
UNIT 1: INTRODUCTION TO HOTEL INDUSTRY AND GROWTH OF HOTEL INDUSTRY IN INDIA

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1.1 INTRODUCTION

Tourism from the very inception of life, travel has fascinated man. Travel and tourism have been important social activities of human beings from time immemorial. The urge to explore new places within one's own country or outside and seek a change of environment & experience has been experienced from ancient times.

The tourism industry gets its inspiration from man's motivation to travel, in earlier times people travelled to survive and later to establish trade links with each other. As man evolved and became more aware, he started travelling to explore the world, domestication of animals which were used as the mode of transport till the invention of wheels made travel easier and faster. A detail of evolution and growth of tourism and hospitality industry is given in this unit to make understand how tourism and hospitality leads the seeds of the Hotel industry.

Tourism is one of the world's most rapidly growing industries. Much of its growth is due to higher disposable incomes, increased leisure time and falling costs of travel. With the invention of rail transport and air transport besides road and sea transport, hotel industry developed from in to present day hotels, it is the part of the hospitality industry

which is among the oldest commercial activities in the world. It is actually the integral part of travel and tourism industries which provides a wide range of travel related services, such as fooding, lodging , mode of transport etc. This unit has tried to explain the relation between tourism and hotel industries their evolution and growth till present day situation.

A hospitality industry is continuously growing and developing so more and more hotels are offering every possible services to the guest to make him comfortable and enjoying the experience of staying in the hotel by catering all their needs. With the growing competition, hoteliers have come up with specialty products or services to target their clientele and develop a market for themselves. Hotels can be categorized on the basis of star rating, services they offer, size, their location, target audience, level of services, duration of guest stay to provide their guest an indication of their profile and what to expect from them.

With the development of hotel industry several international chains or group also came into existence a detail of few is given in this unit.

1.2 OBJECTIVE

After reading this unit the student will be able to understand:-

- Hospitality industry- its origin and growth
- Travel and tourism –their evolution, importance and the purpose of travel
- Components of tourism industry
- Evolution and growth of the hotel industry in the World and India
- Hotel definition and core areas
- The need and the basis of classification of hotels:
- Classification of hotels on the basis of - Star rating, Size, Location, type of Clientele, duration, of stay, level of service and ownership- and alternative accommodation.
- List of International and national Hotels in India.

1.3 HOSPITALITY INDUSTRY

Hospitality industry is a wider term for a broad variety of service industry including hotels, restaurants, catering establishments and many more. This industry is very diverse and global and catering to all the needs of travel related activity it is expected to be US\$3.5 trillion industry in world economy. Hospitality refers to the relationship between guest and host; it also refers to being hospitable.

Some define hospitality as “the business of helping people to feel welcome and relaxed and to enjoy themselves” (Discover Hospitality, 2015,) Hospitality is treating people like you would want to treated when you are travelling in other words it means making a tourist feels totally welcome not only as your guest but also as the guest of the entire family i.e. family of hotel.

Hospitality can be defined as deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and public i.e. the business of

making and keeping friends and promoting an atmosphere of better understanding the word hospitality is derived from Latin word “Hospitalitas”. Reception, welcome and in general the treatment of guest or a stranger in the most friendly manner is hospitality. In most of the countries all over the world guest is received with a great amount of courtesy and warmth is provided with entertainment. The basic concept of hospitality is to make the guest feels that they are always welcome”.

Although the basic concept of hospitality has remained the same but with the passage of time and development of technology and science, the need and wants of travelers have changed greatly thus providing numerous services and facilities in terms of accommodation and other basic needs such as food and beverages. Simply putting, the hospitality industry is the combination of the accommodation and food and beverage groupings, collectively making up the largest segment of the industry.

The hospitality industry is a part of a larger enterprise known as travel and tourism industry. The travel and tourism industry is a vast group of business with one goal in common : providing necessary or desired services to travelers. Advances in transportation enabled more people to travel greater distances at less cost spreading tourism across the globe. From modest origins, hospitality and tourism rose to become two of the largest worldwide industries.

1.3.1 Origin of Hospitality Industry

The origin and growth of hospitality industry is direct outcome of travel and tourism. Warriors or traders were the early travelers but they did not have hotels to accommodate them. The warriors used tents but the merchants seeking to trade tools, clothing and livestock, traded merchandise for lodging. The inns offered little more than a cot or a bench in the corner of a room or a stable which were unhygienic too. Most of them were private residences of the local residents that offered temporary residence or lodging to strangers run by husband and wife team who provided large halls to travelers where they were supposed to make their own bed and sleep on the floor guests used to stayed in large communal rooms where sanitation and privacy were non-existent. After the establishment of money in 6th century BC, in keeping was one of the first commercial enterprises and hospitality was one of the first services for which money was exchanged.



Fig1.1 A caravan of camels

Throughout the world they were known by different names such as: Dharamshalas and Sarai in India, ryokans in Japan, paradors in Spain, pousadas in Portugal, coffee house in America, taverens and inns in Europe, cabarets and hostelries in France, mansionis and hospital in Switzerland, phatnal in Greece and relay house in China.

In the third century AD, Roman Empire developed an extensive system of brick paved roads throughout Europe and Asia minor. Small road side lodges were constructed due to increase in the road transport. During the Industrial Revolution in 1700s, the Europeans began to combine food and beverage service with lodging. No attention was given to sanitation and beds as well as rooms had to be shared with other travelers. These early European inns were unsuitable for aristocrats. To accommodate wealthy travelers, luxurious structures were erected. These offered private rooms, individual sanitation and all comforts of a European castle. These elegant new establishments later adopted the French name for mansion, 'hotel'. The rates they charged were very high and well beyond the means of common citizens.

CHECK YOUR PROGRESS-I

Q. 1 What do you mean by hospitality industry?

Q. 2 Write a note on Origin of Hospitality Industry.

1.4 TOURISM INDUSTRY

To understand the origin and development of Hotel industry we need to understand its two pillars – Hospitality industry and Tourism Industry.

What Is Tourism? Before going through the details of the growth of the hotel industry let's look back and try to understand its origin i.e. from why people travel or undertake tourism, let's understand what this term means- The word tour is derived from the Latin word tornus meaning a tool for making a circle. Tourism in simple is defined as the movement of people from their normal place of residence to another place with the intention to return for a minimum period of twenty four hours to a maximum of six months for the sole purpose of leisure and pleasure.

It can also be defined as “It is the movement of people from their normal place of residence & work for a period of not less than 24 hours and not more than 1 year”.

W.T.O.

According to **Henniker & Kroff** tourism is “The sum of phenomenon and relationship arising from the travel as it does not lead to permanent residence and is not connected to any earning activity.”

The League of Nations in 1937 defined tourism as “Tourism covers the social activity of those who travel for a period of 24 hours or more in a country other than the one the person usually lives in.”

According to **Tourism Society of Britain** “Tourism is a temporary, short term movement of people to destinations outside the places where they normally live and work and their activities during their stay at these destinations, including day visit & excursion.

Thus there are a number of ways tourism can be defined, and for this reason, the United Nations World Tourism Organization (UNWTO) embarked on a project from 2005 to 2007 to create a common glossary of terms for tourism. It defines tourism as follows: “Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure (United Nations World Tourism Organization, 2008).”

Tourist – it's meaning: Using this definition, we can see that tourism is the movement of people for a number of purposes (whether business or pleasure). Building on the definition of tourism, a commonly accepted description of a tourist is “someone who travels at least 80 km from his or her home for at least 24 hours, for business or leisure or other reasons” (LinkBC, 2008, p.8). It can also be defined by UNWTO as “People who travel to and stay in place outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. The United Nations World Tourism Organization (1995) helps us break down this definition further by stating tourists can be:

International Tourism – When people visit a foreign country, it is referred to as international tourism. In order to travel to a foreign country one requires passport, visa, health documents, foreign exchange etc. International tourist may be inbound or outbound:

Inbound -non-residents travelling in a given country, i.e. refers to tourist of outside origin entering a particular country

Outbound - residents of one country travelling in another country i.e. refers to tourist travelling from the country of their origin to another country.

Domestic Tourism: The residents of a given country travelling only within that country. Travelling within the same country is easier because it does not require formal travel documents and other formalities like compulsory health check and foreign exchange etc.

1.4.1 Purpose of Travel

It is important to study here the factors that commonly promote tourism during all periods i.e. what motivates people to move or to travel. Today With disposable income, faster transport and greater time for leisure, people have ventured into new horizons which seemed only dreams till yesterday. Some of the reasons for travelling are as follows:

Sightseeing: This is a strong reason to travel. Sightseeing is visiting places of interest. International culture attracts men and their exploration always fascinates him. Culture includes the away people live the their history cuisines, arts, handicrafts languages etc . tour operators therefore organize tour packages to meet the need of the clientage.

Leisure: This comes as a strong motivation in highly stressed work life. Leisure is a passive recreation where people just want to put up their feet's and relax. There are many sources of leisure like weather is the major attraction as some like cold weather while others get fascinated by deserts and sea beaches. Spas are creations of new age health conscious people.

Religious travel: This has always fascinated humankind from ancient times. We know of pilgrimages to Jerusalem for the Christians and the Haj to Mecca for the Hindus, etc. This involves large-scale travelling with millions of travelers at a time. Religious travelers observe ambience and have very little needs. Some may have dietary restriction like vegetarian food or foods without some ingredients. They may want prayer rooms and perhaps a priest of their faith on premises

Business: The movement of people for business reasons has been a great motivator for people to travel from the beginning merchants travelled with their merchandise from one city to another city for trading. We have evidence of trade between Egypt, Phoenicia, and Indus Valley Mesopotamia. Naturally business has become more sophisticated now days. With countries breaking down trade barriers, companies can go global in terms of possession of business in other countries or through franchise. Business travelers are moneyed and therefore require the following services wherever they travel: Hotels of

quality, Unique food and beverage facilities to entertain their business clients, Car on rent etc

Governmental Travel: Governmental travel has become important to foster better understanding and trade between nations. Today, countries want to maintain good diplomatic relations with other countries to promote trade and culture and goodwill. Regular travelling under exchange programmes takes place to keep in touch and to help each other in the progress of mankind and in improving mutual relationship. Government delegations are normally hosted by the state who may book hotel accommodation to house them. Some host a state banquet in the premises. Obviously such groups will need security, translation services, multilingual front-office staff and perfect service.

Education: Education as a reason for travel was a state-sponsored tradition throughout the ancient times. We know that Hindu temples, Buddhist monasteries and Islamic madarsas went beyond religion to educate their people. They provide boarding and lodging to visiting scholars.

Health: Health has become a new reason for travel. The purpose to travel for health is: Many travel to access the best hospitals worldwide for specialized medical, dental and surgical care. This type of travel arises from the high cost of healthcare in the industrialized nations.

People visit health resorts to get into better shape. Spas have converted their natural mineral springs into luxurious resorts to enjoy and rejuvenate their body.

Another variant are the health camps where people are introduced to meditation and yoga along with a diet regimen. These camps are truly meant to re-shape the body, mind and soul.

Sports : This has become a huge industry where people travel is common amongst sports persons with their tremendous fan following like huge championships, world cups and Olympic games are well organized to take the traveler to enjoy the sports. Hobby sports like fishing, sailing and adventure sports like river rafting, trekking have now a day become a brilliant dollar industry as people love to travel and enjoy the sports that fascinate them. Game parks are the man-made attractions that motivate people to travel.

Reunion: Reunions are a major reason for travel. They are created for the following reasons:

Overseas employment: With people working in other countries due to global opportunities of employment, the return home for family reunions is a strong motivation.

Overseas education: Similarly, children who left home for international work, education and assignments touch base with their loved ones at Christmas, Thanksgiving, Easter or national holidays and religious festivals.

Fraternity get-togethers: Another type of reunion is the alma mater of schools, colleges and higher universities. These reunions take place when students have advanced in age and reached economic self-sufficiency to finance these get-togethers anywhere in the world, especially in exotic locations.

Military unions are another reason for travel.

Special interest groups: Special interest groups are those who travel in pursuit of their hobby. There is no limit to special interest groups who have connected with each other over the web to make the exchange of interest easier continents. Some popular choices are:

Ornithologists who pursue their interest in rare birds some of which are only found in certain locations. Many may opt for travelling to appreciate both old and modern architectural constructions.

Wildlife has become a popular interest and people go to safari parks where animals are conserved from extinction. The Kenya National Park is world famous for African wild animals; the Jim Corbett Park is known for the Kumaon tiger; while enthusiasts handle around Kaziranga National Park in India see the one-horned rhino. Whether they ride by elephants or modern utility vehicles, the thrill is immense.

Shopping: This is a another major attraction for anyone visiting new places. There are many objectives when shopping: like

To gather mementos of their visit to a place. For Example – travelers would buy cuckoo clocks in Switzerland or the Masai Spear in Kenya.

To get bargain. People seek bargains at places like Singapore and Dubai who have set the lead in making the state a destination for shopping. With innovative shopping festivals they attract people from around the world.

To purchase commercial equipment.

Curiosity:- The curiosity of a person moving from known are as to unknown areas, from known cultures to unknown cultures motivates him to travel to gain new memories.

Visit friends and relatives (VFR):- This has also been an important reason for travel to meet their friends and relatives, since people travel by their own conveyance thee days, mainly roadside catering and motels etc are benefited by this in most of the cases.

Fairs & Festivals: The sea also motivates people to travel like national and international fairs such as Pushkar Mela, craft Mela, International Trade Fairs, several Expos and festival like Holi Diwali, Eid etc.

1.4.2 Importance of Tourism

The importance of tourism, therefore, is broad and encompasses a number of activities.

Economic Importance: Tourism industry is one of the influential type of industry in the world. According to “Lickorish and Kershaw” of the American Chamber of Commerce, “There are three ways basically of increasing the wealth and business activities of a country and they are agriculture development, industrial development and tourism development of the country. Here it is important to understand the term Multiplier Effect:

Tourism Multiplier. As the tourist comes to visit the destination, he spends money on fooding, lodging and purchasing local items etc, Money spent by a

tourist, is not exhausted in a single stroke. It continues to circulate in the economy through at a descending rate for sometimes before it finally disappears because some of it is exported outside the country for import of goods and services for sometime before it finally disappears. The multiplier process is possible because of the fact that one man's consumption is another man's income. Thus when a tourist spends say Rs. 1,000/- on food, entertainment and other activities, this in turn becomes for F and B department, the entertainment department and any other department which provided the product or services. The money does not get blocked here because of the fact that money is considered as a liquid asset. These respective departments then spend this money on various commodities. This consumption by the departments then again becomes income for some other people. Thus the multiplier process continues and trickles down in to the nation's economy.

Foreign Currency :It is a source of earning foreign currency by the money spent by the international tourists

Sources of public as well as private income: Tourism industry is the source of income for both public also well as private sector government charges tax, sales tax, service tax etc. which is known as government revenue is the income of public. And handicraft, arts etc are the things that attract tourist and most of them buy them and the seller makers some profit which is called private income.

Tax earnings. :The governments of almost all countries have always shown interest in the financial gains through tourism industry. The infusion of tourist earning in to an economy as local income makes it accessible to income and other taxes. Depending upon the tax and fiscal policies govern derives sustainable income from tourist industries and direct and indirect taxes are levied on different forms of income and economic activities.

National Economy: It directly helps in developing the economy of the country as the tourists spend money while staying, coming and visiting a country or destination.

Employment Opportunities: Tourism industry is also one of the influential sectors. It generates employment opportunities. It provides employment to unskilled, semi-skilled and skilled manpower. Guide, load man etc are the personal or labour required in Tourism industry.

Infrastructural Development: The infrastructural development of the country is another important benefit of tourism. Although the investment made in a country on the infrastructure either by the government or private sector(whichever the case may be as per the policy of the government) may be attributed and expenditure towards the tourism sector, yet the benefit are denied by other industries also. For Example, roads, water supply, airports and other public amenities are not only for tourism sector but also stand by all the sectors of economy infrastructure development not only means creasing new infrastructure but also include the development of the present infrastructure and extending it to meet the need of this hour. At the time of new infrastructure and the developed existing infrastructure open new services and amenities bring in new and improved services and amenities to the local residents which are not even thought of by them.

Cultural Exchange: Tourism is a big motivator for the promotion of culture and spreads the cultural values of the host country to the visitors, who in turn when they go back talk and discuss with others. Culture of a country includes various things such as life style, music, dance, food, architecture, art and many other such things. Tourism helps in spreading all these to various parts of the world over. India is one country which has very old and rich heritage and culture and is probably the only country with diversified culture. Properly planned it can be the biggest tourism asset of country. Thus Tourism industry facilitates cultural exchange tourist carry over various cultural concepts of other countries where they visit. Thereby the cultures of different places can be known and exchanged through tourism. Local people can learn their language, art, skill, culture etc and vice versa.

Regional Development: Regional development is another very important aspect of impact of tourism. The more the region or area is visited by that tourist (both domestic and international) the more the area or region needs to be developed and thus development has to be in all fields and sector, be it historical places, hotels, picnic spots, roads or airports, railway connections and environment, etc. Such expenditure is of special significance in marginal areas which are relatively isolated, economically under developed and has unemployment problems.

Educational significance of tourism: Not only in the present age has tourism been of great importance for education always. Many such example of university such as, Takshila and Nalanda, etc. are there in India and also like Alexandria and Greece have been centers of education in ancient times. Its beneficial effects are in the close and friendly contact between people of different races.

Image Building of Nation: Tourism helps in building the image of country; of course the same image will be carried over what we project. For Example, a tourist coming to India may carry with him a mixed image of good and bad after visiting the country. The historical places and monuments, etc. form a good image while at the same time the way they are maintained their approach roads (which if are poorly maintained) the inadequate transportation facilities, poor accommodation facilities, etc. might project a bad image. The age old culture and religion and heritage may project a good image while the greedy priests and beggar and touts at such places will project a negative image. Each year millions of people travel to foreign countries, and their visit afford opportunities to understand each other.

National Integration: It helps in development of peace, oneness and unity among the people of a nation.

Environmental Awareness: People become aware on environmental neatness, protection and peace in order to develop tourism.

Foreign Languages: By the help of tourism, we can get chance to learn the languages of different places and countries.

1.4.3 The Evolution of Travel

The history of travel is a great landmark in the field of tourism industry. Travel is as old as mankind. From the time of immemorial, people started the traveling due to the various reason. It may be the purpose of the economic, social, cultural, spiritual achievement of the human being. Travel in the earlier times, however, was not undertaken for the purpose of pleasure since the motive was not to seek any holiday from the work situation. The primary motive for which travel was undertaken related to trade, commerce and the activities associated with it. No travel formalities existed as there were no frontiers. The history of travel can be summarized into:

The Early Travel: Since the beginning of the civilization there have the evidence that, human beings were moving in the search of food and shelter which is the basic feature of mankind. We have the historical evidence about the movement of people since the time immemorial.. In Neolithic age of 10,000 B.C. mankind started the settled life, agriculture, and so many activities for the betterment of comfortable life. In around Egypt sailing vessels were built in 4000 B.C. Sumerians knew the use of wheel & money around 3500 BC and used it in trade and commerce purpose. Shulgi of Babylonia constructed the rest houses for the travelers. Thus the trade and commerce relations were developed from East to West. Westerners imported the spices, silk etc. from the Easterners.

Silk Routes. Thus Trade first motivated to travel and travelers needed more and more comfort during their travel, like accommodation catering, health etc. As a result Pvt. Organizations were emerged and it resulted in the following developments.

- Development of creative activities.
- Service to travelers constituted the local economic growth.
- Cultural and Commercial contact.
- Exchange of ideas and thinking.

Pleasure Travel: After the ending part of the early travel, the Rome Empire reached their apex of the glory. Hence it is marked that the Roman people started the concept of the travel for pleasure. They travelled as they have ample money and time. Besides that Roman people were Best Patron of art, learning and literature etc. There are examples of the silk route from Mediterranean sea to Pacific Ocean consist of 12,000 Km. It was connected by the older prosperous cities like Rome, Greece, Egypt, Mesopotamia, Persia, India, China, like this. Some intellectuals of that period remained busy in creative activities due to their curiosity. The pleasure travel period came to an end due to the fall of the Roman Empire in (400-500 A.D.)

Events of Traveling in Ancient India: Pilgrim travel assumed a great importance in India also. Ashoka traveled a great deal in his eagerness to spread doctrines of Buddha. Ashoka and his entourage first traveled to Nepal starting from Patliputra than to Lumbini Gardens, followed by the Kapilvastu, than Sarnath, from here he travel to Gaya, where Buddha got enlightenment. Through his travels, Emperor Ashoka had special memorials set up at each spot and also he set up the rest houses where traveler could rest. Later on following his legacy several other rulers also built institutions and Dharamshalas for travelers. Rest houses, monasteries and temples were also built for pilgrims.

Earliest travelers to the Indian Soil: Perhaps the earliest travelers from distant lands to the Indian soil were the trading Persians. Evidences of Caravan of Persians visiting India lies engraved in the inscriptions dating to the Persian king Darius. During the rule of the Guptas, there was free access to the ports along the Western Coast, seaborne commerce with Europe through Egypt was yet another reason for travel in and around the country. The greatest traveler remembered from the distant past is Hieun-tsang. A devout Chinese Buddhist, he made the perilous journey to India around AD. 633. His main mission was to collect and translate ancient Buddhist scriptures. Some other notable traveler were Alexander the Great, Marco Polo, Benjamin of Tudela, Ibn Batutah, Francisco Friar, Alfonso D' Albuquerque and Mark Twain.

Other Travelers: like Vasco da Gama traveled from sea routes of Western Europe to India in 1498 and Ferdinand Magellan shipped around the world. Francisco Friar, John of Monte Corvino also visited India. The first great sailor to the westward circumnavigation of the world was Francis Drake who knighted by Queen Elizabeth I in the year 1581. From 1768 to 1779 Captain James Cook made three long voyages to the Pacific.

Grand Tour Period: The Renaissance period can be called the period of Grand tour. Italy became the cultural and Economic power of Europe. In 1552 Edward – IV of England Passed an act for holiday. Grand Tour came to an end due to French Revolution of 1789 and attack of Napoleon Bonaparte.

The Industrial Revolution Period: In this period the concept of modern tourism Developed due to the many factors like:

- Changing of the economic and social system,
- Establishment of big factories and rise of new cities
- Huge working class people, Prosperity of city life
- Unhealthy conditions of lower class people
- Good transportation and communication system.

Rail Transport: The 19th Century is a great landmark, due to the advent of the railway system. In 1830, the first train started its running from Liverpool to Manchester. From 1841 the systematic and organized railway travel was started. The encouragement among the people for travel started, tracks were laid down in France, England, and Switzerland which caused the immediate expansion of travel industries.

Sea Transport: The introduction of sea transport began another phase for the development of tour and travel industry. The emergency of sea route was marked the travel between the intercontinental levels. Thus inter-continental travel began. Road Transport: Road transport laid the vital role in between rail and ship. Number of roads and highways were constructed after Second World War.

Air Transport: Post world war period was marked the development of air transport system. It was also marked the growth of international tourism due to the advent airways

1.4.4 The components of the Tourism and Travel industry

Over the years tourism has become a global activity. depending upon the nature and purpose of travel ,tourist need certain demand and facilities and services which has given

rise to wide range of commercial activities that have acquired industry proportions. Thus Travel and tourism is made up of different components which work together to provide holidays and other travel products to clients.

These are most important components in tourism industry are:

- Accommodation
- Transport
- Attractions
- Travel agents
- Tour operators
- Ancillary services

The components of travel and tourism can be broadly divided into six key areas:

Accommodation (Lodging and Catering): This components consists of those who provide accommodation to the people in the form of hotels, resorts, apartments, camps, guest houses etc. The accommodation may be marketed individually or through the tour operators in the form of package. Direct marketing may require huge costs on advertisement and selling through a tour operator guarantees the occupancy rate throughout a holiday season. These service providers also take care of the catering needs of the people b providing them huge cafeterias, various fast food outlets in house or in the form of a local restaurants or food joints.

Various Kinds of Transport: Transport providers are those operating any major form of transport. They could be airlines, cruise lines, car rentals, and rail companies. A tourist's choice of transport would depend on the travel budget, destination, time, purpose of the tour, and convenience to the point of destination.

Tourist Attractions: The principle of attraction is to establish the need for the attraction in a particular location to invite more clientele. It may be a huge theme park, a museum, a gallery, a heritage building, an educational center etc. Many countries see the need to have one or more visitor attraction in the area to widen their appeal and attract huge potential tourist.

Travel Agent: A travel agent provides information to the people on various travel destinations, advises them of available holiday packages to suit their tastes and budget and chart their travel plan. He would generally sell the travel associated products like currency exchange, car rentals, insurance etc. A travel agency is tailing business that sells travel related products and services particularly package tours to clients on behalf of the suppliers.

Tour Operators: A tour operates or assembles the various elements of tour .it combines the tour and travel components to create holiday. The most example of tour operator product would be a rail ticket plus a pick up from station to hotel and the services of local representatives all for one price. Tour operators offer holiday packages which comprise of:

- Travel like by rail, road or air.
- Accommodation like hotels, resorts, apartments, guesthouses

- Travel services like airport pick and drop, sightseeing, excursions etc. These tour operators may be the wholesale operators who operate tours only through retail travel agencies or they may be direct sell operators who market their product directly to the public.

Information & Guiding: (Ancillary services) The tourist information and guidance providers include a number of service providers such as those offering insurance, recreational, communication, and banking services; government agencies; tour guides; industry associations; packaging agents; ticketing agents; and holiday sellers.

CHECK YOUR PROGRESS-II

Q. 1 Write a note on Tourism Industry.

Q. 2 Briefly discuss about various components of Travel and Tourism Industry.

1.5 Evolution and Growth of the Hotel Industry in the World

The invention of the currency and the wheel sometime in the fifth century BC is regarded as the two main factors that led to the emergence of inn-keeping and hospitality as a commercial activity. While Europe can safely be regarded as the cradle of organized hotel business, it is in the American continent that one sees the evolution of the modern hotel industry over the past century. From the rudimentary ancient inns to the present day state-of-the-art establishments that provide everything under the sun to the modern traveler, the hotel industry has come a long way. The origin and growth of the hotel industry in the world can be broadly studied under the following periods:

- Ancient Era
- Grand Tour
- Modern Era

Ancient Era: It is believed that inns were originated in 6th century B.C. but the real beginning of inn in the history goes back to 12th century, though existence of the oldest sheltering system was seen in Pompeii, south Italy in 79 A.D. Rome was considered holy place and epicenter of loyalty to all religious people in Europe. For such pilgrimage, the destination to Rome had gradually been increased, and there was a great need of shelter for such people who were travelling all across and reaching their to visit the holy place. Hence the earlier recorded evidence of the hospitality facilities in Europe dates back to 500 BC. Ancient cities, such as Corinth in Greece, had a substantial number of establishments that offered food and drink as well as beds to travelers. The inns of the biblical era were of primitive type, offering a cot or bench in the corner of a room and at times, even a stable. Travelers used to stay in a large hall. Privacy and personal sanitation were non-existent. In the third century AD, numerous lodging premises mushroomed along the extensive network of brick-paved roads throughout Europe and minor Asia (part of Asia adjoining Europe). The lodging houses were known as mansionis during that time

These conditions prevailed for several hundred years, till the Industrial Revolution in England led to the development of railways and steamships, making travelling more efficient, comfortable and faster. The Industrial Revolution also brought about a shift in the focus of travel that became more business –oriented than educational or social. Inn keeping was now changed into commercial enterprise providing room, food and entertainment for travelers. Inn keepers earned profit from providing lodging and catering services to different travelers. And by the 16th century, the concept of hospitality was developed.

The real beginning of the semi-modern lodging industry may be traced back to 1640 A.D. when the first passenger carrying state coach began to operate in England and similarly in other areas of Europe's and an organized hotel keeping, as we see it today, was taken up by emerging nations of Europe, especially Switzerland. In early England, Inns and Taverns



Figure 1.2 A Swiss Chalet

were normally considered finer establishment and were reserved for the nobility and clergy. Similarly, in Switzerland the chalets (small cottage) refer fig 1.2, which were patronized by the aristocrats, took the shape of hotel that provided a variety of services. Between 1750 and 1825, inns in Britain gained the reputation of being the finest hospitality establishment.

Grand Tour: The second half of the eighteenth century, prior to the French Revolution (1789-99), is referred as the ‘golden era of travel’ as the popularity of the ‘Grand Tour’ gave a big push to the hotel industry. In those days, a Grand Tour of the European continent constituted an indispensable element of the education of scions of wealthy families in Britain. As this tour often lasted several years, it was a good business opportunity for people in the prominent cities of France, Italy, Germany, Austria, Switzerland and Ireland to establish lodging, transportation and recreation facilities. Far-sighted entrepreneurs, who smelt money in the exercise, enveloped the skills of hospitality and pioneered the modern hotel industry.

Prominent among the hotels that emerged during this period were Dolder Grand in Zurich. The Imperial in Vienna, refer fig 1.3 the Vir Jahreszeiten in Hamburg and Des Bergues in Geneva. In 1841, a simple cabinet maker, Thomas Cook refer fig 1.4 organized a rail tour from Leicester to Louthborough and immortalized himself as the world’s first tour operator.



Figure 1.3 The Imperial in Vienna

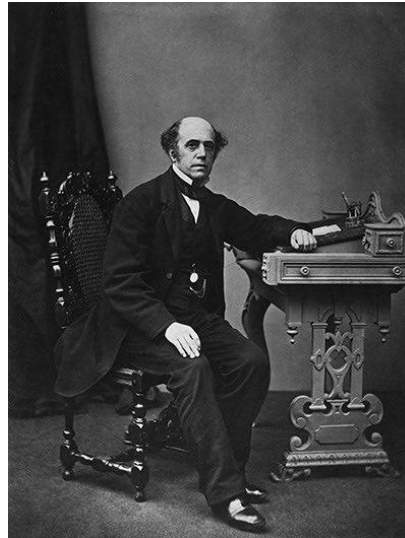


Figure 1.4 Thomas Cook

Modern Era: Industrial Revolution in England in the mid Eighteenth century was considered to be the period of development of modern tourism, several new inventions and changes were seen on the pages of world history like Rail Transport, Sea etc

With the invention of transport it become easy for people to travel from one place to another but with the two World Wars specially the World War II leads to toll on the growth of hospitality industry, the massive destruction caused by the war leading to heavy economic depression proved to be a major setback for the travel business that is why European countries shows a slow growth of hotel industry after World War II .But with

the development of aircrafts and commercial passenger flights encouraged travel across the globe ,accelerated the growth of hotel industry

Now it is the American Business who started investing in the growth of Hotel industry and literarily changing the fact of the hospitality industry with their innovative ideas and aggressive marketing skills. The opening of the City Hotel in New York in 1794 marked the beginning of present day hotel industry, which was giant building with 73 rooms.

Before the establishment of City Hotel, lodging facilities in the America continent were based on the foot prints of European styles taverns or Inns, the City Hotel however triggered a race and new era of hotels among the American hoteliers resulting in the construction of large hotels like Coffee House in Boston and the second City Hotel in Baltimore ,Mansion House in Philadelphia etc

The next in name was the Tremont house of Boton refer fig 1.4 is another landmark in the development of hotel industry as it is considered to be first luxury hotel with170rooms and it was the first to provides locks, indoor plumbing, running water and bathing facilities besides providing, a bowl, pitcher with free soaps in its room. It was also the first to provide front office services like bell boy and reception, it was also

Throughout the 19th century their remain a contest among the hotel i.e. is to build better larger and most luxurious hotels continued. Several other hotels came into existence like The Grand Pacific, The Palmer House, and the Sherman House in Chicago as well as the Palace with 800 rooms in San Fransico were built.



Figure 1.5 Tremont House, Boston

Another landmark hotel was built in 1908, it was the first business hotel , The Statler Hotel in Buffalo refer fig 1.5, New York was a beautiful 450 rooms magnificent multi storied property was pioneer in many- it provided attached bathroom with hot and cold running water in each room , electric lamp on the desk, and radio in each room.

The year of 1930's again saw the great depression in the liquidity of most of the hotels in America. The Hotel industry than continue to show a slow and steady growth in arround1940 and1950's.with new properties and changes coming in the hotels.



Figure 1.6 Statler House, Buffalo

The increase in automobile travel in around 1950 led to the rise of motor hotels or motels – a new category in the hotel industry. The motels offered lodging basic fooding and free parking facilities, served as rest houses for people travelling between two destinations or tourist destinations. The following decades saw the growth of motels on large scale and also came into existence budget hotels that offered basic facilities in the

half rate there by keeping budget clientele in mind. Gradually with the passage of time there evolved several country wide and international chains Recently hotel industries are coming up with new concepts and luxuries which can be offered to the guest, sky is the limit for it hotels today can be found underwater, over water on trees, capsule hotels and may more.

CHECK YOUR PROGRESS-III

Q. 1 Write a note on evolution and growth of hotel industry around the world.

Q. 2 Briefly discuss about grand tours.

1.6 Evolution and Growth of Hotel Industry in the India

In India the concept of shelter for travelers is not new. In fact, it is as old as its recorded in history though the origin of hotel industry in India cannot be fixed into particular time frame as The historical records are replete with mention of viharas, dharamshalas, sarais, musafir khanas, etc. because as per the sources it has started showing its marks from during Indus valley civilization and Vedic Era. It is believed that in older days people used to travel mainly for pilgrimage and trade. The concept of Char Dhaam (visiting the religious places located in all four corners of India) or all the religious places in India are the important indicators of the significance according to pilgrimage by our ancestors. Even Ancient texts and literature and also in Hindu mythology there are many references to travel and the provision of accommodation facilities for travelling pilgrimages and traders by the authorities of those days.

Ancient India was called as “Bird of the Gold” as it was well known for its richness in silk, spices, gems stones and gold and records of famous travelers have shown that several rulers have got attracted and have established trading relations with different countries.

Thus movement of people for both political and pilgrimage stressed the need for better and improved facilities to cater to the varied needs of the various classes of the society. In India, development of lodging and catering can also be attributed also to the legacy left by people belonging to different cultures and ethnic groups who have ruled her. Development of Hotels in India as we see it today is chiefly due to the British, who had introduced hotels and restaurants similar to those found in Europe. With the revolution in the modes of transport leading to the evolution of hotel industry in the world development is seen in India also which is divided into three Periods/Era:

Ancient Era or Medieval Era: The beginning of hospitality sector in India starts with the belief of “Atithi Devo Bhava” (Guest is God). While it is not clear that when hospitality emerged in as commercial activity in India there are a proofs of accommodation facilities for travelers and guests though not as organized as we see it today. The ancient Buddhist monks were probably the first to institutionalize the concept of a shelter in India. The cave temples scattered all over the south-western region of India have both a chaitya (sanctuary) for worship and prayer and a vihara (monastery). These monks, although living in their quiet surroundings, away from towns and villages, were nevertheless mindful of the needs of travelers and pilgrims who found shelter and food at these monasteries. It is interesting to note that these monasteries are located on the ancient trade routes between important deities of the region. It is gathered from some inscriptions that merchants gave liberal donations for the construction and maintenance of these establishments. Mere charity was obviously not the motivation in these displays of generosity. The trader travelled with their merchandise and money on these routes and the viharas were their hotels. In the medieval period this ancient institution gradually assumed a more secular character. Although religious centers invariably had dharamshalas and musafir khanas attached to them, the caravanserai appeared as an exclusive traveler’s lodge with a nanbai or cook attached with it.

