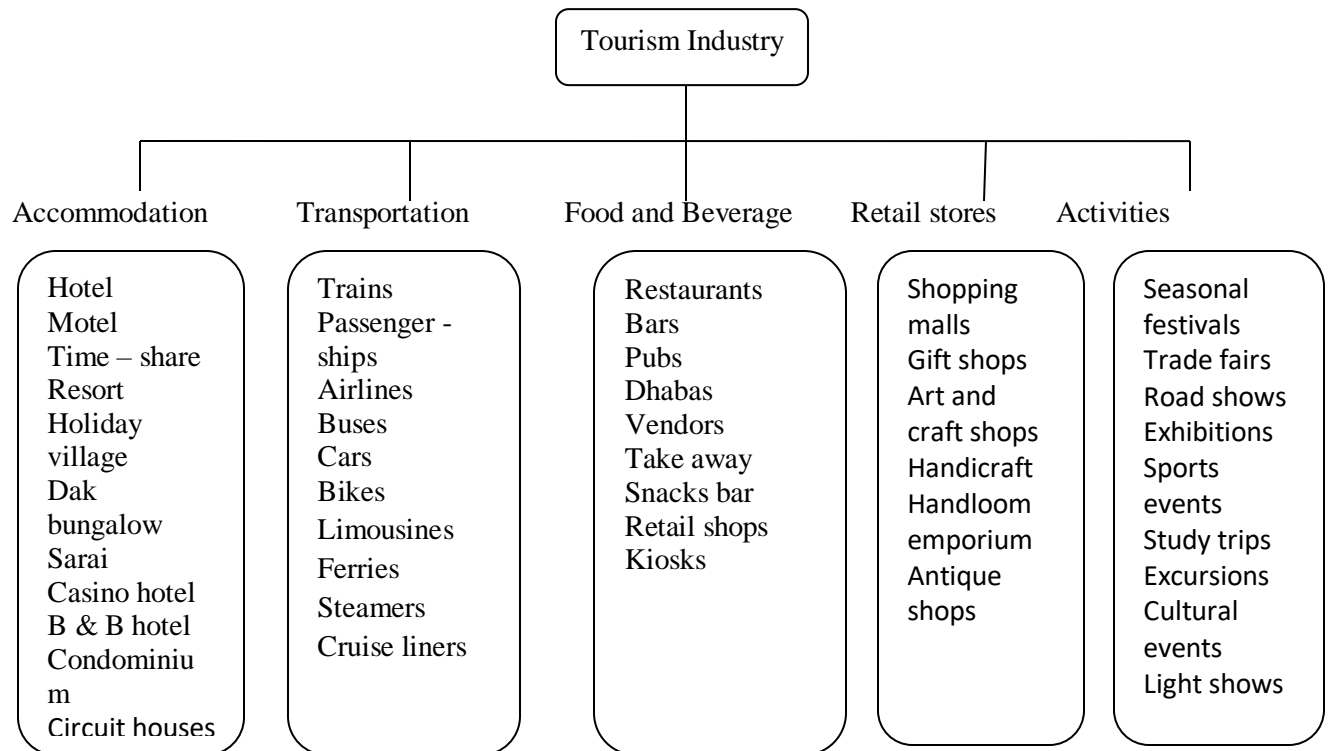
1. India Tourism & Hotel Corporation.
2. India Tourism Corporation Ltd., and
3. India Tourism & Transport Corporation.

On 24th September 1966, the Government of India decided to merge these corporations and issued “Indian Tourism Corporation Amalgamation Order 1966” and formed a new corporation – India Tourism Development Corporation (ITDC) with an authorized capital of Rs. 5 crores. Soon ITDC took over tourist bungalows at :

- (i) Mahabalipuram, Thanjavur, Madurai and Tiruchirapalli (Tamil Nadu)
- (ii) Bijapur and Hassan (Karnataka)
- (iii) Khajuraho, Sanchi and Mandhu (Madhya Pradesh)
- (iv) Kullu and Manali (Himachal Pradesh)
- (v) Bodhgaya (Bihar)
- (vi) Bhubaneswar (Orissa)
- (vii) Kashi Nagar (Uttar Pradesh)
- (viii) Ghana (Rajasthan)

INDUSTRIES RELATED TO TOURISM

Over the years, tourism has become a popular global activity. Depending upon the nature and purpose of their travel, tourists need and demand certain facilities and services. This has given rise to a wide range of commercial activities that have acquired industry proportions. Thus, travel and tourism nowadays represent a broad range of related industries.



CLASSIFICATION OF HOTELS AND TYPES OF HOTELS

I. BASIS OF CLASSIFICATION OF HOTELS

Introduction

British Law defines a ‘Hotel’ or ‘Inn’ as “a place where a bonafide traveler can receive food and shelter, provided she / he is in a position to pay for it and is in a fit condition to be received.” Therefore, a hotel must provide food (and beverage) and lodging to travelers, on payment and has, in turn, the right to refuse admission if the traveler is drunk, disorderly, unkempt or is not in a position to pay for the services.

Hotel Categories

With the evolution of hotels and its proliferation around the world, it is impossible to categorize them under one term. This book removes this difficulty for the readers by classifying them in various categories as given below:

- Location
- Number of Rooms
- Ownership
- Pricing Plan
- Type of Clientele
- Length of Guest Stay
- Facilities Offered

Categorization by Location - TYPES OF HOTELS

1. Downtown Hotel
2. Suburban Hotel
3. Resort Hotel
4. Airport Hotel
5. Motel
6. Inns

Downtown Hotel

It is located in the heart of the city within a short distance of the business center, shopping areas, theaters, public buildings, etc., Rates in these hotels are normally high due to their location advantages and also due to the fact that the rate of return on investment (ROI) computed on these capital intensive hotels is substantially high. Normally business clientele prefer such hotels.

Suburban Hotel

Located in the suburbs, it has the advantage of quieter surroundings. Rates quoted are moderate to low. Such hotels are ideal for budget travelers and also organizations who find the quiet setting ideal for conferences, seminars, educational programmers, etc.,

Resort Hotel

This type of hotel is located in the hills or at beaches. It is mainly patronized by vacationers. Basic facilities are provided and the rates offered are often on American Plan, i.e. Room plus all meals included.

Airport Hotel

As the name suggests, these hotels are situated at the airport and are ideal for transit passengers who have only a few hours in the city making it impossible for them to stay in a downtown hotel. Rates are on European plan, i.e. charges for room only.

Motel

This term is derived from the phrase, “motor hotels”, which are located principally on highways. They provide modest board and lodging to highway travelers. The length of stay is usually overnight, thus rates quoted are on European plan. i.e. room only.

Inns

They are smaller in size with modest board and lodging facilities. They may be located anywhere or outside the city. They are the forerunners of the modern motel.

Hotels are classified into several distinct categories to help prospective guest in identifying the right type of hotel matching his standard and requirement. However, for the sake of convenience, we shall put them four broad categories as given below.

1. On the basis of size
2. On the basis of star system
3. On the basis of ownership
4. Other categories.

1. On the basis of SIZE

Classification on the basis of Size refers to the number of rooms (bed capacity) and should not be confused with the building height, or the area of the property or the gross sales etc. The term number of rooms refers to the let table rooms and does not include those rooms which are converted for other use such as for manager, house keeper, accounts etc., and rooms on the ground floor and basement which are generally used for offices, rentals, support services or other facilities leased for businesses and associations. Usually the distribution is,

- (i) A hotel of 25 rooms or less is called a small hotel.
- (ii) One which 26 to 99 rooms is an average hotel.
- (iii) From 100 to 299 it is called as above average and
- (iv) A hotel of more than 300 rooms is classified as a large hotel.

2. On the basis of STAR SYSTEM

This system is one of the most commonly understood, accepted and recognized systems in India. This is also an official system of classification. In this system hotels are classified on the facilities which the hotels have and the services which the hotels provide to the guests. Based on the number of services and

facilities and their quality and standards, which vary from a basic bedroom to a luxury room with modern fittings and equipment, the hotels are awarded stars ranging from one to five star deluxe.

PROCEDURE

The classification of new functioning hotels is done by the Ministry of Tourism. The department forms a committee called as Hotels and Restaurants Approval and Classification Committee (HRACC) which is headed by D.G. Tourism / ADG Tourism and comprises of members from hotel industry. Principal of Regional Institute of Hotel Management, Catering technology and Applied Nutrition etc., This is permanent committee to classify hotels into five categories i.e. from 1 to 5 star and also into a Five Star Deluxe category. The committee inspects once in three years the existing hotels which have been classified to confirm that the hotels are sticking to the standards.

A hotel applies on a prescribed application form to the Director General of Tourism Transport Bhawan, Parliament Street, New Delhi (in case of 4 star, 5 star and 5 star deluxe category) and to the Regional Director of the concerned Govt. of India tourist office at Delhi / Mumbai / Kolkata / Chennai, in case of 1,2 and 2 star category giving basic details such as: 1. Name of the hotel, 2. Name of the promoter/s, 3. Address, 4. Details of the site such as area, title, distance of hotel from railway station, distance from airport, distance from main shopping center, 5. Details of hotel project such as category applied for, number of guest rooms and their area, their type with or without bathroom, details of public areas like lounge, lobby, restaurants, bars, shopping arcade, banquet / conference hall, health club, swimming pool and parking etc., 6. Details of air conditioning, 7. Approvals from government bodies such as other Municipal or Corporation authorities, MRTP, Act, Urban Land Ceiling Act, DGCA and any other concerned local authorities, 8. Proposed capital structure, 9. Want to avail of any or all of the following benefits

of Income Tax Act-61 against each of the following provision – Section 80L, Section 80H-H, Section 32(i) (ii a), Section (i) (v) and Section 33.

The application fee which varies from 1 star to 5 star deluxe is also sent along with the application. The hotel is supposed to fill up a questionnaire containing details of facilities, features, amenities and service and their standards in the form of questions which are divided into three categories – desirable, necessary and essential – and have marks allotted to them for a hotel to be considered for classification. All items marked under essential category must be there in the hotels, two items marked under necessary may be condoned while the items marked under desirable may or may not be there.

On a pre – notified date the HRACC team members visit the hotel personally and inspect the hotel, and finally on the basic of the report of the committee and the marks scored by the hotel, the hotel is either approved or rejected for the applied star category. Approved hotels become eligible for various fiscal relief's and benefits. The department interacts on behalf of such hotels whenever necessary to ensure that their needs get priority consideration.

ELIGIBILITY FOR STAR CLASSIFICATION

To be eligible to apply for classification, a functioning hotel must fulfill the following minimum basic requirements.

- (i) The hotel must have at least 10 let table bedrooms.
- (ii) Carpet areas in respect of rooms and areas of bathrooms should by and large adhere to the following limits.

S.No.	Category of Hotel	Area Standard for Bed room / bath room
1.	5 Star / 5 Star Deluxe Hotels	
	1. Single	180 sq.ft
	2. Double	200 sq.ft
	3. Bathrooms	45 sq.ft

2.	4 Star / 3 Star Hotels (i) Single A/C and Single Non A/C (ii) Double A/C and Double Non A/C (iii) Bathrooms	120 sq.ft 140 sq.ft (Extra area may be provided if twin beds are to be provided) 36 sq.ft
3.	2 Star / 1 Star Hotels (i) Single A/C and Single Non A/C (ii) Double A/C and Double Non A/C (iii) Bathrooms	100 sq.ft 120 sq.ft (All rooms should have proper ventilation and ceiling fans) 30 sq.ft or subject to local bylaws

FIVE STAR CATEGORY

General Features

The façade, architectural features and general construction hotel building should have the distinctive qualities of a luxury hotel of this category. The locality including the immediate approach and environs should be of highest standards and of international standard and should be suitable for a luxury hotel of this category. There should be adequate parking space for cars. The hotel should have at least 25 lettable bedrooms, all which attached bathrooms with long baths or the most modern shower chambers. All public rooms and private rooms should be fully air – conditioned and should be well equipped with superior quality carpets, curtains, luxuries furniture of high standards, fittings, etc., in good taste. It would be advisable to employ the services of professionally qualified and experienced lifts in building of more than two storey's (including the ground floor) with 24 hours service. There should be a well appointed lobby and ladies and gentlemen's equipped with fittings and furniture of the highest standard, adequate parking space and swimming pool.

Facilities

There should be a reception, cash and information counter attended by highly qualified, trained and experienced personnel and conference facilities in the room of one each or more of the conference rooms, banquet halls private dining rooms. There should be a shopping arcade and bookstall, beauty parlor, barber shop, recognized travel agency, money change and safe deposit facilities, left luggage room, florist and a shop for toilet requisites and medicines on the premises. There should be a telephone in each room and telephone for the use of guests and visitors and provision for a radio or relayed music in each room. There should be a well – equipped, well – furnished and well – maintained dining room / restaurant on the premises and wherever permissible by law, there should be an elegant, well – equipped bar / permit room. The pantry and cold storage should be professionally designed to ensure efficiency of operation and should be well equipped. There should be dancing facility and orchestra in dining hall.