With the passage of time and with increase in movement of people from one to another several lodging houses were built. In India lodging houses in were known as “Dharamshala” (Religion House/School) which were taken care by local resident and were built in and around village chaupals, which served as the meeting ground for villagers to plan and discuss various social welfare and development measures. Theses becomes the places of lodging as travelers started putting up camp there due to safety reasons. Gradually with the help of zamindars and other influential people permanent structure of Dharamshala were build for the travelers. Hence they were provided with safe and secure place to relax and spend the night.

In the medieval period between 11 and 13th centuries many sarai and musafir khanas were build primarily as the resting place for the travelers while slowly and gradually, the medieval period in the ancient institution gradually assumed a more secular character. Although religious centers invariably had Dharamshala and musafir khanas attached to

them, the caravanserai appeared as an exclusive traveler's lodge with a nanbai or cook attached with it.

Besides that Sher Shah Suri, the Afghan Emperor and the builder of the Grand Trunk Road, is credited with having built caravanserais at regular intervals all along this highway creating favorable conditions for commerce and travel. However, he was not alone in this venture. The slave or Mamluk dynasty and later The Mughals built the brick paved roads which make travel easy and thus opened Sarais all over their empire.

Later kings, rajas, nawabs, rich businessmen and philanthropists built sarais making travel less painful. With the expansion of commerce, travelling became profitable and with it emerged the business of providing comfortable shelter and good food to the growing number of travelers.

Colonial Era: At approximately the same time, the inn was the Western counterpart of India's sarais. The sarais in India like inns in Europe or the stagecoach stations in the USA of the eighteenth and nineteenth centuries stood all along the well-travelled routes. They provided food and shelter to the travelers and fodder to their horses. The amenities these early hotels offered would seem to us to be primitive but they conformed to the lifestyle of that age.

With the passage of time the age-old institution of the sarai or the inn adapted itself to the ever-changing and constantly growing requirements of the market and has evolved into the modern hotel. From the age of the bullock cart and horses through the age of the rail road into the era of the jumbo jet and supersonic aircraft, the hotel industry developed with the simultaneous development of transportation systems. It also reflects the standard of living and the lifestyle of the society in which it operates. The development of hotel industry in India is also continuous and satisfactory. The British introduced hotels in India mainly for their own use or for foreign visitors. Thus the organized existence of hotel industry in India took place during colonial period with the arrival of Europeans or Britishers, who settled back in India.

Among the first such Inns were Portuguese Georges, paddy Goose's which opened in Bombay but with the changes in the world these Inns disappeared and hotel came into existence. The credit for opening the first Western-style hotel in India is in the name of British Hotel/ Victoria hotel in Mumbai in 1840 goes to Pallanjee Pestonjee who is the pioneer of Western-style hotels in India. The Auckland Hotel in Kolkata was started in 1843 and in 1858 it was renamed as the Great Eastern Hotel. Another hotel was Watson Hotel, which was exclusively for Europeans and Esplande Hotel in 1871. But there were no Indian Hotels in India

In December 1903 Jamshed Ji Nusserwanji Tata built Taj Mahal Palace refer fig 1.7 and Tower Hotel having a view of Gateway of India in Mumbai, overlooking the Gate Way of India after facing an insult on racial discrimination from Waston Hotel as he was not allowed to enter for being an Indian. The hotel which is an architectural marvel is credited with being the first luxury hotel – 'for Indians, by the Indian.

In 1923 Shahpurji Sorabji built the Grand Hotel in Mumbai. A few years later the Majestic Hotel was opened. After that several new properties came into existence. The

two World War brought a fresh lot of hotels to Mumbai. An important port city of its time. The Ritz, the Ambassador, West End and Airlines which opened during these years.



Figure 1.7 The Taj Mahal Palace, Mumbai

Modern Era (1947 onwards): After independence, hotel industry took a big leap in the country. Another entrepreneur who entered the field of hotel industry was Rai Bahadur Mohan Singh Oberoi who opened a chain of Oberoi Hotels in India and abroad. Mr. Oberoi started his career as a clerk but later became a partner in the Clarks Hotels, Shimla. In 1933, Mr. Oberoi took over the Grand Hotel, Kolkata on lease and gave it a new look and new life. Several new hotels came into existence under the flagship of Oberoi Group of Hotel. Oberoi Group of Hotel and Taj Group took over several British Hotels and maintained high standards of service and quality. Later decades also saw the arrival of corporate like ITC (Indian Tobacco Company) also joined hotel industry with the name of ITC Welcome Group.

With the growth of hotel industry in India it was found that there was the need of committee or council to take care of the interest of the hotel therefore the year 1949 saw the organizations of four regional hotels and restaurant associations with head office in Delhi, Mumbai, Kolkata and Chennai. These four associations were linked in a federation named FHRAI (Federation of Hotel and Restaurant Association of India). The federation serves as an interface between the hospitality industry, government, political leadership, international associations and others take holders in the trade.

Government of India realizing the potential and importance of the tourism also took initiative in the hotel industry and brought in ITDC (Indian Tourism Development Corporation) in 1966 with hotel Ashoka being the face of ITDC, Hotel Ashoka being the first Government owned hotel in India. Several hotels either large or small were opened across the country under the flagship of ITDC - Government

Over the last few decades various brands, national and international have their property in India like Hyatt hotel and resorts, Marriot International, Four season hotel, Inter Continental, Hilton Hotels, Best Western International, Ritz Hotel etc.

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Current Scenario in India: The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism - Hotels is also a potentially large employment generator besides being a significant source of foreign exchange for the country.

The industry is expected to generate 13.45 million jobs across sub-segments such as Restaurants (10.49 million jobs), Hotels (2.3 million jobs) and Travel Agents/Tour Operators (0.66 million). The Ministry of Tourism plans to help the industry meet the increasing demand of skilled and trained manpower by providing hospitality education to students as well as certifying and upgrading skills of existing service providers. India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index@. Market Size : India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism. Domestic Tourist Visits (DTVs) to the States/Union Territories (UTs) grew by 15.5 per cent y-o-y to 1.65 billion (provisional) during 2016 with the top 10 States/UTs contributing about 84.2 per cent to the total number of DTVs, as per Ministry of Tourism. As per Ministry of Tourism, foreign tourists' arrival (FTAs) on e-tourist visa has increased 56.6 per cent year-on-year in December 2016. In 2016, foreign tourist arrivals on e-visas more than doubled to 10,79,696 from 4,45,300 in 2015, partly because the e-visa facility was extended to 161 countries from 113 previously.

India is expected to move up five spots to be ranked among the top five business travel market globally by 2030, as business travel spending in the country is expected to treble until 2030 from US\$ 30 billion in 2015 the tables can be seen showing the foreigners and domestic guest arrivals and the earning from them. .

International hotel chains will likely increase their expansion and investment plans in India, and are expected to account for 50 per cent share in the Indian hospitality industry by 2022, from the current 44 per cent.

Investments: The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI). During the period April 2000-December 2016, the hotel and tourism sector attracted around US\$ 9.93 billion of FDI, according to the data released by Department of Industrial Policy and Promotion (DIPP). With the rise in the number of global tourists and realizing India's potential, many companies have invested in the tourism and hospitality sector. Some of the recent investments in this sector are as follows:

Make My Trip has agreed to buy Ibibo Group's India travel business at a deal value of US\$ 720 million, thus creating India's largest online travel firm with a value of US\$ 1.8 billion, as estimated by Morgan Stanley.

Yellow Tie Hospitality Management Llp, specializing in franchise management of food and beverages firms, plans to invest up to US\$ 15-20 million in five restaurant ventures of celebrity chef Mr Harpal Singh Sokhi, with the aim to have 250 outlets under these brands by 2020.

Chaudhary Group (CG) Hotels & Resorts aims to have 200 hotels operational by 2020. Dine Equity Incorporation has signed a franchisee partnership deal with food services firm Kwal's Group, in order to enter the Indian markets with their breakfast chain IHOP. As per industry experts, mid-hotel segment in India is expected to receive investments of Rs 6,600 crore (US\$ 990 million) excluding land over next five years, with major hotel chains like Marriott, Carlson Rezidor and ITC planning to set up upscale, budget hotels in state capitals and tier-II cities.

Hyatt Hotels Corporation has outlined plans of bringing its Hyatt Centric brand to India soon along with three new hotels in Kochi, Rameswaram and Hyderabad by 2017. Vatika Hotels Pvt Ltd has raised Rs 495 crore (US\$ 74.25 million) in debt from Axis Bank Ltd to expand its hotels and quick-service restaurant chain besides its business centres.

Accor Hotels, a French multinational hotel group, plans to expand its footprint in Guwahati and Kolkata by adding more 550 rooms to its portfolio of hotels in the next three years.

The first Incredible India Tourism Investment Summit 2016, which was organised from September 21-23, 2016, witnessed signing of 86 Memoranda of Understanding (MoUs) worth around Rs 15,000 crore (US\$ 2.24 billion), for the development of tourism and hospitality projects.

Steigenberger Hotels, a German luxury hotel company, and MBD Group, a Delhi-based firm which runs 5-star Radisson Hotels in Noida and Ludhiana, have formed a joint venture to build five luxury hotels and manage another 15 luxury hotels in India by 2030. Keys Hotels, a premium brand of Berggruen Hotels, plans to launch three new hotels in India at Vishakhapatnam, Calicut and Jaipur, and further add up to 10 Keys Hotels in the country by the end of FY 2017.

Stayzilla, a budget hotels and home stays aggregator, has raised over US\$ 13 million in Series C round of funding from Matrix Partners and Nexus Ventures, which will be used to improve product, technology and marketing initiatives for its alternate stay business. Ctrip.com, China's largest travel portal, has bought a stake in India's largest travel portal Make My Trip for US\$ 180 million via convertible bonds, which allows trip to increase its share in Make My Trip up to 26.6 per cent.

Global investment banking major Goldman Sachs has invested Rs 441 crore (US\$ 65.76 million) to acquire an equity stake in Gurgaon-based hotel development and investment start-up SAMHI Hotels which will help fund SAMHI's expansion plans.

Thai firm Onyx Hospitality and Kingsbridge India hotel asset management firm have set up a joint venture (JV) to open seven hotels in the country by 2018 for which the JV will raise US\$ 100 million.

Goldman Sachs, New-York based multinational investment banking fund, has invested Rs 255 crore (US\$ 38.02 million) in Vatika Hotels.

JW Marriott plans to have 175-200 hotels in India over the next four years.

Accor Hotels India has adopted a ‘born in France, made in India’ approach to increase its properties in India, which has reached a total of 45 hotels and is expected to increase to 55 hotels by 2017.

Global hospitality major Carlson Rezidor Hotel Group, which is also the largest foreign hotel brand in India by number of hotels, plans to increase its total count to 120 hotels in India by 2020.

Thus the Indian government has realized the country’s potential in the tourism - hotel industry and has taken several steps to make India a global tourism hub thereby promoting more and more entrepreneurs to invest in the hotel business to meet the future demands.

Foreign tourist visits by State (Source Govt. Websites, gov.com)

Share of top 10 states/UTs of India in number of foreign tourist visits in 2015			
Rank	State/Union Territory	Number	Share in %
1	Tamil Nadu	4,684,707	20.1
2	Maharashtra	4,408,916	18.9
3	Uttar Pradesh	3,104,062	13.3
4	Delhi	2,379,169	10.2
5	Rajasthan	1,489,500	6.4
6	West Bengal	1,475,311	6.3
7	Kerala	977,479	4.2
8	Bihar	923,737	4.0
9	Karnataka	636,502	2.7
10	Goa	541,480	2.3
	Total of top 10 states	20,620,863	88.4
	Others	2,705,300	11.6
	Total	23,326,163	100

Share of top 10 states/UTs of India in number of domestic tourist visits in 2015			
Rank	State/Union Territory	Number	Share in %
1	Tamil Nadu	333,459,047	23.3
2	Uttar Pradesh	204,888,457	14.3
3	Andhra Pradesh	121,591,054	8.5
4	Karnataka	119,863,942	8.4
5	Maharashtra	103,403,934	7.2
6	Telangana	94,516,316	6.6
7	Madhya Pradesh	77,975,738	5.4
8	West Bengal	70,193,450	4.9
9	Gujarat	36,288,463	2.5
10	Rajasthan	35,187,573	2.5
	Total of top 10 states	1,197,367,974	83.6
	Others	234,605,820	16.4
	Total	1,431,973,794	100

Domestic tourist visits by State (Source Govt. Websites, gov.com)

1.7 Hotel

Definition: The term Hotel was used for the first time by the 5th Duke of Devonshire to name a lodging house in London around 1760 AD, The term Hotel is derived from French word hotel meaning town house. Asian United Kingdom, Ireland and many other countries, in earlier times town house was the residence of a peer or aristocrats in the major cities. The word hotel has also derived from the word hostel which means a place to stay for travelers.

British law defined Hotel or Inn as a Place where a bonafied traveler can receive food and shelter, provided he is in a position to pay for it and is in a fit condition to receive it. Bonafied traveler receive in a fit condition i.e. hotel will provide fooding and lodging to

the guest on payment but can refuse if he is not presentable (drunk, immoral) or not in a position to pay for it

Alternatively, Hotels may also defines as “an establishment who’s business is to provide fooding and lodging to a genuine traveler on a chargeable basis and sometimes recreational facilities also that too on chargeable basis”.

Thus hotels are the establishments that provide paid fooding and lodging generally for short duration of time. hotels often provides a number of additional facilities such as restaurants, coffee shops, bars, swimming pool, banquet halls, board rooms etc.

For some hotels refers to a home away from home i.e. a house of entertainment for travelers. Hotel departments fall under category of

(a) Revenue Earning Department: Those departments which generate revenue directly ie operational departments that sell services or products directly to guests eg front office, food & beverage and hotel operated shops

(b) Support Department: Are those department which helps to generate revenue indirectly by playing a supporting role to the hotel’s revenue earning departments e.g. Housekeeping, Maintenance, Human Resource etc. which provide their support.

The departments can also be classified into :

1. Operating and Revenue producing.
2. Operating and Non revenue producing.
3. Non operating and Revenue producing.

Operating and Revenue producing departments (O.R.P.): It includes Major revenue producing departments are:

a) Rooms departments. The departments under this section are Housekeeping and Front office.

b) F & B Department :

c) Minor revenue producing departments.

- a) Laundry
- b) Telephone department
- c) Swimming pool

Operating and Non revenue producing departments (O.N.R.P.) :

- a) Personnel or Human Resource
- b) Security.
- c) Maintenance

Non operating and Revenue producing departments (N.O.R.P.) : They include travel agencies and airline offices, book shops, chemists, florists, bank, beauty parlor, etc. They either be let out on commission bases or on rental bases. These 'concessionaires' should

be reputable as for the guests they are a part of the hotel services. The various departments in a hotel are discussed below in brief refer fig 1.8 & 1.9:

Front office Department: Headed by the front office manager, the front office department is the operational department that is responsible for welcoming and registering guests, allotting rooms and helping guest check-out. Uniformed services like concierge and bell desk and telephone operators are part of the front office department

Housekeeping Department: The housekeeping department is responsible for the cleanliness and upkeep of the front of the house area as well as back of the house areas, so that they appear as fresh and aesthetically appealing as on the first day when the hotel property opened for business. This department is headed by the executive housekeeper or in chain hotels, the director of housekeeping.

Maintenance Department: The maintenance department also called engineering and maintenance department, is headed by the chief engineer or the chief maintenance officer. The department is responsible for all kinds of maintenance, repairs and engineering work on equipment, machines, fixtures and fittings.

Food and Beverage Department: These are the departments concerned with the production of food & beverage items and their sale.

F & B Production includes all kitchens, bakery, confectionery, stores and pantry. All these are behind the scene and responsible to the total preparation of the food items right from the storage of raw material to the presentation of the final dish.

F & B Service includes all the service outlets where the food prepared by the production areas is sold to the guests. These areas can be listed as:

Restaurants - General as well as specialty restaurants. These restaurants have fixed hours of service.

Coffee Shop - A coffee shop is open 24 hours of the day & serves mainly snacks & beverages. Heavy meals are generally served only during lunch and dinner time. A coffee shop generally has an informal atmosphere and plated service.

Bar: Serves alcoholic and non alcoholic beverages along with snacks. A permit is required to operate it and there are fixed hours of operation.

Room Service: 24 hours service in most large hotels.

Banquets: It is the major revenue producing department, among the F&B service departments. Some of the banquet functions are Dinners, Lunches, Wedding receptions, Cocktail parties, Conferences, Club meetings, outdoor catering, etc..

Human Resource Department: The human resource (HR) department - or the personnel department as it used to be called earlier- is headed by the human resources manager. Recruitments, orientation, training, employee welfare and compensation, labor laws and

safety norms for the come under the preview of the HR department. The training department is an ancillary department of the HR department. This is headed by the training manager, who takes on the specific task of orientation and training of new employees as well as existing ones.

Sales and Marketing: The sales and marketing department is headed by the sales and marketing manager. A large hotel may have three or more employees in this department whereas a small hotel can do with just one employee. The function of this department is five folds – sales, personal relation, advertising, getting MICE (meeting, incentives, conference and exhibition) business and market research. All these functions lead to the common goal of selling the product of the hotel – i.e. rooms – and the services of the hotel by ‘creating’ customers.

Purchase Department: The purchase department is led by purchase manager, who in some properties may report to the financial controller. The procurement of all departmental inventories is the responsibility of the purchase department. In most hotels, the central stores are part of the purchase department.

Financial Control Department: Also called the control department, the financial control department is headed by the financial controller, who is responsible for ratifying all the inventory items of the operational departments. Inventory control procedures are the responsibility of this department. The financial controller along with the general manager is responsible for finalizing the budgets prepared by the heads of other departments. The hotel’s accounts are also maintained by the controls department. Accounting activities include making payments against invoices, billing, collecting payments, generating statements, handling bank transactions, processing employee payroll data and preparing the hotel’s financial statements.

Security Department: Headed by the chief security officer, the security department is responsible for safeguarding the assets, guests and employee of the hotel. Their functions include conducting fire drills, monitoring surveillance equipment and patrolling the property.

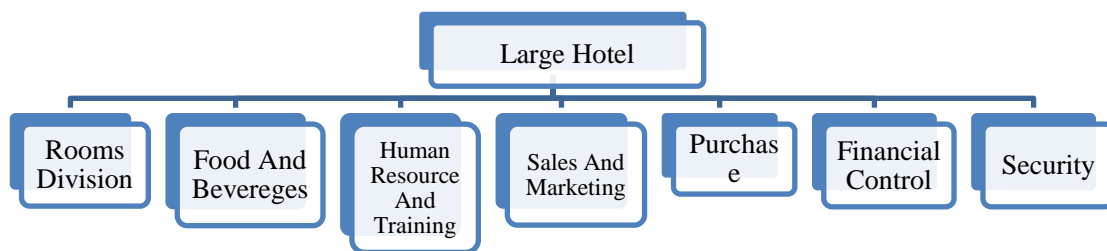


Fig 1.8 Department of Hotels

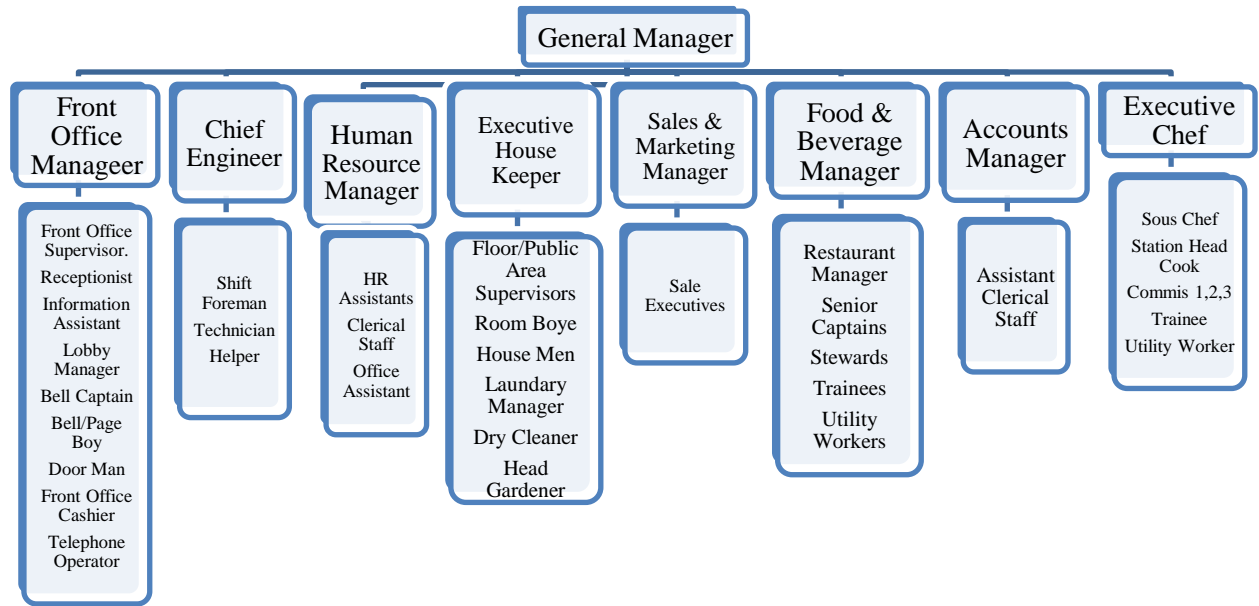


Fig 1.9 Organizational Chart of Large Hotel

1.8 Classification of Hotels

The Need for Classification of Hotel: Historically, hotel classification systems were developed to ensure safe and reliable lodging and food for travelers at a time when very few such trustworthy establishments existed. With the unprecedented growth of international tourism in the past fifty years, during which hospitality has reach the status of a mature industry, the focus has moved from consumer protection (generally guaranteed by national regulations and legislation) to consumer information. Today, standardization and competitive marketing of hotel services to foreign customers and tourist professionals have emerged as driving forces for instituting a local or national hotel classification system. Historically, hotel classification systems were developed to ensure safe and reliable lodging and food for travelers at a time when very few such trustworthy establishments existed. With the unprecedented growth of international tourism in the past fifty years, during which hospitality has reach the status of a mature industry, the focus has moved from consumer protection (generally guaranteed by national regulations and legislation) to consumer information. Today, standardization and competitive marketing of hotel services to foreign customers and tourist professionals have emerged as driving forces for instituting a local or national hotel classification system.

The industry is so diverse and specialized that each hotel has to have a unique selling proposition to survive in the business and also make a profit. Every hotel tries to establish itself as unique, offering the best services to its guest. The classification of hotels helps tourist select a hotel that meets their requirement.

The need for the classification of hotel was felt more with the advent of mass tourism. In order to provide travelers an idea of the type of accommodation they offered, many private clubs, agencies and travel associations came up with descriptions of their lodging properties in specified region. Gradually the governments’ national and state tourism organization and association of industries with stake in the hospitality business, realizing the significance of this, backed the idea and set the standards for various hotel categories. In a nutshell, hotel classification serves the following purpose:

- Lends uniformity in services and sets general standard of a hotel.
- Provides an idea regarding the range and type of hotels available within a geographical location.
- Acts as a measure of control over hotels with respect of the quality of services offered in each category.

Classification of Hotels: Hotels are classified into several distinct categories to help the prospective guest in identifying the right type of hotel matching his standard and requirements. The hotels may be classified on various bases such as:

- Size
- Location
- Duration of stay
- Level of services
- Ownership
- Star Classification
- Alternate Accommodation
- Special hotels

Classification on the Basis of Size: The number of guest room in a hotel is also a basis of classification of the hotel. Hotels can be grouped into following categories:

1) Small Hotel: In India Hotels with 25 rooms or less are classified as small hotels. E.g. Hotel Alka, New Delhi and the Oberoi Vanyavilas , Ranthambore. Etc. While in the developed countries lie Europe and America, hotels with less than 100 rooms are considered small .These hotels provide clean and comfortable environment for the guest to stay.



Small Hotel

2) Medium Hotel: Hotel with twenty six to 100 rooms are called medium hotels, E.g. Hotel Taj view ,Agra and chola Sheraton Hotel, Chennai. However in developed nations, In foreign countries (Sorry).In abroad hotel with up to 300 rooms are termed a medium sized hotel.



Medium Hotel

3) Large Hotels: Hotels with 101-300 guest rooms are regarded as large hotels in India E.g. the Imperial, New Delhi, The Park, and Kolkata. Whereas hotels with 400- 600 rooms are termed as large hotels in the developed world.

4) Mega Hotel: Hotels more than 1000 guest rooms are known as very large hotels E.g. MGM Grand.



Large Hotel

Classification on the Basis of Location: The location of the hotel is one of the major criteria for selection of the hotel by the guest. Hotel can be located into heart of the city or on outskirts etc they can be categorized into:

- Downtown Hotel
- Sub-urban Hotel
- Airport Hotel
- Resort
- Motel
- Floatel

Downtown Hotel: A downtown hotel is located in the centre of the city or within a short distance from business centre, shopping areas, theatres, public offices etc. The centre of the city may not necessarily be the geographical centre, but it refers to an area that is considered to be the commercial hub of the city.

Room Rates : The room rates of these hotels are higher than similar hotels in other areas, so as to cover the huge investment made on the land.

Clientele: They are preferred by businessmen or Corporate clientele as they find it convenient to stay closer to the place of their business activities.

Example: Hotel Intercontinental, New Delhi and Hotel Le meridian Pune are example of downtown hotel.



Downtown Hotels

Sub-urban Hotels: A Sub Urban hotel is located near the outskirts of the city, As the land cost in the city centre is higher and the space is limited, some entrepreneurs build their hotels near the outskirts of the city. Providing similar facilities as the downtown hotel, these hotels are set in suburban areas and have the advantage of quieter and peaceful surroundings. The duration of the stay of guest in these hotels may be longer than at a hotel located in the city.

Room Rates: The room rates in such hotels are moderate and may attract the budget travelers

Clientele: Families or those people who prefer to stay away from the hustle and bustle of city.

Example: Trident Hotel, Gurgaon and Up pal's orchid, New Delhi are example of sub-urban hotels.



Sub-Urban Hotel

Resorts Hotel: Hotels that are located at tourist destination such as islands, exotic locations, hill station, sea beaches and countryside are referred to as resort hotels. These hotels have a very calm and natural ambience with breathtaking beauty and typical scenery. They are mostly away from cities and are located in pollution –free environment. People go to these places for relaxation and enjoyment and to get away from their daily hectic schedule, i.e. the stay of the guest in resort hotel is long such as week or more. The occupancy in resorts is normally higher during vacation time and weekends when guest want to take a break from their weekly routine.

Room Rates: The room rates in these hotels may range from moderate to high, depending on the additional service offered.

Clientele: Holiday makers, Travelers families and patients who have been suggested by the doctors to go to the resort hotel for relaxation

Facilities /Services offered: These hotels combine stay facilities with Recreation & Leisure facilities Swimming pool, Gym, Indoor & Outdoor Game, Sight Seeing facilities, Spa, golf, summer and winter sports, etc.

Examples: Taj Fort Aguada Beach Resort, Goa and wildflower hall in the Himalayas, Shimla are example of resort hotels.



Resort Hotels

Airport Hotel: Airport Hotels are situated in the vicinity or near of airport and other ports of entry. Offering all the services of a commercial hotel, these hotels are generally patronized by the passengers .who need a stopover en route their journey.

Clientele: Transit Passengers, Overnight or short stay guest such as layover or cancelled flight passengers and crew staff are also accommodated in such hotels

Service / Facilities - Exchange rate / airport transverse travel desk (book tickets & updated High Schedule), more staff at night shift.

Example: Hotel centaur, Mumbai and Radisson, New Delhi are example of airport hotels.



Airport Hotel

Motel: The word motel is formed by merging two words 'motor' and 'hotel'. They are located primarily on highways and provide modest lodging to highway travelers. The development of extensive road networks in the early twentieth century led to the increase in people travelling by their own vehicles. This activity was very much common in Europe & America and travelers whom were travelling by their own vehicles required a clean and safe accommodation for the night as well as garages and refueling facilities for their vehicles. The year 1950 the concept of motels came into existence.

Rates : The tariff is very low as compared to city hotels

Clientele : Highway Travelers

Facilities/ services offered: Car parking, garage facilities, accommodations, food and drinks, service stations re-fuelling for vehicles.

Example: Motel Aaram ,Kannur, Kerala



Motel

Floatels: Floatels as the name suggest are the type of lodging properties that floats on the surface of water, rivers, big lakes and seas are the ideal place for such hotels. They provide luxurious accommodation, along with food and beverage facilities to guests.

Examples : Cruise Ships

Boatels: A houseboat hotel is referred to as a boatel. They offer small and luxurious accommodations to travelers in the midst of lakes and water ways .

Example : The house boats of Dal Lake (Shikara) in Srinagar in Jammu and Kashmir and kettuvalams of kerala are some examples of Boatels in India.

Rotels : The hotels which rotate on wheel are called Rotels. It is also called Motel on wheels. The best example of rotel in India is Palace on Wheels. It is a luxurious train, fully air-conditioned, and well furnished, with attached restaurant and bar. The fare is inclusive of train ticket, food, alcoholic beverages and sightseeing. This train starts Delhi and covers the tourist places of Rajasthan and Uttar Pradesh including Taj Mahal, Agra, and Mathura.

Rates: High ,

Other e.g. Are the Deccan Odyssey (Golden Chariot), Maharaja Express, Royal Rajasthan Mahaparinirvan Express and Fairy Queen.



Rotel

Classification on the Basis of Clientele: Hotels cater to the needs of all types of their guest. Every individual or group who stays in the hotel has different set of requirement while some prefer luxury while other wants hotels should match their budget and so on, thus hotels are classified on the basis of their target clientele. On the basis of clientele hotels may be classified as:

- Business Or Commercial Hotel
- Transient Hotel
- Suite Hotel
- Residential Hotel
- Bed And Breakfast Hotel
- Casino Hotel
- Conference Centre
- Convention Hotel

Business or commercial Hotels: Designed specially to cater to the needs of business traveler, commercial hotels are generally situated in the city centre. These hotels provide high standard rooms and amenities, along with high speed internet connectivity, business centers, and conference halls. They also provide in-house secretarial services, as well as facilities such as letter drafting, typing, and fax and photocopying of document for the convenience of their guest. The guest amenities at commercial hotels may include complimentary newspapers, morning coffee, cable television and access to channeled music and movies. The duration of guest stay is generally very short at these hotels. The occupancy level is higher during the weekdays ie during the working days and slightly lower during weekends. These hotels are also known as downtown hotels.

Clientele: Corporate or Business Executives

Rates : High

Facilities/ Services: business centers, meeting rooms, with modern telecommunication facilities including internet and modern office automation etc

Example: The Park and Hotel Intercontinental in New Delhi are examples of business or commercial hotels.

Transient Hotels: Transient hotels cater to the needs of people who are on the move and need a stopover en route their journey. Located in the close proximity of ports of entry, such as sea port, airport, and major railway station, these hotels are normally patronized

by transient travelers. They have round –the –clock operational room service and coffee shop, and all the facilities of a commercial hotels The occupancy rate is usually very high, sometimes more than 100 percent, as room can be sold more than ones on a given date.

Clientele: Business clientele, airline passengers with overnight travel layovers or cancelled flights, and airline personnel.

Rates: Moderate to high

Example: Hotel Centaur and Radisson in New Delhi are examples of transient hotels in India.



Transient Hotel

Boutique Hotels: These are very small and expensive hotels and mainly cater for elite class. They are different from the hotels in that each room has a distinct personality. Though the hotel is small but still it has more number of restaurants. Each restaurant is decorated keeping in view a theme and food served the uniform of the staff, the menu, even the way of welcoming the guest commemorates with the theme. E.g Shahpura Bagh Palace ,Shapura, Rajasthan.

Residential Hotels: As the name suggest, residential hotels provide accommodation for longer duration. These hotels are generally patronized by people who are on a temporary official deputation to a city where they do not have their own residential accommodation. Guest stay for a minimum period of one month and up to two years. The services offered by these hotels are modest.

Suite Hotels: Suite hotels provide the highest level of personalized services to guest. The guest rooms generally comprise a living area, compact kitchenette, complete with refrigerator and a microwave, a bedroom attached with a bathroom, and sometimes even a dance floor. The facilities are highly customized and may include valet services, personalized guest stationery, high speed internet connection, and in-room safety locker facility.

Rates: Expansive

Clientele: Corporate of big business class, ports person, celebrities basically these hotels are patronized by affluent people and tourist who are found of luxury.

Example: Burj Al Arab, Dubai and Intercontinental the Lalit Goa Resorts are example of all suite hotels.

Bed & Breakfast Hotel: A European concept, bed & breakfast hotels are lodging establishments generally operated in large family residence. These range from houses with a few rooms converted into overnight facilities to small commercial buildings with twenty to thirty guestrooms. The owner usually lives on the premises and is responsible for serving breakfast to guest. Guest is accommodated in bedrooms and breakfast is served in the rooms or sometimes in the dining room. The bathroom may be attached to the guest rooms or may be on a sharing basis. As the tariff is generally lower than a full-service hotel at these properties, they are suitable for budget travelers.

Rates: Moderate to Low

Clientele: Budget Travelers

Casino Hotels: Casino hotels provide gambling facilities within the premises of the hotel, such as luxor hotel and casio in Las Vegas. These hotel cater to the needs of those guest who comes only for gambling and these Hotels attract the clients by promoting gambling, arranging extravagant floor shows, and some may also provide charter flight services to its clients. They have state-of-the-art gambling facilities, along with the specialties restaurants, bars, round the clock room services, well appointed and furnished rooms for its guest. Nowadays, these hotels are also attracting the MICE (meetings, incentives, conference and exhibitions) segments.

Example: The casinos of Las Vegas, USA, are among the most famous casino in the world.

Conference Centers: The word conference means ‘a meeting, sometimes lasting for several days, in which people, with a common interest participates in discussions or listen to lecturers to obtain information’. Thus, a conference centre is a hotel which caters to the needs of a conference delegation. These hotels provide rooms to delegates of conferences, a conference hall with the desired seating configuration for the meeting, food and beverage requirements during and after the conferences and other requirements, such as flip charts, white board with markers, and overhead projector with screen, computer, and public address system. These are large hotels, having more than 400 guest rooms. The services provided are of the highest standards. Normally conferences are charged as packages, which include accommodation and meetings facilities.

Example: Hotel Ashok, New Delhi is an example of conference centers.

Convention Hotels: Convention is defined as ‘a formal assembly or meeting of members, representative, or delegates of a group for general agreement on or acceptance of certain practice or attitudes’. This type of meetings involves a large number of participants. The hotels catering to the needs of these segments are known as convention hotels. These hotels may have more than 2000 rooms to accommodate the large number of delegates. They are equipped with state-of-the- art convention centre with all the required facilities such as seating configuration (T-shaped, classroom type, workshop-style and theatre style), audio-visual equipments, and public address system to meet the demand of a convention.

Example: Hotel Taj palace, New Delhi and Hotel Jaypee Palace, Agra are examples of convection hotels in India.

Classification on the Basis of Duration of Stay: On the basis of duration of guest stay hotels can be classified into following categories:

- Commercial Hotels
- Transient Hotels
- Semi-resident hotels
- Residential/Apartment Hotel
- Extended stay hotels

Commercial Hotels: The duration of guest stay in these hotels is short, ranging from a few days to a week.

Transient Hotels: A transient guest are those who are en-route guest i.e. who are in the process of moving from one destination to another and stop at the hotel for a short period of time as against a terminal guest who has reached his final destination. Hence hotels, which cater to a transient guest, are called transient hotels. The duration of guest stay in these hotels is very short, i.e. a day or even less.