Services

The hotel should offer both International and Indian cuisine and the food and beverage service should be of the highest standard. There should be professionally qualified, highly trained, experienced, efficient and courteous staff in smart, clean uniforms, and the staff coming in contact with guests should understand English. The supervisory and senior staff should possess good knowledge of English and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception, information and telephones. There should be provision for reliable laundry and dry cleaning service, 24 hours housekeeping at the hotel should be of the highest possible standard and there should be a plentiful supply of linen, blankets, towels etc., Which should be of the

highest quality available. Each bedroom should be provided with good vacuum jug / thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided. There should be a special restaurant / dining room where facilities for dancing are also available.

FOUR STAR CATEGORIES

General Features

The façade, architectural features and general construction of the building should be distinctive and the locality including the immediate approach and environs should be suitable for a hotel of the category. There should be adequate parking space for cars. The hotel should have at least 25 lettable bedrooms, all with attached bathrooms. At least 50% of the bathrooms must have long baths or the most modern shower chamber, with 24 hours service of hot and cold running water. All public rooms and private rooms should be fully air – conditioned and should be well furnished with carpets, curtains, furniture fittings, etc., in good taste. It would be advisable to employ the services of professionally qualified and experienced interior designers of repute for this purpose. There should be an adequate number of efficient lifts in buildings of more than two storey's (including the ground floor). There should be a well appointed lobby and ladies and gentlemen's cloakrooms equipped with fittings of standard befitting a hotel of this category.

Facilities

There should be a reception, cash and information counter attended by trained and experienced personnel. There should be a bookstall, recognized travel agency, money change and safe deposit facilities and a left luggage room on the premises. There should be a telephone in each room and telephone for the use of

guests and visitors and provision for a radio or relayed music in each room. There should be a well – equipped, well – furnished and well – maintained dining room / restaurant on the premises and wherever permissible by law, there should be an elegant, well – equipped bar / permit room. The kitchen, pantry cold storage should be professionally designed to ensure efficiency of operation and should be well equipped.

Services

The hotel should offer both International and Indian cuisine and the food and beverage service should be of the highest standard. There should be professionally qualified, highly trained, experienced, efficient and courteous staff in smart, clean uniforms, and the staff coming in contact with guests should possess good knowledge of English. It will be desirable for some of the staff to possess knowledge of foreign language and staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hours service for reception, information and telephones. There should be provision for reliable laundry and dry cleaning service, Housekeeping at the hotel should be a plentiful supply of linen, blankets, towels etc., which should be of the highest quality available. Similarly, the cutlery and glassware should be of the highest quality available. Each bedroom should be provided with vacuum jug / flask with ice cold, boiled drinking water. There should be a special restaurant / dining room where facilities for dancing, orchestra are provided.

THREE STAR CATEGORY

General Features

The architectural features and general construction of the building should be of a very good standard and the locality , including the immediate approach and

environs should be suitable for a very good hotel and there should be adequate parking facilities for cars. The hotel should have at least 20 let table bed rooms, all with attached bathrooms with bathtubs and showers and should be modern in design and equipped with fittings of a good standard, with hot and cold running water. At least 50 percent of the rooms should be air-conditioned and the furniture and furnishings such as carpets, curtains, etc. should be of a very good standard and design. There should be adequate member of lifts in buildings with more than two storey's (including the ground floor). There should be a well- appointed lounge and separate ladies and gentlemen's cloakrooms equipped with fittings of a good standards

FACILITIES

There should be a reception and informational counter attended by qualified and experienced staff, and bookstall, recognized travel agency, money changing and safe deposit facilities on the premises. There should be a telephone in each room (except in seasonal hotels where there should be a call in each room and a telephone on each floor for the use of hotel guests) and a telephone for the use of guests and visitors to the hotel. There should be a well-equipped and well-maintained air-conditioned dining room / restaurant and wherever permissible by law, there should be a bar / permit room. The kitchen, pantry and cold storage should be clean and organized for orderliness and efficiency.

SERVICE

The hotel should offer good quality cuisine both Indian as well as continental, and the food and beverage service should be of good standards. There should be qualified, trained experienced, efficient and courteous staff in smart and clean uniforms and the supervisory staff coming in contact with the guests should

understand English. The senior staff should possess good knowledge of English. There should be provision for laundry and dry cleaning service. Housekeeping at the hotel should be of very standard and there should be adequate supply of the blankets, towels etc. of good quality. Similarly, cutlery, crockery, glassware should be of good quality. Each bedroom should be provided with vacuum jug / thermos flask with cold, boiled drinking water. The hotel should provide orchestra and hall room facilities and should attempt to present specially choreographed Indian dance.

TWO SRAE CATEGORY

General Features

The building should be well constructed and the locality and environs including approach should be suitable for a good hotel. The hotel should have at least 10 let table bed rooms of which at least 75% should have attached bathrooms with showers and a bath room for every four of the remaining rooms and should be with modern sanitation and running cold water with adequate supply of hot water, soap and toilet papers. At least 25% of the rooms should be air-conditioned (Where necessary there should be heating arrangements in all the rooms) and all rooms must be properly ventilated, clean and comfortable with all the necessary items of furniture. There should be a well – furnished lounge.

Facilities

There should be a reception counter with a telephone. There should be a telephone or call bell in each room and there should be a telephone on each floor unless each room has a separate telephone. There should be a well maintained and well equipped dining room / restaurant serving good, clean, wholesome food and a clean, hygienic and well – equipped kitchen and pantry.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms. The supervisory staff coming in contact with guests should understand English. There should be provision for laundry and dry cleaning services. House Keeping at the hotel should be of a good standard and clean and good quality.

ONE STAR CATEGORY

General Features

The general construction of the building should be good and locality and environs including immediate approach should be suitable. The hotel should have at least 10 let table bed rooms of which at least 25% should have attached bathrooms. Bathrooms should have western style W.C. All bathrooms should have modern sanitation and running cold water with adequate supply of hot water, soap and toilet paper. The rooms should have be properly ventilated and should have clean and comfortable bed and furniture.

Facilities

There should be a reception counter with a telephone and a telephone for the use of guest and visitors. There should be a clean and moderately well equipped dining room / restaurant serving clean, wholesome food, and there should be a clean, well – equipped kitchen and pantry.

Service

There should be experienced, courteous and efficient staff in smart and clean uniforms. And the senior staff coming in contact with guests should posses working knowledge of English. House Keeping at the hotel should be of a good

standard and clean and good quality linen. Blankets, towels etc, should be supplied. Similarly crockery, cutlery and glassware should be of good quality.

TYPES OF RATES AND PLANS

Pricing Plans is another way to classify hotels. It may be pertinent to mention that Downtown hotels may prefer offering the European plan as guests come on short stays and want the flexibility of meals. We had said that downtown hotels are close to business, shopping and entertainment districts, which offer ample dining options to guests. The American plan is often found at resorts where vacationers prefer to have all meal options so that they can concentrate on holidaying and relaxing. We may have this plan at suburban hotels that gear themselves for training programs, seminars and conferences, Participants may prefer to concentrate on their study than be worried about where to get the next meal. The Modified American Plan is found in hotels that cater to tour groups who like to start the day with a hearty breakfast before proceeding on their sightseeing tours only to return in the evening to a warm dinner. The continental Plan is found in Europe mostly or European travelers visiting other countries, who are used to continental breakfasts. Bed and Breakfast meal option is offered by sole proprietors running small lodging places or city hotels where guests prefer the flexibility of eating out with friends and office colleagues.

A hotel normally develops a price range of rates between minimum – moderate – maximum. These rates are arrived at by evaluating the competition and determining the contribution required from room revenue to meet operational costs and investment. The moderate rate is often quoted as the rack rate.

Pricing Plan

European Plan	- Room Charges only
American Plan	- Room + All Meals
Modified American Plan	- Room + Breakfast + Lunch or Dinner
Continental Plan	- Room + Continental Breakfast
Bed & Breakfast	- Room + English breakfast

Business Executives prefer the European plan as they are often “wined and dined” by business clients or have to do the same to their clients. Groups prefer the MAP that enables them to eat a breakfast before going for the purpose of their visit, be it sight-seeing or a convention or a training program etc. They prefer to return to a meal at the end of the day. An American plan is chosen by holiday makers who want to enjoy and keep away from the chores of cooking. This plan is often found at resorts. The continental plan is found in Europe that is used to breakfast of a continental style. The Bed and Breakfast is a British concept that includes rooms with hearty English breakfast.

MEAL MENUS RELATED TO PLANS

It is only but fair that the reservation agent is familiar with the way meals are priced as they would negotiate rates with the room plans given above. Some basic knowledge of the way meals are priced is given below:

A la Carte Menu : This is a menu in which each food item is separately priced to give the guest choice to suit his or her taste and budget. Each course has a number of choices. The course generally follow the sequence of the classical menu.

A la Carte Menu

Menu	
Starters	Vegetables
.....
Soups

.....	
Seafood	Breads
.....
.....
.....
Meats	Desserts
.....
.....
Poultry	Beverages

Guests on a European plan without meal options will select meals from an a la carte menu in any restaurant of the hotel. Naturally the meals would cost more as these are commercial rates for the general public. The guests, however, have the advantage of choosing dishes of their choice.

Table d'hote Menu : This is a menu which prices the entire meal, irrespective of whether the guest avails of the entire meal or not. Sometimes there is a choice of two dishes under each course to accommodate those who are vegetarian or allergic to certain meats or prefer white meats to red meats for health reasons.

Table d'hote Menu

Menu

Appetiser

Or

Soup

Meat Dish

Or

Vegetable Dish

Dessert

Coffee / Tea

Resort properties with dining rooms may opt for this style of menu based on the availability of local raw materials. They build the menu around seasonal offerings.

It is offered in American plans and Modified American plans. The table d' hote menu is economical from the hotel's point of view as they can choose raw materials that are least expensive.

Breakfast Menus : There are three types of breakfast menus (1) the English breakfast; (2) the continental breakfast; and (3) American breakfast. English breakfast offer a choice of juices, cereals, eggs to order, breakfast meats like bacon, sausages or ham, toasts and breads and preserves like jam, marmalade

English breakfast Menu

Choice of Juice – Orange, Pineapple, watermelon

Porridge or oats

Eggs to order

Grilled kippers or smoked haddock

Bacon, ham, sausages, liver

Mashed brown potatoes and grilled tomatoes

Bread basket with preserves

Coffee or Tea

And honey followed by tea. Most bed and breakfast plans in the UK and Ireland will offer the English breakfast. Continental breakfasts consist of assorted rolls, preserves, tea or coffee. The Continental plan offers this style of breakfast. It emanates from the eating habits in Europe especially France who lead in gourmet innovations. American breakfast is an English breakfast with the addition of waffles or pan cakes with maple syrup for the sweet toothed, followed by coffee.

Traditionally, American plans offer this kind of breakfast but as travel has spread worldwide, the breakfasts have been altered to local practices and tastes. In the south of India breakfasts would include dosas, idli, wada with sambar; in the north of India breakfasts would include puri and aloo.

American breakfast Menu

Orange juice

Cornflakes

Eggs to order

Pancakes, waffles or French toast

Bacon, ham, sausages, liver

Mashed brown potatoes and grilled tomatoes

Bread basket with preserves

Coffee

Lunch Menus: Lunch menus can vary from elaborate meals or light meals depending on the purpose and culture of the guest. Business persons prefer sandwiches, salads and soups due to limited time at lunch breaks or are weight watchers.

OPPORTUNITIES IN HOTEL INDUSTRY

Tourism has come as third large export earning of India. Among its wide range of activities the industry provides a lot of interesting opportunities such as begin with basic jobs like receptionist, waiter, houseman which can lead to step the ladder and search managerial positions in various departments and also

hands to become a manager of the hotel with the expansion of industry. The necessity for trained and efficient staff become a must that the catering in different parts of the world needed trained and qualified hands in the world because of this needs for such institution were keenly felt the out and so many private institution had started a number of catering institution all over the country to train people for hospitality Industry. Tourism has come to be recognized as a significant factors in me economy for many nations that shows we opportunities in the hotel sector have a great scope.

ORGANISATION OF HOTEL

ORGANISATION STRUCTURE OF LARGE, MEDIUM AND SMALLL HOTEL

Chart may be put this page.

FRONT OFFICE

I. FRONT OFFICE

INTRODUCTION TO FRONT OFFICE

Traditional front office functions include reservations, registration, room and rate assignment, guest services, room status, maintenance and settlement of guest accounts, and creation of guest history records. The front office develops and maintains comprehensive data base information, coordinates guest services, and ensures guest satisfaction; these functions are accomplished by personnel in divers' areas of the front office department.

While no industry standards exist for front office positions, front office organization charts can be used to define departmental reporting and working

relationships. The highest level of employee and guest satisfaction can be attained through a carefully designed front office organization, together with comprehensive goals and strategies, work shifts, job descriptions, and job specifications.

Basic Functions of the Front Office

The basic functions of the front office include the following:

1. To sell rooms
2. To reserve rooms for guests before their arrival
3. To register guests into the hotel
4. To assign rooms
5. To coordinate with other services
6. To provide in-house and external information to guests
7. To maintain accounts of the guests and settle their bills

To fulfill these basic responsibilities, the front office is divided into different sections each with distinct roles. These sections are: Reservation, Reception, Information (Telecommunications), Guest relations desk and Front Office Cashier.

RECEPTION

Importance of Receptionist

Receptionist is the first person in the Hotel who comes in contact with the guest. He or she holds the prime responsibility to give the guest a brief introduction about the Hotel and facilities available. As a proverb says, "The first impression is the best impression". The Receptionist should give the guest an everlasting impression, which will make him Check-in again.

The status of receptionist as a partner in the hotel industry.

Major Functions

1. Check and analyses various reports and statistics for operational use and for providing MIS and forecasting and budgeting.
2. Handling correspondence, confirm wait list or regret.
3. Optimize room sales.
4. Handling complaints of guests and enquiring guest satisfaction.
5. Preparing duty roaster for staff.
6. Coordination with other departments for maximum guest satisfaction and comfort.
7. Liaison with travel agents, airlines, embassies, companies and other potential guests.
8. Control of suites sales.
9. VIP rooms checking, blocking and arranging of amenities.
10. Formulating policies on groups and overbooking levels in consultation with management.
11. Evolve strategies and attain goals and targets.
12. Determining the manpower needs and strength for his department.
13. Review the procedure structure to see whether they are all right or need revision and improvement.

Important Functions of Receptionist on their duties

1. Read the reports and log book.
2. Read arrival list and tally if special instructions on list are on registration cards.

3. Shift-in-charge to take handover the reception and information handover vis a vis parcels at desk, special paging instructions and pending back office work to be taken care of by reliever.
4. Blocking to be done by shift-in-charge / hospitality and written intimation for all room to be sent to relevant departments.
5. Reliever to give keys at counter checks to bell desk. Note time and name of person informed and follow up on the same.
6. Housekeeping occupancy / discrepancy report to be auctioned by reliever or anybody who is deputed by the shift-in-charge.
7. Shift-in-charge / receiver to do a random check on key / name slips.
8. Incoming mail to be sorted and dispatched accordingly.
9. At the end of the shift, all walk-ins to be entered and / or VIP walk-ins to be intimated to housekeeping and room service by name or number.
10. Shift-in-charge / reliever to re-check all registration cards for name tags, c-forms and entries in register.
11. Shift reports to file.

DUTIES OF NIGHT RECEPTIONIST

1. Read log book
2. Read arrival list and tally all blocked rooms, and special regards with FIT assignment list.
3. Block night groups and have retention open.
4. Reliever to take handover at information and back office
5. Reliever / any person deputed to do mail check and parcel register check , parcel register to be tallied physically with every item.
6. Paging report to be printed and paging deleted at 0100hrs.
7. Slots to be cleared for messages at midnight.

8. An information report to be compiled of all above activities.
9. Pre – registering of next day's arrivals, entries in register making of key cards, meal cards and making of instructions or registration card to be done in the back office.
10. C form break-up, shift in-charge to block / keep aside for next day's VIPs and send intimations.
11. Shift in-charge to check all night arrivals requisitions by their registrations by their registration cards.
12. Key at counter check to be done at 0100hrs, after checking all keys are in correct slots.
13. No shows to be done early morning and their cards to be voided and bracketing to be completed.
14. All registration cards to be arranged serially and checked for missing cards and field.
15. Shift-in-charge to check that arrival register for the day has been completely filled in.
16. Early check out auditing and FIT auto audit to be done before 0700hrs. Position is taken.
17. Brought forward list to be updated.
18. Walk-ins for the day to be tallied against register, previous ones carried forward and the outstanding amounts noted.
19. Prepare and collect night reports and file.

Reception Terminology

Just as we saw that the reservations section has its peculiar terminology, so does the reception has its own terminology that a guest must be familiar with.

Arrivals

A guest who as just checked in.

Blocking

To reserve a room on the room rack for a guest expected to arrive.

Check – in

A Guest who is registering at the front desk.

Check – out

A Guest who has completed his billing formalities and departed.

Complimentary

Free use of a room

Crew

Airline flight and cabin crew

Departure

Guest leaving the hotel after their stay

Do – not – Disturb

A guest requesting not to be disturbed

Double Occupancy

Room occupied by two persons

Due out

An occupied room expected to be vacated

Group

Any body of people of 15 persons or more travelling together

Guest Folio

The

RECEIVING THE GUEST AT THE FRONT OFFICE

The friendly welcome given by the receptionist to a guest changes an impersonal hotel building into a friendly and homely place and his unfriendly, hostile and indifferent attitude may convert the guests experience into an unpleasant and uncomfortable stay. If front office is the hub of the hotel then the receptionist can be aptly called as the person who keeps the this hotel world moving. Be informed on daily room status. Have detailed information regarding arrivals, their room requirements and expected departure of the day.

ROOMING A GUEST WITH RESERVATION

1. Greet the guest
2. Refer to the expected arrival list
3. Refer to the billing instruction and ask for it as know
4. Register him and prepare the welcome slips key card
5. They key cards should be given to the guest, and the key has to goes to the bell boy in front of the guest.
6. Circulate the notification to the other department regarding to the guest arrival.
7. Insert the room slip in the room rack.
8. Insert a copy of the rooms slip in the alphabetical order in the index rack.
9. Enter the name of the arrival side of the arrival and departure register.
10. Check the reservation chart and see that the

ROOMING OF A WALK-IN-GUEST

1. Greet the guest

2. Find the requirement
3. Refer to the availability chart
4. If room is available ask for advance if he is unknown
5. Register him and prepare the welcome slip & key card
6. The key cards should be given to the guest, and the key has to goes to the bell boy in front of the guest
7. Circulate the notification slip
8. Insert the room Slip into the room rack
9. Insert a copy of the room slip in the alphabetical order in the index rack
10. Enter the name of the guest in the arrival & departure register

REGISTRATION OF THE GUEST

After a guest arrives at the hotel, the front desk agent creates a registration record, a collection of important guest information.

Registration cards facilitate the registration process in non- automated and semi-automated hotels. The registration card requires a guest to provide his or her name, address, telephone number, cell number, company affiliation (if appropriate), and other personal data.

FRONT OFFICE COMMUNICATION

COMMUNICATION

The process of sharing views, ideas, and knowledge between two or more individuals or between groups is known as communication. The word communication is derived from the Latin word *communicare*, meaning ‘to impart, share, or make common’. Communication means ‘the activity or process of expressing ideas and feelings or of giving people information’. Newstrom and

Davis (1997) defined communication as ‘the transfer of information from one person to another person. It is a way of reaching others by transmitting ideas, facts, thoughts, feelings, and values.’

Communication is the process of conveying information from a sender to a receiver with the help of a medium wherein the communicated information is understood by both the sender and the receiver. It is the exchange of information through various means such as speaking, writing, or using a common system of signs or behavior. The most important aspect in the process of communication is the interpretation of the message. The receiver of the message should interpret the message in the sense the sender intends it. So it is important to satisfy the following criteria for proper communication:

- There is something to transfer – ideas, feelings, knowledge, information, etc.
- There must be two parties for completing the communication process – sender and the receiver.
- The message should be correctly interpreted.

SEVEN Cs OF COMMUNICATION

The various aspects of effective communication are as follows:

Completeness The sender and the receiver should exchange all the relevant details. In the aforementioned example, the communication is complete as the details required for reservation such as the names of guests, the date of arrival, the date of departure, the type of room, and the room rent are exchanged between Anjali Arora, the travel agent (the sender of the message), and Anuj, the reservation assistant of the hotel (the receiver of the message).

Conciseness The hotel representative should note down the required information in a concise, brisk, and professional manner, and not ask guests to repeat information that has already been given.

Consideration The hotel staff should be considerate towards guests and their requirements, for example, guest could be allotted a room with a good view without having to ask for it.

Concreteness The information gathered should be concrete or specific. It should not be vague like 'a room in December', which does not specify the stay dates.

Clarity The message should be communicated clearly so that there are no communication gaps.

Courtesy The hotel staff should be courteous towards all external (guests, vendors, etc.) and internal customers (colleagues) while conveying a message.

QUALITIES OF FRONT OFFICE STAFF

The qualities are,

1. Professional demeanor
2. Congenial personality
3. Helpful attitude
4. Flexibility
5. Well – Groomed appearance

Professional demeanor

1. Reports to work on time

2. Has a positive attitude towards the job and the hotel
3. Recognizes positive and negative aspects of the job
4. Appears businesslike
5. Maintains control and composure in difficult situations.

Congenial Personality

1. Smiles readily
2. Exhibits cordial and pleasant behavior
3. Is a people person

Helpful Attitude

1. Is sensitive to the guest's needs
2. Possesses a sense of humor
3. Responds and speaks intelligently
4. Demonstrates creativity
5. Practices good listening skills

Flexibility

1. Willing and able to accept a different work shift if necessary
2. Understands others points of view
3. Willing to try new way of doing things; innovative
4. Works well with guests and hotels staff; a team player

Well – Groomed Appearance

1. Dresses appropriately; meets property standards for wear and care of uniform, and personal grooming.

FRONT OFFICE SALESMAN SHIP

The difference between a successful hotel and an unsuccessful one is the ability of the staff to get a guest to spend an extra rupee and get the value for it. Very often a guest may enter a hotel without an exact idea of how he is going to utilize his free time. A gentle suggestion by an employee at the right time can stimulate a guest to utilize a service and pay for it. The front office staff have a key role to play in hotel selling.

KNOWLEDGE OF THE PRODUCTS

This is one of the most important factors for salesmanship. Here is a checklist of things that front office personnel should be knowledgeable about: (Room, Restaurant and Bars, Arcade, Other Supporting services, City Information)

There are many more items of information that front office staff equipped with to make them living encyclopedias. The important point to remember is that only with knowledge of the Product can one actually sell it.

COMMUNICATION

How one speaks is important to all sales efforts. Brusque language is bound to put guests on the defensive and a sale can never be energized. Here are some typical phrases to use:

“May I help you”

“May I suggest.....”

“May I request you to.....”

“Would you kindly.....”

FRONT OFFICE ASSISTANT

Job Description of Front Office Assistant

Job Position : Front Office Assistant

Reports to : Front Office Manager

Assigned Area : Front Office (Information, Reception and Reservation Desk)

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 services 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. Files room keys
9. Knows how to use front office equipment
10. Processes guest check-outs
11. Posts and files all charge to guest, mater, and city ledger accounts.
12. Follows procedures for issuing and closing safe deposit boxes used by guests.
13. Uses proper telephone etiquette.

14. Uses proper mail, package, and message handling procedures.
15. Attends department meetings.
16. Knows all safety and emergency procedures. Is aware of accident prevention policies,
17. Maintains the cleanliness and neatness of the front desk area.

IMPORTANCE OF JOB DESCRIPTION

Importance of Job Descriptions is give below

1. The Job Description knows exactly what his job entails. This in itself is a vital part of induction.
2. A Job Description acts as a basic foundation to set standards of performance. This induces and informs the employees of what exactly is expected of them.
3. The job description ensures that both the superior and subordinate view the job required to be performed in commonality; otherwise this could lead to misperception of the job and thus friction.
4. It acts as a legal document for any disputes arising out of lack of role clarification.
5. It protects an employee from an unreasonable superior who may like to over-burden an employee through unnecessary role deviations.

4. RESERVATION

IMPORTANT OF RESERVATION

The reservation is a section in the Front Office which acts as a backbone of the department.

This is the department which is responsible for taking all types of reservations. The mode of reservation may be by Phone, Letter, Fax, e-Mail, Telegram or by Telex. The reservation takes down the reservation and keeps it in records for the reference of the front office assistants. In the olden days there were no reservationists. Only the front office assistants used to do all the jobs. Now-a-days every hotel has this inevitable, section called Reservations in the Front Office.

ADVANCE RESERVATION OFFICE

Advance reservation office is another important department which takes reservations in advance.

The personnel's who work in this department maintain records of the reservations for the year. They also take reservations prior to a month or two or an year advance. This is called Advance Reservation office.

RESERVATION ENQUIRIES AND RESERVATION

A property receives reservation inquiries in a variety of ways. Reservation requests may be made in person, over the telephone, in the mail, via facsimile or telex, through the Internet, through a central reservation system, through a global distribution system (airline reservation system). The more channels of distribution they have, the more opportunities guests will have to inquire and book their rooms. Regardless of the source, the reservations agent will collect the following information about the guest's stay through a process known as a reservation inquiry. The reservations agent should collect such information as the guest's name, address, and telephone number, mobile number, company or travel agency name (if applicable); data of arrival and date of departure; and the type and number of rooms requested. The reservations agent should also try to establish the room

rate, number of people in the party, method of payment or guarantee, and any special requests.

Most of the information gathered during the reservation inquiry will be used to create the reservation record, a process discussed later in this chapter. The reservations agent enters the gathered information onto a reservation form or into a computer terminal according to clearly defined procedures.

FORECASTING ROOM RESERVATIONS

Forecasting is an important activity to ascertain (discover /determine / find out) the volume of business expected. It helps to coordinate a sales effort to sell days or weeks that are lean or to refuse booking on sold out days. On the basis of forecasting every hotel believes in a strategy of overbooking which is a percentage of rooms sold, over and above a full house. The percentage of overbooking is determined through experience. Calculated overbooking is safe as there are always last-minute cancellations or 'no shows'. Working on the premise that a room is a highly perishable commodity, overbooking offsets 'no shows' or cancellations. Sometimes, forecasting can be affected by several factors.

1. More cancellations than anticipated (expected)
2. More 'no shows' than anticipated, referred to as mortality rate.
3. People wanting to check in without a prior reservation, referred to as 'Walk-ins'.
4. Guests who overstay
5. Rooms taken under repair.
6. Faulty overbooking
7. Residents in the house.