Semi-resident hotels: These hotels are generally preferred by people who are staying at the location while in transit to another place. The duration of stay may range from weeks to some months. They incorporate the features of both transient and residential hotels. These guest have to come to the destination for some specific purpose of shorter duration.

Residential/Apartment Hotel: Residential hotels are also called as apartment hotels. Room in a Residential hotel are sold on a monthly or yearly basis. Rooms may be furnished or unfurnished, single or en-suite. Almost all residential hotels operate a restaurant, offer telephone services, laundry and valet services. Advance rent is usually collected while other charges are billed weekly. The duration of guest stay in these hotels may range from months to few year. The demand of these hotel have increased during the recent times.

Extended stay hotels: Extended stay hotels are a type of lodging having features which are not available in the standard hotels. Outsourcing and mobility, business executives are often on move and thus away from their home towns for extended periods of time and require more than a hotel room. These features are intended to provide more home-like amenities. Extended-stay hotels typically have self-serve laundry facilities and offer discounts for it. They also have guestrooms (or "suites") with kitchens. The kitchens include at a minimum usually: a sink, a refrigerator (usually full size), a microwave oven, and a stovetop. Some kitchens also have dishwashers and conventional ovens. Extended stay hotels are aimed at business travelers on extended assignments, families in the midst of relocation, and others in need of temporary housing. The duration of guest stay in these hotels is long period depending upon the need of the guest and room rates of these hotels are divided by the length of stay.

Classification on the Basis of Level of Services: On the basis of services offered by the hotels, they may be classified into following categories:

- Up-market/Luxury Hotels/World Class Services
- Mid Market Hotels Or Mid Range Services

- Budget Hotels Or Economy/Limited Services

Up market/Luxury/World Class Services Hotels: Targeting the affluent segment of society, hotels in the up-market category offer world class products with personalized service of highest standards. The emphasis is on excellence and class. These hotels provide upscale restaurants and lounge, exquisite decor, concierge services, opulent rooms and abundant amenities. The design and interior decoration of the hotel itself reflects the standards maintained by the hotel. The guest rooms are large with exquisite decoration and furnishing. Generally, a valet is assigned to each guest room. These hotels have many specialty restaurants with full-assisted services. Top-end recreational facilities, such as golf course, tennis court, designer swimming pool with trained lifeguard, and other sports facilities, shopping arcades, beauty salons, health spas with sauna and Jacuzzi, are a regular feature.

Rates: Very High

Clientele: These hotels are generally preferred by affluent people who care for quality and include business executives, celebrities, and high –ranking political figures.

Example: The Oberoi Udaivilas, Udaipur and ITC Hotel grand Maratha Sheraton & Towers, Mumbai are few luxury hotels in India.

Mid- Market/Mid- Range Service Hotels: These hotels offer modest services without the frills and personalized attention of luxury hotels, and appeal to the largest segment of travellers. They may offer services such as room services, round –the-clock, coffee shop Airport / railway station pickups and drop facilities. A typical hotel offering mid range services would be medium sized; having roughly 150 to 300rooms. Beside that meeting rooms are generally found in midmarket hotels people planning small conferences, group meetings and conventions may also find these hotels attractive

Room Rates: The room rent is much lower than the up market hotels.

Clientele: These hotels are preferred by business travelers, individual travelers and groups.

Example: Vivanta by Taj, Lucknow and Trident Hotel, Jaipur are examples of mid-market hotels.

Budget/Economy Hotels: It focus on meetings the most basic needs of guest providing clean, comfortable and inexpensive rooms. Also known as economy or limited services hotels, they appeal primarily to budget –minded travelers and groups.. These hotels have clean, comfortable guest rooms, coffee shop, and a multi cuisine restaurant, in room telephone, and channelled music and movies. They may also have a swimming pool, a shopping arcade and a beauty parlor

Room Rates: The room rent is very economical.

Clientele : The clientele of budget hotels may also include families with children, bus tour groups of people travelling together, vacationers, retired persons

Classification on the Basis of Ownership: On the basis of ownership hotels can be classified into following groups:

- Independent Hotels
- Proprietary ownership
- Management Contracts

- Franchise
- Referral Groups
- Time –Share Hotels
- Condominium

Independent Hotels: These hotels are on direct ownership of one or more properties by a person or company and do not have any affiliation or contract through any other property. Small lodging properties that are owned and operated by the family are common example of it, and also they do not have any tie up with any other hotels with regards to policy, procedures and financial obligation. The advantages in this type of hotel is that they need not maintain a particular image and they are not bound to maintain any set targets, but can independently adopt quickly to the changing trends. They are usually autonomous.

Proprietary ownership: It is the direct ownership of one or more properties by one person or company. Small lodging properties that are owned and operated by a couple or family are common example of proprietary ownership. Large properties that are owned by major international hotel companies such as Hilton belong to this category. A group of Hotels that are owned or managed by one company is called a chain. Chains: When one hotel realizes that they can offer the same services in other cities, chains of the same hotel are opened in those places. Hotel chain is an enterprise that administrates, through a unique management a number of hotels located in different areas. They can be total or partial owners of the hotel and they manage their administration, marketing and promotion. This gives them the advantages of a large central organisation providing reservation systems, management's aids, financial strength, expertise, manpower, specialties, merchandises and promotional help. Some of the chain companies are Inter Continental Hotel Groups (IHG), Starwood Hotels and Resorts Worldwide, Accor, Hilton Hotel Corp., Best Western International, and Resorts, and TUI AG/TUI Hotels and Resorts. A chain is usually classified as operating under a management contract or as a franchise or referral group.

Management Contracts: It is a contract between the owner of the property and a hotel operator (management contractor) by which the owner employs the operator as an agent to assume the full responsibilities for operating and managing the hotel. The operator can be a hotel chain with reputed name and market image ,such as Hilton ,Sheraton ,best western ,choice hospitality, etc.

Franchise: It is the authorization given by a company to another company or individual to sell its unique product /services and use its trademark according to the guidelines given by former, for a specified time, and a specified place. Under it the owner operates as a member of the chain, utilizing the brand image, name, and goodwill and obtaining for a certain fee. Few other terms also needs to be clear here:

Franchisor: The franchisor is the company that owns the trade mark, product and business pattern

Franchisee: The franchisee is the company to whom the franchisor allows the right to do business under its name as per his conditions

Franchising: A continuous relationship in which franchisor gives licenses to do the business under its name and also assist in organizing, training, merchandising etc in return of the fees

In hospitality industry several big chains are operating on franchise basis at act as a mutual benefit for both the party, the franchisor allows franchisee to use his idea, brand name, logo, methods to do the business and in return the franchisee pay the fees and also assure to abide by the quality standards, product specification of franchisor

Some of the franchising companies are Holiday Inn, Choice international, Ramada,

Management contract: managing a hotel requires professional expertise .a new entrepreneur with little or no experience of market may safely decides to take the franchise of bigger hotel so as to run the business but the record till be the problems in operating the business the franchisor will only provide the logo brand name, tested and successful operating system, training program, marketing and reservation assistance but does not provide well equipped trained manpower- experienced managers and employees necessary to run the business. t bridge the gap management contract concept gets in these companies provides the required expertise to manage the hotel operation management fees, even sometimes the on a percentage of gross revenue

Thus management contract as the name suggest is a contract between the owner of the property and management contractor (hotel operator) by which the owner employees the operator as a management to take the full responsibility of operating and managing the hotel. Exampel : Hilton, Sheraton, bestwester, choice hospitality etc

Referral Groups: It consists of independent hotel which have grouped together for some common purpose. Though the properties in the referral group may be different from each other but there is sufficient consistency in the quality of service to satisfy guest expectations. The member hotels recommend guest to other member hotels. Some examples are Best Western international, one of the largest hotel chains, is the best example of referral groups.

Time –Share Hotels: A new concept of ownership also called vacation ownership or holiday ownership concepts, mushrooming up in resorts areas like hills, beaches, forest. As the name suggest, it entails purchasing a tourist accommodation at a popular destination for a particular time slot in a year which can be week or weeks. Each room or suite is owned by several people who will schedule their visits well in advance with the management office to ensure that the room or suites is available or rent a unit to other vacationers if they cannot avail the facility. It is fully furnished rooms with kitchenettes may have a dining hall with a bar. More desirable the season, the higher the timeshare fee. The price of the property will depend on the week, one intends to buy. The guest can choose the peak seasons, semi peak seasons or lean seasons. It is also required to pay an annual contribution towards the maintenance of apartments and public areas, electricity, gas, water, safety, insurance etc. The owner can also rent out the unit through management. The most common time share in India is Mahindra and Mahindra, Nanda Tourist Corporation, Sterling Holiday’s Resorts, Avelon Resorts etc.

Advantage

- **Long-term savings over hotels:** The basic timeshare concept is simple: you pay a onetime purchase fee that entitles you to a week every year (or sometimes every other year) at a resort. Instead of renting your vacations, you now own them. Due to the upfront costs, and the fact that the majority of timeshares do not appreciate like normal real estate, the cost savings is in future vacations
- **Home-like accommodations:** Most timeshare units have floor plans that closely resemble two bedroom, two bathroom condos or apartments, usually with an additional sleeper sofa in the living room. Timeshare unit sizes vary from studios to four bedrooms, allowing plenty of room for families.
- **Real property ownership:** If you buy a "deeded" timeshare, you are buying real property. You can give it away, will it to your heirs, rent it, sell it, and so on. Not all timeshares are sold today with deeds.
- **Ability to exchange:** Exchange is consistently a top reason people buy into timeshare. When you own a timeshare, you have the ability to exchange for another resort.
- **Guaranteed vacations :** When buying a timeshare, you're making a significant upfront investment and may be more motivated to take valuable time with your family annually. If you buy an annual fixed week, you are guaranteed that same week each year at a resort you are familiar with, and don't have the hassle of vacation planning year after year. It is a fact that timeshare owners are more likely to use their vacations than those who don't own. A lifestyle decision to build memories with your family and friends.
- **Flexibility :** If unexpected circumstances arise, or you simply cannot take your vacation one year, timeshares afford other options. You can bank your timeshare with one of the timeshare exchange companies.
- **Less maintenance** than a vacation home :
- **Pay only for the time you use:** If you only plan to use a few weeks a year, why keep an expensive vacation home vacant during the time you're not there? Timeshare is most frequently sold in one week intervals, but there are more options now.

Disadvantages

- Identifying the customer.
- Designing timeshare according to the customer requirement.
- Costly Advertising.

Condominium: Condominium units also called as Condo are purchased outright and owned by the guest as second homes. Condominium hotels have single owners instead of multiple owners sharing the hotel. In condominium hotels, the owner informs the management company when they would occupy the unit. The management company is free to rent the unit for the remainder of the year, and this revenue goes to the owner. Owner purchases a unit and has full right of an unit he has purchased and shares the cost common to the complex such as takes, insurance, Maintenance, and upkeep of public areas including swimming, pool, health, clubs, parking, security, air-conditioning, health, cable, broadband etc. Each owner can occupy or sell his unit independently but is required to follow the rules and regulations laid by the management. In some cases the

management can help the owner in renting out the properties. They take full responsibility of the owner's unit's safety and also pay to the owner a major portion of the rent earned from renting out. Usually the management requests the owner to rent out in case of major conferences. The management earns a major portion by renting out conferences hall and from catering. The Resorts and condominium inns group of Singapore are among the most popular example of such properties.

CHECK YOUR PROGRESS-IV

Q. 1 Write a note on classification of hotels.

Q. 2 Briefly discuss about various types of hotel on the basis of location.

STAR CLASSIFICATION: Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. With the aim of providing contemporary standards of facilities and services available in the hotels, the Ministry of Tourism has formulated a voluntary scheme for classification of operational hotels which will be applicable to the following categories: - 5 Star Deluxe, 5 Star, 4 Star, 3 Star, 2 Star & 1 Star refer fig 1.11

The classification is done by Ministry of Tourism under which a committee formed which is known as HRACC (Hotels and Restaurants Approval & Classification committee) headed by chairman of HRACC comprising of following members from government and industry which include:

- Federation of Hotel & Restaurant Association of India (FHRAI)
- Hotel Association of India (HAI)
- Indian Association of Tour Operator (IATO)
- Travel Agent Association Of India (TAAI)

- Departments of Tourism
- Principal of Regional Institute of Hotel Management Catering Technology & Applied Nutrition (IHM)
- In case of Heritage category, a representative of the Indian Heritage Hotel Association (IHHA) is included in the committee.

This is a permanent committee to classify hotels into 1-5 star or 5star deluxe categories. Generally the committee inspects ones in three years the existing hotels which have been classified to confirm that hotels are following the standards set t In case of 4 stars, 5 Star, 5 Star deluxe categories, the procedures is to apply on a prescribed application form to director general of tourism, office in New Delhi. In case of 1, 2, 3 star category to regional director of the concerned government of India tourist office at Delhi/Mumbai/Kolkata/Chennai. The basic details need to be given:

- 1) Name of the hotel.
- 2) Name of the promoters.
- 3) Address
- 4) Details of the site such as area, title, distance of the hotel from railway station, distance from airport, distance from the main shopping centre.
- 5) Details of hotel projects such as Category applied for, Number of guest rooms and their area, There types with or without bathroom, Details of public area like lounge, lobby, restaurant, bars, shopping arcade, banquet hall, health clubs, swimming pool and parking etc.
- 6) Details of air conditioning.
- 7) Approval from government bodies such as Municipal or Corporation authorities, MRTP 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 -61 against each of the following provision ,Section 80L, Section 32, Section 33
- 10) Along with the application fee also sent.

Hotel is supposed to fill up a questionnaire containing details of facilities, features, amenities and services. And their standards in the form of questionnaire which are divided into three categories:- desirable, necessary and essential- the marks are allotted to them for a hotel to be considered for classification. All items marked under essential category must be there in the hotels while marked desirables mayor 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 basis 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 fiscals reliefs and benefits.

Eligibility for Star Classification To be eligible to apply for classification

1. The hotel must have at least 10 let table bedrooms.
2. Carpet areas in respect of rooms and areas of bathroom should by and large adhere to the following limits.

The general features, facilities and services expected of hotels in the different star categories are broadly described below:

One Star Category: These are small, independently owned properties with having a family like atmosphere. They offer limited range of facilities and rates are fairly simple. The general features, facilities and services offered are given below:

General Features: The general construction of building should be good and the locality and environs, including immediate approach should be suitable. The hotel should have at least 10 lettable bedrooms of which at least 25% should have attached bathrooms with a bathroom for every 4 of the remaining rooms. At least 25% of the bathrooms should have western style WCs. All bathrooms should have modern sanitation and running cold-water with adequate supply of hot water, soap and toilet paper. The rooms should 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 guests and visitors. There should be clean and wholesome food and there should be a clean well equipped kitchen and pantry.

Services: There should be experienced, courteous and efficient staff in smart and clean uniforms and the senior staff coming in contact with guests should possess working knowledge of English. Housekeeping 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.

Two Star Category: In this class, hotels will be small to medium sized and offer much better or extensive services than one star hotel. Guest can expect comfortable well equipped rooms with an attached bath or shower. The general features, facilities and services offered are given below:

General Features: The building should be well constructed and the locality and environs including the approach should be suitable for a good hotel. The hotel should be at least 10 lettable bedrooms of which at least 75% should have attached bathrooms with showers and a bathroom 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. 25% of the rooms should be air-conditioned (where 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 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. Housekeeping at the hotel should be of good standard and good quality

linen, blankets, towels etc., should be provided. Similarly, crockery, cutlery and glassware should be of a good quality.

Three Star Category: At this level, hotels are usually of a size to support higher and more professional staffing with higher quality and range of facilities than at one star or two star properties. Reception and other public areas will be more spacious and the restaurant will also cater to the needs of locals or nonresident. All bed rooms will have attached bath and shower and will offer good standards of comfort and equipments. The general features, facilities and services offered are given below:

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 should be suitable for very good hotel of this category. There should be adequate parking facilities for cars. The hotel should have at least 20 let table rooms all with attached bathrooms with bathtubs and/or showers. The bathrooms should be with hot and cold running water. At least 50% 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 number of lifts in the building with more than two storey's (including the ground floor). There should be a well appointed lounge and separate ladies and gentlemen's cloak room equipped with fittings of a good standard.

Facilities: There should be a reception and an formation counter attended by qualified staff, and a 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 would be a call bell in each room and a telephone on each floor for the use of hotel. There should be a well equipped and well maintained Air-conditioned dining rooms /restaurant and where permissible by law, there should be a bar/permit rooms. The kitchen, pantry and cold storage should be a clean organized for orderliness and efficiency.

Service: The hotels should offer good quality cuisine both Indian as well as continental and the food and beverage service should be of a good standard. There should be qualified, trained, experienced, efficient and courteous staff coming in contact with the guests should be provision for laundry and dry cleaning service. Housekeeping at the hotel should be of a very good standard and there should be adequate supply of linen, blankets, towels etc., of good quality. Similarly, cutlery, crockery, glassware should be of a 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 Cabaret.

Four Star Category: Expectations at this level are very high which includes degree of luxury, comfort as well as high quality in the furnishing, décor, ambience and equipments and in every area of the hotel. Bedrooms will offer more space than the rooms of lower staff level, they will be well designed with coordinated furnishing and decor. There will be more staff to guest ratio offering different types of services. The restaurant will show

inclination towards cuisine. The general features, facilities and services offered are given below:

General Features: The architectural features and general construction of the building should be distinctive and the locality including the immediate approach should be suitable for a hotel of this category. There should be adequate parking facilities for cars. The hotel should have 25 lettable rooms all with attached bathrooms. At least 50% of bathrooms must have long baths of the most modern shower chambers, with 24 hrs service of hot and cold running water. All public areas and private rooms should be well furnished with carpets, curtains, furniture, fittings etc. in good state. It would be advisable to employ the services of professionally qualified and experienced interior designer of repute for this purpose. There should be an adequate number of efficient lifts in building of more than two storey's (including ground floor). There should be well-appointed lobby and ladies, gents cloak rooms equipped with fittings and furniture of the highest standard.

Facilities: There should be a reception, cash and information counter attended by, trained and experienced personnel. There should be bookstall, recognized travel agency, money changing and safe deposit facilities and a left luggage room on the premises. There should be a telephone in each room and provision for a radio or relayed music in each room. There should a well-equipped, well-furnished and well-appointed dining room/restaurant on the premises and where ever permissible by law, there should be an elegant and well-equipped bar/permit room. The kitchen, the pantry, cold storage should be professionally designed to ensure efficiency of operation and should be well equipped.

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

Five Star Category: These hotels offer spacious and luxurious accommodations throughout the hotels, matching the best international standards. The interior design should be of high quality with great deal of attention given to each and every detail of the hotel, comfort and elegance. The furnishing should be of rich and best quality. The service should be formal, well supervised and flawless. The restaurants should demonstrate high level of technical skills. The staff should be highly professional,

knowledgeable, courteous, and helpful in all aspects of customer care, combining efficiency and courtesy. The general features, facilities and services offered are given below:

General features: The facade, architectural features and general construction of the hotel building should have the distinctive qualities of a luxury hotel of this category. The locality, including the immediate approach and environments, should be suitable for a luxury hotel of this category and there should be adequate parking space for the cars. The hotel should have at least 25 lettable rooms, all with attached bathrooms with long bath 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, 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 no. of efficient lifts in the building of more than two storey's (including the ground floor), with 24 hrs. service. There should be a well-designed and properly equipped 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 form of one or more conference rooms, banquet hall and private dining rooms. There should be a bookstall, a beauty parlor, barbershop, recognized travel agency, florist and a shop for toilet requisites and medicines on the premises. There should be a telephone in each room and a facility of radio or relayed music in each room. There should be a well-equipped, well-furnished and well-maintained dining room, restaurant on premises and whenever 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.

Services: The hotel should offer both International and Indian cuisine and the food and beverage service should be of highest standard. There should be professionally qualified, efficient and courteous staff in smart, clean uniforms. The staff coming in contact with the guests should understand English. The supervisory staff knowing at least one continental language should be rotated on duty at all times. There should be 24 hrs. Services for reception, information and telephones. There should be provision for reliable laundry and dry cleaning services. Housekeeping at the Hotel should be of the highest possible standard and there should be plentiful supply of linen, blankets, towels, etc., which should be of the highest quality available. Each bedroom should be provided with a good vacuum jug thermos flask with ice cold, boiled drinking water except where centrally chilled purified drinking water is provided. There should be special restaurant/dining room where facilities for dancing, orchestra are provided.

Heritage Hotels: A recent addition to the hotel industry, in the country, heritage hotels are properties set in small forts, palaces, or havelis, the mansions of erstwhile royal and aristocratic families. They have added a new dimension to cultural tourism. In a heritage hotel, a visitor is offered rooms that have their own history, is served traditional cuisine

toned down to the requirements of international palates, is entertained by folk artistes, can participate in activities that allow a glimpse into the heritage of the region, and can bask in an atmosphere that lives and breathes of the past. Taj lake palace in Udaipur and the Oberoi Cecil in Shimla are example of heritage hotels.

According to Ministry of tourism, the heritage hotels are further subdivided as follows:

- **Heritage:** This category covers hotels in residences, havelis, hunting lodges, castles or forts and palaces built during 1935-1950.
- **Heritage Classic:** This category covers hotels in residences, havelis, hunting lodges, castles or forts and palaces built prior to 1935 but after 1920.
- **Heritage Grand:** This category covers hotels in residences, havelis, hunting lodges, castles or forts and palaces built prior to 1920.

Checklist for Star classification of Hotels in India (Source Govt. Websites, gov.com)

FACILITIES & SERVICES	1*	2*	3*	4*	5*/5*D	Yes/No	COMMENTS
GENERAL							
Full time operation 7 days a week in season	N	N	N	N	N		
Establishment to have all necessary trading licenses	N	N	N	N	N		
Establishment to have public liability insurance	D	D	D	D	D		
24 hr. lifts for buildings higher than ground plus two floors	N	N	N	N	N		Mandatory for all hotels. Local laws may require a relaxation of this condition. Easy access for the differently abled guests
Bedrooms, Bathroom, Public areas and kitchen fully serviced daily	N	N	N	N	N		
All floor surfaces clean and in good shape	N	N	N	N	N		Floor may be of any type
GUEST ROOM							
Minimum 10 lettable rooms, all rooms with outside windows/Ventilation.	N	N	N	N	N		
Minimum size of bedroom excluding bathroom in sq. ft	120	120	130	140	200		Single occupancy rooms may be 20 sq ft less. Rooms should not be less than the specified size.
Air-conditioning - % of Rooms	25%	25%	50%	100%	100%		Air-conditioning / heating depends on climatic conditions & architecture. Room temp. Should be between 20c % 28c.

A clean change of bed and bath linen daily & between check - in'	N	N	N	N	N	Definitely required between each check-in. On alternate days for 1 & 2 Star hotels
Minimum bed width for single 90 cm and double 180 cm	D	N	N	N	N	
Mattress thickness minimum 10 cm	D	D	N	N	N	Coir, foam or spring foam
Minimum bedding 2 sheets, pillow & case, blanket, mattress protector / bed cover	N	N	N	N	N	Blankets available in air conditioned rooms as per seasonal requirement in non A/C rooms. Mattress protector is desirable in 1* and 2* and necessary for all others.
Suites	D	D	D	N	N	2% of room block with a minimum of 1 suite room
Hairdryers	D	D	N	N	N	<i>Where not provided in bathroom, must be available on request</i> <i>All 3 Star, 4 Star, 5 Star and 5 Star deluxe hotels shall provide a hair dryer facility in the room on complementary basis. In 1 Star and 2 Star, this facility will be made available on request on complementary basis.</i>
Safe keeping / in room safe	D	D	D	N	N	<i>1, 2 & 3 Star hotels to have facilities for safe keeping in the reception.</i> <i>All 4 Star, 5 Star and 5 Star deluxe hotels shall provide a safe.</i>

BATHROOM						
Number of rooms with attached bathrooms	All	All	All	All	All	It will be mandatory w.e.f. 01.09.2010 for all 1 & 2 Star category hotels to have attached bathrooms. All bathrooms to have sanitary bin with lid
Minimum size of bathroom in square feet	30	30	36	36	45	25% of bathroom in 1 & 2 Star hotels to have western style WC. No higher ceiling / cap on the maximum size
1 Bath Towel and 1 Hand towel to be provided per guest	N	N	N	N	N	
Bath Mat	-	D	N	N	N	
Guest toiletries to be provided - minimum 1 new soap per guest	N	N	N	N	N	Quality products depending on the star category

PUBLIC AREA						
Lounge or seating area in the lobby	N	N	N	N	N	<p>Lobby shall have furniture and fixtures which shall include chairs /arm chairs, sofa, tables and fresh floral display.</p> <p>Door man on duty for 4 Star and below 4 Star categories the presence of a door man on duty in the lounge or sitting area in the lobby shall not be mandatory. However, in such areas the presence of staff on duty shall be obligatory around the clock, 24*7.</p>
Reception facility	N	N	N	N	N	<p>Manned minimum 16 hours. Call service 24 hours. Local directions to hotel including city street maps to be available.</p>
Valet (Parking) services to be available	D	D	N	N	N	
Availability of Room, F & B and other tariff	N	N	N	N	N	
Heating and cooling to be provided in public areas				N	N	<p>Temperatures to be between 20 degrees Celsius to 28 degrees Celsius</p> <p>Air-conditioning common areas like Lobby, Restaurants, Varandas, bar where they are open to nature on one or more sides shall not be mandatory for beach, lake, backwater, river, hill, mountain, forest or nature Hotels & Resorts.</p>

KITCHEN / FOOD PRODUCTION AREA							
Refrigerator with deep freezer	N	N	N	N	N		Capacity based on size of F & B service
Segregated storage of Meat, fish and vegetables	N	N	N	N	N		Meat, fish and vegetables in separate freezers
Colour coded synthetic chopping boards	N	N	N	N	N		Wooden chopping boards prohibited
Tiled walls non slip floors	N	N	N	N	N		
Head covering for production staff	N	N	N	N	N		
Daily germicidal cleaning of floors	N	N	N	N	N		
Good quality cooking vessels / utensils	N	N	N	N	N		Use of aluminum vessels prohibited except for bakery
All food grade equipment containers	N	N	N	N	N		
Drinking water	N	N	N	N	N		Water treated with UV + filtration
Ventilation system	N	N	N	N	N		
Garbage to be segregated - wet and dry	N	N	N	N	N		To encourage recycling
Wet garbage area to be air-conditioned	D	D	N	N	N		
Receiving areas and stores to be clean and distinct from garbage area	N	N	N	N	N		
Six monthly medical checks for production staff	N	N	N	N	N		
First - aid training for all kitchen staff	N	N	N	N	N		
Pest control	N	N	N	N	N		
STAFF							
Staff uniforms for front of the house	N	N	N	N	N		Uniforms to be clean and in good condition
English speaking front office staff	D	D	N	N	N		This may be relaxed outside the metros / sub-metros for 1 and 2 Star category hotels
Percentage of Supervisory staff	20%	20%	40%	40%	80%		Hotels of 4 Star category and above should have formally qualified Heads of Departments. The supervisory or the skilled staff may have training or skill certification as follows: Degree / diploma from Central or State IHMs / FCIs or from NCHMCT affiliated IHM's or from other reputed Hospitality schools
Percentage of Skilled staff	20%	20%	30%	30%	60%		The supervisory or the skilled staff may have training or skill certification as follows; Degree / diploma from Central or State IHM / FCIs or from NCHMCT affiliated IHMs or from other reputed Hospitality schools Skill training certificate issued under the guidelines and scheme of the Ministry of Tourism

Money changing facilities	D	D	D	D	D	Money changing facility to be made available
SAFETY & SECURITY						
Metal detectors (door frame or hand held)	D	D	N	N	N	
CCTV at strategic locations	N	N	N	N	N	
X-Ray Machine.	D	D	D	D	N	For 5 Star Deluxe category, it would be 'Necessary' to have an X-Ray Machine at the guest entrance for screening of baggage Manual checks may be conducted for staff and suppliers at designated entry points
Under belly scanners to screen vehicles.	D	D	D	N	N	
Verification.	N	N	N	N	N	All hotels should conduct a antecedent verification of their staff and suppliers by the Police / private security agencies.
Staff trained in fire fighting Drill.	N	N	N	N	N	All hotels to conduct periodic fire drills and maintain 'Manuals' for Disaster Management, First Aid and Fire Safety. Quarterly drills as per Law.
Security arrangements for all hotel entrances.	N	N	N	N	N	
Each bedroom door fitted with lock and key, viewport / peephole & internal securing device.	D	D	N	N	N	A safety chain / wishbone latch is acceptable in place of viewport / peephole.

ALTERNATIVE ACCOMMODATION: Alternative accommodation can be simply defined as all those accommodation that are available outside the formal or organized accommodation sector, these establishments provide bed and breakfast and some basic services and are economical in nature ie the alternative accommodations provides sleeping areas and modest food to its users that too at cheap rates. These are generally constructed by the Government and sometimes private sector for the welfare of common travelers. These include:

- Sarai/ Dharamshala
- Dak Bungalow/Circuit Houses/Inspection Bungalow/First lodges
- Lodges/Boarding House
- Youth Hostel
- Yatri Niwas
- Camping Grounds /Tourist camps
- Railway/Airport Retiring Rooms
- Paying Guest Accommodation

Sarai/ Dharamshala: These lodging properties are mostly found at popular pilgrimage places. They are generally constructed by welfare trusts, social organisation, or even the state, and provide basic security and sleeping facilities for a nominal fee.

Dak Bungalow/Circuit Houses/Inspection Bungalow/First lodges: A legacy of the British Raj, these were built as rest houses for colonial official across the country as well as in remote areas and scenic locales. All these properties have an ageless charm and an old world style of hospitality as well as special cuisine, which forms a part of the attraction, apart from the low tariff. These are owned by the various state governments and can be accessed through the local district administration .Often these are the only lodging properties in remote areas.

Lodges/Boarding House: lodges are modest hotel situated away from the centre of the city or located at a remote destination. These are self-sufficient establishment that offer standard facilities, such as clean and comfortable rooms, food and beverage service. Boarding houses are establishment that usually provide accommodation and meals at a specified period of time, such as weekends, or for a specified time of stay.

Youth Hostel: The youth, from rural as well as urban areas, travel for various reasons, such as education, adventures, and recreation. Youth hostels were established to cater to the youth on the move, who couldn't afford steep hotel rents. A youth hostel generally provides low-cost dormitory accommodation with common bathing and cafeteria facilities. They may also provide kitchens for self catering.

Yatri Niwas: A yatri Niwas provides low-cost, self-service accommodation to domestic tourist in cities. The emphasis is on modest comfort and affordability. These are generally frequented by people during brief stopover while travelling between places, or by families with modest budgets. These properties are located at historical, cultural, and natural sites.

Camping Grounds /Tourist camps: Camping grounds are normally located within cities in open spaces. They provide parking space along with water, electricity, and toilets. Camps must follow certain regulation regarding the quality of services and cost, and are set by municipalities.

Railway/Airport Retiring Rooms: A retiring room is for the convenience of the transit travelers. These are situated at major railway station and domestic and international airports. They provide a resting place to passengers with confirmed and current tickets. These retiring rooms are available at reasonable rates and are often air conditioned. Booking for the same is made through the station superintendent or the airport manager. They are equipped with clean sanitation facilities and may include F&B facilities at a cost.

Paying Guest Accommodation: A PG accommodation is a non institutional accommodation offered by individual household at various destinations. This kind of accommodation is becoming popular in large metropolitan cities among outstation students and the employed youth migrants from other towns. Guest normally pays for accommodation, while the rules for F& B services may differ from host to host.

CHECK YOUR PROGRESS-V

Q. 1 Write a note on Dak banglow.

Q. 2 Write note on Alternate Accommodation.

SPECIAL HOTELS WORLDWIDE

Besides those hotels as mentioned above, there are also some unusual hotels which are unique in their features, functions or designs. Below shows some examples of special hotels located in different countries:

- Capsule Hotel
- Ice Hotel
- Cave Hotels
- Tree Houses
- Green Hotels

1. **Capsule Hotels** : It is a type of hotel originated in Japan which provides small and 'bed-only' cabinets for its guests. The cabinet size is roughly 2m x 1m x 1.25m and they are mainly designed for local citizens who look for cheap accommodations when traveling back to their homes is not an option.
2. **Ice Hotels**: As expressed in its term, ice hotels are mainly built by using snow and ice. The first ice hotel is located in Sweden and its concept has been followed by Canada and some other European countries in building their own ice hotels to attract visitors. Different from other general hotels, this type of hotel is temporary in its nature which is always torn down and then rebuilt by artists and designers in different seasons. Due to this reason, a guest who chooses to stay in an ice hotel in

different seasons would find his / her experience entirely different once the hotel is rebuilt.

3. **Cave Hotels** : Typical examples of cave hotels can be found in Turkey which are originated from residences for people in the old times who stayed in the caves to avoid the disturbance and attack of wild animals. Some of these old caves have been reused and redeveloped into different hotels which attract visitors who would like to experience in deep the culture and tradition of the host countries.
4. **Tree House or Treetop Hotels** : These kinds of hotels are mainly located in countryside, especially in forests. Hotel rooms are built in harmony with trees which mainly follow the building method of the native tree houses.
5. **Green Hotel**: Green Hotel is a hotel or accommodation that has made important environmental improvements to its structure in order to minimize its impact on the environment. The basic definition of a green hotel is an environmentally responsible lodging that follows the practices of green living. These hotels have to be certified green by an independent third-party or by the state they are located in. Traditionally, these hotels were mostly presented as Eco Lodges because of their location, often in jungles, and their design inspired by the use of traditional building methods applied by skilled local craftsmen in areas, such as Costa Rica and Indonesia

1.9 National and International Hotels Groups

Indian Hotel Chain: In India in early period, hospitality as an industry was not organized but was provided either on individual or village bases. Later on Buddhist monasteries provided boarding and lodging to travelers. During Chandra Gupta Maura's Reign, inns and guest houses were established. Then some universities like Taxila 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 Dharamshalas, Sarais, Chaupals of Panchayatas, Chowltry (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. Gradually there was a set up of hotel chains in India which laid more stress on the precise architectural features, organization, standards of their member hotels but some others focused on advertising, marketing, purchasing, human resource development, etc. The first luxurious hotel by Pallanjee Pestonjee (1840) was started in Bombay. It was famous for its excellent cuisine, beers and wines and its excellent management. Later on he opened another hotel at Fort in Bombay. Few of the hotel chains are discussed below:

The Tata Group

The Tata Group is India's best-known multinational in private sector with a turnover crossing US\$ 18 billion (equivalent to 3.1% of India's GDP). Long known for its adherence to business ethics, it is India's most respected private business group. With 250,000 employees across 105 companies, it is also India's most respected private business group. Tata group was founded by Jamsetji Tata in the 1860's the Group's early years were inspired by the spirit of nationalism. In numerous occasions Tata Group pioneered the way as firsts in Indian industry. To leverage the value of the Tata brand, the thrust of the group's business has shifted from a product-driven to a brand driven portfolio. The group's stable of brands and services includes Tata. Tata Indica, Tata Safari, Titan, Tanishq, Taj Hotels, Tata Tea, Tetley, Tata Salt, Westside and VSNL.