8. Additions or reduction of guestrooms that affect the number of saleable rooms.

Forecasting may be done on a daily, weekly or monthly basis from the confirmed reservation on hand supported by the reservation chart plus 'waitlisted' and 'to be confirmed' bookings.

OVER BOOKING

On the basis of the forecasting every hotel believes in the same state of over booking which is a percentage of rooms booked over full house. The percentage of over booking is determined to experience calculated over booking is safe as there are always last minute cancellation or no shows can occur.

DIARES AND CHARTS USED IN RESERVATION

A reservation chart is the basis of control of the reservation system. Each page represents a month. The vertical columns represent each day of the month while the horizontal columns represent each room in the hotel. The number of horizontal columns depend upon the number of rooms in the hotel. Each block created in the matrix then represents the room on a particular day of the month. Thus, if a particular guest requests for a single room on the 4th, 5th and 6th the month, the corresponding blocks of any single room number is colored off. Thus, a reservation assistant gets a pictorial view of occupancy and booking in particular month. Different types of rooms may be indicated by different colours of the appropriate room numbers.

RESERVATION CHART

ROOM NO

DATE : MONTH : YEAR :

	1	2	3	4	5	6	7	8	9	10
201										
202										
203										
204										
205										

There might be different colours of reservation slips for easy identification on the reservation rack of the source of booking, for example

Pink Individual
 Yellow Groups and Crews
 Green VIPs
 Blue Through Travel Agents
 Red Conventions

WHITNEY RACK SYSTEM

A busy hotel would normally have a reservation rack divided into three main section :

- (a) Reservation slips under each day of the current month
- (b) Reservation slips under each month of the present year
- (c) Reservation slips recorded for each of the future years.

As each month becomes current, the reservation slips are re-distributed to each day of the month.

GROUP RESERVATION

Group reservations can involve a variety of contacts: guests, meeting planners convention and visitor bureaus, tour operators, and travel agents. Group reservations typically involve intermediary agents and require special care. Usually, when a group selects a hotel, its representative deals with the hotel's sales or reservation department. If sufficient accommodations are available, an agreed-upon number of guestrooms, called a block, is set aside for the group's members. Group members may be given a special reservation identification code or reservation card to use to reserve rooms within the group's assigned block. Reservations received from group members are applied against the rooms available within the block. Rooms reserved for specific guests are referred to as booked. As group members reserve rooms, the room statuses change from blocked to booked.

RIGHTS AND LIABILITIES OF HOTELS AND TRAVEL AGENCIES IN ROOM RESERVATION

Reservation is a high sensitive activity in hotel and calls for diligent handling. As earlier discussed in every reservation more than one agency is involved. Therefore, it is customary that hotels and travel agents enter into a formal agreement through their official forums namely. The Hotel Federation and Travel Agents Association.

Covenants of the agreement usually encompass the following aspects setting out terms and conditions mutually acceptable to the parties of the contract:

1. Commission

2. Hotel tariff
3. Reservations
4. Cancellations
5. Payment of hotels bills
6. Miscellaneous

COMMISSION TERMS

1. Ten percent commission is usually allowed on all reservations.
2. In case of bookings on American plan the commission will be payable on board and lodging charges.
3. For hotels operating on European plan, Commission will be payable on room charges only.
4. Commission is payable for the whole stay of the client up to a maximum of 21 days.

HOTEL TARIFF TERMS

1. Hotels have an obligation to fill in at the request of travel agents any reasonable questionnaire sent by the latter to the former.
2. Either party cannot place as a condition in their business relationship to publicize each other.
3. Travel agents are forbidden to quote or receive business from the customer charges in excess of the rates agreed upon between travel agents and hotels.
4. Whenever there is a revision in the hotel tariff, travel agents must receive at least one month's notice in writing from the hotel, All committed rates are honored for a period of six months at least.

5. Hotels usually agree to grant free board and accommodation for one bonafide tour leader for every party of 15 paying guests. This 15 is exclusive of the tour leader.
6. For a party of more than 10 but below 15 paying members (exclusive of tour leader) hotels extend 50 % free board and accommodation for one tour leader subject to a further condition that the group is booked on American Plan terms.

CANCELLATION TERMS

1. Travel agent may cancel a hotel reservation without being bound to pay compensation to the hotel provided they send a cancellation notice at 48 hours (Two days) advance. In the event of notice being given less than 48 hours in advance, the hotel is entitled to claim compensation for the first night (one day revenue) for the loss that the hotel might suffer as a result of such cancellation.

TERMS FOR THE PAYMENT OF HOTEL BILLS

1. Hotels will have the right to call upon travel agents to settle bills either before or during the stay of their client. In any case travel agencies must settle the bill to the hotel within 30 days from the date of presentation of the bill in order claim 10% commission. In the event of payment not being made within the stipulated period, travel agencies run the risk of for feature of their commission.
2. Hotels can insist for payment by giving 14 days notice from defaulting agencies. Despite this notice if an agency fails to settle account the hotel can take up the matter with the Travel Agents Association through the Hotel Federation.

MISCELLANEOUS

1. Hotels agree with agencies to treat the clients sent to them by the letter with the same care and concern as those who come to hotels on their own, Hotels also agree to make sure that the prices for the services rendered are charged similarly, irrespective of whether the bill is settled by the client or by his agents.
2. Hotels undertaken to provide all services actually agreed upon without dilution of standards in anyway despite the fact that a commission is granted to the agency.

RESERVATION TERMINOLOGIES

ADVANCE DEPOSIT

An amount of money that is sent by the prospective guest in advance generally deposited in the guest A/C. Also called as deposit reservation.

ATTILATE RESERVATION NETWORK

A hotel chain reservation system in which all participating property is contractually related.

AFTER DEPARTURE

Also called as late charge and refers to any credit purchase money voucher which reaches the bill and check out this requires late charge billing.

BLANKET RESERVATION

A block rooms held for a particular group with individual members requesting assignments from the block (ie) a unit that has been reserved for specific arrival late but not for a specific guest, also referred to as block room.

BUMPED RESERVATION

Refusal of Accommodation to a guest holding confirmed reservation and subsequently putting him in some other hotel.

CANCELLATION

A process of canceling the reservation by guest before the date of expected arrival made previously by him.

CHECK IN

Procedure of receiving the guest, assigning and allocation of room and registering of guest in the hotel.

CHECK OUT

The procedure involved baggage handling, bill settlement etc., at departure time.

COMPLIMENTARY

Usually accommodation given to a guest free, generally an abbreviated form 'lamp' is used. A business promotional (or) good will activity complementary rooms are given by the hotel.

EARLY ARRIVAL

A guest who arrives before his expected scheduled date / time of arrival.

FULL HOUSE

A situation of 100% occupancy G.T.I Group Inclusive Tour.

SCANTY BAGGAGE

Also caused light baggage when the guest arrives with no or little baggage usually advance is taken from such guest and the department should be informed not to give credit to him.

OVER – STAY

S situation in which the guest does not leave on the day of schedule department and continuous staying in the hotel.

PRE – ARRIVAL

That Please which is before the arrival of the guest and after the booking has been done activities during this period one caused per arrival activities.

RESERVATION

An activity of booking rooms in advance for a prospective guest on his request and mutual agreement where by the hotel is bound to provide the guest accommodation on the schedule a day of arrival of the guest and the guest is bound to take it.

SLEEP OUT

A sold room where the guest did not stay during the night.

SLEEP LIST

A list of au occupants of sleeping accommodation in the hotel on any given high an English term.

VACCENT & READY

Room status term indicating that the room has been cleaned and inspected and is readily for new arrival.

WALK OUT

A guest who leaves the hotels without warning (ie) without setting his bill. Also called as skipper.

WALK IN

A guest who comes to hotel without prior reservation. Also called as chance guest and off the street guest.

WALKING A GUEST

Due to the book of availability of rooms to refuse accommodation to a guest who is holding confirmed reservation, also caused Bounced reservation.

ZEROING OUT

At the time of departure to bring the account balance to zero debits and credits of setting one another.

KNOWLEDGE OF VARIOUS REGISTERS AND FORMS USED IN RECEPTION

ARRIVAL AND DEPARTURE REGISTER

The Arrival and Departure Register is a formal record and control on all arrivals and departures. It is to be maintained meticulously. The main information recorded is

Date of arrival

Name of the guest

Room Number

Number of pax

Date of departure

Name of the Guest

Room Number

Pax

However, to keep the register up-to-date and correct.

ARRIVAL FORM

(FORM TO BE insert)

ROOM RESERVATION FROM (TO BE INSERT)

FOREIGN CURRENCY ENHANCEMENT FORM (TO BE INSERT)

DUTIES OF RECEPTIONIST OF A SMALL HOTEL

1. The first attribute of a receptionist is habitual courtesy. It is his /her manner rather than his / her words which wishes welcome to the arriving guest.
2. Be informed on daily room status. Have detailed information regarding arrivals, their room requirements and expected departures of the day.
3. Check up VIP's reservations and issue VIP amenities, voucher for fruits and flowers, beverages etc., and any other special requests.
4. Prepare all records connected with pre-registration for VIP, invalids and old people.
5. Handle group / crew registration as per laid down procedures as well as FIT.
6. Maintain satisfactory part of all registration of stationery.
7. Room all arrivals using arrival errand cards.

8. Constantly update room rack / information rack.
9. Type our permanent arrival slip after registering guest and slot in racks.
10. Open out guest folio without delay and transmit it to front office cashier himself or send the G.R card to cashier for opening the guest folio.
11. Maintain room rates absolutely current and up-to-date.
12. Prepare room discrepancy report and ensure a double check through lobby attendant.
13. Work closely with information assistants.
14. Give all departure rooms to housekeeping promptly.
15. Take room reports / occupancy statistics.
16. Help room service and telephone departmentally to racks.
17. Handle scanty baggage diligently.
18. Know colour codes used in reception.
19. Know room history, namely location, kind, rate, theme, if any, and the view each room commands.

ROOM RACK

MANUAL ROOM RACK SYSTEM

The front desk may use a room rack to track the current house keeping status of guest rooms. A room rack slip containing the guest name departure date, room rate and other information is normally completed during the registration process and placed in the room rack slot corresponding to take room number assigning to the guest.

The present of room rate slip indicator that the room is occupied. When the guest checkout the rate slip. Is removed and the room status indication that the room requires H.K. service refer it can be resold.

Room status discrepancy can occur a non automated F/O system for 2 reason. The number of some nature is tracing and companying, H.K and Front desk room status, information often leads to mistake.

If room rack slip is mistaking left in the rack desk staff may task assume that vacant room is may be still occupied. Potential revenue. From the future sale of the room may be cost. Room status discrepancy may also arrest from delay in communicating H.K status, information from H.K and front desk.

COMPUTERISED ROOM RACK SYSTEM

In a computerized room status system H.K and front desk after name access to room status information. For e.g., when a guest checkout the process a setting the a/c in the computer automatic update the room occupancy statues with in a computerized system is always current.

Most problem associated with prompt relaying guest room. H.K reports to the F/O dept when the computer system is directly connect to the guest room telephone system.

BLACK LIST

Unwanted persons, the people make (or) create the problems, improper behavior in the Hotel and quarrel some guest are prepared by the hotel management and it has been sent to different hotels in the chain (or) group.

These guest will not be entertained in the hotel (or) welcome and the hotel maintains records of the black listed persons.

VI. LOBBY

STAGES OF GUEST CONTRACTS WITH HOTEL PRE-ARRIVAL

PRE-ARRIVAL

The guest chooses a hotel during the pre-arrival stage of the guest cycle. The guest's choice can be affected by many factors, including previous experiences with the hotel; advertisements; company travel policy; recommendations from travel agents, friends, or business associates; the hotel's location or reputation; frequent traveler programs; and preconceptions based upon the hotel's name or chain affiliation. The guest's decision may also be influenced by the ease of making reservations and how the reservations agent describes the hotel and its facilities, room rates, and amenities. In reality, the reservations area is the sales office for the hotel's non-group business. Its employees must be "sales-oriented" and present a positive, strong image of the hotel. The attitude, efficiency, and knowledge of the front office staff may influence caller's decision to stay at a particular hotel.

A reservations agent must be able to respond quickly and accurately to requests for future accommodations. The proper handling of reservations information can be critical to the success of a lodging property. Efficient procedures will also allow more time for the reservations agent to capture needed information and to market hotel services.

ARRIVAL

The arrival stage of the guest cycle includes registration and rooming functions. After the guest arrives, he or she establishes a business relationship with the hotel through the front office. It is the front office staff's responsibility to clarify the nature of the guest-hotel relationship and to monitor the financial transactions between the hotel and the guest.

The front desk agent should determine the guest's reservation status before beginning the registration process. Guests with reservations may have already undergone pre-registration activities. Guests without reservations, termed walk-in guests, present an opportunity for front desk agents to sell guestrooms. To sell successfully, the front desk agent must be very familiar with the hotel's room types, rates, and guest services and be able to describe them in a positive manner. A guest is not likely to register if he or she is not convinced of the value of renting a particular hotel room.

A registration record, completed either as part of pre-registration activity or at the time of check-in, is essential front office operation. A registration record should include information about the guest's intended method of payment, the planned length of stay, and any special guest needs such as a rollaway bed, a child's crib, or a preferred room location. It should also include the guest's billing address, telephone number, and his or her signature.

OCCUPANCY

The manner in which the front office staff represents the hotel is important throughout the guest cycle, particularly during the occupancy stage. As the center of hotel, the front desk is responsible for coordinating guest services. Among many services, the front desk provides the guest with information and supplies. The front office should respond to requests in a timely and accurate way to maximize guest satisfaction. A concierge may also be on staff to provide special guest services.

The following room type definitions are common throughout the lodging industry.

Single: A room assigned to one person

Double: A room assigned to two person

Triple : A room assigned to three person

Quad : A room assigned to four person

Queen : A room with a queen-size bed

King : A room with a king-size bed

Twin : A room with two twin beds

Double-double : A room with two double (or perhaps queen) beds. May be occupied by one or more persons

Studio : A room with a studio bed – a couch which can be converted into a bed : may also have an additional bed

Mini-suite or Junior suite : A Single room with a bed and a sitting area. Sometimes the sleeping area is in a bedroom from the parlor or living room.

Suite : A parlor or living room connected to one or more bedrooms.

Connecting rooms : Room with individual entrance doors from the outside and a connecting door between, Guests can move between rooms without going through the hallway

Adjoining rooms : Rooms with a common wall but not connecting door.

Adjacent rooms : Rooms close to each other, perhaps across the hall.

DEPARTURE

Guest services and guest accounting aspects of the guest are completed during the cycle's fourth phase: departure. The final element of guest service is

processing the guest out of the hotel and creating a guest history record. The final element of guest accounting is settlement of the guest's account (that is, bringing the account to a zero balance).

At check-out the guest vacates the room, receives an accurate statement of the settled account, returns the room keys, and leaves the hotel. Once the guest has checked out, the front office updates the room's availability status and notifies the housekeeping department.

During check-out, the front office staff should determine whether the guest was satisfied with the stay and encourage the guest to return to the hotel (or another property in the chain). The more information the hotel has about its guests, the better it can anticipate and serve their needs and develop marketing strategies to increase business.

PROCEDURES FOR LEFT LUGGAGE, SCANTY BAGGAGE AND SAFE DEPOSIT FACILITY

PROCEDURES FOR LEFT LUGGAGE

This term "left luggage" is attributed to luggage left by a guest who checks out of the hotel but wishes to collect his luggage later. Guests who want to visit other cities in a country on a short tour may find it inconvenient to carry all their baggage with them or may find it uneconomical to retain a room in the hotel where they can keep their luggage. Hotels provide the left luggage facility to guests who are likely to check into the hotel after their return from a tour through this is not strictly necessary. There might be guest who check out but intend to eventually depart much later in the day and occupy their time sightseeing; they would find it inconvenient to cart their luggage with them. 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. Given below is the step-by-step procedure for handling left luggage and the eventual delivery of the same to the guest on his return.

RECEIPT

1. Ascertain if the guest wishing to leave his luggage register
2. String the baggage on each piece of luggage separately. The baggage ticket has a number which is also printed on the counterfoil of the ticket.
3. Enter details in the left luggage register.
4. Tear off the counterfoil of each ticket and hand it over to the guest.
5. Keep the luggage in the luggage area.

DELIVERY

1. Take the counterfoil of the luggage ticket from the guest.
2. Tally the same with the ticket attached to the luggage in the left luggage area.
3. Enter the date of delivery in the luggage register.
4. Retain counterfoils and tags of luggage.

SCANTY BAGGAGE

A guest with scanty baggage would have hand baggage or no baggage at all. Such guests are a hazard as they slip out of the hotel without paying their bill. There is no way of determining whether a scanty baggage guest is walking out of the hotel with intentions of returning or not. Most managements stipulate a policy that against skipping out of the hotel. Guest who manages to check out of the hotel

without intentions of paying the bill are called “skippers”. There is a definite procedure to keep a control on guests with scanty baggage.

1. Notify the lobby manager and the front office as soon as a guest arrives with scanty baggage.
2. Stamp “scanty baggage” on the arrival errand card.
3. Stamp “scanty baggage” on the registration card.
4. Enter particulars in the “ scanty baggage” register. The type of information filled is appended below.
5. Get the registration card signed by the lobby manager who has the discretion to ask for a deposit from the guest.
6. Get the Scanty Baggage Register signed by the lobby manager.

SAFT DEPOSIT FACILITY

It is very important for a hotel to ensure that the guest has faith in it and the guest builds his confidence in the hotel and its staff. He should get this feeling that he and his belongings, particularly cash and valuables, are safe. With this objective in view all hotels, small or large, 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., are put at various places and on stationery such as G.R. Card, etc.

PRODEURE

The keys of the lockers are arranged on a keyboard in numerical sequence. This helps the cashier in locating a vacant locker when a guest requests one. The guest is handed over a safe deposit locker card to fill it. Once the guest completes all entries the cashier writes the locker number on the card, hands over the key of the locker to the guest, takes the signature of the guest on the card and files it in

appropriate rack. Whenever the guest wants to operate the locker he comes to the cashier who picks up the master key of the lockers and escorts the guest to the locker room, where he and the guest both use their respective keys to open the locker. Each time the locker is opened by the guest an entry in the card and / or register is made.

At the time of departure the cashier should ensure that the guest settles his bill and returns the locker key also. The guest may be asked to check his locker before handing over the key. Proper record of vacating of locker and returning of the key should be kept and the guest's signature should be taken. In case the guest loses the key of the locker system of locker, he may be asked to pay the expenses incurred in the replacement of the locking system of locker.

In some of the hotels these days a safety locker is provided in the guest room and the guest does not have to come again and again to the cashier for operating the lockers.

SAFETY DEPOSIT BOX RECORD CARD

(MAY BE INSERT)

GUEST MAIL HANDLING

The bell desk is often the source for postage and handling over mail for posting. The bell captain would thus, have to ensure that he has adequate supply of postage of all denomination at all times.

PAGING

Paging refers to a system whereby a guest identifies himself in such cases where hotel staff cannot identify him physically. Often callers on phone may like

to speak to a guest who may be in the lobby. The bell desk has a mini-black board with a long handle and bells to attract the attention to the board. The bell boy would then write the name of the guest or his room number on the board which is held aloft. The bell boy then moves about the lobby ringing the bells to call attention. The concerned guest would then contact the bell – boy.

VII. BELL DESK

JOB DESCRIPTION OF BELL CAPTION & BELL BOY

BELL CAPTION

Job Sumary

To organize, supervise and control all lobby services to guest satisfaction in a shift.

Job Specilfication

1. Supervise the lobby attendants. Control their movement and activity on the lobby attendants control sheet.
2. Take attendance and prepare staff schedules to meet exigencies of work.
3. Advise the assistant manager- lobby periodically on the performance of lobby attendants, and at times provides information to the guest.
4. Attend to guest complaints and handle telephone calls in the absence of assistant manager- lobby.
5. Handle left luggage formalities and maintain the baggage checkroom.
6. Train lobby attendants to maximize departmental efficiency.
7. Organize and supervise check in/out baggage formalities of groups, crew etc.
8. Control the sale of postage stamps and stationery to guests.

9. Maintain record of all guests with “scanty baggage” and inform assistant manager – lobby and front office.
10. Assist security in lobby surveillance.
11. Conduct daily briefing of lobby attendants.
12. Co-ordinate and control the distribution of morning newspaper.
13. Supervise the storage of essential medicine prescribed by the house doctor and be accountable of the issues made. Keep lobby clean at all times.
14. Keep baggage neatly and orderly at the specified places.

Co – ordinate with

1. Front office : to execute efficiently the arrivals and departure formalities.
2. Telephone : to arrange for wake calls especially for airline crews / groups.
3. Security : to help protect hotel property services and image from undesirable persons.
4. Front office cash : for receiving clearance to remove baggage out of the hotel as a consequence of guests paying their bill.
5. Housekeeping : for cleanliness and uniforms.
6. All departments : concerning transport arrangements if applicable.

BELL BOY

Job Summary

To execute porter and other lobby services as determined by the management.

Job Per

1. Report to bell captain.
2. Handle guest arrival.

3. Take the baggage from the car in the porch / gate to the room.
4. Escort the guest to the room on arrival.
5. Place the baggage in the room, on the luggage rack.
6. Explain the operation and control of lights switches / air-conditioning etc., to the guests and switch them on.
7. Handle departure of guest (through use of departure errand card).
8. Under instructions from bell captain bring the baggage down from the room on departure.
9. Check the room to ensure that the guest has left no articles in the room by mistake. Switch off all lights and air – conditioning.
10. Obtain clearance from front office cashier on the errand card regarding the bill i.e. paid / signed by the guest.
11. Ensure collection of keys from guests at the time of check out and obtain clearance from information section.
12. Check for mail, messages for departure guests and, if available, collect and give mail or messages to departing guest.
13. Take the baggage and place it in the car in the porch / gate.
14. Handle errands requested by guests and front office staff.
15. Handle baggage of guests when they are shifting to another room.
16. Distribute newspapers to guest rooms and selected offices.
17. Keep lobby area clean and clear to ensure smooth traffic flow.
18. Track / keep eye on unwanted guests in the hotel.
19. Attend to instructions if supervisor.
20. Assist in executing the baggage room formalities.
21. Provide laundry valet service at night.
22. Deliver guest message to guest rooms.

23. Execute all procedures efficiently as per standards and systems laid down by the management.
24. Handle and store equipment carefully and appropriately i.e. luggage trolleys, wheel chairs etc.,
25. Report guests with scanty baggage to the lobby manager.
26. Account for 'postage stamps' sold and post mail promptly.
27. Vend postal stamps and stationery as instructed by bell captain.
28. All errands inside or outside of the hotel as may be instructed.

ERRAND CARD

(MAY BE INSERT)

VIII. TELEPHONES

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. This will enable him / her to go through the handing over / taking over register before taking over from the previous shift operator. Reporting late for duty upsets the entire working schedule and puts into inconvenience the whole staff, particularly, the operator who was to wait for the next shift to take over.

PERSONAL HYGIENE AND DEPARTMENT

Operators must be particularly careful that their mouths are free from odor. This is particularly important since more than one person handles the equipment. Hair should be properly groomed and fingernails well maintained.

ACCURACY

Errors are usually caused by carelessness or misunderstanding. They result in failure to give the service demanded, and hence, an aggravated guest, besides the wasted efforts' on the part of the operator. 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 one of the most important features, but accuracy must not be sacrificed for speed. An inaccurate connection, no matter how quickly made, is not what the guest wants. Speed is a skilled performance for each operation with the least possible expenditure of energy. Consistency in speed of service is necessary, as one case of slow service more than affects the good impression made by several cases of prompt service.

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. In case of doubt, repeat what is understood to the guest to ensure proper transmission of what the guest has actually said. The operator speaking too fast often loses clarity of speech. Always make it's a point to be attentive when receiving incoming calls and the resident guest calls. Lack of concentration results in giving wrong numbers or transmitting wrong messages which could be disastrous from the guest's point of view.

A SENCE OF RESPONSIBILITY ON THE JOB

Irresponsibility can lead to the guest's / hotel's loss of business or equipment damage which is irreparable.

SECRECY

The operator should be aware of the fact that the rules and regulations make it an offence, punishable with dismissal from service, to violate the secrecy of telephonic conversations. All employees are expressly forbidden to divulge any information regarding communications between users of the telephone. They are likewise cautioned against listening unnecessarily on connections.

MEMORY

Developing a good memory is extremely important for any telephone operator. The operator has to keep in memory the house directory, important numbers of the city etc., 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.

CONCETRATION APLICATION AND QUICKNESS

Operators have to develop absolute concentration in their work since the lack of concentration might result in the operator's delaying the process of answering a call or giving proper attention to an answered call. It is also imperative that the operators apply their to their mind to their work, take their work seriously as this will go a long way towards guest satisfaction.

CHEERFULNESS

It is important for operators to be alert and cheerful while handling any call. They must be aware of one fact that they are only heard and never seen, and hence, it is essential that an operator brings out the cheerfulness in his / her voice.

CAREFUL AND POLITE

It is not sufficient for an operator to possess all their qualities if he / she is not careful and polite. Carelessness on the part of an operator might result in guest getting haphazard service like getting a number which is not required or getting wrong extensions, etc. Along with being careful the operator must possess the quality of politeness as well. The operator very often is the first contact point with the politeness or rudeness of its operators. The operator must always maintain his / her poise and be polite to a guest even if he is irritating. He / She must endeavor to do his / her best to render the service required by the guest at the minimum time and while doing so, must impress the guest with his / her politeness.

EQUIPMENTS IN USE (PBX, PABX, E PABX)

Basically there are two types of telephone equipment: these are

- (i) The PBX (Private Branch Exchange),
- (ii) PABX (Private Automatic Branch Exchange),

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 9,20 and 50 extensions respectively. The RBX 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.

PAX

1. The number of extension is limited

2. Charging of call made by the guests are to be calculated by the operator
3. Service connections are also given as the extensions only, thereby minimizing the number of extensions to guest rooms.
4. Internal and outside calls are to be connected by the telephone operators thereby causing an additional work – load on them
5. The traffic and the work – load cannot be streamlined

PABX

1. A larger number of extensions can be connected
2. Individual meters for each extension are provided
3. The service connections do not minimize the extension connections since these are given no separate working digits.
4. The guests / executives can dial an internal extension and outside calls straight without going to the operator
5. The traffic and the work – load on operators can be streamlined

EPABX SYSTEM (Electronic Private Automatic Branch Exchange):

This system is a modern system where many functions such as call transfer, call barring, call monitoring, fixed time call, conferencing facility, D.N.D., wake call facility, etc. are available. The system requires very little space compared to manually operated system.