JAMSETJI NUSSERWANJI TATA Commencement of Taj Group of Hotels: In 1903 there was a significant event in hotel business. The Indian Hotel Company. Mumbai was incorporated on 1st April, 1902 with an authorized capital of Rs. 30 lakh. Mr. Jamsetji Tata opened the Taj Mahal Hotel in Mumbai. The idea was born as long ago as 1888, because of a friend's disparaging remark that Mumbai could not boast of a single decent hotel. Jamsetji Tata searched the capitals of Europe and bought the best. As far back as 1888, he made sure the Taj would have its own laundry, aerated water-bottling plant, electroplating for its silverware, a Mora silver burnishing machine, crockery, washing plant and elevators, fellowship and trade and industry and there by to enhance the prosperity of the nation was the objective underlying the project undertaken by him. He knew that the hotel would have to be maintained for years as a losing concern, but the spirit of patriotism and consciousness of duty to the country demanded that he should not count the cost of providing what he regarded as a pre-requisite for the future growth of the country and development of her commerce as well as cultural relations and co-operation with the advanced countries of the world. Accordingly, foundation was laid in 1888 and the construction of the building completed in 1903. Fronting the harbor and commanding a magnificent view, open to sea breeze and valued service, the hotel rendered the country proud as being one of the largest by hotels in the East. It is so well known over the world that nothing more remains to be said about it. According to legend, the architect of the Taj, a Frenchman, spent long hours finalizing his conceptual drawings, then shipped off to France to recuperate. On his return he found the hotel completed in every detail with one small exception: it was located back to front. So the Frenchman did what any artistic soul would do. He did away with his body by shooting himself in the head. The hotel was completed at a cost of Rs. 5, 00,000 in 1904, but he did not live to preside at the opening ceremony. In its over 100 years since then, the old gracious building has accommodated some of the best-known persons in modern history. Fronting the Mumbai harbor and over-looking the Gate Way of India, it was until recently the largest hotel in the east. It is rated amongst the top ten hotels in the world by the Fortune Magazine. India's great industrialist, Jamsetji Tata, felt that it was essential for advancement of Mumbai city in particular and India in general, that it should have an up-to-date hotel to provide facilities and comforts to visitors from all parts of the world. Not to make a profitable investment, but to attract visitors from overseas with a view to promoting.

East India Hotels Ltd (OBEROI)

Mr. M.S. Oberoi was born in Chakwal, a hamlet of Punjab. He lost his father Sardar Attar Singh when just six months old. Mother Bhagwati took him to Bhaun and brought him up with lots of care and discipline. After 14 years of age he joined Dayanand Anglo Vedic (DAV) School in Rawalpindi which was eminently suited to provide a young man with a balanced mix of tradition and modernity. After passing matriculation from here he went to Lahore and the college managed by the DAV missionaries. When he was 16 he caught up with his father's sides of business. His uncle owned a flourishing shoe factory and seeing that his nephew upon to help out with maintaining discipline, he was asked to supervise. Due to all this Mr. M. S. Oberoi went back to Bhaun. There he was married to Ms. Ishrani Devi. His wife gave birth to a baby girl named Rajrani. In 1922, leaving behind his wife and daughter, he arrived in Shimla for an interview in PWD. He failed, after putting in a lot of efforts he started his career in Shimla's Cecil hotel as a clerk at As. 50/- per month, staying in one room tenement called bond quarter. His first son named Mr. Tilak Raj (Tikki) was born in 1924. His second son Mr. Prithvi Raj (Biki) was born in 1929 next came in this world another daughter named Swaraj and finally a baby girl, Prem. In 1930 Mr. M. S. Oberoi became the partner of the Clarks. Later he managed to buy it by tapping the wealth associates of his mother and mortgaging the property in the name of the loaner's son. Under the deed of dissolution dated 14th August, 1934, Mr. M. S. Oberoi became the sole absolute and exclusive owner of the Clarks Hotel, Shimla. In 1938 Hotel Pvt. Ltd. was formed to take management lease for Stephen Chowringhee properties from Mercantile Bank, for this Mr. M. S. Oberoi and Mr. Shiv Nath became partners in 1950. Ms. Swaraj Oberoi married Mr. Gautam Khanna. Today he is Biki's right hand man. In 1940, Aajrani wed Colonel J. C. Kapoor. In 1957. Ms. Prem married Captain K. K. Mehta. Tikki began laundry business of his own serving all the sprawling American bases in Calcutta. In 1943 Associated Hotels of India (AHI) was formed holding aloft the most prestigious hotels in the country: Cecil, Faletti's in Lahore, Flash man in Rawalpindi, Deans in Peshawar and another Cecil in the hills of Muree (now in Pakistan). Besides they took over the lease of the Imperial Hotel. Mr. Oberoi bought over the property of Grand in Calcutta in 1947 by taking loan. But due to the death of Mr. Tikki in 1984 Cecil was closed and later opened in 90's. The travel agency, first of its kind in India called Mercury Travels was started by Mr. M. S. Oberoi on 31st March, 1948 and later on taken over by Gautam Khanna. On 26th May, 1949, East India Hotels Ltd. (EIH) was formed and registered with an authorized capital of Rs. 20 million. Oberoi Palm Beach in Gopalpur-on-sea was built in 1947. The Oberoi Mount Everest in Darjeeling was bought in 1951. In 1957 Mr. Biki married Ms. Goodie, daughter of Punjabi landowners of Lyalpur. Two kids Natasha in January 1962 and Vikram in 1963 were born. Ms. Swaraj gave birth to Ashok and Rajiv. In 1955 Palace Hotel in Kashmir was bought but the troubled valley lost all its tourists and the hotel has been closed since 1990. Mr. Tikki married Ms. Leela Naidu in 1956. He began Northern India caterers which became the holding company of the Swiss hotel and later on took over the management of a Chandigarh hotel. He was a Joint Managing Director of EIH Ltd. Along with his brother Mr. Biki and Director of all associate companies Mr. Tikki was internationally known and this helped the Oberoi name internationally known. Mr. Oberoi took over the Imperial in 1944. He also introduced flame, charcoal grill and French food at Imperial. The Oberoi Intercontinental in New Delhi was India's first modern luxury hotel, set up in 1965. A loan of forty five million Rupees was taken, to construct this hotel but in four days the hotel made enough profits to pay back. Wake up call facility, health club, housemaids were introduced into hotelier by Oberoi Intercontinental. In 1962 East India Hotels became one of the first non-financial Indian companies to receive fixed deposits from public. In 1972, Oberoi Sheraton was ready and was

formally opened in 1973. It was renamed Oberoi Towers in 1978. In 1945, Shrimati Bhagwanti passed away, in 1988, Mrs. Ishrani Devi passed away. When she was alive, she continued to remain in the material world by passing on several of her house keeping skills. She had also set up Bhagwanti Oberoi Charitable Trust. Mr. M. S. Oberoi's daughter Rajrani runs the country's first boutique Imperial, Rani Sarees, Swaraj runs ritika Bookshops and Prem runs silhouette beauty parlours. The Oberoi group laid down its standard rule NO EFFORT IS TOO BIG, NO DETAIL TOO SMALL and still sticks to it.

ITC Limited

ITC was incorporated on August 24, 1910 under the name of imperial tobacco company India ltd. Its beginning was humble. A leased office on radha bazaar lane, Kolkata, was the center of the company's existence. The company's ownership progressively indianized, and the name of the company was changed to i.t.c. Limited in 1974. In recognition of the company's multi-business portfolio encompassing a wide range of businesses - cigarettes and tobacco, hotels, information technology, packaging, specialty papers, paper boards, agriculture - exports and lifestyle retailing the full stops in the company's name were removed effective September 18, 2001. The company now stands rechristened ITC limited. In 1975 the company launched its hotels business with the acquisition of a hotel in Chennai which was rechristened ITC – Welcom group hotel chola. Since then its hotel business has grown to occupy a position of leadership, with 44 owned and managed properties spread across India. It also has marketing and the reservation arrangements with the Sheraton corporation, the reputed international hotel chain. In 1979, ITC entered the paperboard business by promoting ITC bhadrachalam paperboards ltd. Today, it has become the market leader in India. In 1985, ITC set up Surya Toabacco Company in Nepal as a joint venture with the reputed soaltee group. In August 2002, Surya Tobacco became a subsidiary of ITC ltd. Its name was changed to Surya Nepal Private Ltd. In 1990, ITC acquired Tribeni Tissues Limited, a specialty paper manufacturing company and a major supplier of tissue paper to the cigarette industry. In 1990, ITC leverage its agriculture-sourcing competency, ITC set up the international business division for export of agriculture-commodities. The division is today one of India's largest exports. Recently, ITC's packaging and printing business has launched a line of high quality greeting cards under the brand name expressions. ITC has also entered the lifestyle retailing business with the wills sport range of international quality relaxed wear for men and women. ITC has spun off its information technology business into a wholly owned subsidiary. ITC InfoTech India Ltd., pursue emerging opportunities in this area.

ITC Hotel: ITC entered the hotels business in 1975 with the acquisition of a hotel in Chennai, which was rechristened ITC – welcome group hotel chola. The ITC – welcome group is India's finest and fastest growing hotel chain. It consists of 44 hotels across India, which includes five-star deluxe business hotels, heritage palaces and havelis and full service budget hotels. These hotels are managed by ITC's subsidiary, ITC hotels ltd. ITC – welcome group hotels are marketed worldwide by the Sheraton corporation, which is a part of Starwood hotels and resorts, the well-known global hospitality chain. ITC pioneered the concept of branding hospitality services including cuisine. ITC –welcome group was the first to launch the powerful idea of a hotel within a hotel by segmenting and branding the hotel services. It created the exclusive ITC one, ITC towers and the executive club to pamper the global business traveler with unmatched quality and range of services. Similarly, ITC – welcome group created the welcome heritage brand of hotels, which are rooted in the rich Indian cultural inheritance of palaces, havelis and resorts. Welcome heritage hotels have succeeded in preserving the royal ambience of magnificent palaces, legendary castles and romantic resorts, even as it operates a fine range of hotel services inside these architectural

legacies. ITC was also the first to brand its cuisines. The bukhara, the dakshin and the dum pukht are today powerful cuisine brands which delight connoisseurs in restaurants in several ITC - welcome group hotels. ITC hotel Maurya Sheraton was the first hotel in India to be accorded the ISO 14001 certification for its environment management systems.

Maurya has also become the first hotel in India to be awarded the golden peacock environment management award for 2001 by the world environment foundation. It has also won the British safety councils sword of honor thrice. It has twice won the international hotels and restaurants association environmental award. Mughal Sheraton, Agra, was Asia's first winner of the agha khan award for architecture. Bay Island at Port Blair, Andaman was presented the tourism for tomorrow award by British Airways. The prestigious golden fork award, was also bestowed, by the International Food and Wine Writers Guild, to Bukhara and Dum Pukht Restaurants at the Maurya Sheraton.

Ambassador Group Of Hotels

Narangs International Hotels Private Limited and its subsidiaries is a family owned company having interests in hotels, flight catering units, fast food outlets and windmill power generation. The shareholders of the company are family members, namely, Mr. Rama Narang, along with his three sons Mr. Ramesh Narang, Mr. Rajesh (Bobby) Narang and Mr. Rakesh (Rico) Narang. Mr. Ramesh Narang is the single largest shareholder of the company, who along with his other two brothers, Mr. Rajesh Narang and Mr. Rakesh Narang are the majority shareholders. The only Directors of the company as appointed on 4th May, 1999 are as follows:

1. Mr. Rama Narang, Chairman and Managing Director for life. 2. Mr. Ramesh Narang, Joint Managing Director for life. 3. Mr. Rajesh Narang, Whole Time Director for life. After Mr. Rama Narang, Mr. Ramesh Narang reverts back to being the Chairman and Managing Director of the company as was the position held by him prior to May 1999.

- The Company owns and operates hotels under the '**Ambassador**' brand which are centrally located in the city of Mumbai, Aurangabad and Chennai with sales offices in Delhi, Bangalore, Mumbai, Aurangabad and Chennai.
- The Company is the pioneer in the field of in-flight catering since 1942 and own and operates the largest catering units at Mumbai and Delhi under the brand name '**The Ambassador's Sky Chef**'. The Ambassador's Sky Chef has won numerous awards / trophies and appreciations for their innovative and catering expertise.
- The Company is also in the fast food retail business under the brand name '**Croissants etc**' operating numerous outlets in and around Mumbai.
- As a major diversification launch and to show growing concern towards environment, the Company ventured into harnessing wind for generating electric power through 25 windmills on 110 acres of land installed in the state of Tamil Nadu.
- The Company directly and indirectly employees over 5000 employees in its various units across the country.
- The company is looking at diversifying into Infrastructure development on the real estate projects held by the company and is also considering joint ventures with overseas partners.

Best Western India

Best Western International is THE WORLD'S LARGEST HOTEL CHAIN, providing marketing, reservations and operational support to over 4,000 independently owned and operated member hotels in 80 countries and territories worldwide. An industry pioneer since 1946, Best Western has grown into an iconic brand that hosts 400,000 worldwide guests each

night. Best Western's diverse property portfolio, its greatest strength, stems from a business model designed to give owners maximum flexibility to address market-specific needs. Equally committed to the business and leisure traveler, Best Western recently embarked on a five-year mission to lead the hotel industry in customer care. Since 2004, Best Western has served as the Official Hotel of NASCAR.

Best Western India, a part of the world's largest hotel chain Best Western International (BWI) is on an impressive expansion spree and has grown from a portfolio of six hotels, to 20 hotels. Of these, seven are fully operational while the rest are fast nearing completion. The Best Western India footprint now includes BW Capitol Hotel, located in the heart of Bangalore, extending its presence in the fast growing city.

Best Western India is part of THE WORLD'S LARGEST HOTEL CHAIN. Best Western India is expanding from 7 properties now to 12 properties by second quarter, 2009. With an active pipeline in place, the expected footprint is 20 properties by 2009 year-end and 100 hotels in the next decade. By the end of the year, BW Marickar Hotels & Suites, Nedumbassery in Cochin will be operational after renovation, while new properties in Neral and Ratnagiri will follow soon thereafter. 2009 is expected to be an important year for the Best Western brand, as a Signet Hotels 4-star, 100 room property in Navi Mumbai will be launched towards the latter half of the year. 2009 will also see the opening of another Signet Hotels property in Electronic City, Bangalore. Sudhir Sinha was appointed as Head of Best Western India in 2008. He was designated as President and Chief Operating Officer of hotel chain Best Western India

In 2007 Best Western International, Inc. entered the Indian market through master licensee Cabana Hotel Management Pvt. Ltd. The collaboration will add more than 100 hotels and 10,000 rooms to the burgeoning Indian hospitality market over the next decade. Cabana Hotels is planning a major investment of more than \$1.2 billion in Best Western-branded hotels, including the building or converting hotels at 3, 4, and 5-star levels in markets including Mumbai, Delhi, Bangalore, Bhubaneswar, Ooty, Rameshwaram, Hyderabad and Kanyakumari.

U.P Hotels LTD (Clarks Hotel)

The Clarks Group of Hotels (U. P. Hotels) which is a well established name in Hospitality Industry in India, which was started by late Shri. Brijpal Das Ji way back in 1949, having more than 100 years of experience of trading Jeweler, Textile and International trading. To expand its business of Hotels a new company was incorporated in February 1961 in the name of U. P. Hotels Limited. The first five star hotel of India was registered by U. P. Hotels Limited in 1962--Hotel Clarks Shiraz of 237 rooms, near the Taj Mahal in Agra.

Thereafter 2 five star hotels were opened in Jaipur of 216 rooms and in Lucknow of 100 rooms in the year 1973. For example Hotel Clarks Khajuraho of 105 rooms came up in 1998 at Khajuraho. As on date the company owns and manages 5 five star hotels in Agra, Lucknow, Jaipur and Khajuraho & Varanasi under the brand "Clarks" which is also owned by U.P Hotels Limited. Company also promoted a new company in the name of Great Value Hotels Ltd. on the concept of taking hotels on license basis and running it with its own team of experts and experienced people. Besides this the company also started two companies in the name and style of CLARKS BRIJ HOTEL INDIA (P) LIMITED & CLARKS INN which takes hotels on management contract basis and has already hotels in Sahibabad, Gorakhpur, Goa, Bangalore, Delhi NCR, New Delhi, and Alwar in its fold, while 12 others are currently

in the pipeline. The Clarks Group of Hotels has also launched a home-stay programme, 'Jaipur Pride Project' in Jaipur and Delhi with an objective of helping inclusive growth by distributing the wealth of tourism to larger scheme of society. It is the first branded, standardized home stay.

ITDC Hotels

The ITDC Ashok Group of hotel chains manages some of the best 5-star and luxury tour hotels in the Indian hospitality industry, including 33 hotels in 26 different tourist destinations all over India. The hotels run by the ITDC Ashok Group of hotel chains may be divided into different categories, namely, elite hotels, comfort hotels and classic hotels. This includes Hotel Ashok, New Delhi, Kovalam Ashok Beach Resort in Kovalam, Kerala, Agra Ashok in Agra, Lalitha Mahal Palace Hotel, Mysore, etc. Most of the ITDC hotels have had the privilege of playing host to several international and national dignitaries. The accommodation provided in ITDC Group of Hotels feature the best of the modern and the traditional, with the centrally air-conditioned guestrooms being decorated with elegant interiors, and provision for state-of-the-art modern amenities like satellite television, percolators and wireless Internet Connections. Along with dining at ITDC it offers cuisines ranging from Continental to Chinese and local Indian dishes that would make your dining experience unforgettable. Enjoy an enchanting rendezvous of glistening crystal and glass at The Garden Bar in Hotel Ashok, New Delhi. Conference & Banqueting Facilities at ITDC hotels have provision for exquisite business conference facilities, aided with the latest audio-visual equipments. And also other facilities offer to suit your entire family, as well as the business traveler; ITDC hotels have special packages to make your stay at the hotels memorable. Besides, there are amenities like childcare, foreign currency exchange, travel desk, and so on.

Jaypee Group Hotels

Formerly known as the Jayprakash Associates, the Jaypee group began its journey in 1972. After three decades of growth and diversification the group has forayed into a wide spectrum of industries ranging from; hydro power to cement manufacture to education to IT to civil engineering. The Jaypee Group entered the hospitality industry in 1981. The Jaypee group owns four 5 star deluxe hotels at New Delhi, Agra and Mussoorie. Jaypee group hotels are the other name for comfort, luxury and hospitality.

Man Singh Group Hotels

Man Singh group, the name assigned by the first hotel of the group, Hotel Man Singh Jaipur, commenced its foray into hotels back in the early 1980s, when Indo-Continental Hotels & Resorts Ltd, owners of Hotel Man Singh was taken over by the family. Since then, keeping alive the age old Indian traditions including its Rajas & Maharajas, wild fantasies, diverse cultures and legendary hospitality, Man Singh Group Hotels has been bringing to you luxurious comfort at the royal, historic cities of Agra, Ajmer and Jaipur, namely, Man Singh Palace Agra, Hotel Man Singh Jaipur, Man Singh Palace Ajmer, and Man Singh Towers Jaipur. The Man Singh Group of Hotels offers accommodation which features to the best of the modern and the traditional, with the centrally air-conditioned guestrooms having elegant interiors that have immaculately blended the traditional Indian architecture of temples, mausoleums and homes, and state-of-the-art modern amenities like satellite television, percolators and wireless Internet Connections. The Man Singh hotels offer you cuisines ranging from Continental to Chinese and local Indian dishes that would make your dining experience unforgettable. Work out your taste buds with the Continental, Chinese, Mughlai & Rajasthani delicacies offered at the Sheesh Mahal restaurant at Man Singh Palace, Ajmer.

Conference & Banqueting Facilities: The Man Singh hotels have provision for business conference and banqueting facilities, aided with the latest audio-visual equipments.

Other facilities: To suit your entire family, the Man Singh hotels have special packages to make your stay at the hotels memorable. That apart, there are amenities like childcare, foreign currency exchange desk, etc.

Neemrana Hotels

Neemrana Hotels which is located 122 km from New Delhi, Neemrana derived its name from the brave local chieftain Nimola Meo, who when defeated by the Chauhans, pleaded that his name be given to his lost kingdom. Nestled in the Aravalli Hills of Rajasthan's Alwar district, Neemrana is a nothing short of a paradise during the winter months. Located in Neemrana are the heritage hotels of the Neemrana Group, offering a unique blend of royal experience and rich hospitality. There are 11 Neemrana hotels i.e., The Hill Fort Kesroli, Neemrana Fort Palace, Bungalow on the Beach, Hotel De L'Orient, The Ramgarh Bungalows, The Verandah in the Forest, Villa Potipatti, Wallwood Garden, The Piramal Haveli, The Pataudi Place, and The Glasshouse of the Ganges.

The Neemrana Group of Hotels feature the best of the modern and the traditional, with the centrally air-conditioned guestrooms being decorated with elegant interiors, and provision for state-of-the-art modern amenities like satellite television, percolators and wireless Internet Connections. The Neemrana hotels offer you cuisines ranging from Continental to Chinese and local Indian dishes that would make your dining experience unforgettable. At the Neemrana FortPalace alone there are 8 eat-outs, specializing either in Breakfast or Lunch/Dinner or Snacks.

Conference & Banqueting Facilities: The Neemrana hotels have provision for exquisite business conference facilities, aided with the latest audio-visual equipments.

Other facilities: To suit your entire family, as well as the business traveler, Neemrana hotels have special packages to make your stay at the hotels memorable. Besides, there are amenities like childcare, foreign currency exchange, travel desk, and so on.

Peerless Group of Hotels

The Peerless Group of Hotels is just the perfect address you would wish to have if you are in search of the legendary Indian hospitality. At the height of luxury, this famous chain of hotels provides comfort that is guaranteed to satisfy. The accommodation facilities provided at the Peerless group of Hotels provides travelers with comfort at rates that are extremely affordable. The Peerless Group of Hotels offer world class dining facilities. These include multi-cuisine as well as specialty cuisine restaurants in addition to other eating joints such as bars, coffee shops and confectioneries. Banquet and conference facilities are also available at the Peerless Group of Hotels. The facilities are accompanied by hi tech gadgets that can really make the difference in your event. It also provides other facilities such as Wake Up Service / Concierge / Business Center / Business Services / Airport Shuttle / Restaurant / Health Club / Massage Room / Room Service / Complimentary Breakfast / High Speed Internet Access / Meeting Facilities / Audio/Visual Equipment / ATM/Banking / Broadband Internet Access / Cable / Satellite Television / Ensuite Bathroom / IDD Telephone / In Room Safe / Mini Bar / Voicemail / Currency exchange / Doctor on call / Laundry / Safety deposit box / Tour desk / Banqueting / Business centre / Meeting facilities / Secretarial services / Florist / Gymnasium / Shopping arcade etc.

Sarovar Park Plaza Hotels

India is a tourist's paradise, possessing within herself almost everything that encourages visitors. Whether it is the majestic beauty of her mountains or the magnetic attraction of her seas, India is a land of never-ending mysteries. Coupled to these are the inviting options of accommodation that surrounds almost all the nooks and corners of the country. An important role in the provision of these accommodation facilities is provided by chains of hotels like the Sarovar Park Plaza Hotels. Owned by the Sarovar Hotels & Resorts, the group consists of 28 hotels scattered all across India and also overseas. The world-class luxuries of the Sarovar Park Plaza Hotels are available at the cities like Agra, Ahmedabad, Amritsar, Bangalore, Chennai etc.

Sinclair Group of Hotels

With its commitment to provide —The good life to its guests, the four Sinclairs hotels and a resort top the accommodation choice of leisure and business travelers alike. The informal and relaxed air of the Sinclair Group of Hotels is as therapeutic for the jaded vacationer as the efficient Conference and corporate specific facilities ensure smooth operation of business for its Executive guests.

While the Hotel's Conference and Banquet halls are prime choice of venue for meetings, conferences, seminars, social gatherings and private functions, the specialty cuisine served at its restaurants are a rage with tourists and locals alike.

Located amidst the spoilt stretches Nature in Darjeeling, Siliguri, Port Blair, Ooty and Chalsa, each Sinclairs hotel is a holidaymaker's paradise.

The Hospitality team at the Sinclair Group of Hotels caters to every specific need of their valued guests from the moment they book themselves in one of the hotels. For an experience of lifetime check in at the Sinclair Group of Hotels and let nature heal your mind, body and soul as they recuperate from the bruises of a hectic lifestyle- the side effect of over development.

INTERNATIONAL HOTEL CHAINS

INTER-CONTINENTAL HOTELS GROUP: InterContinental Hotels Group (**IHG**) is a global hotels company headquartered in Denham, United Kingdom. It is the largest hotels company in the world measured by number of rooms (with 646,000 as of January 2010), and has over 4,500 hotels in over 100 countries. Its brands include InterContinental, Holiday Inn and Crowne Plaza. Around 3,800 of the company's hotels operate under franchise agreements, around 630 are managed by the company and 16 are owned.

Bass Hotels

InterContinental Hotels Group can be traced back to 1777 when William Bass established the Bass Brewery in Burton-upon-Trent. In 1876, their red triangle trademark was the first registered in the United Kingdom. In 1989, the British Government limited the number of pubs brewers could directly own, so Bass began to grow their small line of hotels. In 1990, they purchased Holiday Inn International from Kemmons Wilson, expanding themselves into North America. The InterContinental brand began in 1946 as part of Pan American Airways under Juan Trippe, when the first hotel opened in Belem, Brazil. In 1981, holding company InterContinental Hotels Corporation was sold to UK-

based company Grand Metropolitan. As Grand Met focused its core business and expanded into fast food through the purchase of Burger King, ICH was sold to fund the restructure in 1988 to Japanese based Saison Group.

Operations: IHG is primarily engaged in managing hotels owned by other parties and in franchising its hotel brands. That is, it sells its expertise in hotel management, systems, and marketing, while leaving investment in real property, which is far more capital intensive, requires different skills, and has a different risk profile, primarily to its partners. This is not an unusual arrangement in the hotel industry. As of 2007 it franchises over 3,200 hotels, manages over 510 and owns only 18. The owned hotels do however include many of the key properties of company's flagship InterContinental brand.

Wyndham Hotel Group

Wyndham Worldwide is the holding company for Wyndham Hotels & Resorts, Group RCI and other lodging brands. It was spun off from Cendant Corporation in July 2006. Wyndham Worldwide, headquartered in Parsippany-Troy Hills, New Jersey, operates several hotel brands across the world. Wyndham Hotel Group is the world's largest provider and franchisor of a diverse field of travel-related products and services for businesses and individual consumers, with brands in lodging franchising, vacation ownership, vacation rentals and vacation exchange. It is composed of nearly 6900 hotels under 12 brands spanning 50 countries and 6 continents, competing in brand markets ranging from economy to upscale. Wyndham Worldwide is headquartered in Parsippany, New Jersey, with more than 25,000 employees around the world. Wyndham Hotel Group's Wyndham Rewards loyalty program is the largest in the lodging industry as measured by the number of participating hotels. Lodging management services are provided to upscale properties through Wyndham Hotel Management.

Wyndham Franchisee Association: Wyndham Worldwide's franchisees have formed an independent association to present their concerns and grievances to Wyndham Worldwide. Owners 8 Association has argued that individual franchisees have currently limited role in Wyndham's decision making.

Wyndham Hotel Group's CEO Eric A. Danziger in an interview with Asian Indian Hotel Owners magazine Hotel Vikas emphasized that Wyndham maintains cordial relationship with franchisees. He also stated that each of Wyndham brands maintain an advisory board. The advisory board members are the individual property owners.

Marriott International

Marriott International, **Inc.** is a worldwide operator and franchisor of a broad portfolio of hotels and related lodging facilities. Founded by J. Willard Marriott, the company is now led by son J.W. (Bill) Marriott, Jr. Today, Marriott International has about 3,150 lodging properties located in the United States and 67 other countries and territories.

Marriott's operations are grouped into the following five business segments:

- Fullservice lodging - 65%
- Selectservice lodging - 11%
- Extendedstay lodging - 5%
- Timeshare- 15%
- Synthetic fuel- 4% (primarily a tax shelter)

History: Marriott was founded by J. Willard Marriott in 1927 when he and his wife opened a root beer stand in Washington D.C. As a Mormon missionary in the sweltering, humid summers in Washington D.C, Marriott was convinced that what the city needed was such a place to get a cool drink. They later expanded their enterprises into a chain of restaurants and hotels. The Key Bridge Marriott in Arlington, Virginia is Marriott International's longest operating hotel, and celebrated its 50th anniversary in 2009. Their son and current Chairman and Chief Executive Officer, J.W. (Bill) Marriott, Jr. has led the company to spectacular worldwide growth. Today, Marriott International has about 3,150 lodging properties located in the United States and 67 other countries and territories. Marriott International was formed in 1992 when Marriott Corporation split into two companies, Marriott International and Host Marriott Corporation.

The Ritz began expansion into the lucrative timeshare market among other new initiatives made financially possible by the deep pockets of Marriott, which also lent its own in-house expertise in certain areas. There were other benefits for Ritz-Carlton flowing from its relationship with Marriott, such as being able to take advantage of the parent company's reservation system and buying power. The partnership was solidified in 1998 when Marriott boosted its interest in Ritz-Carlton to 99 percent. By 1999 revenues from the 35 hotels it operated around the world totaled about \$1.4 billion.

Marriott International owned Ramada International Hotels & Resorts until its sale on September 15, 2004 to Cendant. It is the first hotel chain to serve food that is completely free of Trans fats at all of its North American properties.

Terrorist attacks: Several Marriott hotels around the world have been the target of bombings.

- Marriott World Trade Center, indirectly destroyed during the September 11, 2001 attacks
- 2003 Marriott Hotel bombing
- 2008 Islamabad Marriott bombing
- 2009 Jakarta bombings

Hilton Hotels Corporation

Hilton Worldwide (formerly, **Hilton Hotels Corporation**) is a global hospitality company. It is owned by the Blackstone Group, a private equity firm. As of January 2009 Hilton brands encompass 3,200 hotels with 545,000 rooms in 77 countries. Hilton is ranked as the 43rd largest private company in the United States by Forbes. The company owns, manages or franchises a portfolio of brands, including Hilton Hotels & Resorts, Conrad Hotels, Doubletree, Embassy Suites Hotels, Hampton Inn, Hampton Inn & Suites, Hilton Garden Inn, Hilton Grand Vacations Company, Homewood Suites by Hilton, Home2 Suites by Hilton and The Waldorf-Astoria Collection. It was founded by Conrad Hilton in Cisco, Texas and was headquartered in Beverly Hills, California from 1969 until 2009. The company moved to Tysons Corner, unincorporated Fairfax County, Virginia, near McLean in August 2009.

HISTORY: Conrad Hilton founded the original company in 1919 with one hotel in Cisco, Texas. The Hotels name is Mobley Hotel. The company separated its international operations into a separate traded company on December 1, 1964, known as Hilton International Co. In 1967 Trans World Corp., the holding company for Trans World Airlines, acquired the separated company. In 1986 it was sold to UAL Corp., the holding company for United Airlines, who became Allegis Corp. in an attempt to re-incarnate itself as a full service travel company encompassing Westin Hotels and Hertz rental cars in addition to Hilton International and United Airlines. In 1987 after a corporate putsch, the renamed UAL Corp. sold Hilton International to Ladbroke Group plc, a British leisure and gambling company, which in May 1999 adopted the name Hilton Group plc. As a result, there were two separate, fully independent companies operating hotels under the Hilton name. Those Hilton Hotels outside the US were, until recently, styled as Hilton International hotels. In addition, for many years hotels run by the Hilton Group in the US were called Vista International Hotels, while hotels operated by the American arm of Hilton outside the US were named Conrad Hotels. The Vista chain has been phased out, while Conrad is now restyled as one of the luxury brands of Hilton (along with The Waldorf-Astoria Collection) and operates hotels within the US, as well as abroad. To minimize consumer confusion, the American and British Hilton companies, from the 1990s onwards, had a joint marketing agreement under which they shared the same logos, promoted each others' brands and maintained joint reservation systems.

In 1971, Hilton acquired International Leisure Company, including the Las Vegas Hilton and Flamingo Hilton. On December 29, 2005, Hilton Hotels Corporation agreed to re-acquire the Hilton International chain from its British owner, Hilton Group plc, for GBP 3.3 billion (or \$5.71 billion). As well as bringing the two Hilton companies back together as a single entity, this deal also included Hilton plc properties operating as Conrad Hotels, Scandic Hotels and Living Well Health Clubs. On February 23, 2006, the deal closed, making Hilton Hotels the world's fifth largest hotel operator in number of rooms. Hilton Group PLC (headquartered in the UK) then renamed itself Ladbroke plc. In February 2009, Hilton Hotels Corp., announced that its headquarters were moving from its three buildings on Civic Center Drive in Beverly Hills to Fairfax County, Virginia, located between Washington, D.C. and Dulles International Airport. Just across the Potomac River is Montgomery County, Maryland, home to a number of Hilton's competitors including Marriott International, Ritz-Carlton, Host Hotels & Resorts, and Choice Hotels, and was also considered for the relocation along with Washington. The move was expected following to the 2007 acquisition, in order for the headquarters to be nearer to The Blackstone Group's New York headquarters.

Accor

Accor is a French multinational corporation, part of the CAC 40 index, operating in nearly 100 countries. Headquartered in Courcouronnes, Essonne, France, near Évry, Accor is the European leader in hotels (Accor Hospitality) and a global leader in corporate services (Accor Services). Accor Hospitality, the Accor hotels branch, has more than 4,000 hotels worldwide, ranging from economy to luxury. Through Accor Services, Accor also runs service vouchers to over 430,000 companies and institutions and 30 million users in 40 countries: Ticket Restaurant, Luncheon Vouchers, Ticket Alimentação, Clean Way, Ticket Service, Childcare Vouchers, Eyecare Vouchers, Bien-

Etre à la Carte, Worklife Benefits, EAR, Accentiv', Académie du Service, Tesorus, Ticket Compliments. The company intends to demerge its Accor Services unit in 2010.

HISTORY: In the 1960s, the travel industry in France was booming, but many new hotels were concentrated only in major urban areas such as Paris. At the time, Paul Dubrule and Gérard Péliesson were both living in the United States, working for major computer firms. They went into business together, and in 1967, founded the SIEH (Société d'investissement et d'exploitation hôteliers) hotel group. Having seen the success of American lodging properties in suburban areas and along major highways, Dubrule and Péliesson opened their first American-style Novotel hotel outside of Lille in northern France. In 1974, they launched the Ibis brand with the opening of the Ibis Bordeaux. The following year, SIEH acquired the Courtepaille and Mercure brands, and in 1980 the Sofitel hotel brand, which then consisted of 43 hotels. Two years later, in 1982, the SIEH bought out Jacques Borel International, the then world-leading brand offering restaurant vouchers.

Sustainable development: In October 2009, Accor was ranked number one for sustainability among the world's 10 largest hotel groups. The London-based sustainability consultancy Two Tomorrows, which produced the rating, recognized Accor's efforts to tackle —key sustainability challenges facing the hotels sector and for designing —a comprehensive approach to managing them.¶

Choice Hotels

Choice Hotels International is a hospitality holding corporation which owns several hotel brands and is based in Silver Spring, Maryland. In 2008, Choice Hotels' total revenue was \$642 million, of which \$637 million was from Franchise and \$4.94 million was from Corporate Items.

History: The company was started in 1939 in Maryland as Quality Courts United, a referral chain consisting of about seven motel owners. Later, the motel chain operated simply under the name Quality Motels (1969–71) and Quality Inns (since 1972). Quality Courts United accepted franchise hotels without strict norms or guidelines from the company. This is different from Holiday Inn which from their early beginnings implemented numerous mandatory standards and guidelines (e.g. room size and amenities) at every one of their locations. Also, Quality Inn accepted franchisees with existing hotels. During its early years, Quality Courts' operations were entirely in areas of the U.S. east of the Mississippi River and portions of Canada. From 1946 to 1964, Quality had a marketing partnership with Best Western, whose properties were located mostly west of the Mississippi River, and thus not in direct competition with Quality. While this partnership made sense geographically, it did not work well in the long run, and was abandoned in 1964 as Best Western expanded into the Eastern U.S. with its Best Eastern operation (which was replaced by a nationwide Best Western operation in 1967). Quality Courts began its efforts toward national coverage in 1966 when it opened a motel in St. Louis, Missouri and two in Texas at Houston and Arlington.