VARIOUS REGISTERS IN USE

LOG BOOK

The purpose of the logbook is to enter important happenings in the hotel, which will enable the operators to know of the same when dealing with calls, which may be received, in connections with these happenings. It is important that

every operator goes through this logbook every day before the commencement of his / her duty. The logbook will also contain details regarding the stay of VIPs in the hotel. The changes of trunk call rates, additional stations connected by STD, etc., and other information which would appear in the News Dailies is also entered in the logbook for the benefit of the operators.

COMPLAINTS REGISTER

The complaints register is one in which all the complaints regarding telephone faults made by guests, housekeeping, reception, bell desk are entered. This register is for both the maintenance department as well as for the Post and Telegraph Department. Based on the complaints entered in this register necessary action to remedy the fault will be taken by the Maintenance P & T Department. The operator will also have to enter the complaint in this register only. While entering the complaint the operator must clearly state the date, serial number, time, nature of fault and the department, which handed over the complaint.

HANDLING OVER REGISTER

This ageing is a very important from the operator's and the department's point of view. The operators while breaking off duty should enter all the details regarding:

1. Pending calls
2. Wake – calls
3. Trunk calls
4. Any other relevant

Communication is conveyed to the operator who relieves his / her. If the operator anticipates that he / she may not complete work within the stipulated duty hour, he

/ she must immediately make an entry regarding the unfinished work to the relieving operator. Failing to make an entry of any pending work in this register, will not only put the other operator into difficulty, but may also deny the service to the guest. The operator who relieves must take up the responsibility for the pending work, which is being handed over, and he / she must make it a point to go through this register as soon as he / she takes over the position. The first job any operator coming for work should do is, to go through this register and clarify his / her doubts if any, from the operator who is being relieved. In order to do this, it is again emphasized that the operator must report for duty at least five minutes before the commencement of the prescribed duty hour.

WAKE – UP CALL PROCEDURES

A wake – call is a telephone call made by the telephone operator to a guest at a specific time, predetermined by the guest. By its very nomenclature a wake – call is a telephone alarm to wake a sleeping guest. Normally, the telephone department are fully concerned with wake – calls, but the lobby personnel are involved when wake – call have to be made for airline crews and groups. All information regarding wake – calls is received by the lobby desk which in turn disseminates it to the telephone department. In the case of airline crews, the city airline operations office normally calls the lobby desk and conveys the time of pick up of the crew from the hotel. The wake – call time is thus 45 minutes to one hour before the pick up time. When airline operations give a pick up time, care must be taken to call back operations and re – confirm the pick up time, noting down the name of the person on the other end. It is customary for the lobby member receiving the pick up time to give his name to the airline operations officer.

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 list and forward the same to the telephone operator.

IX GUEST ACCOUNTING

JOB DESCRIPTION OF FRONT OFFICE CASHIER

POSITION TITLE : FRONT OFFICE CASHIER

REPORTS TO : FRONT OFFICE MANAGER

POSITION SUMMARY : Post revenue center charges to guest accounts.

Receives 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. Handle paid – outs

8. Transfers guest balances to other accounts as 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 request 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. Manages safe deposit boxes

RECORDS & LEDGERS MAINTAINED BY CASHIER

LEDGER

It is a principal book of the set used for recording trade transaction containing debtors and creditors accounts. It is a book in which accounts of a guest (residents as well as non – resident) are recorded. All credit transactions made by the guests as well as deposit made by them are recorded. It is a grouping of accounts. A front office ledger is a collection of accounts folio. The folios used in the front office, form a part of front office account receivable ledger (money owed to the hotel). Guest financial transactions are recorded on to the guest ledger

account to track receivable balances. A ledger is an important book for the preparation of profit and loss account Balance Sheet of an organization.

Ledgers are basically classified into two types : (I) Personal and (II) Impersonal.

Personal Ledger

(a) Ledger of Debtors : In this accounts of debtors are recorded i.e. account of all those from whom the money is to be collected by the hotel are recorded in this ledger. This outstanding amount is an account of services and goods provided by the hotel to the guest (Room, Food and Beverages, etc.). Debtors ledger are maintained for (i) in house guest and (ii) for those guests who have left the hotel.

Without settling their bill. For the first category i.e. for the accounts of those guests who are still staying in the hotel, the hotel maintains visitors tabular ledger and for the second category debtors i.e., for the accounts of those guests who have left the hotel without paying their bill the hotel maintains a different type of debtors ledger called city ledger. (This records transactions of various types of debtors such as credit card hotels, Airlines vouchers holders, Travel vouchers issued by Travel Agent and Government Departments allowed credit facilities, etc.,)

(b) Ledger of Creditors : In this ledger the details of transactions of the creditors (persons or companies or establishments whom the hotel has to pay from suppliers, etc.) are maintained.

Impersonal Ledger

Maintained for recording the impersonal accounts and depending upon the type of impersonal accounts such as revenue, expenses and assets and liabilities,

two type of impersonal ledgers, (a) Trade ledger and (b) General ledger and maintained.

(a) Trade Ledger – Fro account which have relation to trade (sales, purchase and expenses, etc.) this type of ledger are maintained.

(b) General Ledger – Where accounts of assets and liabilities are maintained. The accounts receivable in a hotel is separated into two groups. 1. Guest Ledger, 2. City Ledger.

Guest Ledger (also called as transient ledger, front office ledger and room ledger)

Guest ledger is the total set of all accounts of guests registered in the hotel (in- house guest). The guest arrives and registers at the hotel and his room account (folio) is opened. Now from this time onwards any purchases made by the guest of services, facilities and amenities at any time are charged to his room account and similarly all payments made by the guest are recorded in it.

Let us suppose that the resident guest of the hotel goes to the restaurant and orders his meal. The waiter serves meal to him and after that presents the bill to him. The guest signs the bill / check and charges it to his room account. That means the amount is to be recorded in his guest folio and the guest will pay later (either during his stay or at the time of departure or may be even later). The waiter will take the signed check back to the restaurant cashier who would record the amount of charge (credit food sales) and will then sent it to the front office cashier. He will post this to guest folio, thereby debiting accounts receivable. The result of this entry on folio would increase the guest's net outstanding and the guest ledger total net outstanding increases.

Anytime front office posts a charge to guest folio the outstanding increases by that amount and anytime the guest pay to hotel front office the net outstanding

decreases by that amount. An easy formula for this is : Opening balance + charges – credits = net outstanding.

It is important for the front office desk to keep the guest account always current, i.e., to post all charges (debits) and credits (cash) immediately in guest's account. Staff of the hotels operating on manual or mechanical system must always keep the above formula in mind. In fully automatic systems and also in machine posting system debits and credits are automatically put into proper columns on the folio.

City Ledger (Also called as non – guest account)

City ledger records accounts that do not belong guest of the hotel. At the check out time if the resident guest's account is not brought to a net outstanding of zero then whatever amount is outstanding balance, the same is transferred from guest ledger to city ledger. Guests holding credit cards, and guests whose bills have to be forwarded to companies, airlines, travel agents, government departments etc. In other words, city ledger is a debtor's ledger. The account in such cases will be closed at the time of payment or at the time of writing off the amount as bad debt, Apart from this the city ledger will also have a number of other accounts such as direct bills which means bills of those guests who have checked out without settling their bill because the instructions about them is that bill is to be sent to the guest's company etc. this also includes airlines billing / travel agency account as the airline / travel agency respectively have agreed to pay the guest's bill, and credit card billing, where the credit card company had agreed to pay the guest's bill. Apart from these the city ledger will also record bad cheques account (bounced cheques of guest), skippers account, disputed bills account, retention charge account from guaranteed reservation from DNA guests and late charges

accounts. An efficient method for keeping track of post due accounts should be used. For example AGE ANALYSIS method. It will provide at a quick glance how old (30, 60 or 90 days) is the outstanding account.

PAID OUT VOUCHER

1. Confirm the name, room number and the identity of guest
2. Find out the details of services to be paid for – taxi, medical charge, stamps, telegraph charges, etc.,
3. Fill in the details in the Cash Paid Out Voucher
4. Get the voucher signed by the guest and lobby manager
5. Make the payment in cash to the party involved
6. Fill in details in the “paid out” column of the Front Office Cashier’s Report

(May be insert)

VISITORS TABULAR LEDGER (VTL)

An Accounting system usually used in small hotels. It is a 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. The entries in VTL must be kept updated so that at any moment an up to date guest bill may be made and presented to the checking out guest.

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 the daily sales under respective heads and includes breakfast, lunch, afternoon tea, snacks, beverages, alcoholic beverages, service charges, telephone call charges, V.P.O., sundry charges and transfer and sales tax etc., which give the daily total plus the previous balance over. This is followed by credit columns deposits, allowances, transfers and ledger balance to the next day.

ALLOWANCE VOUCHER

1. Check the guest folios for the amount of allowance by the Management.
2. In case of guests entitled to allowance but for whom no authorization has been received, refer the case to the lobby manager and receive his authorization.
3. Refer to the list of bonafide customers who are entitled to allowances and rates as stated and stipulated by the management in case a guest claims entitlement to an allowance.
4. Fill in the details in the Allowance voucher
5. Have the voucher signed by the lobby manager and guest and also put down your own initials.
6. Hand over the original copy to the guest
7. Attach one copy to the front office cashier's report and fill in the paid column in the cashier's report
8. Leave the third copy in the book
9. Post the allowance amount in the debit column of the folio as per previous procedure

(May be insert)

FOREIGN CURRENCY ENCASHMENT

1. Request the guest to produce his / her passport and determine the credentials
2. Ask the guest for his room number
3. In case of non - residents, request him / her to contact the lobby manager for an authorization for the transaction
4. Find out the type of currency to be exchanged and determine whether it is exchangeable as per Government banking regulations
5. Fill in all the details in the Foreign Exchange Encashment certificate
6. Request the guest to sign travelers cheques and the voucher in person
7. Compare the signatures
8. Receive the amount of foreign currency in cash or travelers cheques
9. Calculate the total amount to be paid in local currency by multiplying the foreign currency amount by the rate of exchange
10. Give the original copy of the certificate and the total amount in local currency to the guest
11. Attach the second copy of the encashment certificate to the notes / travelers cheques
12. Leave the third copy in the book
13. Fill in the details in the reception cashiers report
14. Fill in the details in the Foreign Currency Control Sheet

(may be insert)

CREDIT CARDS

Most hotels accept major credit cards for deposits and payment. The front desk representative is responsible for knowing what credit cards the hotel accepts, as well as the procedures for accepting and authorizing their use. Visa, Master Card, and American Express are the most widely accepted cards, others, such as

Discover, Diners Club and Carte Balance, may be used at many, but not all, properties.

When a credit card is presented by a client, the front desk representative should determine the answers to the following questions :

1. Is the credit accepted by the hotel? If in doubt. Check with the front desk supervisor or credit manager.
2. Is the card valid? Check the expiration date to be sure
3. Is the available credit sufficient to cover room charges, tax, and auxiliary charges for the entire stay? Obtain authorization from the credit card company
4. Is the cardholder name the same as the guest? Or, if the cardholder is accompany, dose the guest have the credentials to prove he or she is authorized to use the card? Most hotels accepts a business card or employee ID card.

TELEPHONE VOUCHER

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

(may be insert)

CASHIER REPORT

Each cashier whether at the front office or at any other outlet such as bar, swimming pool etc., makes a daily cash report. These reports are audited and the total cash received is combined in a daily deposit. The funds are audited by night

auditor during the night. The following morning before sending to bank the funds received by the cashier during the previous day are checked by the income auditor.

(may be insert)

PETTY CASH VOUCHER

It is necessary from time to time to pay out small sums of cash or minor transactions. These payments are most conveniently made and recorded by the office staff, who are used to this type of work.

The most common practice is to keep a separate cash float from which to make these payments, and to record the purpose for the payment in a petty cash book. Receipts of cash for the purpose of replenishing the float are entered in the receipts column, which constitutes the debit side of the petty cash book. Payments from petty cash are entered first in the total payments column. Each payment should have a supporting voucher which should be numbered in sequence, the number being entered in the appointed column. The voucher should be signed by an authorized person, usually the head of the relevant department.

PETTY CASH VOUCHER

Date_____

Given to_____

Address_____

The sum of Rs_____

Cash / Cheque No_____

Shri _____ on Account of _____

Date _____ Bank _____

Rs _____

A/c Code _____ Cashier _____

WAYS OF SETTING BILLS

Next, the method of payment must be determined, Usually, guests pay their bills at check – out by cash or credit card, but, in some instances, the room charges are billed to a company account. In the case of a company billing, the front desk representative checks with the accounting office or credit department to verify that the company has established a credit account with the hotel. Depending on the method of payment and the policies of the hotel, one of the following procedures may be followed.

Most hotels require clients who pay by cash to prepay all room charges and taxes at check – in. If an advance deposit has been has a valid credit card, an important can be taken of the card in lieu of prepayment, even though the client will pay by cash at check – out.