The company became Quality International as the company switched to franchising in 1972. A few years later, the franchising well on its way, about 300 hotels were independently owned and only about 38 were still company-owned. In 1982, Quality Inns pioneered segmentation in the lodging industry by introducing Comfort Inns and Quality

Royale. Comfort Inn competes with such chains such as America Inn Hotels, Baymont Inn & Suites, and Fairfield Inn by Marriott; Quality Royale was meant to compete with upper mid-priced chains like Red Lion and Four Points by Sheraton. Comfort Inn experienced impressive growth in the 1980s and 1990s. Quality Royale was converted to Clarion Hotels in 1987. It represented a line of full-service hotels that offer travelers a variety of hotel styles and locations, from city centers, airport, and resorts. Clarion provides a full spectrum of services - including full service restaurants, lounges, room service, and banquet and conference centers. Clarion's boutique line, Clarion Collection (now Ascend Collection), is an extension of the brand. Ascend Collection is designed for high-end, boutique and historic hotels that have an established local identity. Clarions compete with hotel chains like Red Lion, Radisson, and Four Points by Sheraton. Internationally, over 300 Clarion Hotels are open with several more under development. In 1989, the company introduced Sleep Inn, an economy brand utilizing a consistent interior corridor design prototype and all-new construction, designed by Rob Spurr. Sleep Inn and Sleep Inn and Suites are lower mid-priced and can be compared to Marriott's Fairfield Inn, Wyndham's Microtel, Hilton's Hampton Inn, or I.H.G's Holiday Inn Express. The first location opened in the United Kingdom in 1989. Since then, over 320 locations are open. All offer a "Morning Medley" deluxe continental breakfast, swimming pools at most locations, free local calls, and a consistent exterior/interior design. The brand is receiving its first major facelift in history with its "Brand Refresh". This is essentially a modernization of all properties by 2012 with new boutique-inspired guest rooms and public spaces.

In 1992 Choice Hotels became the largest franchise hotel chain in the world.

In January 2005 Choice Hotels introduced a new upscale, all-suite hotel designed in contemporary style called Cambria Suites. The first Cambria Suites opened in Boise, Idaho on April 17, 2007. Approximately 20 Cambria Suites hotels are planned, with locations such as Bloomington, Minnesota and Savannah, Georgia scheduled to open in 2007. In September 2005 Choice Hotels acquired the Suburban Extended-Stay Hotel chain, which consists of 67 extended stay hotels. In 2008 the company introduced the Ascend Collection (formerly Clarion Collection), an elite upscale membership collection of historic, boutique and unique hotels.

Best Western

Best Western International, Inc. is the world's largest hotel chain, with over 4,000 hotels in nearly 80 countries. The chain, with its corporate headquarters in Phoenix, Arizona, operates more than 2,000 hotels in North America alone. Best Western has a marketing program involving placement of free Wi-Fi access hotspots in its hotels. Since 2002, Best Western International has begun creating an upscale brand for some properties located in Europe and Asia: Best Western Premier. Unlike other chains, which are often a mix of company-owned and franchised units, each Best Western hotel is an independently owned and operated franchise. Best Western does not offer franchises in the traditional sense (where both franchisee and franchisor are operating for-profit), however. Instead, Best Western operates as a nonprofit membership association, with each franchisee acting and voting as a member of the association.

History: Best Western began in the years following World War II. At the time, most hotels were either large urban properties, or smaller family owned roadside hotels. In

California, a network of independent hotel operators began making referrals of each other to travelers. This small and informal network eventually grew into the modern Best Western hotel chain founded by M.K. Guertin in 1946.

The name "Best Western" was a result of most of their properties originally being located in the Western part of the United States west of the Mississippi River. From 1946 to 1964, Best Western had a marketing partnership with Quality Courts, the forerunner of the chain known today as Quality Inns, whose properties were located mostly east of the Mississippi River, and thus not in direct competition with Best Western. While this partnership made sense geographically, it did not go over well in the long run, and was abandoned. In 1964, Best Western launched an expansion effort of its own operations east of the Mississippi by using the moniker "Best Eastern" for those properties with the same typestyle and Gold Crown logo as "Best Western." By 1967, the "Best Eastern" name was dropped and all motels from coast-to-coast got the "Best Western" name and Gold Crown, a move that would further enhance an already successful marketing brand into the "World's Largest Hotel Chain" by the 1970s. Best Western's "Gold Crown" logo was introduced in 1964 and would continue with a few minor revisions over the next 30 years until it was replaced by the current blue and yellow logo in 1994.

Best Western Australia and New Zealand: In 1981, Homestead Motor Inns of Australia affiliated with Best Western. This move put 'International' after the Best Western name. The company has been known as Best Western International ever since. In early 2007, Best Western Australasia took over the rights to operate Best Western properties in New Zealand from the previous company, the Motel Federation of New Zealand. This was a bold but beneficial move for the brand as it made way for better quality properties to be brought into the brand. Currently, Best Western Australasia has 205 properties in the group (11 in New Zealand and 194 in Australia).

Starwood Hotels & Resorts Worldwide

Starwood Hotels & Resorts Worldwide, Inc. is a hospitality ownership and management organization, headquartered in White Plains, New York. One of the world's largest hotel companies, it owns, operates, franchises and manages hotels, resorts, spas, residences, and vacation ownership properties under its nine owned brands. As of December 31, 2008, Starwood Hotels & Resorts Worldwide, Inc. owned, managed, or franchised 942 properties employing over 145,000 people, of whom approximately 36% were employed in the United States.

HISTORY: Starwood Hotels and Resorts were originally formed by the real estate investment firm Starwood Capital to take advantage of a tax break; at the time the company was known as Starwood Lodging. Initially, Starwood Lodging owned a number of hotels throughout North America, all under different brand names. The Westin Hotel Company was purchased in 1994 from Aoki Corporation of Japan. Starwood acquired the Sheraton, Four Points by Sheraton, and The Luxury Collection brands from ITT Sheraton in 1998.

In 1999, Starwood launched their "W" Hotels brand. In September 2005, Starwood announced the launch of aloft, a new hotel brand based on W. aloft Hotels catered toward business travelers. Starwood intends to have 500 aloft hotels worldwide by 2012. In 2005,

Starwood purchased the Le Méridien brand, which greatly increased the company's operations in Europe.

Westin: The Westin Hotels and Resorts brand is Starwood's largest upscale hotels and resorts brand, and it is the oldest brand within Starwood. Apart from its stylized font, Westin's official logo is seldom used. It is either red or black, which usually depends on what the respective text color of "Westin" is. **Four Points by Sheraton:** Four Points by Sheraton was launched in 1995 as a mid-scale hotel brand. Originally the brand was created by re-naming existing Sheraton "Inns" (a smaller, limited service version of Sheraton Hotels). The new name avoided the confusion some guests found in having two hotel categories (full service and mid-scale) with the same name (Sheraton).

W Hotels: W Hotels is Starwood's luxury boutique hotel brand. The hotel brand, which generally markets towards a younger crowd, was launched in 1998 with its first property, W New York, at 541 Lexington Avenue in Manhattan. The brand has expanded internationally with properties opening first in Mexico City, Seoul, and Istanbul. The brand's first resort property is W Maldives Retreat & Spa.

The W Barcelona hotel was the W's first in Western Europe and opened in October 2009. It features a futuristic design by architect Ricardo Bofill in the shape of a sail. Standing 26 stories tall, it can be seen from all over the city. The property is located next to the beach and boasts private access to it. It also includes a Bliss spa, gym and conference facilities.

Carlson Hotels

Carlson (often referred to by its previous name **Carlson Companies**) is a privately held international corporation in the hotel, restaurant, and travel industries. Headquartered in the suburbs of Minneapolis, Minnesota, in the United States, Carlson brands and services, including franchised operations, employ about 150,000 people in more than 150 countries and territories. The company's 2008 sales, including those from franchised operations, totaled \$38 billion. It is one of the largest family-held corporations in the country.

History: Carlson was founded in 1938 as the Gold Bond Stamp Company by Curt Carlson, who used a \$55 loan to start his venture. Founded during the Great Depression, Mr. Carlson used "Gold Bond Stamps", a consumer loyalty program based on trading stamps, to provide consumer incentive for grocery stores.

Revenue from this business was brisk until the late 1960s, at which time trading stamps began to lose popularity and the company was renamed "Carlson Companies" in 1973 as it diversified into various hospitality and travel industries. In 1962, Carlson purchased its first Radisson Hotel in Minneapolis. It then went on to purchase T.G.I. Friday's in 1975 and Country Kitchen International in 1977, in 1987 it purchased Comfort Suites, and started Country Inns & Suites by Carlson. Carlson's economy brand, Park Inn/Suites, was launched in 1986, and a new upscale brand, Park Plaza, in 1988. In a return to its roots, the Carlson Companies started an electronic consumer incentive program named Gold Points.com in 1996. The program later was modified and became gold points plus, the incentive program of Carlson Hotels. Curt Carlson died in 1999, and the position of CEO was soon taken up by his daughter, Marilyn Carlson Nelson. Hubert Joly became Carlson's president and chief executive officer in 2008, and Nelson continues to serve as chairman of the board. Carlson's hotel business is one of the world's leading, most

innovative, hotel companies with more than 1,075 locations in 77 countries and a vibrant portfolio of great brands including Radisson, Country Inns and Suites By Carlson, Park Inn and Park Plaza. Carlson's success in the hotel space is deeply rooted in our Carlson Credo and our entrepreneurial spirit. We have seen significant global growth in recent years and we have the necessary momentum, strategies, quality, brands and resources to accelerate this expansion: we plan to increase our number of hotels by at least 50 percent in the next five years and to establish all our brands as the leaders of their segments. Carlson has a great history as a hotel industry leader.

Hyatt Corporation

Hyatt Corporation is one of the leading hotel companies in North America. Owned by the Pritzker family of Chicago, Hyatt manages or licenses the management of 87 hotels and 16 resorts (with a total of 55,000 rooms) in 83 cities in the United States, Canada, and the Caribbean. In addition to its resorts, Hyatt has also developed other special hotel concepts--the Grand Hyatt, the Park Hyatt, and Classic Residence by Hyatt. Grand Hyatts are large-scale, higher priced hotels located in culturally rich cities, with three in the United States (New York, San Francisco, and Washington, D.C.). Park Hyatts are modeled after small European hotels and are located in Chicago, Los Angeles, San Francisco, and Washington, D.C. The Classic Residence by Hyatt properties offers luxury retirement apartments for rental. Starting in the mid-1990s, the company has also sought growth opportunities in franchising, time-share properties, free-standing golf courses, and casinos.

The Founding Family: While Hyatt's history as a corporate entity dates from 1957, the Pritzker family, who built and controls Hyatt, has been active significantly longer. In the late 19th century, the Pritzkers immigrated to the United States from the Ukraine. Patriarch Nicholas Pritzker led them to Chicago, and in 1902 he founded Pritzker & Pritzker (P&P), the law firm that was to evolve into a management company and the center of the Pritzkers' many and varied investments. P&P grew, and by the late 1920s it had become a respected local firm. At that time, the Pritzkers' best client was Goldblatt Brothers, the low-priced Chicago department store chain. Through the Goldblatts, Abram (A.N.) Pritzker, Nicholas Pritzker's son, met Walter M. Heymann, then a leading Chicago commercial banker and an officer at the First National Bank of Chicago. In succeeding years A.N. Pritzker and Walter Heymann became business associates, and the powerful First National Bank of Chicago became the financial cornerstone of the Pritzker family empire.

Hyatt Emerges in the 1950s: The story of Hyatt Corporation begins with the succeeding generation of Pritzkers. By the early 1950s, Pritzker's oldest son, Jay, had become active in the family business. Something of a prodigy, Jay Pritzker had graduated high school at 14. He finished college soon thereafter and then took a law degree from Northwestern University. During World War II he worked first as a flight instructor and later for the U.S. government agency that managed German-owned companies. In that position, he sat on corporate boards with men many years his senior. An accomplished deal-maker even in his earliest years, Jay would later become well known for his quickness at sizing up balance sheets and offering deals. Jay, beginning in 1957, made the initial deals that formed the basis for Hyatt. Jay's youngest brother, Donald Pritzker, finished law school in

1959, whereupon he joined P&P. Meanwhile, the middle brother, Robert Pritzker, earned an industrial engineering degree at the Illinois Institute of Technology in Chicago and later he and Jay would found and manage the Marmon Group.

In 1957 Jay Pritzker bought a small Los Angeles International Airport motel named Hyatt House after its original owner, Hyatt von Dehn. Within four years, Jay expanded the single property into a chain of six hotels and brought Donald Pritzker to California as manager of operations, reporting to Jay. The two made a good team, with Jay's deal-making skills and Donald's managerial ability and gregarious personality. Hyatt grew rapidly during its first decade, opening small motor inns on the West Coast and one outside Chicago. The fledgling company went public in 1967, but the more important event of that watershed year was the opening in Atlanta of its first hotel with an atrium tower lobby, designed by the architect John Portman. The Portman atrium was a 21-storey interior courtyard, designed so that each hotel room entered off the high-rise open space, set off with a central glass elevator leading to all floors, and hanging green vines growing from each floor's balcony. The overall effect was revolutionary, because the Portman interior eliminated the impersonal hallway with rows of doors and brought to the hotel interior an open-air congeniality, with the spin-off of greater safety, feeling of security, and warmth. The Portman lobby became the hotel's signature and brought Hyatt to widespread notice for the first time, as well as advancing the concept of public space in buildings.

What became the Hyatt Regency Atlanta was part of the 15-building Peachtree Center. The developers of the large hotel property were in financial trouble and both Hilton and Marriott passed up opportunities to purchase the property before Hyatt did and finished construction. Soon after the hotel opened, its occupancy rate reached 94.6 percent. Hyatt grew to a chain of 13 hotels by 1969. That year, the Pritzkers set up a separate company called Hyatt International Corporation to expand the chain overseas, with its first hotel the Hyatt Regency Hong Kong. In 1972, Donald died of a heart attack at the age of 39. Jay installed his brother-in-law, Hugh M. "Skip" Friend, Jr., as the new president.

Growth in the 1970s: The company grew rapidly during the 1970s aided by the signature Hyatt design and the innovations that a young staff was able to devise. Management went wrong, however, when it was discovered in 1977 that Friend had spent \$300,000 of company money on personal expenses.

The 1980s: In 1980, Thomas Jay Pritzker, Jay's son, became president, with Jay remaining chairman and CEO. The decade started promisingly with three significant firsts in 1980: the openings of the first Park Hyatt, the first Grand Hyatt, and the first Hyatt resort. Park Hyatts were designed as smaller luxury hotels with a European style, featuring personalized service, privacy, and elegance; the first one opened in Chicago near the Water Tower. Grand Hyatts were designed for the high-end market in culturally rich destinations, and featured sophisticated leisure, banquet, and conference facilities utilizing the latest technology. Hyatt Resorts were especially designed to reflect the local area of location and offered numerous activities and facilities for their guests; the first Hyatt resort was the Hyatt Regency Maui in Hawaii.

Then in 1981, two skywalks at the Kansas City Hyatt Regency Hotel collapsed, killing 114 people and injuring 229 in what the National Bureau of Standards called the most devastating structural collapse ever to take place in the United States. Between 1981 and 1986, more than 2,000 resulting lawsuits were settled for a total of \$120 million. In June 1986, 900 individuals remaining in a federal class action suit against the hotel settled all claims for \$1,000 each. Ultimately, "gross negligence and misconduct" were attributed to engineers Daniel Duncan, Jack Gillum, and their former company, G.C.E. International Inc., whose "hurry-up" design system caused them to be pouring concrete on one part of the building while finishing the design on the rest of the building. As was the case with most Hyatt hotels at this time, Hyatt was managing the hotel for its owner and builder, Hallmark Properties, so Hyatt was not held liable. Still it did not help to have the Hyatt name associated with such a disaster. During the decade, Hyatt Corporation also became involved in an indirect way in some of the Pritzkers' nonlodging activities. Most notable was the 1983 purchase of the troubled Braniff airline through Dalfort, a Hyatt subsidiary. Under Dalfort, and with Jay Pritzker taking the lead, Braniff's losses were cut. But after a proposed merger with the also troubled Pan Am Corp. failed in 1987, Braniff was sold the following year.

Also in 1989, Hyatt introduced the Camp Hyatt program to attempt to attract more families to its somewhat business-oriented facilities. Under the program, Hyatt hotels began to offer numerous activities geared toward the toddler to preteen set, gave parents the option of taking a half-priced second room for their kids, and added menus and room service tailored for children.

1990s and Beyond: As the 1990s began, Hyatt's growth was somewhat challenged by what analysts regarded as the reluctance of some owners of new hotels to hire Hyatt as managers, given the relatively high cost of running a glitzy Hyatt hotel. In fact, Hyatt was beginning to run the risk of losing existing contracts. Seeking to streamline operations, the company laid off more than 1,000 of its work force and then embarked on a detailed appraisal of the services it was offering at its hotels. By 1994, Hyatt's gross operating profits had increased 45 percent from 1990 and the company was hearing fewer complaints from hotel owners about costs. Starting in 1994, the company moved cautiously into franchising for the first time. The first two franchised Hyatts were older hotels--the Hyatt Sainte Claire in downtown San Jose and the Hyatt Regency Pier Sixty Six in Fort Lauderdale. Scheduled to open in 1997 was a third franchised Hyatt, the Hyatt Regency Wichita, and a new downtown convention hotel. Hyatt also entered, again cautiously, the crowded time-share property market with the opening in June 1995 of a resort known as Hyatt's Sunset Harbor Key West. Hyatt was reportedly also looking for a site to move into the lucrative Las Vegas gambling mecca. In addition to its pursuit of these growth opportunities, Hyatt also strived through innovation to retain its role at the forefront of the industry. In 1994 the company tested automated check-in kiosks in a number of its hotels. The kiosks, which allowed guests to check themselves in less than one minute and even dispensed room keys, proved a success and were subsequently expanded to other Hyatts. The company also successfully introduced a telephone check-in system.

CHECK YOUR PROGRESS-VI

Q. 1 Briefly discuss about national hotel chains of India.

Q. 2 Briefly discuss about international hotel chains.

1.10 Summary

The hotel industry is part of a larger enterprise known as the travel and tourism industry. The travel and tourism industry, one of the world's largest industries, is composed of a vast group of business oriented toward providing necessary or desired products and services to travellers. While a hotel property's architecture and style may be important in setting it's them, front office personnel play an integral role in defining its image. The variety of talents and skills needed to satisfy guest needs makes front office work interesting and rewarding.

1.11 Key Terms

Accommodation: Refer to an hotel or other places that provides room for rent

ADD-ON: An extra, optional service that travelers can purchase during the bookings process.

Adventure Industry: Adventure industry refers to tour operators specialized in outdoor activities like trekking, white water rafting, major trade organisation for this industry is the Adventure Travel Trade Association.

Affiliate: A business partner within a tourist destination. For instance, a hotel might have an affiliate restaurant. The restaurant is owned and operated by the same company but is managed by different people.

Airport hotel: a hotel situated in the vicinity of airport and other ports of entry.

Casino hotel: a hotel that provides gambling facilities.

Commercial hotels: a hotel situated in the city centre or business centre, catering to the business traveler.

Condominium: a hotel owned by a single owner who might use it for some part of the year and rent it out for the remainder of the year.

Convention hotel: a hotel with a convention centre and large number of rooms to accommodate all participants of a convention.

Destination: The place to which someone is going. It's an area, a place visited by tourists.

Domestic tourism: the tourism activity of people within their own country.

Downtown hotel: a hotel located in the city centre or within a short distance from the business centre, shopping areas, public offices etc.

Extended stay hotel: a hotel where people, mainly business executives, stay for extended periods of time, providing facilities like kitchen with dishes and kitchenware, washing areas and grocery shopping services.

Franchise: an arrangement in which a private investor runs a hotel under a hotel chain on having signed a contract with the latter.

Free Independent Traveller (FIT): A person or a couple that is not travelling with a group.

Heritage hotel: a hotel set in a fort, palace or haveli.

Inbound tourist: These refer to tourists entering a particular country.

Leisure travel: Travel that is done for pleasure rather than for business. Most people who are taking leisure travel trips will want to book several different tours and excursions during their trip in order to enjoy the sights, sounds and flavor of the area they are traveling to.

Motel: a hotel for people who are travelling by car with space for parking cars near the rooms.

Outbound tourist: this refers to tourists travelling abroad for business or leisure.

Tour Operator - Develops, markets and operates group travel programs that provide a complete travel experience for one price and includes transportation (airline, rail, motor coach, and/or ship), accommodations, sightseeing, selected meals and an escort. Tour operators market directly to the consumer, through travel agents and are beginning to be listed on computerized reservation systems.

Tour Wholesaler - An individual or company that sells tour packages and tour product to travel agents. Tour wholesalers usually receive a 20% discount from accommodations, transportation companies and attractions and pass on a 10 to 15% discount to the retail agent.

Tourist/Visitor/Traveler - Any person who travels either for leisure or business purposes more than 100 miles (round-trip) in a day or who stays overnight away from his/her primary domicile.

Travel - Leisure and other travel including travel for business, medical care, education, etc. All tourism is travel, but not all travel is tourism.

Travel Agent - An individual who arranges travel for individuals or groups. Travel agents may be generalists or specialists (cruises, adventure travel, conventions and meetings.) The agents receive a 10 to 15% commission from accommodations, transportation companies and attractions for coordinating the booking of travel. They typically coordinate travel for their customers at the same or lower cost than if the customer booked the travel on his/her own.

1.12 References

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1.13 Suggested Reading

- Hotel Front Office Management - James A. Bardi, John Wiley & Sons, Inc.
- Professional front office Management – Woods & Hayes, Pearson Publication
- Front office Operations & Admin: Dennis L Foster

1.14 Terminal Questions

Fill in the Blanks

1. _____ is the movement of people from their normal place of residence to another place for minimum period of 24 hrs.
2. _____ is a place where bonafied traveler can receive food and shelter, provided he is in a position to pay for it and in a fit condition to be received.
3. Thomas Cook was the first Tour operator who organized rail tour (True/False)
4. _____ is the founder of Oberoi Group of hotels.
5. The primitive lodging house in India were known as _____
6. _____ hotel is regarding as the first business hotel in modern era
7. Hotels located at port of entry are known as _____ hotels
8. _____ hotel provide gambling to guest
9. Hotel located on the highway providing garage facility are known as _____
10. Taj Mahal palace was built in the year of 1904(True/ False)
11. _____ hotel mark the beginning of present day hotel industry.
12. Dak bungalows is the example of alternative accommodations(True/ False)
13. In ancient era small hotels in Switzerland were called as _____
14. Hotel with more than 300 guest rooms are known as very large hotel(True/ False)
15. FHRAI stands for _____
16. Hotels located in the heart of city are known as _____ hotels
17. _____ is the founder member of Leela Palaces Hotels and Resorts
18. _____ era was referred as golden era of travel

Short Answer Questions

1. What do you understand by the term tourism; explain its importance?
2. Explain the term Hospitality with its origin and growth?
3. Define the term Hotel. List the different departments of Hotel?
4. Give the reasons why people travel?
5. Write a note on Taj Group of Hotels and Resort?
6. Explain the concept of time share and condominium hotels?
7. Classify hotel in the basis of location?
8. Write Short note on Modern Era of evolution of Hotel Industry in world?
9. How will you classify Hotel on the basis of size & clientele?

Long Answer Questions

1. Trace the origin and growth of the hotel industry in India?
2. Explain the origin and growth of the hotel industry in World?
3. Explain how hotels are classified on the basis of star category and discuss who are responsible for its categorization?
4. Classify hotels on the basis of level of services and ownership?
5. The classification of hotels is very important explain, and mention the different basis of classification of hotels?
6. Throw light on the famous Indian chains running in India?
7. Exhibit the details of at least six international brands of hotel chains?

Unit 2:

FUNCTIONS OF FRONT OFFICE DEPARTMENT

Structure

- 2.1 Objective
- 2.2 Introduction
- 2.3 Types of Guest Rooms
- 2.4 Room Tariff
- 2.5 Meal Plans
- 2.6 Front Office - Meaning
 - 2.6.1 Importance of Front Office
 - 2.6.2. Front Office Layout & Design
 - 2.6.3 Front Office Equipments
 - 2.6.4 Organizational Structure of Front Office- Job Description
 - 2.6.5 Interdepartmental Communication
 - 2.6.6 Log Book
- 2.7 Guest Services & Relations
 - 2.7.1 Mail Handling Procedure
 - 2.7.2 Message Handling Procedure
 - 2.7.3 Guest Paging
 - 2.7.4 Safety Deposit Locker Procedure
 - 2.7.5 Guest Room Change Procedure
 - 2.7.6 Wake-up Call Procedure
 - 2.7.7 Guest Complains
- 2.8 Telephone Service
- 2.9 Concierge
- 2.10 Bell Desk Procedure
- 2.11 Summary
- 2.12 Key Terms
- 2.13 References
- 2.14 Suggested Reading
- 2.15 Terminal Questions

2.1 Objective

After reading this unit the student will be able to understand:-

- Different types of guest room in the hotel- their meaning
- Meaning of room tariff and various factors responsible for its fixation
- Basis for establishing the room tariff and various meal plans offered by the hotel(EP,CP,MAP,AP,BP)
- Meaning of front office and its importance
- Sections and layout of the front office

- Equipments used in the front office
- Organization of front office staff and the job description of front office staff
- The concept and importance of Interdepartmental communication and coordination
- The meaning and importance of logbook
- The importance of guest services and relations
- Procedure for handling guest mails, messages, paging, safety deposit locker and guest room change etc
- Handling other services like wakeup call and resolving guest complains
- The concept of concierge and Bell Desk
- The activities related to bell desk – baggage handling at the time of arrival and departure of guest
- Handling left luggage and other functions and errands performed by bell desk
- Handling Telephone services provided by the hotel

2.2 Introduction

One of the most important knowledge that a salesman should have - is the product knowledge of its organisation. Similarly it is very important that all those involved in selling or booking of rooms such as reservation section and front desk have full and comprehensive knowledge of rooms which they are selling. They should know what are the various types of rooms offered by the hotel, their location, situation, décor ambience and features of the room. Along with that the knowledge of the room rates and various plans which the hotel is offering is important. The price of the rooms should cover the cost of production , overheads and a fair amount of profit so that hotel business remains sustainable and profitable. The room tariff of the hotel may also be based on the choices of meal plans offered to the guest which includes room rent and the meals to the guest depending upon the need of the guest, this is done to offer different room rents along with plans to guest to offer special services to guest who provide regular business other discounts are offered on the rack rate by the hotel on the basis of the business offered by the clientele.

As says First impression is the last impression being the first department with which guest comes in the direct contact – the front office it should be well maintained organized and aesthetically attractive so as to create a lasting impression in the minds of the guest. Front office is regarded as the show window and the focal point of the hotel as it act as the interface between the hotel and the guest. On their arrival at the hotel guest first meets the front office staff and develops the impression about the hotel – in terms of services, facilities and hospitality that will experience during their stay. Front office staff are required to perform multiple task like reservation, reception of guest, assignment of rooms and settlement of bills etc they need to work in fast paced environment while maintain the high level of guest services and professionalism.

Communication is essential for proper coordination between each section and division of the hotel for the optimum performance and to ensure smooth efficient and comfortable services to the guest. Each department of the hotel exchange lot of information among themselves to carry out their day to day activities. Front office is considered to be the

nerve centre and link between the guest and the hotel should ensure effective and strong inter departmental and intradepartmental for the effective coordination and smooth functioning of the hotel thereby smooth services to the guest.

Once the guest check into the hotel ,they avail various facilities and services offered by the hotel and the guest experience is based on the level of services and facilities offered to them so it is essential for the hotel staff to provide smooth caring efficient, flawless services and facilities to the guest so as to have satisfied guest who will provide repeat business and free word of mouth publicity for the hotel.

2.3 Types of Guest Rooms

The most important product which contributes the major share in the revenue generation of the hotel is the – guest rooms besides food, beverages and other facilities offered by the hotel. In order to suite the need, profile, luxury and pocket etc hotel offer different types of room to meet the guest demand. The rooms may be categorized on the basis of the room size, layout, view, décor, ambience, interior decoration and services offered. The various types of rooms offered by the hotel are as follows:

- Single room
- Double Room
- Triple Room
- Quad Room
- Twin Room
- Double Double Room
- King Room
- Queen Room
- Interconnecting Room
- Adjoining Room
- Adjacent Room
- Cabana Room
- Studio Room
- Parlour Room
- Suite Room
- Duplex Room
- Pent House Room
- Lanai Room
- Hospitality Room
- Efficiency Room

- Sample Room

Single Room: A single rooms has only one single bed for single occupancy. The size of the bed is normally 3 feet by 6feet. The room is designed to meet the needs of single guest though an extra bed can be added to it on the guest request which will be charged separately. However the concept of single room is diminishing these days instead mostly hotels offer twin or double room and charge for single room if occupied by single occupancy.



Single Room

Double Room: A double room has one double bed for double occupancy. The size of double bed is 4.5feet to 6 feet. And an extra bed can be added to it on guest request which will be charged separately.



Double Room

Twin Room: A twin room has two identical single beds separated by the coffee table or bed side table for double occupancy. The size of the bed is normally 3 feet by 6feet same as of single bed, and an extra bed can be added to it on the guest request which will be charged separately These rooms are suitable for sharing accommodation among a group or delegates.



Twin Room

Triple: A triple room has three separate single beds which can be occupied by three guests. This type of room is suitable for groups and delegates of meeting and conferences.



Triple Room

Quad: A quad room has four separate single beds and can accommodate four persons together in the same room.



Quad Room

Double-Double Room: A double –double room has two double beds separated from each other and is normally preferred by a family or group as it can accommodate four persons together.



Double-Double Room

Hollywood Twin Room: It has 2 single beds with a common headboard. This type of room is generally occupied by two guests



Hollywood Twin Room

King Room: A king room has a king size bed. The size of the bed is 6feet by 6 feet.



King Room

Queen Room: A queen room has queen size bed. The size of the bed is 5 feet by 6 feet.



Queen Room

Interconnecting Rooms: Interconnected rooms are the rooms which are connected to each other ie they have a common wall and a door that connects the two rooms. This allows guest to move to any of the two rooms without passing through a public area. The connecting door is kept locked if the room is to be sold to two different guest separately. This type of rooms is ideal for families and crew members



Interconnecting Rooms

Adjoining Room: An adjoining room shares a common wall with another hotel room but is not connected by a door ie two or more rooms side by side without connecting door between them.

Adjacent Room: An adjacent room is very close to another room but does not share a common wall with it, perhaps across the hall or the corridor.

Parlor: A parlor room is a living room without bed, and may have sofa and chairs for sittings. It is generally not used as a bedroom. Also called as Salon in some parts of Europe.

Studio: A studio has sofa –cum-bed, and is generally used as a living room in the daytime and bed room in the night they use furniture's like Murphy bed, sico bed or rollaway bed .Murphy bedded room is a room where the bed is hinged at the base of the head board and swing up into the wall for storage. During the day room can be used as a sitting /living room and at night the bed can be laid for the guest to sleep.

Cabana: A cabana is suited away from the main hotel building, in the close proximity of

the swimming pool or sea beach. It is generally used as a changing room and not as a bedroom so it may or may not have beds. These rooms have twenty four hours supply of hot and cold water and shower facility .Some hotels may furnished in bamboo for attractive appearance.

Suite: A suite comprise more than one room, with clearly defined sleeping (bedroom) and sitting areas (Living area). The decor of such units is of very high standards, aimed to please the affluent guest who can afford the high tariffs of the room category. Different types of suite can be Junior Suite, Double Suite, Duplex Suite, Penthouse Suite.



Suite

Junior Suite: It is one large room partitioned into bedroom and sitting area.

Duplex: A duplex comprises two room situated on different floors, which are connected by an internal staircase. The suite is generally used by business guest who wish to use the lower level as an office and meeting place and the upper level room as a bedroom. This type of room is quite expensive.



Duplex

Penthouse: A penthouse is generally located on the topmost floor of hotel and has an attached open terrace or open sky space etc. It has very opulent decor and furnishings, and is among the costliest rooms in the hotels, preferred by celebrities and major political personalities.



Penthouse

Lanai: A lanai is a Hawaiian term for the room that has a veranda or roofed patio, and is often beautifully furnished with a view of garden, sea beach or waterfall.



Lanai

Efficiency Room: An efficiency room has an attached kitchenette for guest preferring longer duration of stay. Generally, this type of room is found in holidays and health resorts where guest stay for a longer time.



Efficiency Room

Hospitality Rooms: A hospitality room is designed for hotel guest who would want to entertain their own guests outside their allotted rooms. Such rooms are generally charged on hourly basis.



Hospitality Room

Sample Room: A sample room is used only to show the prospective client generally travel agent or tour operator for business promotion it is a model room and is not used for sleeping purpose

CHECK YOUR PROGRESS-I

Q. 1 Write a note on Types of Hotel Room.

Q. 2 Write note on efficiency room.

2.4 Room Tariff

Tariff: the term tariff means rate and when applied to rooms of the hotel it becomes room rates/ room tariff which are available in the published form with the hotel known as the tariff card. Hotels display their room rent on tariff card, which provide information about the room rate for different types of rooms available in the hotel. As price is one of the major elements involved in the marketing and positioning of a product or service therefore the room tariff of a hotel must generate the optimum revenue for the hotel and give the profit to the owner's besides covering the other cost involved in the production. Hotel room rates fixation is a difficult task.

Factors for deciding a room tariff: Various factors which should be kept in the mind while deciding the room tariff for the hotel are:

Cost: The total expenditure that is required in providing services and products to the ultimate consumer of the hotel services is the cost. The total cost can include fixed cost, labour cost and material cost. Tariff should be fixed in such a manner

that it covers the cost of its production and the profit. Higher the cost of the room, the higher will be the room rent.

Level/ Standard of Service: Level or standard of services provided by the hotel is also one of the factors for deciding the room tariff. A hotel offering the best services like spa, gymnasium, banquet halls, specialty restaurants, etc., will charge a higher room rent in comparison to other hotels offering limited services. Even more the amenities, higher the standards and higher the room rent. The star classification of the hotel is also based on level of services, five star or above will have better standards of services so higher room rent as compared to those of others.

Competition: Rates should be competitive with other hotels of the same standards and providing the same services and facilities in similar locations of city. Competition in the market plays an important role in determining the rack rate of the hotel. The higher the competition, the lower will be the room rent.

Customer profile: The category of customer coming to your hotel must also be considered. The social status and financial status i.e. paying capacity, of the guest should be kept in mind.

Room location: The location of the room also affects the room tariff. Front rooms or rooms with better and beautiful view would cost higher than other rooms.

Locality: The locality or the area in which hotel is situated also gains importance while fixing the room tariff. As if the hotel is situated in a posh locality where all the shopping and other facilities are available and are also approachable to railway or airport will have higher room rates as compared to those located in backward and far off localities.

Publicity: The amount of publicity done by the hotel and special budget prescribed for hotel publicity also affects in deciding the room rates. This type of expense also needs to be adjusted in the room rent as there is no source of return for such expenditure but it helps in increasing the occupancy of the hotel.