Traveler's checks are normally treated the same as cash. A traveler's check is signed twice – once when the check is purchased and then again when it is used as payment. The second signature, called the countersignature, should be made in the presence of the front desk representative, who should then compare the signatures. If a traveler's check is presented with a counter signature already made, the representative should ask to see the client's driver's license to verify the

signature. Some hotels require the representative to write the guest driver's license number or other ID number on the back of the check.

X NIGHT AUDITING

FUNCTIONS OF NIGHT AUDITING

The purpose of night auditing is mainly to inform the management about the total amount of revenue generated on a day, and how much the hotel is owed by the guests both in- house and checked – out and producing operational and management reports. The 'Early Bird' or "Flash" reports help accounting department to compile a more extensive daily report for posting to the general ledger. An effective night audit increases the probability of correct account settlement and avoids disputes with the checking – out guest. It verifies posted entries to non – guest accounts also, monitors guest credit limits, balances all from office accounts and sorts out any room status discrepancies.

1. Attention to accounting details
2. Procedural control
3. Credit control
4. Occupancy percentage
5. Summary of cash, check, credit card
6. Summaries the results of operatins
7. Reports to the management

JOB DESCRIPTION OF NIGHT AUDITOR

POSITION TITLE : NIGHT AUDITOR

REPORTS TO : Front Office Manager or Accounting Department

DUTIES AND RESPONSIBILITIES

1. Posts room charges and taxes to guest accounts
2. Processes guest charge vouchers and credit card vouchers
3. Post guest charge purchase transactions not posted by the front office cashier
4. Transfers charges and deposits to master accounts
5. Verifies all account posting and balances
6. Monitors the current status of coupon, discount, and other promotional programs.
7. Tracks room revenues, occupancy percentages, and other front office statistics.
8. Prepares a summary of cash, check, and credit activities
9. Summarized results of operations for management
10. Understands principles of auditing, balancing, and closing out accounts.
11. Know how to operate posting machines, typewriters, and other front office equipment and computers
12. Understand and knows how to perform check – in and check – out procedures

CROSS CHECKING, CREDIT MONITORING & VERIFY NO SHOW AND CANCELLATION

CROSS CHECKING

For every revenue generating transaction section of the hotel the originating revenue center documents the type i.e. cash charge or paid outs and the monetary of the transaction. Front office posts to appropriate guest or non – guest account. Transactional documentation identifies the nature and amount of the transaction and is the basis for data input into accounting system. This documentation consists

of guest checks. An accounting system should provide independent supporting documents to verify transaction. Night audit should cross check the information on room revenue 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 center and department 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. Guest with credit card 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 up to 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. 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.

DAILY & SUPPLEMENTARY ROOM RATES

The word 'transcript' means a daily transcript showing guest's transactional activities for that day and 'supplement transcript' refers to non – guest's account and combined together they represent all transactions for any one day from 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 accounts will help night auditor detect and correct errors.

BASIC NIGHT AND 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 rooms 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

NIGHT AUDIT PROCESS

COMPLETE OUTSTANDING POSTING 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. This is true for non – guest account also i.e. to complete all outstanding posting, and night must ensure that all transactions have been posted before starting the work. Various guest charges should be relayed to front office via voucher transfers and paid out slips etc. In case of mechanical posting machine vouchers from various food and beverage outlets can be classified first according to the revenue center and further on the basis of meals and functions. Similarly, posting from other point of sales such as valet, laundry, telephone, gift shop and parking etc. Should be done, In case of a PMS posting from POS to telephone folio, it is automatic and accurate. Previously posted totals should be verified to ensure that all outlet charges have been posted by printing posting reports from the interfaced system and comparing them to the totals from front office system. 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. Error may lead to uncollected room revenue and omissions in posting. The night auditor must review and ensure that housekeeping report and front office department reports reconcile and if there is any discrepancy, it is sorted out. Discrepancies could prevent the room from being sold until the error is sorted out. 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 reports to make sure that all the three reconcile and are in balance.

DEPARTMENTAL BALANCING SEQUENCE

- (a) Sort vouchers by originating department.
 - (i) Consider each department's vouchers
 - (ii) Separate the correction voucher according to departments they are to be applied against, and
 - (iii) Total the correction for each department
- (b) After verifying, total the correction voucher on addition machine. The correction figure on shift report and correction tape must be considered.
- (c) Consider voucher again.
 - (i) Run adding machine tapes on the rest of vouchers
 - (ii) While running tapes on the voucher, check the written figure at the bottom of the voucher against the printed figure on department detail report, as well as against the validated figure, if the front office uses a validating printer.
- (d) The voucher should agree with the corrected figure of the departments. If the tapes don't agree with either figure, check to find error before proceeding.
 - (i) Check that date on voucher is the current day's date
 - (ii) Check each posting against source document till the error is found. A thorough check of the source document validation will be able to pinpoint errors.
 - (iii) Post any correction or adjustments.
- (e) In an automatic system, revised individual shift reports can be printed after the correction and adjustments have been made. In any operation made all of the back up data should be packaged for the accounting officer.

RECONCILING ACCOUNTS RECEIVABLE

City ledger, which is a collection of non – resident and outstanding accounts of those guests who have already checked out are recorded in this ledger. Other examples of city ledger account are credit cards account, direct billing to company, airlines etc. of the guest who have checked out. Night auditor assemble such charges and verify their accuracy. Any cash received against these accounts 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. When the payments from various companies such as credit card companies, travel agents, etc., are received they are posted against the respective agencies account receivable and a current balance is calculated.

PREPARING NIGHT AUDITING 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. Amongst those prepared for management review are the final department detail and summary report, the daily operations report and high balance reports, a report of guests approaching credit limit.

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

(may be insert)

TYPE OF MEAL PLAN

EP	-	European Plan	-	Room only
CP	-	Continental Plan	-	Room + Complementary B.F
AP	-	American Plan	-	Room + B.F+ Lunch + Dinner (Full Board)
MAP	-	Modified American Plan	-	Room + B.F + Lunch (or) Dinner (half Board)

XII PLANNING & EVALUATING FRONT OFFICE

ESTABLISHING ROOM RATES

A front office will almost have more than one room than one room rate category for each of its guestrooms. Room rate categories generally correspond to type 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. Each room rate category is assigned a rack rate based on the number of persons occupying the room. The rack rate is the standard price determined by front office management. The rack rate is listed on the room rate schedule by front desk agents of the selling price of each guest room in the hotel. In a fully automated property, front office employees may be able to use a computer terminal to access rack rate data during the reservations or registration process. Often, rack rates must be report to local and state authorities. Therefore, they must accurately reflect the appropriate accommodation charge for each room they category.

Front Office employees are expected to sell rooms at the rack rate unless a guest qualifies for an alternate room rate. Special rates are often quoted to groups and certain guests for promotional purpose during low occupancy periods. Special room rate categories include.

1. **Corporate of Commercial Rate:** The rate offered to companies that provide frequent business for the hotel or its chain.
2. **Group Rate:** The rate offered to groups, meetings and conventions using the hotel for their functions.
3. **Promotional Rate:** The rate offered to individuals who may belong to an affinity group such as American 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.
4. **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 operations and other capable of providing the hotel with additional room sales.
5. **Family Rate:** A Rate reserved for families with children.
6. **Package plan Rate:** A rate that includes a guestroom in combination with other events or activities.
7. **Complimentary Rate:** A room rate provided to special guests and / or important industry leaders.

RULE OF THUMB APPROACH & HUBBART'S FORMULA

RULE OF THUMB APPROACH

The Rule-Of-Thumb approach sets rate of a room at \$1 for each \$1,000 for construction and furnishing cost per room, assuming a 70 % occupancy. For example, assume 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.

HUBBART'S FORMULA

A more recently developed 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- 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 owner's investment.
2. Calculate pretax profits by dividing desired profit 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, fixed charges and management fees, undistributed operating expenses, and other operated department losses less other operated department income equals the required rooms department income. The Hubbart Formula, in essence, places the overall financial burden of the hotel of the rooms department.
7. Determine the rooms department revenue. The required rooms department income, plus rooms department direct expenses of pay roll 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 by the expected number of rooms to be sold.

The formula considers the following:

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

A practical example of the calculation of average room rates with the help of Hubbart's Formula is given below.

Investment

Cost of Land, Building, Furniture and Fixtures	Rs. 37,60,00,000
Working capital	2,40,00,000
	—————
Total Investment	Rs. 40,00,00,000
	—————

Financing of Investment	32,50,00,000
Debt at 10% Interest Equity	7,50,00,000
	<hr/>
Total Financing	40,00,00,000

Let us suppose that the Projected Number of Rooms

Occupied (75% Occupancy of a total no. of 80,000 rooms)	60,000
---	--------

Desired Return of Equity at 15 % (say)

(on a figure of say 10,20,00,000)

Income Taxes at 50% (say)

Required Profit before Income taxes

Interest Expenses (Rs.32,50,00,000 at 10%)

Required Profit before Interest and taxes

Estimated Depreciation, Municipal taxes and Insurance

Required House Profit

Budgeted Deductions from Income

General and Administrative Expenses

Advertising and Sales Promotion

Heat Light and Power

Repairs and Maintenance

Total

Required Gross Operating Income

Estimated Department Profit Excluding Rooms

Food and beverage

Telephone

Laundry

Others

Total

Required Rooms Department Profit

Estimated Rooms Department Expense

Required Rooms Department Revenue

Hence, The Required Average Room Rate

(Rs. $13,25,00,000 / 60,000$)

This formula was developed by Mr. Roy Hubbart in 1940 on the request of AHMA.

FORECASTING ROOM AVAILABILITY

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 room 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. 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 determining operating costs, every effort should be made to ensure forecasting accuracy.

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

1. A thorough knowledge of the hotel and its surrounding area.
2. Market profiles of the constituencies the hotel services.
3. Occupancy data for past several months and for the same period of the previous year.
4. Reservation trends and a history of reservation lead times (how far in advance reservations are made)
5. A listing of special events scheduled in the surrounding geographic area.
6. Business profiles of specific groups booked for the forecast dates.
7. The number of non – guaranteed and guaranteed reservations and an estimate of the number of expected no – shows.
8. The percentage of rooms already reserved and the cut – off date for room blocks held for the forecast dates.
9. The impact of city – wide or multi – hotel groups and their potential influence on the forecast dates.
10. Plans for remodeling or renovating the hotel that would change the number of available rooms.
11. Construction or renovating plans for competitive hotels in the area.

ROOM 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 have followed all appropriate front office policies and procedures. In a hotel with a computerized front office system, the computer 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.

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 of \$ 6, 960, the yield statistic for the Gregory Hotel can be calculated as follows :

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

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

EVALUATING OCCUPANCY RATIO

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), 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.

HOUSE COUNT

(The number of guest staying on a particular night)

H.C = Previous H.C + Arrivals – 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

Please note that double bedded, twin bedded, king bedded, and queen bedded rooms are counted as 2 beds while computing bed occupancy percentage.

AVERAGE ROOM RATE

(Ratio of rooms income to the number of occupied rooms)

$$\frac{\text{Number of Beds Sold}}{\text{Number of Beds Available for Sale}} \times 100$$

AVERAGE REVENUE PER GUEST / AVERAGE SPENT (AARG)

It is the room income to the total number of guests staying in the hotel. (H.G)

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/-

$$\text{Hence ARG} = 874380 = \text{Rs. } 2005.45$$

$$\frac{\text{Rs. } 8,74,380}{436}$$

calculation of variance in ARG

$$\text{Actual ARG} - \text{Budgeted ARG} = \text{Variance in ARG}$$

OVERSTAY PERCENTAGE

The overstay percentage is the percentage of scheduled departures who remain on in the hotel. For example, assume that 120 guests who stayed in the hotel last night are scheduled to depart today. Let us say that six of these scheduled departures decide to stay over one or more days. The overstay percentage is calculated as follows :

$$\text{Overstay \%} = \text{Overstays} / \text{Departures}$$

$$\text{Overstay \%} = 6 / 120 = 0.05$$

The overstay percentage in this example is 5 percent of scheduled departure. The same technique can be used to calculate the overstay percentage for a particular week, month, quarter, season, or year.

Overstays are often confused with stayovers – people who checked in earlier and as scheduled to remain in the hotel on the current date.

The following procedures are used to calculate percentages for under stays, no – shows, cancellations, walk – ins, and early arrivals.

UNDERSTAY PERCENTAGE

The under stay percentage is determined by dividing total undertays by total stayovers:

$$\text{Under stay \%} = \text{Under stays} / \text{Stay over's}$$

For example, assume 80 people are scheduled to remain in the hotel on the current date. Two guests decide to check out early. The under stay percentages is calculated as follows:

$$\text{Under stay \%} - 2 / 80 = 0.025$$

The Under stay percentage in this example is 25 percent of scheduled stay over's.

NO – SHOW PERCENTAGE

The no – show percentage is determined by dividing total no – shows by total reservations, as follows:

$$\text{No – show \%} = \text{No – shows} / \text{Reservations}$$

For example, assume 200 people have placed reservations for the current date. Six guests fail to arrive. The no – show percentage is calculated as follows:

$$\text{No – show \%} = 6 / 200 = 0.03$$

The no – show percentage in this example is 3 percent of reservations,

CANCELLATION PERCENTAGE

The cancellation percentage is determined by dividing total cancellations by total reservations:

$$\text{Cancellation \%} = \text{Cancellations} / \text{Reservations}$$

For example, assume 200 people have placed reservations, and 4 people call on the same day to cancel. The cancellation percentage is calculated as follows:

$$\text{Cancellation \%} = 4 / 200 = 0.02$$

The cancellation percentage in this example is 2 percent of reservations.

FOREIGN GUEST OCCUPANCY PERCENTAGE

$$\text{Total Guests (H.G)} - \text{No. of locals (Indians)} = \text{Number of Foreign Guest}$$

Their percentage is calculated by

The formula = Number of Foreign Guests in Hotel

$$\frac{\text{Number of Foreign Guests in Hotel}}{\text{Total Number of Guest in Hotel (H.G)}} \times 100$$

BREAK EVEN & PRICING ANALYSIS

It is the sale at that point (rate) where by selling the rooms at that point (rate) there is neither profit nor loss. The following example will explain this

Example:

A hotel has 600 rooms. The average occupancy percentage for four nights. (Thursday, Friday, Saturday and Sunday) in a week is (ay) 50 % and for remaining three nights (Monday, Tuesday and Wednesday) is 100 percent. The hotel general manager ios approached by the manager of an airlines for a package of 90 crew rooms per night every night of the week for a one year contract (52 weeks). The sales manager of hotel tells you that to get this business general manager may quote a tariff Rs. 800/- per night per room. The average room rate of hotel is Rs. 1200/- Determine whether or not the general manager should accept the contract at Rs. 800/- (any impact of food and beverage sales may be disregarded)

Answer: To accept or refuse the contract most important point to be which

1. The hotel has 600 rooms.
2. On four nights i.e. Thursday through Sunday the occupancy is 50% i.e. 300 rooms out of 600 rooms (50% of 600) are sold at 800% per room (lower rate) there should be no problem as far as the availability of room is concerned, and also the revenue generation is concerned because the hotel will earn at least some revenue.
3. Now since for 3 nights i.e. Monday, Tuesday and Wednesday the occupancy is 100% i.e. the revenue earned is at average room rate (Rs. 1200/-) per night for these 3 nights $3 \times 90 \times 1200 \times 52 = \text{RS. } 16,848,000$. (Days x Rooms x Average Rate x No. of weeks in year)
4. Now let us calculate at what minimum rate we should take the business so that there is no profit and loss i.e. at Break even, and let us presume that rate to be Rs. x. Hence the revenue earned would be $(x) \times 7 \times 90 \times 52 = 32,760x$. Hence for Breakeven this figure $(32,760x)$ should be equal to 1,68,48,000 or $x = \text{RS. } 514.29$ Approximately. Now since this Break Even rate is quite below the quoted rate i.e. Rs. 800/- the hotel should accept the contract, and shall still earn profit.

12. YIELD MANAGEMENT

CONCEPT OF YIELD MANAGEMENT

The concept of revenue management originated in the airline industry. Most travelers know that Passengers on the same flight pay different fares. Super-saver discounts, three-day advance –purchase plans, stay-over-Saturday-night packages, and so forth have become the norm 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 reservations and to develop reliable forecast.

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 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 from high-volume bookings to high-profit bookings. By increasing bookings on low- demand days and by selling rooms at high demand days, the industry improves its profitability. In general, room rates should be higher (in order to maximize rate) when demands exceeds supply and lower (in order to increase occupancy) when supply exceeds demands.

MEASURING YIELD

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

Potential revenue can be determined in more than one way. Some properties calculate their revenue

As the amount that would be earned if all rooms were sold at the double occupancy rate. Other properties 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 room exceed sales mix projections.

Since the hotel’s yield statistic will vary with the method used, once a preferred method has been chosen, it should 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 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 Inn has 300 guest rooms, collect an average of \$80 per room, and is currently operating at a 70 percent average occupancy. The hotel offers 100 one-bed and 200 two-bed guest rooms. Management has establishment single and double 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 it sells for \$120.

OBJECTIVES & BENEFITS OF YIELD MANAGEMENT

OBJECTIVES OF YIELD MANAGEMENT

The objective of use of use of yield management concept and principle is to increase profitability to hotel where the following characteristics can be seen:

- Demand of rooms can be divided into clear market segments.
- Each of these segments are prepared to pay different amounts for their room
- The capacity supply is relatively fixed that is to say that the hotel has fixed number of rooms and instantly adding extra rooms is not feasible.
- Marginal cost (cost involved in cleaning and supplies, etc. which will be incurred only if the room is sold, otherwise not) of selling an additional room is low.
- Where rooms are reserved in advance.
- Demand for room fluctuates and can't be predicated with a high degree of certainly.
- Physically identical product (Same type of rooms) can be sold to different market segments for different booking condition.

BENEFITS OF YIELD MANAGEMENT

Amongst the various benefits for the hotel that yield management gives some are as follows.

1. Improved forecasting.
2. Improved seasonal pricing and inventory decisions.
3. Identification of market segment demand and identification of new market.
4. Increased co-ordination between front office and sales department.
5. Determination of discounting activities.

6. Improved development of business plans.
7. Establishment of a value – based rate structure.

Demand forecasting strategies are applied to reservation system, information system, room and package pricing, room and revenue management, full season rate determination and special rates for tours, travel agents and groups etc.

POTENTIAL AVERAGE FOR SINGLE & DOUBLE ROOM RATE

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 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 bed	<u>200</u>	100	<u>20,000</u>
	300		\$ 29,000
Potential Average Single Rate	= $\frac{\text{Single Room Revenues at Rack Rate}}{\text{Number of Rooms Sold at Singles}}$		

$$= \underline{\$ 29,000}$$

300

$$= \underline{\$ 96.67}$$

POTENTIAL AVERAGE DOUBLE RATE

If the hotel 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 rooms in the hotel. For the this computation is a follows:

Room Type	Number of rooms	Single Rack Rate	Revenue at 100% Occupancy Singles
1 bed	100	\$110	\$ 11,000
2 bed	<u>200</u>	120	<u>24,000</u>
	300		\$ 35,000

Potential Average
Doubles Rage = $\frac{\text{double Room Revenues at Rack Rate}}{\text{Number of Rooms Sold at Doubles}}$

$$= \underline{\$ 35,000}$$

300

$$= \underline{\$ 116.67}$$

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 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:

$$\begin{aligned} \text{Multiple Occupancy} &= \underline{105} \\ \text{Percentage} &= \frac{105}{210} \\ &= 0.5 \text{ or } 50\% \end{aligned}$$

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 and potential average double rate is known as the rate spread. For the rate spread is computed as follows:

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

POTENTIAL AVERAGE RATE

A very important element in revenue management formulation is the potential average rate. A hotel's 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 potential average rate is computed as follows:

$$\begin{aligned}
 \text{Potential Average rate} &= \left[\begin{array}{l} \text{Multiple Occupancy} \\ \text{Percentage} \end{array} \times \begin{array}{l} \text{Rate} \\ \text{Spread} \end{array} \right] + \text{Potential Average} \\
 &= (.5 \times \$20) + \$96.67 \\
 &= \underline{\$ 106.67}
 \end{aligned}$$

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 rate. The actual average rate equals total rooms revenue divided by either rooms sold or rooms occupied (depending on hotel policy). For the room rate achievement factor is computed as follows:

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

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.

YIELD & IDENTICAL YIELD

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

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

The self – explanatory second equation is not demonstrated here. The third equation is illustrated below. For the calculation is as follows:

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

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

$$\begin{aligned} \text{Occupancy percentage} &= 120 / 150 = 0.8 \text{ or } 80\% \\ \text{Rate Achievement factor} &= 60 / 70 = 0.857 \text{ or } 85.7\% \\ \text{Yield} &= 0.8 \times 0.857 = 0.686 \text{ or } 68.6\% \end{aligned}$$

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 are

included in the occupancy percentage, the actual average room rate used to 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 a percentage, some lodging operations prefer an alternate statistic that focuses on revenue per available room (RevPAR). The RevPAR can be calculated using either of the following equations:

$$\text{Rev PAR} = \frac{\text{Actual room Revenue}}{\text{Number of Available rooms}}$$

$$\text{Rev PAR} = \text{Occupancy Percentage} \times \text{ADR}$$

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

$$\begin{aligned} \text{Rev PAR} &= \frac{\text{Actual room Revenue}}{\text{Number of Available rooms}} \\ &= \$11,520 / 300 = \underline{\$38.40} \end{aligned}$$

Or

$$\begin{aligned} \text{Rev PAR} &= \text{Occupancy Percentage} \times \text{ADR} \\ &= 60\% \times \$64 = \underline{\$38.40} \end{aligned}$$

Where occupancy percentage = $180 / 300 = 0.6$ or 60%

And ADR = $\$11,520 / 180 = \64

IDENTICAL YIELDS

Calculation of different combinations of occupancy and actual average room rate may result identical room revenue and yield statistic. Suppose the is currently operating at 70 percent occupancy with an average rate of \$80. But is considering strategies designed to raise its average rate to \$100. What occupancy percentage

must it achieve to match the yield it currently achieves? The formula for determining yield occupancy percentage is as follows:

$$\begin{aligned}
 \text{Identical Yield} &= \text{Current Occupancy} \times \frac{\text{Current Average Rate}}{\text{Proposed Average Rate}} \\
 \text{Occupancy Percentage} &= 70\% \times \frac{\$80}{\$100} \\
 &= 0.560 \text{ or } 56.0\%
 \end{aligned}$$

Identical yields do not generally represent identical operating situations, however, Consider the following three levels of room sales for which the derives identical yield statistics:

Case	Number of Room Sold	Occupancy Percentage	Average Room Rate	Room Revenue	Yield
1	190	63.3%	\$88.42	\$16,800	52.5%
2	200	66.7%	\$84.00	\$16,800	52.5%
3	210	70.0%	\$80.00	\$16,800	52.5%

Are these three yield cases identical? Even though all three cases produce identical levels of room revenue and yield statistics, there are some significant differences to note.

Case 1, which represents the smallest number of rooms sold, will most likely have the lowest associated operating costs. Case 1 also generates the highest average room rate, and may appear to be the most profitable of the three cases. Case 3 represents the largest number of rooms sold and hence most likely the highest associated operating cost. This case also presents the lowest average room rate. These facts may be somewhat misleading, however often the more rooms that are sold, the more rooms that are sold, the more likely the hotel is to collect greater non rooms revenue. In other words, a higher occupancy percentage may result in greater total (room and non-room) revenue. Case 2 represents a middle position in terms of both number of rooms sold and average room rate. Some hoteliers may

favor this case since an intermediate position is achieved regarding costs and total revenues collected.

Clearly, identical yields should not be assumed to reveal equivalent operating positions. When identical yields are computed, judging which scenario is best often requires property-specific criteria and management evaluation.

EQUIVALENT OCCUPANCY

Identical yields can be ambiguous because they fail to take direct account of operating costs and non-room revenues. A more effective way of determining whether a change in room rates is justifiable involves calculating an equivalent occupancy. The equivalent occupancy formula can be used when management wants to know what other combinations of room rate and occupancy percentage provide equivalent net revenue.

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 this is left over after the marginal cost of providing that room has been subtracted out.

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

$$\begin{array}{l} \text{Equivalent} \\ \text{Occupancy} \end{array} = \begin{array}{l} \text{Current Occupancy} \\ \text{Percentage} \end{array} \times \frac{\text{Rack Rate} - \text{Marginal Cost}}{\text{Rack} \times (1 - \text{Discount} - \text{Marginal})}$$

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

Recall the example discussed under identical yield statistics. Now assume that the is currently operating at 70 percent occupancy with as average rate of \$80 and is considering strategies designed to raise its average rate to \$100. Further assume that the marginal cost of providing a room is 412. What occupancy percentage must the achieve to match the net room revenue it currently receives?

$$\begin{aligned} \text{Equivalent Occupancy} &= \frac{\text{Current Occupancy} \times \text{Rate}}{\text{New Contribution Margin}} \times \frac{\text{Current Contribution Margin}}{\text{Cost}} \\ &= \frac{70\% \times \$80}{\$100 - \$12} \times \frac{\$80 - \$12}{\$100 - \$12} \\ &= 0.541 \text{ or } 54.1\% \end{aligned}$$

REQUIRED NON – ROOM REVENUE FOR 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 yield an answer using breakeven analysis. This approach involves calculating or estimating a number of elements.

1. The net change in room revenue due to room rate changes
2. The amount of net non – room revenue needed to offset any reduction in net room revenue (when room rate are discounted) or the amount of net room revenue needed to offset any reduction in net non – room revenue (when room rates are increased)

3. The average amount each guest spends in non – room revenue centers.
4. 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 all non – room revenue centers is all follows:³

$$\text{CMR}_w = \frac{\text{Total Non – Room Revenue} - \text{Total Non – Room Revenue Center Variable Costs}}{\text{Total Non – Room Revenue}}$$

Knowing the CMR_w and the average amount that guest 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:

$$\begin{array}{l} \text{Required} \\ \text{Non – Room Revenue} \\ \text{Per Guest} \end{array} = \frac{\text{Required increase in} \\ \text{Net Non – Room Revenue}}{\text{Number of Additional Guests}} / \text{CMR}_w$$

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; this 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.