ROOM TARIFF FIXATION

Bases of charging room rent: Once the room tariff has been decided, every hotel has to decide the base for charging the room rent i.e. they have to decide the criteria for establishing the end of the day to post the room charges into the guest account. The end of the day is the arbitrary time which is believed to be the end of the financial transactions for a particular day. As hotels work for 24x7x365 it is essential to fix a time which will be treated as the end of the day and beginning of the new day.

Fixed Check-in/checkout Time : Most hotels follow the fixed check-in/checkout system for fixation of tariff in hotel. As per this system, a particular time of the day is fixed as the check-out time or is marked as the end of the day. Generally, it is 12 noon. According to this, the day starts at 12 noon daily and ends at 12 noon the next day, regardless of the

time at which the guest checks-in. The major advantage of this system of charging the room rent is that the same room can be sold more than once in a day. This system is normally adopted by commercial hotels. Most of the hotels following this system may allow relaxation of a few hours before and after check-out time in charging the room rent. Since it is not practical for any guest to check in at exactly 1200 hrs, most hotels permit a grace period (of about 2 hours), before and after checkout time. Though the system is good for the hotelier, many guests may think of this system as unreasonable. To ensure renewed patronage by the guests, many hotels today tell a guest that there exists a two hour grace period for check-in or check-out, but actually give a leeway of three hours to avoid disputes. Also, for an early morning check-in after 0600 hrs, instead of a full day extra to be charged, most hotels charge only a half day's charges. Following the same systems, when a guest checks-out as late as 1800 hrs, a half day tariff is again charged instead of a full day's charge. The logic that is explained in this system is that the room cannot be sold after that point of the day. For an early morning check-in, the guest could be told that the room could not have been sold the previous night. However, the least amount charged is a minimum of one day's charge.

Example 1

Mr. A. checks-in on Sunday at 1200 hrs to room # 101.

Mr. A checks-out on Monday at 0030 hrs from room # 101.

Mr. B. checks-in on Monday at 0200 hrs to room # 101 and checks-out at 1200 hrs on Monday.

Mr. A. And Mr. B will both will be charged for one day each.

Example 2

Mr. X checks - in at 0500 hrs on Monday.

Mr. X checks-out at 0600 hrs on Tuesday.

Mr. X will be charged for two days as per this system.

Twenty-four Hours Basis System : In this system of charging the room rent, there is no fixed check-in/ checkout time. A room is assigned to the guest for twenty- four hours from the time of his arrival ie As per this system, the guest is entitled to keep his room for a period of 24 hours from the point of the his check-in, for a day's charge and there is no fixed time of arrival for the guest This system is followed in transit hotels and hotels that are located in the vicinity of railway stations, where guests normally stay for few hours. In this system, no relaxation of time is given after the completion of twenty-four hours of stay.

Example 1: Mr. X checks-in at 01:00 pm on Tuesday. He will be charged for one day till 01:00 pm on Wednesday.

Example 2: Mr. Y checks in at 11:00 am of 15th March would be charged for one day till 11:00 am of 16th March

Number of Nights: This system of charging the room rent is a modification of the twenty-four hour system. Here, According to this system, the guest is charged on the basis of the number of nights he stays in the hotel room. If a guest does not stay at night, a half day rent is charged from him. Very much connected to this system of charging is the concept of Day Rate or 'Day Use Rate'. This is a concessional rate given to guests who do not stay over-night in the hotel. Usually this is targeted at business clientele who use

the room from 0900 hrs to 1800 hrs. The guest may check-in to the hotel for a wash and change in the morning, leave his baggage in the room and carry on for his business. He may return in the evening, have a wash and change, check-out and take the evening flight out. This system is now outdated and not so popular.

Example 1: Mr. A checks-in at 11:00 am on Tuesday and checks out at 02:00 pm on the same day and Mr. G checks in at 05:00pm on Tuesday and checks out at 10:00pm on Tuesday. Both would have paid for only half day's rent thus hotel will only earn a total of day's room rent from both of them.

Room tariff Fixation: Fixation of room tariff is a difficult task for the management. As if room rents are low, the hotel operations will not be economical and if they are too high guest may not patronize the property. Hence an accurate and competitive room rent is very much essential for running a successful hospitality business. A hotel fixes room tariff on the following basis:

- Cost Based Pricing: (For details refer Unit 5, refer 5.3.1)
- Market Based Pricing: (For details refer Unit 5, refer 5.3.1)
- On the basis of competitor's rate:
- Inclusive and non-inclusive rates/on the basis of meal plans

On the basis of competitor's rate: The hotels fix their room tariff on the basis of what their competitor's in their neighborhood are charging. It is the most unrealistic method and does not include any consideration of the features and facilities of the own organization and guest may sometimes feel cheated if the hotel is not able to give them value for money.

Inclusive and non-inclusive rates/on the basis of meal plans: Hotels also charge room rates on the basis of meals provided or not provided along with the room to the guest. Meal plans include: European plan, Modified American plan, American plan, Continental plan

TYPES OF ROOM RATES

Hotel offer two types of room rates- Rack Rate it is the standard rate of the room and the discounted rate which gives discount on the rack rate on the basis of the business offered by the clientele. Room rates are of two types:

- Rack Rate
- Discounted Rate

Rack Rate: It is a term which refers to the actual or normal room rate of the hotel room. Hotel generally fixes a standard rate for each of the category of rooms offered to guests. Traditionally, a wooden rack or rate board was placed near the room rack in the lobby or at the reception, hence the name is placed rack rate. This is the rate which is published on the tariff card of the hotel and is without any discount is known as the Rack rate. In common parlance, rack rate may be termed as the MRP of a hotel room.

Discounted Rate: To attract the guest, increase the business and to compete in the market hotels offer different types of discounted room tariff. Discounted tariff is always lower

than the rack rate. Sometimes hotels offer discounts to guest to please him for a courtesy as it is expected that the guest may be sending lot of business to the hotel in future.

Room Tariff

Accommodation	Single	Double
(Standard Room)	16,000 + 10% Tax	18,000+ 10% Tax
(Deluxe Room)	18,000+ 10% Tax	20,000+ 10% Tax
(Club Room)	23,000+ 10% Tax	23,000+ 10% Tax
(2- bay Suite)	35,000+ 10% Tax	35,000+ 10% Tax
(3- bay Suite)	40,000+ 10% Tax	40,000+ 10% Tax
Suite	1,25,000+ 10% Tax	1,25,000+ 10% Tax

Guarantee and Cancellation Policy

- Please note that the reservation(s) would be on tentative status unless guaranteed by Credit Card or Company.
- The hotel reserves the right to release the tentative reservation(s) unless guaranteed by Credit Card or Company 48 hours prior to arrival.
- In the event of guaranteed reservation cancellation, please inform the hotel 48 hours prior to the day of arrival to avoid cancellation charges.
- In the event of No-Show or Late cancellation the guaranteed credit card/company will be billed for 1 night retention.

Sample of Tariff Card

2.5 Meal Plan

The room tariff of a hotel is based on the choices of meal plan offered guest. Depending upon the need of their target clientele, hotels offer variety of meal plan. They are as follows:

- European plan
- Continental Plan
- Modified American Plan
- American plan
- Bed & Breakfast

European Plan: European plan (EP) consist of room rate only and the meals are charged separately as per actual. It is generally preferred by the commercial hotels where corporate guest have to socialize with their clients and do not take meals at the hotel.
EP = Room Rent only.

Continental Plan: Continental plan (CP) consist of room rate and continental breakfast. Continental Breakfast include sliced bread with butter ,jam ,honey, cheese, Croissants and Danish pastries, rolls, fruit juice and coffee /tea/hot chocolate /milk. This is generally found hotels in Europe.
Continental Plan = Room Rent+ Bed Tea+ Breakfast

Modified American Plan: Modified American plan is also known demi-pension (Half Board). The tariff consist of room rent, breakfast an one major meal (either lunch or dinner). This plan is popular on the tourist destinations where guest goes for sightseeing after having their breakfast from the hotel and then return back in the evening or night to hotels and have dinner or they can have breakfast and packed lunch and can return to hotel late at night
MAP = Room Rent+ Breakfast+ and any one of the major meal (Lunch or Dinner)

American plan: American plan (AP): It is also known as en pension (full board). It includes room rent and all meals (i.e. breakfast, lunch and dinner.) this plan is popular in resort hotels which are located at remote areas where guest do not have a choice of food outside the hotel premises.
American Plan = Room Rent+ Bed Tea +All Major Meals (Breakfast, lunch, dinner)

Bed & Breakfast (B&B) or Bermuda plan: B&B plan consists of room rent and American breakfast. American breakfast includes:

- Two Eggs(Fried or poached)
- Sliced bacon or sausages,
- Sliced bread or toast with Jam/jelly/Butter
- Pan Cakes with Syrup
- Cornflakes or other cereal
- Coffee/tea/orange/grape fruit juice

CHECK YOUR PROGRESS-II

Q. 1 Write a note on Meal Plans.

Q. 2 Write note on Room Tariff Fixation.

2.6 Front Office

The front office is considered to be the show case of the hotel and it is at this point that first impression is formed by the customer. It should be organized and designed in proper manner so as to create the first impressions in the minds of the guest regardless of how hotel is formed the front office is always essential ‘focal point.’ it act as the face and as well as the voice of a business. Regardless of the star rating of the hotel or the hotel type, every hotel has a front office as its most visible department. For a business such as hospitality, the front office department comes with an aspect of elevating customer experience with the business.

Front Office department is a common link between the customers and the business. It helps in creating the image of the entire hotel as from the arrival of the guest in the hotel guest first meets front office staff and develop impression about the level of services standards facilities and hospitality of the hotel they interacts with the front office throughout their stay for any kind of information and help. It act as a nerve centre of the entire hotel as already mentioned it is the first interface between hotel and the guest i.e. act as link between the guest and the hotel and It represents the hotel to the guest and hotel and is a liaison between the hotel management and the coordination of all guest services. It serves as the main channel of both way communication between hotel and guest and guest and hotel that is why it is called as the nerve centre of the hotel.

Certain Hotel terminology which needs to know here includes terms such as front – of- the- house and back –of- the –house and front office and back office

Front-of-the-House Operations: Front-of-the-House operations are known so because these operations take place in front of the guests. Thus, these operations are related either to direct interaction with the guest or they are being conducted in front of the guest. It includes all those portions of the hotel with which guest comes in direct contact during his period of guest cycle eg building exterior, lobby, front desk, guest rooms, functions rooms- banquet halls etc.

Back-of-the -House Operations: As the name suggests these operations involve the activities which do not take place in front of the Guests ie these are those with which the guest generally does not come in contact such as payroll, accounting department food preparation centre, laundry etc.

Front Office Operation: The front office is the main controlling centre of all guest services and also coordinates the back office functions with the services.

Front Office : Front office is the name given to all offices situated in the front of the house ie the lobby, reception etc such offices where guest is received, provided information, their luggage is handled, accounts are settled at departure and their problems and complains are taken care of. This department bearing various sub sections (like telephones, reservations, registration, lobby and so on), deals with the customer right from the reservation to the registration (check in) till the guest leaves the hotel. Any grievances and special needs of the guest are taken care of by this very department only. Hence the department personnel(s) have to be diplomatic, tactful and with an attribute of salesmanship in dealing with various type of customer. The overall persona of the front office staff makes lot of difference, in terms of getting repeat customers. Selling of rooms and retaining the satisfied customers for the future is the core job of the front office department. As these operations are visible to the guests of the hotel and the guests can interact and see these operations, hence, the name given, front office. Few of these operations include:

- Interacting with the guests to handle request for an accommodation.
- Checking accommodation availability and assigning it to the guest.
- Collecting detail information while guest registration.
- Creating a guest's account with the FO accounting system.
- Issuing accommodation keys to the guest.
- Settling guest payment at the time of check-out.

Back Office: Front Office staff conducts certain operations or activities in the absence of the guests or when the guest's involvement is not required. All these activities are done in the area allotted behind the front office which does not come in the direct view of guest but is a part of front office is called Back Office, in some hotels reservation section is also at back office while in most records data are kept in the back office The Back Office operations involve activities such as:

- Determining the type of guest (fresh/repeat) by checking the database.
- Ensuring preferences of the guest to give a personal touch to the service.
- Maintaining guest's account with the accounting system.
- Generating reports.

2. 6.1 Importance of Front Office

Front desk is the first thing that a guest/visitor will come in contact. In a sense, the front office department is an introduction to the Hotel. How successfully the front office department runs is a reflection of the organization skills of the company as a whole. A well presented, well organized front office department will give a great first impression to guest. While on other side a frantic, unorganized front desk will immediately give visitors a sense of unease and a negative impression about the hotel and after having the view of front office, guest on that basis will decide that how will be his entire experience might be so it must be well designed in the first place and maintained in a well organized and orderly manner. It is very much important for the hotel as:

- Front office is regarded as the show window of the hotel which reflects the image of a hotel i.e. It is considered as the mirror of the entire hotel as it creates the first image of the entire hotel.
- It acts as a link between hotel and guest as it is the first department of the hotel with which the guest comes in contact at the time of their arrival and is also the last department with which guest interacts at the time of departure.
- Front office acts as a focal point for the hotel as all the information related to guest is delivered from front office to other departments.
- Front office is considered as the nerve centre and the backbone of the hotel as it coordinates with other departments of hotel in order to provide smooth and efficient services to the guest.
- Front Office is considered as the heart of the hotel as it is the major revenue generating department of the hotel besides food and beverage department as front office generates 60-70% revenue for the hotel by selling of the hotel's main product – room.
- It is responsible for revenue generation in terms of foreign exchange thereby helping in developing the economy of the country.
- The front office is also responsible for welcoming the guest, greeting the guest and handling the check in and checkout procedure.
- To offer services such as handing mails, faxes, messages and hotel information.
- It is responsible for handling guest complaints, suggestions, requests and feedbacks etc.
- It is responsible for providing a safe and secure environment to the guest and his belongings.
- It is critical in providing enjoyable, relaxing and satisfying experience for guests.
- Carries special responsibility of dealing with guest and resolving their problems.
- The front office department develops and maintains up to date records based on guest information, guest service and ensures guest's satisfaction.
- It serves as the hub for the hotel- area where most of the guest contact and transactions take place.
- The office should make use of the property management systems (PMS) and point-of-sale terminals (POS) to open a guest account for each customer and post all charges from the departments.
- Front Office is not only responsible for selling rooms but also responsible to up-sell the rooms and other services provided by the hotel.
- It is the front office which acts as the first and the last point of interaction between the hotel and the guest so it should try to create the lasting impression in the minds of the guest.
- By providing efficient, smooth and error-free services, front office helps hotel to secure positive response from the guest, repeat business and free word of mouth publicity.

Thus in other words, it is the "show case window" of a hotel which reflects the image of a hotel. It is the backbone as well as the "Nerve Center" of a hotel from where all the information and messages are communicated to the different departments or persons. The front office in a hotel holds prime importance in a view of the basic nature of a business of a hotel i.e. to sell the rooms. Revenue collected from the sale of rooms contributed to more

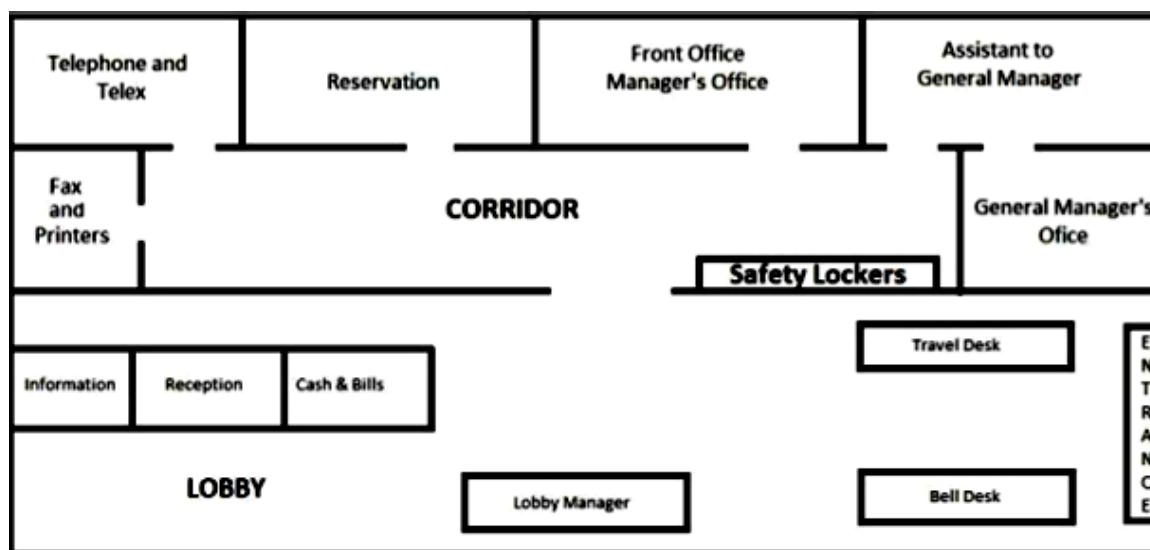
than 50 % of the hotel's total sales. Thus, the role of the front office is to reserve, receive, register, and allocate rooms to the guest and acts as a continuous source of information to the guest during their stay at the hotel. Other major functions of this department include settlement of guest account, providing guest services, preparation of guest history card, luggage handling, airport pick-up etc.

2.6.2 Front Office – Layout and Design

To ensure smooth and efficient functioning of the department it is important to divide it in sections and delegates tasks accordingly.

Design: Most Front desks are located in the hotel lobby. A typical Front desk is approximately 3½ feet high and 2½ feet deep. The layout and design depends on duties performed at the front desk and the size and type of the hotel. To direct the guest to the proper activity center, signs may be placed. As the guest’s information is considered confidential, the front desk design usually screens forms/equipment from visitors. It’s not only the aesthetic appeal and type of hotel but also the type of the working system i.e., whether the hotel is fully automated, semi-automated or manual along with the accessibility factor for the staff members. In a semicircular arrangement, there is normally a straight wall at the back of the desk with a door leading to front office support services. Circular and semicircular front desks allow greater flexibility; also look wise it is more appealing. But at the same time, problem can arise as guests can approach from any side and equipments being fixed in specific places. The other common shapes of Front Desk are L- shaped, Curved Shaped, straight shaped etc

Layout: Layout is the physical demarcations of the sections of a department .a well designed layout should involve proper space utilization aimed at improving the efficiency and control of the staff the front office layout includes various sections they are : lobby, reservation, reception, information, cash and bills, travel desk, communication and uniformed services like bell desk and concierge.



Layout of Front Office

Lobby: In addition to the building ambience the main entrance and approach plays a very important role in the selection of hotel for the guest, when the guest enters the hotel it is the entrance and there after the lobby which is under the scrutiny of the guest. The main entrance should be clearly identifiable and directly leads to reception area i.e. lobby. The hotel lobby is an area furnished with seating arrangements just inside the hotel, where hotel visitors can meet and wait. The lobby located just beyond the main entrance is the first and the last point of guest contact with the hotel. A well designed lobby helps in creating impression about the overall standards of the hotel in the eyes of the guest. Hotels spends large amount of money to make the lobby aesthetically appealing to the guest but should ensure that lobby should be spacious and not wasteful. Size of the lobby depends upon the size and type of hotel. The front office is strategically located in the lobby area.

Reservation: The people while planning business or pleasure trips, like to ensure that they will have a safe and comfortable accommodation at their respective destination. This can be achieved by booking a room of their choice in advance. The reservation section of the front office department of a hotel is responsible for receiving and processing reservation queries. Depending upon the level of automation, volume of business, and house custom, the procedure of processing reservation queries may differ from hotel to hotel in terms of reservation handling maintenance of reservation record, confirmation, amendments and cancellation of reservation.

The location of the reservation section depends upon the size of the hotel and volume of business of hotel in small hotels the front desk itself performs the functions of the reservation section while in large hotels separate section is required which is generally located just behind the reception counter.

The section is headed by a reservation manager, who is assisted by a reservation supervisor and a team of reservation clerks or assistants.

Function of the Reservation Section: Functions of reservation section of front office are as under:

- Receiving Reservation Request through various means like telephone, fax, e-mail, website, sales representative or central reservation department.
- Processing reservation request received from all means of the hotel property management system.
- Depending upon the availability of desired room type and projected sales during and around the requested stay dates, the reservation request may be confirmed, waitlisted or denied.
- Updating the room availability status after each reservation transaction, i.e, after each confirmation, amendment and cancelation.
- Maintaining and updating reservation records to reflect accurate information about room status.
- Preparing reservation reports for the management.

Reception: This section of front office is responsible for receiving and welcoming the guests on their arrival in the hotel. It comprises of a team of receptionists and front desk assistant headed by a supervisor. The staff of this section collects all the necessary information about the guest to complete the registration process. After finishing the

registration formalities, a room is assigned to the guest, and a bell boy carries the luggage and escorts the guest to her room. The entire process is carried out professionally in a warm and friendly atmosphere.

Function of Reception: Functions of reception section of front office are as under:

- Receiving and welcoming guest.
- Complete the registration formalities.
- Assigning the room.
- Sending arrival notification slips to the concerned departments.

Information Desk: The information desk provides information to the guest. It is handled by an information assistant. In small hotel, the same function is performed by the receptionist. While a separate section is provided in large hotels where the traffic of guest is higher. The information desk may be located next to the reception.

Function of Information Desk: Functions of information desk of front office are as under:

- Maintaining resident guest rack.
- Handling guest room keys.
- Coordinate guest mails, telegrams, faxes, couriers, parcels, etc.
- Providing information to guest regarding hotel facilities and services, city information, etc.
- Handling guest messages.
- Paging guests.

Cash & Bills: The cash and bills section record all the monetary transaction of guest. It maintains guest folio and prepares the guest bills to be selected by the guest at the time of departures. The section is headed by a cashier.

Function of Cash and Bills Section: Functions of Cash and Bills Section of front office are as under:

- Opening and maintaining of guest folio.
- Posting room charge in guest folio.
- Recording all credit charges in guest folio.
- Maintaining a record of the cash received from guest.
- Preparing bills at the time of checkout.
- Receiving cash/traveler cheques/ credit cards for account settlement.
- Organizing foreign currency exchange for the settlement of a guest account.

Travel Desk: The travel desk takes care of travel arrangements of guest, like air-ticketing, railway reservation, sightseeing tours, airport or railway station pick up or drop etc. The hotel may operate the travel desk or it may be outsourced to an external travel agency.

Function of Travel Desk: Functions of Travel desk is as under:

- Arranging pick-up and drop services for guest at the time of their arrival and departure.
- Providing vehicles on request to guest to guest at pre-determined rates.

- Making travel arrangements like railway reservation/ cancellation/ amendments, or purchasing air-tickets for guest.
- Organising half-day or full day sightseeing tours in and around the city.
- Arranging for guides who can communicate in the guest's language.

Communication Section: The communication section maintains the communication network of the hotel. The hotel may have its own private branch exchange, along with post and telegraph lines. Earlier all outgoing calls were routed through telephone operator. This was done to ensure proper accounting of outgoing calls. Switchboard operators were required to place wake-up calls, monitor automated systems, and coordinates emergency communication. Recent technological advancement in telecommunication has revolutionized the way hotels operation is run. Now guest are able to make outgoing calls without routing them through the operator. There is a computerize call accounting system that charges the outgoing calls to the guest's account. Wake up calls may also be registered on the system, which dials the guest's extension at the pre-registered time and plays a pre-recorded message when answered. So hotels can now manage with lesser number telephone operators per shift. The telephone operator, who answers incoming calls, protect the guest's privacy and contribute to the hotel's security programme by not revealing guest room number to any unauthorized persons. Many hotels also provide guest paging services over the public address system. This system generally operates through the communication section.

Function of Communication Desk: Functions of communication section are as under:

- Answering incoming calls
- Directing calls to guest rooms through the switchboards/PABX system
- Providing information to guest services processing guest wakeup call s
- Answering inquiries about the hotel facilities and events
- Protecting guests' privacy
- Coordinating emergency communication.

Uniformed Service: The uniformed services in the hotel include the bell desk team and the concierge.

Bell Desk: The bell desk is located very close to the main entrance of the hotel. This section is headed by a bell captain, who leads a team of bell boy (also called bell hopes) and page boys. They handle the guest luggage from the guest vehicle to the lobby and to guest room at the time of arrival and from their rooms to the guest vehicle at the time of arrival and from their rooms to the guest vehicle at the time of departure. They escorts guest to their rooms and familiarize them with hotel facilities, safety features, as well as in room facilities. The bell desk person is the last front desk employee who comes in contact with guest at the time of their departure.

Function of Bell desk: Functions of bell desk are as under:

- Handling guest luggage at the time of arrival and departure
- Escorting guest to their rooms on arrival.
- Familiarizing guest about safety features and in-room facilities.

- Providing information to guest about hotel facilities and services when asked.
- Locating a guest in a specified area of the hotel.
- Posting guest mails.
- Making sundry purchases like postage stamps, medicines, etc for the guest.
- Keeping guest luggage in the left luggage room if requested by the guest.
- Checking if in-room amenities are in their original condition at the time of departure of guest.

Concierge: A concierge is a hotel employee who provides information and personalized services to guest like dinner reservation, tour and travel arrangements and obtaining tickets for special events in the city, etc. A concierge is often expected to achieve the impossible; dealing with any request a guest may have, relying on an extensive list of personal contacts with various local merchants and services providers.

Functions of Concierge: Functions of concierge are as under:

- Making reservation for dining in famous restaurant.
- Obtaining tickets for theatres, musicals, sporting events, etc.
- Arranging for transportation by limousine, car, coaches, buses, airplanes, or trains.
- Providing information on cultural and social events like photo exhibition, art shows, and local places of tourist interest.

2. 6.3 Equipments

Here is the list of equipments, furniture's, racks and cabinets etc generally used in hotels running either on non automated, semi automated and automatic system:

- Front desk/ Counter (for all systems)
- Bell desk and Concierge Desk (for all systems)
- Lobby desk (for all systems)
- Travel Counter (for all systems)
- Key and Mail Rack (semi automatic and non automatic system)
- Mail Sorting Rack
- Mail Forwarding File
- Information Rack
- Guest History Filing Cabinet
- Reservation Filing Cabinet
- Page Board (for all systems)
- Safety Deposit Lockers and/or in room safety Lockers (for all systems)
- Registration Card Rack
- Room Rack (non automatic and semi automatic system)
- Bulletin Board (for all systems)
- Photocopying machine (non automatic and semi automatic system)

- Duplicating Machine (non automatic and semi automatic system)
- Reservation Rack (non automatic and semi automatic system)
- Billing Machine and posting machine (non automatic and semi automatic system)
- Cashier well/ folio bucket (non automatic and semi automatic system)
- Date and time Punching Machine (non automatic and semi automatic system)
- Credit card imprinter
- Telephone
- Rotatory rack (semi automatic system)
- Postal Weighing Scale (non automatic system)
- Luggage Trolleys/ Bell Hop Trolleys
- Luggage net (non automatic system) for identifying and separating the luggage of groups usually
- Perpetual Year Planner/ Status Board (non automatic and semi automatic system)
- Voucher Rack (for all systems)
- Account Posting Machine (semi automatic system)
- Franking machines for printing the value of postage.
- Cash Register also called NCR Billing Machine (semi automatic system)
- Automated Switchboard
- Automated Alarm Clock
- Fax Machine
- Computer Terminal
- Hold Mail Rack
- Folio Bucket
- Date and Time Stamp
- Key Drawer
- Franking Machine
- Various Office and business machines (as per the requirement)

BRIEF ABOUT EQUIPMENT USED IN FRONT OFFICE

Room Rack : This rack is found in non-automated and semi-automated hotels. A room rack is an array of metal file pockets designed to hold room rack slips bearing the name of the guest, date and time of arrival, number of rooms, room type and rate, date of departure, other minor details like – reserved by, billing instructions, special instructions, which is used to indicate room status. In some hotels, a slip or the registration card itself can be inserted in the rack. Various color codes are also used to indicate the room status information (occupied, out of order, vacant and so on). These racks cannot be moved easily and can be reused. Reservations can be kept in accordance with the date of arrival order. Room rack is eliminated in a fully automated system.

Key Rack : Key rack has sockets to store guestroom keys. They are also called as pigeon hole. Presently, with the development in technology, we have electronic key system which can be generated through one console itself and does not require any storage; the extra space needed for the keys is eliminated. Those hotels which still depend on key slots; they utilize their space by combining it with mail, and message rack.

Mail, and Message Rack : Even if the mail, and message rack is separated from the key rack, accessibility factor for the person who is responsible for the same is a must. For the mails and messages in a fully automated hotel, it can be retrieved from the room, house phone as the message can be stored through the voice mail system. Even for the delivery of mail, the message for the same can be passed through the electronic message center. The guest gets to know about it through a message light in the room.

Reservation Rack: In a non-automated hotel this rack plays a pivotal role. In this rack, the guest information is placed as per the date of arrival and also subdivided in alphabetical order. This system of order is important so as to have a quick look at the availability of the rooms for further bookings. In a fully automated hotel, this rack is eliminated, as the property management system takes over it.

Information Rack: This rack is used to help the employees to route the mail, messages and other visitor inquiries in a systematic way. To smoothen the functioning, the rack has two listing – one in alphabetical order and other one by room numbers. Again this rack is not required in a fully automated hotel.

Folio Bucket: This tray is kept usually in the non-automated hotel and semi-automated hotel as well, which is kept in ascending order of the room numbers. The placement of folio bucket should be such a way that it can be accessed by both the front office assistant and the cashier, for the updating/posting of transactions of the guest staying in the hotel and final billing. For the departed guest, who pays the bill through credit card or by company account, there is one more folio tray in the accounts department. This folio is closed only after the final payment (when the balance shows zero amount) or if not paid and is declared as bad debt.

Posting Machines: Semi- automated hotels use posting machines. This machine records transactions, makes account statement, also analyses sales activity and does an audit trail of charge purchase transactions. The advantage here is printed copy of the guest's folio. But the disadvantage and being the major one is that it is prone to errors as it requires a person to update charge manually and difficult to operate. Fully automated do not require posting machines as hotels PMS can do all the work with greater advantages over posting machines.

Voucher Rack: Once the transaction is over, the vouchers are required for the audit process by the accounts department for verification, hence the need of the voucher rack. Ideally this should be situated near the posting machine where the cashier or the front desk assistant can access it easily.

Call Accounting System: Call Accounting System is a software program that helps in processing of calls (outgoing or incoming), pricing them and billing accordingly towards

the necessary account (guest account in the guest folio). With this system, there is no requirement of any phone company operators or staff to place the call. For the activation of phone calls in the guest rooms the front desk clerk has to enter the guest's name and room number into the data bank, which automatically keeps the call charges updated.

Cash Register: This is used to record any cash transactions. Today posting machine and computer have taken the place of cash register with the printing device for producing various cash reports like sales receipts, price control reports etc. There are several keys which can be used to record data like amount of transaction, its type, concerned department, its purpose, method of payment and so on.

Wake-Up Devices: This is an alarm clock that is used by the front office assistant to remind them to awaken the guest as per the request. Presently this wake services are replaced by in room wake up messages through computer interfacing (automatic call dispensing system).

Luggage Trolleys and Bell Hop Trolleys: It is important that the trolleys are well maintained, proper greasing and oiling is done in time and in case of brakes, make sure that they function properly. Also make sure that their movements are well controlled and move only in required guided direction. There is no squeaking or rattling noise when the trolleys are moved. However avoid excessive oiling as the oil drops may cause stains on floors and carpet which may be difficult to remove and may also cause accidents. The trolleys should fit in easily along with the guest and bellboy without creating overloaded condition in the elevator cage:

Telecommunication Equipment: you may find following telecommunication equipments in hotels:

PBX- (Private branch Exchange) - this equipment takes inbound calls to the hotels operator's console, through whom the calls are further diverted to the respective areas. With these types of systems, number of telephones lines is limited. Outbound calls normally do require an operator. Charging of calls is also done by the operator. With a PABX (private automated branch exchange) the problem of calculation is eliminated with the usage of individual meters for each extension. The need of the operator is also eliminated.

Call accounting system- this system eliminates the requirements of any telephone company or any operator for any billing purpose. As discussed above, it's software.

Pager and cellular phones – some hotels give a pager or the cellular phones on rent as soon as guests check in. billing is done according to usage shown in the meter. This system is not diverted through any CAS but is been posted manually.

Other Equipments: Other equipments comprises of Fax machine, Telex, credit card imprinter (automatic as well as manual), credit card validator, time stamp and the latest technology i.e., the call detection system.

CHECK YOUR PROGRESS-III

Q. 1 Write a note on functions of reservation section.

Q. 2 Write note on equipments used in hotel front office.

2.6.4 Organizational Structure of Front Office and Job Description of Staff

A hotel can be called as an organization because it is also a business which is set up to achieve certain goals (Guest satisfaction and revenue maximization) with the help of food and beverage services and accommodation for its guest. Also it plans and coordinates the activities of other staff to achieve its goals and also it divides personnel into functional departments each with their own areas of authority and responsibility. Requirements of Organization for proper functioning are:

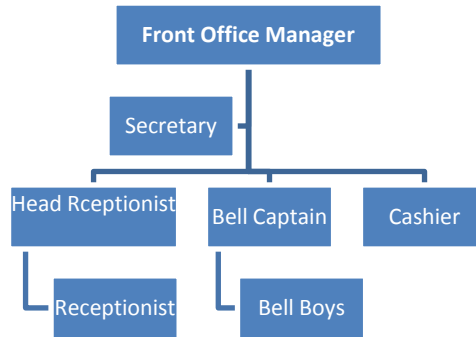
Division of labour: - every job must be well defined and should possess a definite place in organization

Source of authority: - authority means having the right to acquire work from others

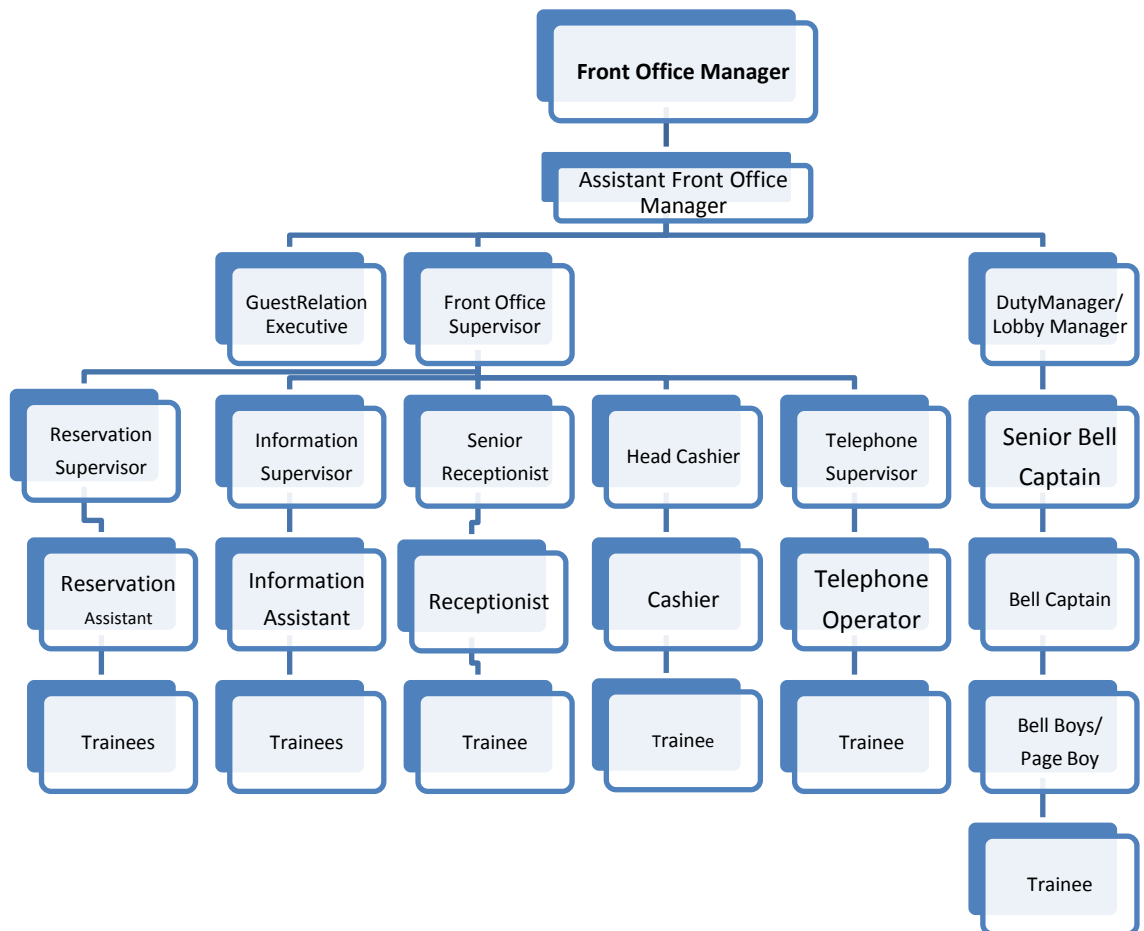
Span of Control: - the limited number of subordinates whose activities are interrelated that a person can effectively supervise is called span of control

All organization should have well defined mission and objectives and to meet these mission and objectives every organization requires a formal structure. A common way to represent that is through an organizational chart which is a schematic representation of relationship between positions within an organization or a graphical presentation of the hierarchical frameworks. They are arranged in levels of hierarchical status connected by lines suggesting the different types of authority.

Using the minimum and maximum requirements of a hotel for the span of control we can design the organizational hierarchy or chart for the hotel. As the organization of staff will depend upon the size of the hotel the front office organization structure of the small hotels is shown below:



Front Office Organization of a small Hotel



Front Office Organization of a large Hotel

Job Description of Front Office Staff

Front Office Manager: Front office Manager is the head of the front office department and allocates the available resources of the department to achieve the goals of the department and the organization. The main function of Front office Manager is to directly supervise all the front office personnel and to ensure proper and smooth operations of the department.

Job Description of Front Office Manager

Job Title	: Front Office Manager
Department	: Front Office
Reports To	: General Manager
Supervise	: Reservation Manager, Front Desk Supervisor, Lobby Manager, Telephone Supervisor, And All Front Office Personnel
Coordinates With	: All the Heads of the Department of Hotels

Duties and Responsibilities:

- Direct and coordinates the activities of the front office department.
- A daily review of the financial accounting procedures at the front desk and other guest service areas.
- Operating and monitoring the reservation system.
- Developing and operating an effective communication system with front office staff and other department directors; supervising daily registrations and checkouts.
- Overseeing and developing employees.
- Establishing in-house sales programs at the front desk.
- Preparing budgets and cost-control systems.
- Forecasting room sales; and maintaining business relationships with regular corporate and community leaders.
- The front offices a pivotal point in communication among in-house sales, delivery of service to the guest, and financial operations.
- It requires an individual who can manage the many details of guest needs, employee supervision, interdepartmental communication, and transmittal of financial information.
- The front office manager must train personnel in the technical aspects of the Property Management system (PMS), a hotel computer system that networks the software and hardware used in reservation and registration databases, point-of-sale systems,
- Reviewing the final draft of the night audit.

Assistant Front Office Manager: Assistant Front office Manager is next to head of the front office department and allocates the available resources of the department to achieve the goals of the department and the organization. The main function of Assistant Front office Manager is to directly supervise all the front office personnel and to ensure proper and smooth operations of the department.

Job Description of Asst Front Office Manager

Job Title	: Assistant Front Office Manager
Department	: Front Office
Reports To	: Front Office Manager
Supervise	: Front Desk Supervisor and Agents, and all Front Office Personnel
Coordinates With	: All the Heads of the Department of Hotels

Duties and Responsibilities of Asst Front Office Manager:

- Assist front office manager in supervising and co-coordinating the day to day operation of the front office staff and resolves internal problems.
- Coordinate with sales department for present and future convention and group bookings.
- Corresponds with future guest and blocks suites and special request for large convention.
- Deals with problem arising from guest complains and reservation and room assignment activities.
- Interview and hires applicants.
- Assume responsibilities of front office manager upon his absence.

LOBBY MANAGER

Job Description of Lobby Manager

Job Title	: Lobby manager
Department	: Lobby
Reports To	: Front Office Manager
Supervise	: Lobby and Uniformed Personnel
Coordinates With	: Front Office, Security, Housekeeping

Duties and Responsibilities of lobby Manager:

- Schedules the duty roster and determines justification for complain, and ensures that the front office has good relation with all departments.
- Co-ordinate with various departments for effective guest handling.
- Handle the guest complains and ensures that the front office has good relation with all departments.
- Co-ordinates with front office to facilitate rooming and departure of guest and front office cash (to allow credit)
- Co-ordinates between the travel counter, airline regarding arrival & departure of flight.
- Takes constant rounds at night of all operating areas to ensure smooth functioning.
- Clears credit bills in the absences of assistant front office manager
- Coordinates with security to ensure that no unwanted happenings take place in the hotel
- Completely responsible for all ongoing activities in the lobby and operating public areas and rooms in the night as well.

RESERVATION MANAGER**Job Description of Reservation Manager:**

Job Title	:	Reservation Manager
Department	:	Reservation
Reports To	:	Front Office Manager
Supervise	:	Reservation Staff
Coordinates With	:	Front Office & Housekeeping

Duties and Responsibilities of Reservation Manager:

- Supervise and answer inquiries of reservation agents
- Arrange schedules of reservation agents
- Maintain close liaison with secretaries of major companies that do business with the hotel
- Is responsible for accurate and effective handling of reservation tally sheet.
- Advice and informs front office manager of significant increases or decrease of reservation tally which could affect hotel's open or close status.
- Keep a record of all reservation and makes a monthly room nights reports, in addition prepares half year report of all their respective production.

RESERVATION ASSISTANT**Job Description of Reservation Assistant**

Job Title	:	Reservation Assistant
Department	:	Reservation
Reports To	:	Reservation manager and supervisor
Supervise	:	trainees assigned
Coordinates with	:	front office, housekeeping

Duties and Responsibilities of Reservation Assistant:

- Courteously and promptly handle all reservation on phones, by mail, telex cable and computers.
- Update the reservation register/records in order to have updated inventory of room's availability.
- Carry out amendments and cancellation intelligently and accurately.
- Keep availability status chart updated.
- Update guest history sheets
- Display reservation position on FLASH BOARD.
- Check on reservation stationery and keep a satisfactory bar stock of the same.

FRONT OFFICE AGENT/ RECEPTIONIST**Job Description of Front Office Agent/ Receptionist**

Job Title	:	Front Office Agent/ Receptionist
Department	:	Reception
Reports To	:	Front Office Supervisor And Asst Manager
Supervise	:	Trainees Assigned
Coordinates With	:	Lobby, Housekeeping

Duties and Responsibilities of Front Office Agent/ Receptionist:

- Attend daily briefings and go through the log book for any special instructions
- Check for the expected arrival departures for the day and room status
- Check for the expected VIP for the day in house VIPs and issue VIP amenities voucher for fruit flowers, cakes etc as per hotel policy
- Assist in preregistration and blocking of rooms for reservation
- Greet the guest on arrivals
- Politely confirm the details of the guest with different status(confirm reservation, walk in, foreigner et)
- Register guest and assign rooms.
- Complete the registration formalities of the guest, fill the Form C in case of foreigner guest
- Accommodates special request whenever possible.
- Understand the room status and room status tracking.
- Knows room location, types of rooms available, and room rates.
- Uses suggestive selling ,techniques to sell rooms and to promote other services of the hotel
- Coordinates room status updates with the housekeeping departments by notifying housekeeping of all check outs ,late checkouts early check-ins ,special request and day use rooms.
- Posses a working knowledge of the reservation department. Take some day reservation and future reservation when necessary, knows cancellation procedures.
- Use proper telephone etiquette.
- Handle guest mail and hotel mail
- Handle guest message in their absence
- Process guest checkouts
- Post and files all charges to guest master and city ledgers accounts
- Follows procedures for issuing and closing safe deposits boxes used by guest.
- Reads and initials the pass-on log and bulletin board daily to be aware of daily activities and meeting taking places in the hotels.

INFORMATION ASSISTANT

Job Description of Information Assistant

Job Title	:	Information Assistant
Department	:	Reception
Reports To	:	Front Office Manager and Asst Manager
Supervise	:	Trainees Assigned
Coordinates With	:	Front Office & Lobby

Duties and Responsibilities of Information Assistant

- Provide desired information to guest
- Update the guest rack after every arrival and departure
- Maintain information rack
- Handle guest ails and messages
- Coordinates guest room maintenance work with the engineering and maintenance departments

- Assist in paging

CASHIER**Job Description of Front Office Cashier**

Job Title	:	Front Office Cashier
Department	:	Cash and Bills
Reports To	:	Front Office Manager, Chief Accountant
Supervise	:	Trainees Assigned
Coordinates With	:	Front Office, Lobby

Duties & Responsibilities of Front Office Cashier

- Post all guest charges and credit into their respective folios.
- Settle all guest bills upon departure.
- Encash foreign exchange as per regulations.
- Disburse petty cash to hotel staff and authorize paid outs.
- Control Safety Deposit lockers.
- Operate the accounting machine and be responsible for all postings in it.
- Receive and hold in safe custody all cash payments made by guests till the account is rendered.
- Render account through cash envelop at the end of the shift.
- Maintain and turn in control records and reports specified by the management.
- Note telephone meter reading on folios.

NIGHT AUDITOR**Job Description of Night Auditor**

Job Title	:	Night Auditor
Department	:	Front Office
Reports To	:	Income Accountant & Chief Accountant
Supervise	:	Front Office Cashiers
Coordinates with	:	Front Office Cashier & All Cashier Of Revenue Outlets

Duties and responsibilities of Night Auditor

- Post room charges and takes to guest accounts.
- Process guest charges vouchers and credit card vouchers.
- Transfer charges and deposits to master accounts.
- Verifies all accounts posting and balances.
- Monitor the current status of coupons, discounts and other promotional program and other front office statistics.
- Tracks room revenue, occupancy percentage, and other front office statistics.

BELL CAPTAIN**Job Description of Bell Captain**

Job Title	:	Bell Captain
Department	:	Bell Desk
Reports To	:	Sr Bell Captain & Lobby Manager
Supervise	:	Bell Boys
Coordinates with	:	front office

Duties and responsibilities of Bell Captain

- He takes briefing of his staff and passes on special instructions to them.
- Checks their uniform and personal hygiene.
- He controls the movements of his staff and nobody is allowed to go away from the place of his assignment without the permission of the bell captain.
- Assign errands to bell boys.
- All fresh arrivals with scanty baggage are informed to him by bell boys. He, after making the entry in his log book and arrival register, informs the lobby manager and the reception about scanty baggage.
- Postage stock is checked and maintained at the bell desk and is sold to the guest on behalf of the hotel on no profits no loss basis.
- Maintains the stock of paging boards and use them as and when guest are paged.
- Observe for any doubtful mover in the hotel and informs about the same to lobby manager.
- Luggage left room is controlled by him and a proper luggage register is maintained.

BELL BOY/PAGE BOY/ LUGGAGE BOY**Job Description of Bell Boy**

Job Title	:	Bell Boy
Department	:	Bell Desk
Reports To	:	Bell Captain, Sr Bell Captain & Lobby Manager
Supervise	:	None
Coordinates with	:	front office & Security

Duties and responsibilities of Bell Boy

- Handle the guest arrival
- Take the baggage from the car in the porch/gate to the room at the time of arrival.
- Escorts the guest to the room on arrival.
- Place the baggage in the room, on the luggage rack.
- Explain the operation and control of lights, switches, air conditioning etc. to the guest and switch them on.
- Handle departure of the guest (through the use of departure errand)
- Under instruction from bell captain bring the baggage down from the room on departure.
- Check the room to ensure that the guest has left no article in the room by mistake.
- Ensure collection of keys from guest at the time of check out and obtain clearance from information section.
- Check for mail, message for departure guest and if available, collect and give mail or message to departing guest.
- Handle Babbage of the guest when they are shifting to another room.
- Distribute newspaper to guest room and selected offices.
- Keep lobby area clean and clear to ensure smooth traffic flow.
- Deliver guest luggage to “Left Luggage” room if required.
- Check guest rooms to validate the Discrepancy Report.
- Report “Scanty Baggage” guest to Bell Captain

- Perform any other errands as required by guest and management

CONCIERGE**Job Description of Concierge**

Job Title	:	Concierge
Department	:	Concierge Desk
Reports To	:	Lobby Manager & Asst Front Office Manager
Supervise	:	None
Coordinates with	:	Bell Desk & City Services

Duties and responsibilities of Concierge

- Develops a strong knowledge of the hotels facilities and services and of the surrounding community.
- Provides guest with direction to attraction or facilities in or outside the attraction or facilities in or outside the property
- Makes guest reservation for air other forms of transportation when requested.
- Provides guest with information about attraction facilities, services and activities in or outside the property.
- Makes guest reservation for the theatre and other forms of entertainments when requested.
- Organize special function as directed by management.
- Arrange secretarial and other office services
- Handles guest complains and solve problem to the degree possible.

BUSINESS CENTRE ASSOCIATE**Job Description of Business Centre Associate**

Job Title	:	Business Centre Associate
Department	:	Business Centre
Reports To	:	Business Centre Supervisor & Front Office Manager
Supervise	:	None
Coordinates with	:	Front Desk

Duties & Responsibilities of Business Centre Associate

- Operation of all office equipment for guest.
- Providing secretarial services such as typing, photocopying
- Maintenance and upkeep of all office equipment.
- Set up of meeting rooms for meeting
- Co-coordinating with banquets for providing snacks, tea and coffee.
- Maintaining the regular record of the usage of fax, email,/internet facilities.

GUEST RELATION EXECUTIVE**Job Description of Guest Relation Executive:**

Job Title	:	Guest Relation Executive:
Department	:	Guest Relation Desk
Reports To	:	Front Office Manager & Guest Relation Supervisor
Supervise	:	None
Coordinates with	:	Front Office & Concierge

Duties & Responsibilities of Guest Relation Executive (GRE)

- Blocking rooms and suites: After checking the reservation and reference of room ones she has checked the availability.
- Placing amenities: After GRE has checked the VIP status; she selects the type of amenity and then sends the amenity voucher to the concerned departments.
- Checking the room: Ones the room has been cleared by housekeeping and room service has placed the amenities the GRE checks the room to ensure that it is perfect in all aspects.
- Welcoming the guest by addressing the name.
- Escorting the guest to the reception and assist them in taking as much information from the guest as possible on arrival.
- Escorts the guest to the room and explain the features of the room.
- After few minutes of rooming the guest, the GRE gives the guest a welcome call to get a brief feedback about accommodation.

TELEPHONE OPERATOR**Job Description of Telephone Operator**

Job Title	:	Telephone Operator
Department	:	Telephone Section
Reports To	:	Telephone Supervisor & Front Office Manager
Supervise	:	None
Coordinates with	:	All departments & Cashier

Duties & Responsibilities of Telephone Operator

- Answer incoming calls.
- Directs calls to guest room , staff or departments through the switchboard or PBX system
- Place outgoing calls.
- Receives telephone charges from the telephone company and forward charges to the front desk for posting.
- Takes and distribute message for guest.
- Answer question about hotel events and activities.
- Provide information about guest services to guest.
- Understand PBX switchboards operation.
- Logs all wakeup call request and performs wakeup call services.
- Provide paging services for hotel guest and employees.
- Knows what action to take when an emergency call is required or received

AIRPORT REPRESENTATIVE**Job Description of Airport Representative**

Job Title	:	Airport Representative
Department	:	Front Office
Reports To	:	Sales Manager & Front Office Manager
Supervise	:	None
Coordinates with	:	Reception, Airline Staff

Duties & Responsibilities of Airport Representatives

- To keep informed of hotel rates and facilities.
- Keep informed of local events and practices.
- Meet all booked guests at the airport, welcomes them and assists in arranging transport to the hotel.
- Meets and maintain rapport with airline counter staff on continuous basis to generate layover/FIT business for hotel.
- Assisting in the check in, coordinating with airlines staff in case of lost /mishandled baggage
- Meets counter staff of various agencies etc. and keeps friendly rapport to get business.
- Meets crew on arrival and liaisons with transport.
- Receives, meets VIP guests on arrival and escorts them to the hotel.
- Sees off the VIP guests at the airport.
- Maintains liaison and good rapport with custom authorities and help in quick clearance of VIPs and any other persons as directed by the Front Office Manager.
- Confirmation of flight timings, recheck in of guest.
- Act as sale representative for the hotel at the airport
- Update airline schedules
- Keeps informed of room position
- Assist hotel VIP guests, in case of excess luggage, ticket confirmation and securing seats. If desired, check in VIP guests at the airport in advance,.
- Keeps record of all business generated by airport counter staff. Pages guest if required at the airport.
- Provide constant feedback to Front Office Manger on airport happenings.
- Reports competitive activities.
- Meets group on arrival at airport.
- Keeps in contact with lobby manager for room availability on telephone.
- Prepares weekly reports and submits to Front Office Manager.
- Undertakes any other assignment from Front office manager/lobby manager.
- Attends sales meeting every week
- Generates FIT business on individual sales effort.
- Checks airport pick-ups.
- Keeps in touch with assistant manager for any additional follow up.
- Any other assignment as directed by Front Office Manager.

DOOR MAN/LINK MAN/ CARRIAGE ATTENDANT**Job Description of Door Man**

Job Title	:	Door Man
Department	:	Bell Desk
Reports To	:	Bell Captain
Supervise	:	None
Coordinates with	:	Bell Desk, Security & Valet parking

Duties & Responsibilities of Door Man

- First staff to greet the guest

- Open doors of arriving cars and greets and welcome guests with a smile
- Alert the Bell Desk regarding arrival of guest
- Call the vehicle for the guest in portico.
- Check the baggage before the vehicle leaves
- Ensure smooth traffic flow in the porch and ensures that the porch is always clear.
- Provides other information about the hotel and the city if required.
- Calls for cars parked in the basement
- Keep the keys of incoming guest car orderly
- Responsible for cleanliness and order lines of the front area of the hotel and area around it
- Checks the luggage out pass before allowing the bell boy to load luggage in car at the time of departure and maintains car register
- Assist the security in providing front porch surveillance
- Should know driving to assist the guest in case of emergency
- Perform any other duties as may be assigned

ATTRIBUTES/ QUALITIES OF FRONT OFFICE PERSONNEL: As the front office is a critical department in a hotel in view of its revenue generating capacity and influence in image building, the staff working in it assumes a special importance as for a guest and the hotel, front office staff are the link. Front office staff especially Receptionist comes in contact with all the guest of the hotel. He meets people, greets them, makes them comfortable, and helps them in all possible ways. The receptionist has to make sure that the guest feels at home and that is why, hotel is called a home away from home. For this a receptionist should possess certain qualities. The following are the qualities or attributes that are required by front office staff are:

- Pleasant Personality : Good manners and a smile are natural assets.
- Eagerness : Eagerness to help
- Respect : Respect all, young, old, rich, less rich
- Sense of responsibility : He should feel responsible and take responsibility
- Orderly Mind : Essential for methodical and accurate work
- Neatness: Indicates pride in self and job
- Accuracy: Accuracy is perfection
- Loyalty: Should be loyal to both management and colleagues
- Intelligence: Intelligent enough to take decision
- Tact: Tactful to handle situation
- Yearning to be a good receptionist.

Some other qualities of front office employees are:

- A front office staff should have warm personality and smart appearance.
- A keen interest in people, and polite and courteous nature.
- Poise under pressure, keeping his cool and problem solver
- A desire to be helpful, but also romantic and tactful.
- The ability to listen ,hard working and punctual
- A willingness to reflect management policy should be able to take quick decision.
- The ability to get along with co-workers, and pleasant approach and a good motivator and coordinator.

- A desire to be liked, with good public relation qualities.
- The ability to help another employee without resenting it or showing irritation
- Should be confident, analytical, intelligent and a good salesman.
- Good memory
- Knowledge of language Numerical ability.
- Image builder.

2.6.5 Inter Departmental Communication

The front office staff interacts with all departments of the hotel, including marketing and sales, housekeeping, food and beverage, banquet, controller, maintenance, security, and sales, housekeeping, food and beverage, banquet, controller, maintenance, security, and human resources. These departments view the front office as a communication liaison in providing guest services. Each of the departments has a unique communication link with the front office staff. Front office department communicates with:

- Housekeeping Department
- Food and Beverage Department
- Sales and Marketing Department
- Maintenance or Engineering Department
- Security Department
- Banquet Department
- Finance Controller/ Accounts
- Human Resources Management Department

HOUSEKEEPING DEPARTMENT: Rooms sell are the major source of revenue generation for the hotel. The major function of front office is to sell the room, but to make the room ready for the sell is the part of housekeeping. So Housekeeping and the front office works in close coordination with each other. They communicate with each other for the following information about

Room Status: - the report on the availability of the rooms for immediate guest occupancy i.e. depicts the entire picture of all the room position or status of guest room. Housekeeping room status can be described in the following communication terms:

- Available Clean, or Ready—room is ready to be occupied
- Occupied—guest or guests are already occupying a room
- Stay over—guest will not be checking out of a room on the current day
- Dirty or On-Change—guest has checked out of the room, but the housekeeping staff has not released the room for occupancy
- Out-of-Order—room is not available for occupancy because of a mechanical malfunction

Once the housekeeping is ready with the housekeeping room status report it is send to the front office, where it is checked and compared with front office occupancy report this helps front office to

- Update room status
- Know the exact house count
- Find sleepers (a room from which the guest has checked out but is showing as occupied in front office status record)

- Charge if any extra person has occupied the room

Discrepancy Report: A discrepancy report is prepared by the front desk on receiving the Room Report from the Housekeeping. The front office compares it with the Room Rack for reconciliation of room status. Discrepancies noticed between Room Rack and Housekeeping Room Report are noted down on a separate report called the “discrepancy report” which is then handed over to a bell boy for physical check and reporting back of the room under discrepancy. After a physical check of the room the bell boy notes down the correct status which is accepted by the front office and room rack and reconciled accordingly.

Hotel ABC Ltd DISCREPANCY REPORT				
Date:				
Room	Per Room Asstt.		Per House Keeper	Investigation Remarks
				ASSTT. MANAGER

Discrepancy Report

Room Clearance Arrangement: When a guest checks out, the front office has to immediately inform the housekeeping desk (which is the central point of information for housekeeping) or the floors, to clean the room so that it is ready for sale again. This information is controlled on a Departure Intimation control sheet. Housekeeping in return would have to inform the front office immediately after a room has been cleaned and prepared for sale to the guest. In technical parlance when the front desk informs the housekeeping desk about a check out room, it is referred to as giving a “departure room” to housekeeping and when housekeeping informs the front office about the rooms which are ready for sale, it is known as “cleared room”.

Special Arrangements: Guest may request for additional or special amenities during their stay like personal toiletry items such as shampoo, toothpaste, mouthwash, and electrical equipment etc, and when such request is made to front office, they immediately convey it to housekeeping department .For special guest like VIPs and groups the front office may request the house keeping department to put extra amenities in the guest room like flower arrangements etc.

Security: The house keeping personnel should inform the front office about any unusual circumstances that may indicate a violation of security for the hotel guest.

FOOD AND BEVERAGE DEPARTMENT: The front office department coordinates with the food and beverage department for the following information:

- Arrival and departure of guests
- Setting up bar in VIP rooms
- Special arrangement like cookies, fruit basket, and assorted dry fruits.
- In house and expected VIP's and corporate guest
- In house and expected groups
- In house and expected crews
- The scanty baggage in house guests, all points of sale are notified to receive all payment in cash from these guests.
- Groups and guests with booking of specific meal plan.

Thus the front desk will provide the food and beverage department with a guest room Special amenities request form. The food & beverage department then arranges for item such as welcome fruit basket with fruits, chocolates and wine to be put in the guest room. For groups, the food & beverage department will need the front desk to provide information on meal arrangements so as to reserve seats in the outlets or conference rooms for guests' meals.

SALES AND MARKETING DEPARTMENT: The sales and marketing department needs to work closely with the front desk and reservations department for reservations of groups, tours and corporate bookings. The front desk will provide to the sales and marketing department updated information on:

- guest histories
- room reservation records
- current room availability status

The guest history is a valuable resource for marketing and sales, which uses the guest history information to target marketing campaigns, develop promotions, prepare mailing labels, and select appropriate advertising media.

The front office staff must make every effort to keep this database on room availability status and guest histories current and accurate. The marketing and sales executives may have to check the lists of available rooms three, six, or even twelve months in the future to develop marketing strategies for future period especially for lean period or off season period to be sure the hotel have desired occupancy throughout the year.

This information also helps the sales and marketing department to sell the product by bundling two or more product like room with meal or room, meal and sightseeing all clubbed together to form a package is prepared keeping in minds the need of the target clientele. It is also the front office's job to make a good first impression on the public, to relay messages, and to meet the requests of guests who are using the hotel for meetings, seminars, and banquets.

Thus a close coordination and cooperation between the front office and sales and marketing department is important for hotel profitability.

MAINTENANCE OR ENGINEERING DEPARTMENT: The maintenance or engineering department and front office communicate on room status and requests for maintenance service required for the equipments and systems installed in the hotel. Front office informs the maintenance department of any work required in guest room. Maintenance employees must know the occupancy status of a room before attending to plumbing, heating, or air-conditioning problems. If the room is reserved, the two departments work out a time frame so that the maintenance work is carried out in absence of the guest, and in case of heavy work need to be done, the guest can be requested to change the room.

The engineering department is responsible for maintaining properly the hotel facilities under the care of the front office department such as the proper of functioning of the guest lift.

SECURITY DEPARTMENT: Communications between the security department and the front office are important in providing security to the guest. The front office needs to provide guest information to the security department in the event of emergency; such as fire alarm, power failure and so on. When guest reports loss of property to the front office, security department will be informed to handle the case together with front office's assistant manager. Fire safety measures and emergency communication systems as well as procedures for routine investigation of guest security concerns require the cooperation of these departments. Thus both the department works together in maintaining guest security.

BANQUET DEPARTMENT: The banquet department, which often combines the functions of marketing and sales department and a food and beverage department, requires the front office to relay information to guests about scheduled events and bill payment.

The front desk staff may also provide labour to prepare the daily announcement board, an inside listing of the daily activities of the hotel (time, group, and room assignment), and marquee, the side message board, which includes the logo of the hotel and space for a message. The majority of banquet guests are not registered guests in the hotel, for them, the front office is a logical communications center, as nonresident guest who are unaware of the hotel lay out will contact the front office for the direction of the revenue. The banquet department sends function prospectus to front office also so that if any communication from the parties hosting the functions reaches the front desk, the same may be transferred or replied promptly. the preparation of marquee with different messages for the banquet guest is also handled by front office..

The persons responsible for paying the bills for a special event will also find his or her way to the front office to settle the city ledger accounts. If the banquet captain is not available to personally present the bill for the function, the front desk clerk is informed (specially during the night) about the specifics of food and beverage charges gratuities, rental changes, method of payment, and the like so that he can present the banquet bill to the specific guest and even collect payment in absence of banquet captain.

FINANCE CONTROLLER/ ACCOUNTS: Front office work in close coordination with account sections as major revenue is generated from front office. The front office

cashier receives payments for the guest's stay in the hotel. This is the point where all the charges vouchers (bills) generated by the guest are received, to be included in overall bill. The Night Auditor than in the night, audits all guest bills received by the front office cashier and also receive payments from all point of sales of the hotel in the night, he verifies and check, proves for the end of calendar day (for detail refer Unit 3) and than in next morning The Front desk provides a daily summary of the financial transaction after night auditing to the finance controller.

Information concerning advance deposits received by the reservations department and payments received by the front desk are recorded and passed to the accounts department which is responsible for monitoring guest accounts, checking credit limits and seeking settlements of guest accounts. Accounts department is responsible for compiling a list of credit-approved organizations, which is needed by reservations and front desk when receiving bookings.

The information by the front desk helps the finance controller to make budgets and to allocate resources for the current financial period. Front desk provides the controller the financial data for preparing and maintenance the credit card ledger.

HUMAN RESOURCES MANAGEMENT DEPARTMENT: A close coordination and communication between the front desk and human resource (HR) department helps in the growth and development of front office employees. The Front Office Manager informs the HR department about their requirement of new staff, training requirement of the new staff or refresher training for the existing employees. On the basis of guide lines provided by the front office department, the HR department develops the eligibility criteria for selection of the candidates and develops training programs for the staff for the overall growth and development of front office employees

2.6.6 Log Book

One of the most important register found at the front office is – log book. The log book is used to record all messages that staff from an earlier shift wants to convey to the employees on the next shift, all supervisors and staff reporting for duty must read the log book before starting their duty for any important message left for them by the staff of the previous shift.

Each of the hotels must have and use a Front Office Log Book so that front office staffs are aware of important events and decision that occurred during previous shifts. The Log books are like daily journal and must be a bound (sewn, not loose leaf or spiral bound) ledger or diary with stamp or machine numbered consecutive pages. The reason the book should be sewn is so that removing pages is not as simple as a loose leaf or spiral book. In the log book front office staff records: - unusual events, guest complains or request and other relevant information throughout their shift. These notes should be clearly written in a prescribed form so that can serve as effective reference for next shift as well as for future. Before beginning their shift front office supervisors and agents should review the log book, notify any current activities, situations that require follow up or potential problems. Complete Logbook is so much more than a logbook- it is more of a full workbook for anything a manager needs. Get the visibility, consistency and accountability that one

always wanted. As it helps the manager to control the shift as hand over of the shift becomes easy with the help of log book. It act as the mode of communication between the shifts where by reading the log book one can easily get the idea of what ever has happened in the previous shift. besides that any information or activity which is to be done in the next shift is also mentioned for the staff of next shift for e.g. suppose employee of afternoon shift note it down that collection of advance from guest room no 201 in evening shift” thereby reading it the staff of evening shift will be aware of collecting the money from the guest. An effective front office communication involves the use of log books, information directories, emails and telephone procedures. A proper hand over of shift is required to ensure smooth running of the front office shifts.

The Log Book records:

- Record unusual incidents and significant guest comments.
- Note the witnessing of deposit drops.
- Note discrepancies in House Bank and Petty Cash counts at shift changes.
- Note problems or issues which occur during the shift which the General Manager or subsequent shifts should be aware of.
- Entries must include the date, time and GSA's initials.
- Each GSA must read and initial the log of the prior shifts to be brought up-to-date on recent events. It is essential that all GSAs make entries into this log during their shift and read it religiously.
- The General Manager and/or the Front Office Manager must review the Front Office Log periodically (at least daily) and initial each entry they review.

The Front Office Log has several uses:

- Promotes clear and complete communication within your hotel
- Keep duty managers and supervisors focused on their responsibilities
- Daily reports can be done quickly and easily, and all kept in the one place!
- Separate sections of log book focus on key areas that need attention every day
- No more relying on the memory of your staff or notes left on scraps of paper!
- Logbooks create a powerful checklist to remind the management staff of all their responsibilities.
- A permanent record for later if one need to know 'what really happened' on a particular day

CHECK YOUR PROGRESS-IV

Q. 1 What are the attributes of a front office personnel?

Q. 2 Write note on log book.

2.7 Guest Services and Relations

As the guest checks into the hotel, they start availing various services and facilities offered by the hotel during their stay in the hotel. The stay is the third phase of guest cycle. This stage is very important for the hotel as the guest good experience is very much essential and crucial in generating repeat business and for free mouth publicly of the hotel. So, the hotel tries to provide a more professional way to handle the services provided to the guest. Different guest services provided by front office are:

- Mail & Message Handling
- Paging of the guest
- Safety Deposit Lockers
- Room Change Procedure
- Wakeup Calls
- Guest Complains

2.7.1 Mail Handling

Mail Handling is a very important activity of the front desk and the way the mail is handled shows the efficiency and attitude of the hotel staff. When guests are away from their homes because of any reason may be business, official, personal etc, they need a contact address where they can receive their urgent mails, couriers, fax, parcels etc. Very often guests travelling and staying at hotels need to be contacted by their family or their colleagues of their office. Thus, they may receive letters, parcels and packets at the hotel address. The guest might also want to communicate with them. The hotel in such cases acts as an agent for receiving or forwarding such mail or messages.

All the mails addressed to the hotel are received by the front office and depending upon the hotel policy, mails are either handled by the front desk, bell desk or information desk. It is a vital duty of the front office department to hand over all mails to the respective guest without any delay. Any delay and carelessness shown by the staff may result in great dissatisfaction. The term mail handling covers up both incoming and outgoing mail. Following are some of the sources of mails:

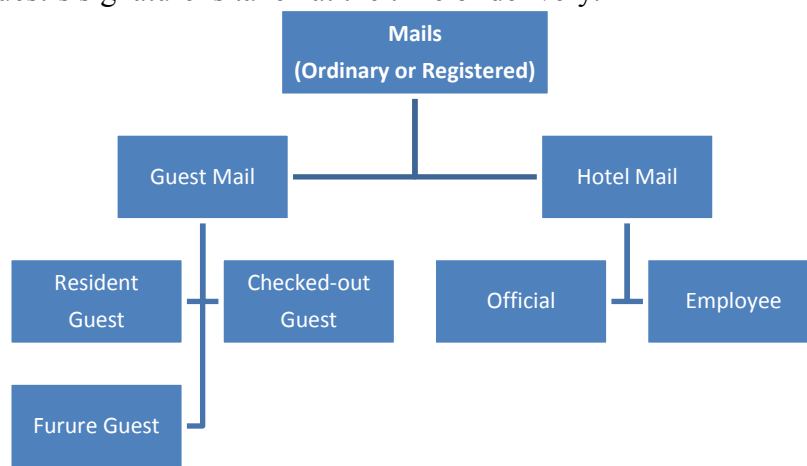
- Fax
- Emails
- Telegrams
- Letters and Parcels

INCOMING MAIL: As per the policy of the hotel the incoming mail may be received at the front desk or by the information desk. Incoming guest mails may further classified into two categories:

- Ordinary guest mail
- Registered guest mail

Ordinary Guest Mail: The mails of which no delivery record is maintained by the delivering agency (postman) are known as ordinary mails. But, hotel keeps a record of all received mails at the desk in a mail log book to avoid any kind of future discrepancy.

Registered Guest Mail: The mails whose delivery record is maintained by the delivering agency (postman) are known as registered mails. It is advisable not to accept tampered registered mails. When registered mails are received, they are recorded in the mail log book and the guest’s signature is taken at the time of delivery.



Types of Incoming Mails

Procedure for Handling Guest Mail: The standard mail delivery process is as under:

- **The incoming mails** (ordinary or registered) received are first stamped date and time and entry is made in the mail log book and then these are sorted out at the counter itself.

Hotel ABC						
Incoming Mail Log Book						
S. No.	Date and Time of Receipt	Name of addressee	Type of Mail	Delivered to	Signature	Remarks
124786	25/01/2009 12:35 p.m.	Mr K Dubey	Registered	Time office		
124787	25/01/2009 01:15 p.m.	FO Manager	Ordinary	GM office		
124788	25/01/2009 02:30 p.m.	Mr P K Shukla	Parcel	Front Desk		
124789	26/01/2009 03:15 p.m.	Mr JS Tewari	Insured mail	Front Desk		

Incoming Mail Log Book

- **Sorting Incoming mail:** Incoming mail is sorted into “Guest Mail and Hotel Mail” and then they are arranged in an alphabetical order. Thus the mail is sorted, arranged alphabetically and put separately.
 - Mail for the guest/ Guest Mail
 - Mail for the hotel/Hotel Mail

- **Guest Mail:** The incoming guest mail is further sorted into three categories:
 - Mail for in-house guest/ Resident Guest Mail/Present Guest Mail
 - Guest who have already checked out/ Departed Guest/Past Guest
 - Guest who have not yet arrived/Yet to arrive guest/Future Guest

Mail for in-house guest/ Resident Guest Mail/Present Guest Mail: The mails of the resident guest are delivered in the guest rooms by the bell boy, if the guest is present in the room and his signature is taken in the mail log book.

In case the room key is in the pigeon hole i.e. if the guest is not in the hotel, or sometimes the guest may go out of his room without leaving the key on the counter the mail is placed in the key rack and a mail advice slip refer is put on the key knob of door so that if he goes to room directly he would know about the mail which the hotel has received in his absence, and later mail is delivered to the guest along with his room key when he come to collect room keys. These days hotels use message light on the telephone or on the door and also computers are used for this purpose in some hotels.

Mail Advice Slip

Guest who have already checked out/ Departed Guest/Past Guest: The mail of the checked out guest are send to the back office from where it is checked with the forwarding instruction from Mail & Message Forwarding Slip and mail is forwarded

according to the instructions left by the check-out guest and appropriate entries are made on the mail forwarding address slip. In case there are no instructions left, the mails are send back to the sender.

Guest who has not yet arrived/Yet to arrive guest / Future Guest: Mail of such guests is marked with the date of arrival and is send to reservation section where it is kept in the hold mail rack. This information is then marked on advance reservation slip. On the date of arrival the mails are attached with the pre filled registration card and are delivered to the guest on his arrival.

<i>Hotel ABC</i>				
Mail Forwarding Address Slip				
This address will be in file for 10 days, unless otherwise requested. Please fill it and hand over at the reception.				
Forward instruction:			Forward until: _____	
			Hold until: _____	
Forwarding Address:				
.....				
.....				
.....				
.....				
				Name & Signature of Guest
Record of Forwarded Mails				
S. No.	Date	Type of mail	Forwarding address	Forwarded by

Mail Forwarding Address Slip

Mail for the Hotel/Hotel Mail: The “Hotel Mail” is again sorted into “Official Mails” and “Employee Mails”.

Mail for the Staff/Employee Mail: Employee mail is send to the time office from where it is delivered to the concerned employee.

Official Mail/Departmental Mail: These mails are of concerned departments and are send to their concerned departments by the bell boys

OUTGOING MAIL: The outgoing mail can be of two types:

- In – house guest/Resident guest Mail
- Hotel Staff mail

In – house guest: In case the guest wishes to send a mail through front office, the hotel provides the service of collecting the mail from the guest room by bell boy and posting them .The charges for the services are added to the guest account through a miscellaneous

Hotel Staff Mail: The hotel staff is usually not encouraged to send mail through the hotel and is required to send the mail on its own, while any mail can be sent out of the various departments of the hotel is sent by the department directly such as accounts, food and beverage and reservations, etc.

2.7.2 Message Handling

Receiving messages for in house guests in their absence, recording them and communicating them to the guests as soon as possible is an important function of the front desk staff. A message can be received either by telephone call or in person or visitor coming to meet the guest. The need for receiving message for the in-house guest is important when the guest is not in the room. He may be out of the hotel or within the hotel but not in his room.

Very often people come to the hotel to meet the guest in person or people related with the guests might want to leave a message or talk to the guest over the telephone. When the guest is not available in the hotel then a message needs to be taken on guest behalf and then communicated to him or her. The recording of guest messages can be done manually or by computer. In case of manual message recording system “Message Slip” needs to be filled out. While hotels using computers have automated systems for delivering messages to guests.

The telephone in the guest room has a message indicator that can be switched on by the front desk in case any message is waiting for a guest. The message light will flash on the telephone instrument in the guest room. This prompts the guest that there is a message for him and he may call the front desk to receive it. In some hotels the message details may also be fed into computer and the guest may view it on the television screen in his room. Every hotel has its own standard operating procedure for handling guest Message. The common procedure followed is:

- When there is a telephone call or visitor for the guest, the front desk staff checks whether the guest is resident guest, check out guest or future or yet to arrive guest.
- In case of resident guest, the FO staff should check whether he is present in his room or not. If the guest is in the room, the front desk staff should immediately connect the caller or inform the guest about the visitor.
- If the guest is not present in his room than the front office staff should check the mail and key rack for the location form or any instructions left by the guest thereby act accordingly
- If the guest has not left any instructions or **location form** at the front desk, the front office assistant should note down the message on the message slip refer format, the three copies of message slip are prepared. The first or the original copy is placed in the key and mail rack and is delivered to the guest when he comes to collect his room key, the second is slipped under his room door, and the third remains in the message book for reference A Message Slip should be filled out

completely and the complete details, name and contact details of the visitor/caller should be noted so that the guest can be informed of the same. The message noted should be repeated and confirmed in order to ensure that the message noted is correct and complete.

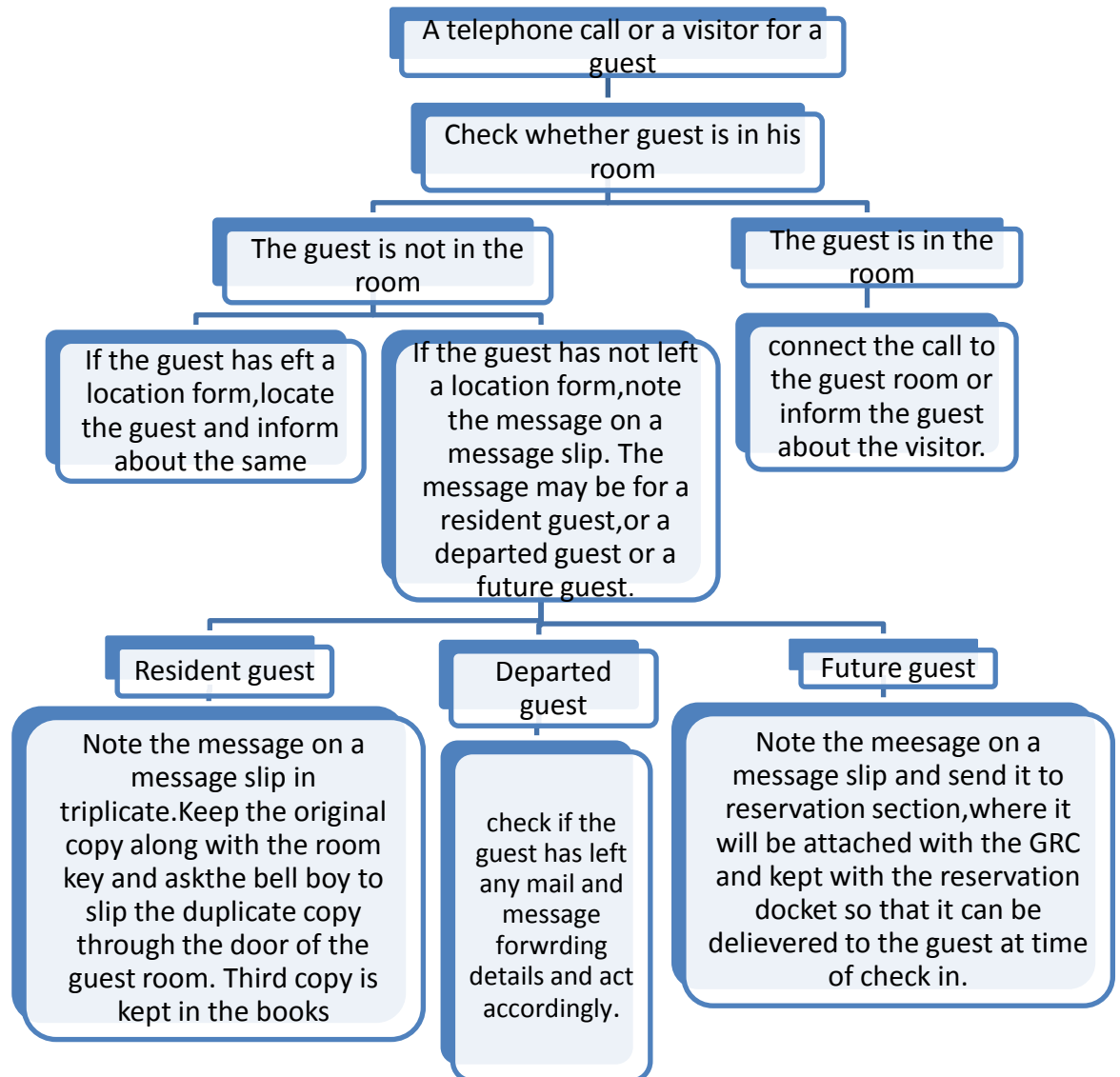
- ✓ 1st copy of message slip → kept in mail and key rack
- ✓ 2nd copy of message slip → slip pending the guestroom
- ✓ 3rd copy of message slip → kept in the books

- Sometimes hotel also receives message for the guests who are expected to arrive or have already departed checked out of the hotel. If there is visit or a call for the guest who has already check out of the hotel, than front office agent checks, and give information as per instructions left by the guest in the mail and message forwarding slip
- Guests who are expected to arrive in future will have their messages filed in alphabetical order and send to back office where the slip is attached to their reservation record and when preparing the registration form GRC (preregistration) the slip will be attached to GRC so that message can be delivered to guest at the time of check in. The accurate handling of messages and their delivery is very essential. In case a message is received, and if not promptly given to the guest concerned may cause problems or embarrassment which could result in a strong complaint.

HOTEL XYZ			
Message Slip			
To _____			
Room No : _____			
Date: _____			
Time: _____			
During your absence			
Mr./Ms. _____			
from _____			
	Called by telephone		Will call again
	Came in person		Please call back
	Waiting for you		Please meet him/her
Message: _____			

			Signature
of Information Assistant			

Message Slip



Procedure for Handling Guest Message

2.7.3 Paging

The paging is a system of locating the guest within the premises of the hotel. When the guest is expecting a visit or call, but does not want to wait for it in the room is within the hotel so he may fill the location form and leave that to reception, the front desk then sends the bell boy with the page board on which the guest name is written to locate the guest in specified area of the hotel

Location form: Many times the in – house guest expects a phone call or a visitor but decides not to wait in the room, and might decide to go to a public area such as bar, restaurant, swimming pool, Lobby or lounge etc. of the hotel or may go out of the hotel. In such cases the hotel requests the guest to tell about his whereabouts through a location form. This form is kept in the stationery folder in the room as well as also available at the information counter. The filled location form is kept in the key and mail racks. This information is sent to telephone department also. The purpose of form is to identify the area of paging and save time. In case of computer system the information is recorded in computer instead of location forms.

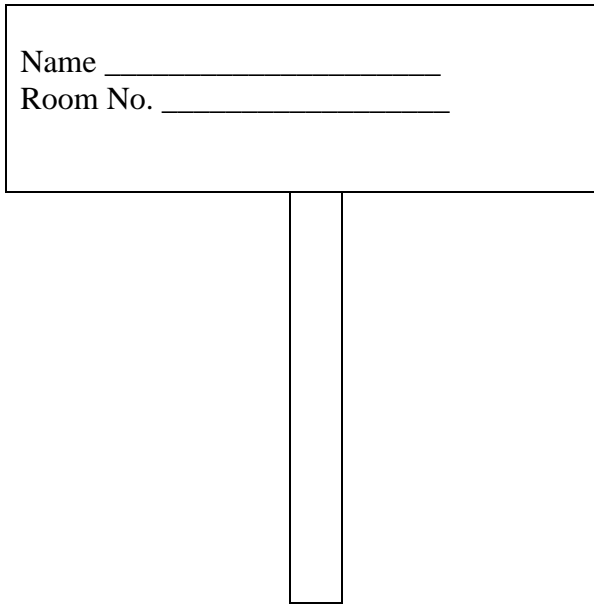
<h2 style="margin: 0;">Hotel ABC</h2> <p>Location form</p> <p>Name of Guest: _____</p> <p>Room No. : _____</p> <p>While I am out of the hotel room I am expecting:</p> <ul style="list-style-type: none"> ✓ Mr/Ms _____ to visit ✓ Telephone call <p>In an event if I am not in my room kindly locate me at:</p> <ul style="list-style-type: none"> ✓ Café shop ✓ Gym ✓ Swimming pool area ✓ Restaurant ✓ Other (Specify) _____ <p style="text-align: center;">Or convey my message to caller/visitor</p> <p>Message: _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p style="text-align: right; margin-top: 20px;">Signature of Guest</p>

Location Form

Page Board System: The most commonly used system is called Page Board System. This is a simple system in which the bell boy / page boy is required to carry a small board which has a small handle and small bells attached to it. The receptionist or information list writes the name of the guest and his room on the board, and the bell boy / page boy carries this board to the public area which has been mentioned on the location form by the guest and keeps ringing the attached bells. This attracts the attention of the guest immediately.

Public Address system: Another system which is used to page the guest was P.A system. In hotels piped/relayed or channeled music is played in all the public area from the central room generally in the front office. The switch of it is with the receptionist or information assistant who to page the guest will switch the music from all the public areas and announces (with mike and speaker) the name of the guest and his room number. this is transmitted to all the public areas thereby saving the time and energy of bell boy. The communication skills of the person announcing the name of the guest is important his voice should be clear, correct and sweet

Name _____ Room No. _____

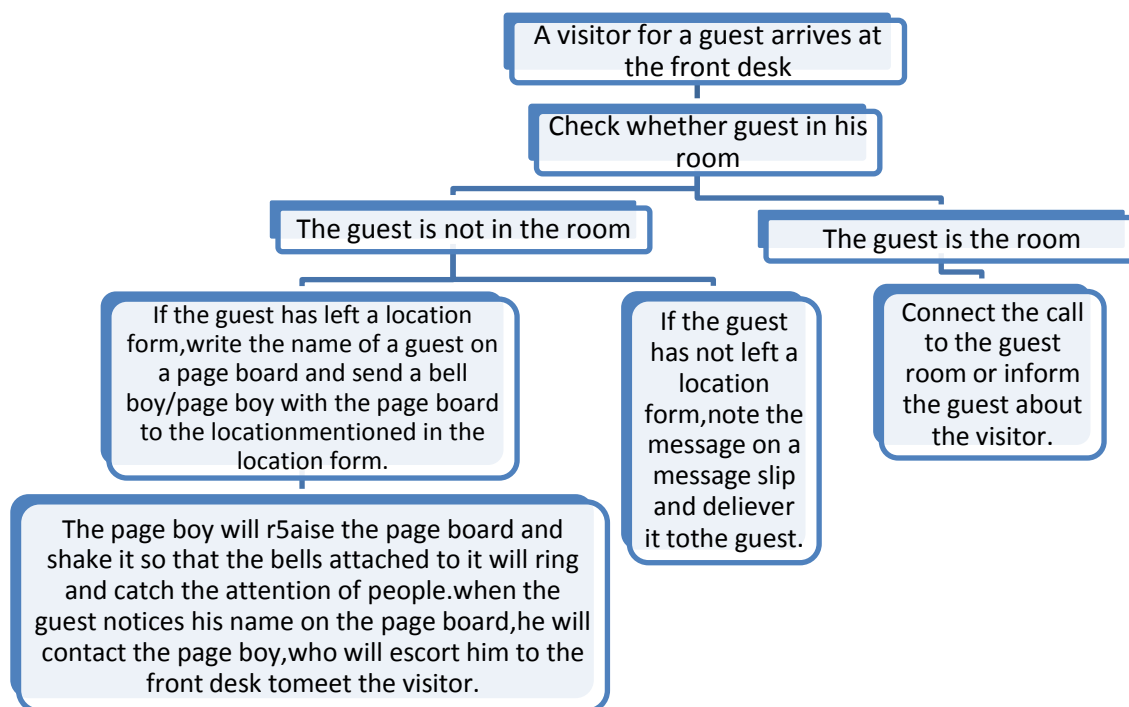


Page Board

Pager / Beeper: With the development of electronic communications equipments some resorts which are spread in vast area and it is not possible for bell boy to page the guest in wide area so pagers or beepers are given to VIP guest for paging, so that information can be immediately reached to them.

Procedure for Paging: The procedure for the paging involves following steps:

- ✓ A visitor for guest arrives at the front desk
- ✓ Check whether the guest is in his room
- ✓ The guest is in the room- than connect the call or inform the guest about the visitor.
- ✓ If the guest is not in his room:-
- ✓ If the guest has not left any location form , note the message on the message slip and deliver it to the guest.
- ✓ If the guest has left the location form write the name on the guest on the page board and send the bell boy with the page board to the location mentioned in the location form.
- ✓ The page boy will raise the page board and shake it so that the bell attached to the board ring and attract the attention of the guest and when guest notices his name on the page board, he will be escorted by the bellboy to front desk to meet the visitor.



Procedure of guest paging

2.7.4 Safe Deposit Locker

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” are put at various places and on stationary such as G.R.C.

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

In al large hotel, where many guests want to use this facility the above system is not practicable and more effective, personal and safe system is used. The hotel provides safety locker facility to their guests. At the time of arrival the guests are advised to keep their valuables and documents etc in safe deposit boxes / lockers. Usually the double custody safe deposit lockers are installed in a room right behind the cash counter. The cashier is responsible for operating the locker. Usually this facility is given without any charges to the guest. Each locker can be operated by using two keys (one is used by the cashier and the other by the guest).

Procedure for Issuing a Locker:

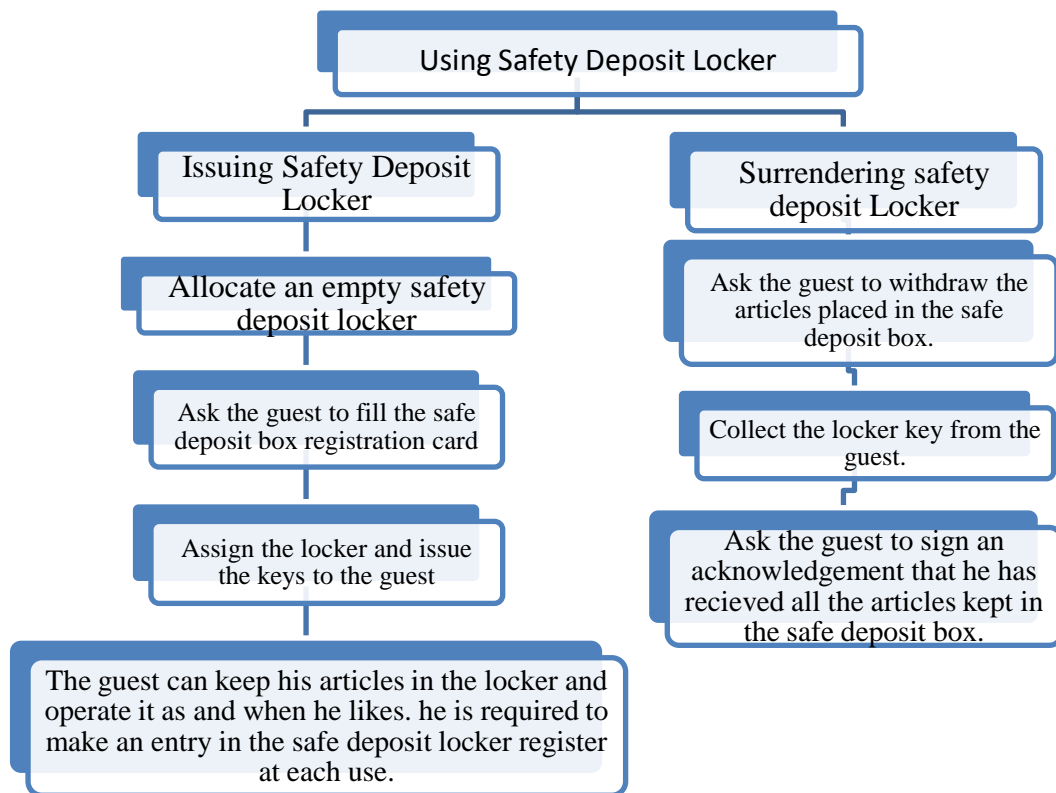
- ✓ As the guest wishes for the locker, an empty safe deposit locker is allotted to the guest with the locker number.
- ✓ Hand over the safety locker registration card to the guest to fill the necessary details.
- ✓ Write the locker number on the Safety Locker Registration Card refer format.
- ✓ The Locker is now assigned to the guest and locker key is handed over to the guest.
- ✓ Leave the area to give the guest privacy to load the locker
- ✓ The guest can keep his liable in the locker, locks the locker and carries his key and ask the cashier to double lock with his key.
- ✓ The guest can use the safety deposit locker as and when required.

Procedure for Withdrawal from lockers:

- ✓ Escort the guest to safety lockers
- ✓ Request the guest to open the locker with his/her key
- ✓ Open the locker with cashier's key.
- ✓ Ask the guest to put the date and signature on the reverse of the registration card to monitor how many times the locker is being opened
- ✓ Leave the guest. Return when the guest is ready. Ask the guest to lock the locker with his key and then use the double lock with cashier's key.
- ✓ Return the card to safety deposit locker rack.

Procedure for surrender of safety lockers:

- ✓ Escort the guest to safety lockers.
- ✓ Request the guest to open the locker with his key, followed by cashier' key.
- ✓ The guest is requested to withdraw the articles placed in the locker
- ✓ Cashier check that the locker is empty.
- ✓ Ask the guest to sign the acknowledgement slip that they had received all the items that has been placed in the locker.
- ✓ Take possession of the guest key
- ✓ Lock the locker, deposit both the keys in the rack, the locker is now again ready to issue to other guest.



Procedure for issue and surrender of safety locker

Hotel ABC SAFE DEPOSIT LOCKER/BOX															
Box No.	Date Issued	Issued by	Room No.												
<p>Terms and Conditions: Hotel is not liable for any loss or theft of the locker item. In case of loss of keys. I will pay Rs 2000/- towards replacements.</p> <p>Signature: _____ Address: _____</p> <p>SURRENDER OF BOX The undersigned now surrenders the numbered box and certifies that all property placed in it has been lawfully withdrawn and now it is in the possession of owner; any claims against and liabilities of the custodian are hereby released and discharged.</p> <p>Signature: _____ Date: _____ Time: _____ Cashier: _____</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Date</th> <th style="width: 25%;">Time</th> <th style="width: 25%;">Signature of the Guest(s)</th> <th style="width: 25%;">Cashier</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>				Date	Time	Signature of the Guest(s)	Cashier								
Date	Time	Signature of the Guest(s)	Cashier												

Safety deposit Locker Registration Card

<i>Hotel ABC</i>									
Safety Deposit Locker Register									
S No.	Date	Name of Guest	Room No.	Locker No.	Key Issued	Guest Signature	Keys Received	Guest Signatures	Remarks

Safety Deposit Locker Register

2.7.5 Guest Room Change

Guest rooms are the most important product of the hotel. They form the large component of the guest overall experience at a hotel. Guest Room change means that when a guest is shifted from one room to another due to some reason or the other.

A guest wants to change his room due to the following reasons:

- ✓ If the room assigned to him is not as per his choice
- ✓ If one or more equipments or facilities like AC,TV in the room are not working satisfactorily
- ✓ If the number of occupants in the room, changes ie from double occupancy to single occupancy or vice versa
- ✓ The guest does not like the view, color, scene, location etc

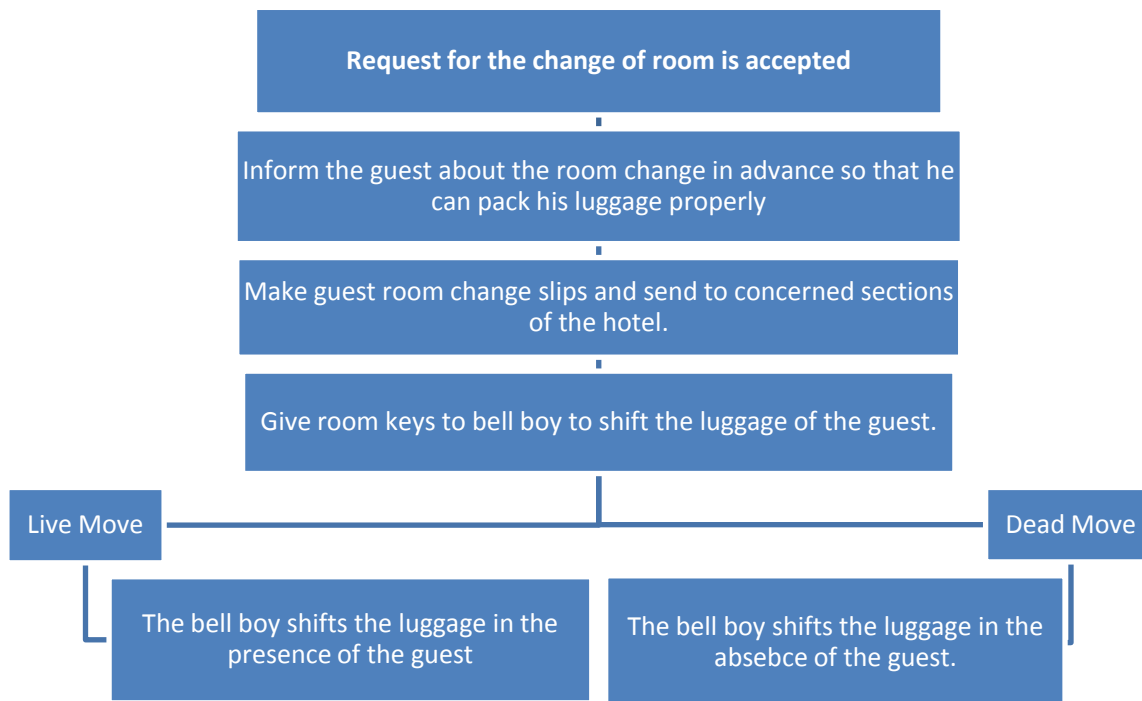
The hotel may wish to change the guest room for the following reason

- ✓ If the guest was upgraded due to non availability of requested category of room
- ✓ If the guest over stays and the hotel does not have the room of the same type to allot to the other guest.
- ✓ If the hotel has scheduled a spring cleaning for the room
- ✓ If the room requires maintenance work

Procedure for room change: It is important for the hotel and the guest to mutually agree on the change of room to avoid any unpleasant situation. The procedure involves following steps:

- ✓ The front office first informs the guest regarding room change in advance so that the guest can pack his luggage properly
- ✓ The front office agent fill six copies of room change slip refer format in fig 2.46- for reception, housekeeping, bell desk, cashier, telephone exchange, and room service and takes authorization from the authority.
- ✓ A bell boy is called and given the keys of new room.
- ✓ He proceeds to the guest room to shift the guest luggage.
- ✓ If the luggage is shifted in presence of the guest it is called as live move and if it is shifted in absence of guest it is called as dead move.
- ✓ The bell boy shifts all the guest belonging from the old room, locks it, and shift it to new room and handover the new room keys to the guest

- ✓ He collects the old room keys and deposits the same at front desk.



Procedure of Room Change

Hotel ABC	
Room Change Slip	
S. No. : _____	
Date: _____	
Time: _____	
From Room No. : _____ Rate: _____	To Room No. : _____ Rate: _____
Name of the Guest: _____	
Reason for Change: _____	
Authorized by Signature	
Copy to: Reception, Bell Captain, Front Desk Cashier, Telephone, Housekeeping and Room Service	

Room Change Slip

2.7.6 Wakeup Call procedure

The facility of awakening the sleeping guest as desired by the guest is called wakeup call. A wake up call is generally a telephone call made by the operator to the guest at the specific time mentioned by the guest. It is like a telephone alarm to wake the sleeping guest. The wakeup call request is entered in the wake up call register.

Generally the telephone section is responsible for giving wake up call to the guest, but lobby personnel specially bell desk also get involved in case wakeup call is to be given to group or crew at the time registered by the group leader or airport authorities.

Procedure for wakeup call:

1. When the guest calls for wakeup calls allow him/her to give the details
2. Fill the wakeup call sheet and register properly repeating each instruction clearly and precisely.
3. The main information which required are:
 - Name of the guest
 - The guest room number
 - The date and time of the wakeup call
 - Repeat the entire information once again to clarify.
4. At the allotted time call the guest by saying “good morning sir this is your six o clock wakeup calls i.e. wishing the guest according to the time and giving wakeup call.

There can be different responses:

- The guest does not pick up the call
- The guest pick up the call but will not answer
- The guest will pick but gives sleepy grunt
- The guest will thank the operator for the call
- The guest will ask the operator to give the wakeup call at another time.

Each will have different follow up

5. Always call the guest after five minutes saying “Mr. ... this is your second wakeup call. Have a nice day.
6. For the guest who does not respond to the wakeup call contact the lobby manager immediately who will either instruct the bell boy to give the physical wakeup call by going to guest room and if required to lobby manager will himself go as to wake up the guest by entering in the guest room with the use of master key as a guest not responding to any type of wakeup call may be in the need of medical emergency.
7. For the guest who is asking for other time ,note the new time in the wake up call sheet confirm the same and remove the old time mentioned from the wakeup call sheet.
8. An operator has the discretion of calling the guest at third time if the guest picks the phone and gives no answer or a sleepy grunt. The operator would like to get a verbal response from the guest..
9. After giving the second wakeup call strike the guest off from the list on the wakeup call sheet.

Modern hotels have sophisticated software which automatically gives the wake up call. The operator notes and feed the details in the computer – the guest name, his room number and date and time when wakeup call is required. The software will automatically call the room at the given time and the recorded voice will inform the guest about the wakeup call. The software automatically calls after 5minutes to make the second call with the proper message. Though impersonal but it is highly effective.

Hotel ABC Wake-up Call Register					
Date	Name of Guest	Wake-up Time	Call	Call Given By	Remarks

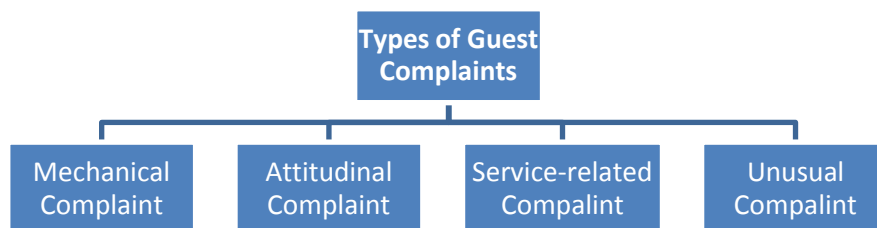
Wakeup Call Register

2.7.7 Guest Complaints

A complaint is an expression of resentment or displeasure or to show protest to hotel by the guest. When the guest is not satisfied with some services and expresses their displeasure or discontent to hotel employees, commonly to front office employees, their grievances are recorded as guest complains.

Types of Guest Complaints: The guest complains are commonly divided into four major categories which are:

- Mechanical Complaint
- Attitudinal Complaint
- Service-related Complaint
- Unusual Complaint



Guest Complaints

Mechanical complaints: Mechanical Complains Are those complains related to malfunctioning or nonfunctioning of the systems and equipments installed in the guest room like TV, minibar, AC, geyser etc

Attitudinal Complains: Attitudinal Complains are those related to the wrong attitude of the staff ie when guest feels insulted by the rude behavior or tactless hotel staff and therefore guest complains at front office reading the rude behavior of staff

Service related Complaints: Service related Complaints are those related to problem in the service provided by the hotel like delay in the room service

Unusual Complaints: Unusual complaints are those complaints over which hotel has no control over it for like lack of golf course, lack of central heating facility etc.

Benefits of Guest complaints: Benefits can be derived from guest complaints as they help us to know:

- ✓ They highlight guest views and needs
- ✓ They reveal weakness in standards and systems
- ✓ They provide free quality control
- ✓ They highlight priorities
- ✓ They provide free auditing
- ✓ They help in free market research
- ✓ They help in identifying training needs
- ✓ They enable us to control and avoid the recurrence of the event
- ✓ They provide extra sale opportunity
- ✓ They can be used as staff and management appraisal
- ✓ They give chance to rectify and achieve higher standards

Identify complaints: All guest complaints deserve attention, even though they differ in nature and importance. An irritated or agitated guest who severely demands attention and wants their complaint should be taken on priority basis.

Hotels that systematically identify their complaints may be able to improve guest relations. If the hotel is able to identify and isolate frequent problems, then corrective actions can help in improving overall guest satisfaction. A review of front office Log Book or Guest Comment Cards or questionnaires are good source to identify recurring problems

Steps for Handling Guest Complaints: Front desk staff should tactfully and with full patience handle the guest complaint.

- ✓ Avoid conflicts – Never argue with the guest
- ✓ Listen – always listen to the guest silently
- ✓ Never interrupt him, Try to identify his needs
- ✓ Show empathy, concern and humanity towards the guest
- ✓ Apologize and Avoid arrogance
- ✓ Do not justify: Never tries to justify, or give excuses to the guest
- ✓ Ask questions: Politely ask questions and make sure you get all the details related to guest complaint
- ✓ If possible isolate the guest so that other guest may not overhear.
- ✓ Agree and take action remember guest is always right so agree with him and assure him that you will personally look into the matter.
- ✓ Offer choices but never make false promise
- ✓ Monitor the corrective action
- ✓ Follow up and inform the guest about the same
- ✓ Take feedback with the guest that actions being taken are satisfactory or not
- ✓ If unable to resolve the guest problem, consult your seniors.

2.8 Telephone Service

Nowadays every hotel in comparison of their size and situation has a telephone board or exchange. The larger the property the greater will be the need for more incoming and outgoing lines and internal extensions and with a separate section of staff handling the telephone. While a small hotel may have switchboard placed at the reception counter with the receptionist handling it beside her other responsibilities

Very often in large hotels the first and sometimes the only contact a guest may have with a hotel is telephone operator. the speed and manner with which call is attended leaves a lasting impression on the guest. Therefore it is very much important for the telephone operator to attend the calls promptly with clear and friendly voice, the tone of which convey courtesy, patience and cheerfulness.

Importance of telephone Services: The telephone service is very important for effective communication for both the hotel and the guest.

- ✓ When dealing with people on the phone remember:
- ✓ The caller cannot see you, and can only listen to your voice.
- ✓ The caller has a reason and a need for calling.
- ✓ You may be the first contact of the caller with the hotel.
- ✓ You represent the hotel.
- ✓ The caller is paying money for the call.

Qualities of good telephone operator: A good telephone operator should possess following qualities:

- **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 handling over / taking register before taking over from the previously shift operator. Reporting late for duty upsets the entire working schedule and puts into inconvenience.
- **Personal Hygiene:** Operators must be particularly careful that their mouths are free from odor. This is particularly important since the equipment is handled by more than one person. Hair should be properly groomed and finger nails well maintained.
- **Accuracy:** Allowing proper time for connection and paying close attention to signals.
- **Speed:** Speed is one of the most important features. Speed is a skilled performance for each operation with the least possible expenditure of energy.
- **Cooperation:** Cooperation between all attendants and in fact, all employees is essential for the successful performance of the hotel business.
- **Clarity of Speech:** Clarity when speaking on telephone is essential. Always make it a point to be attentive when receiving incoming calls and the resident guest calls.
- **A Sense of Responsibility on the Job:** Irresponsibility can lead to the guests / hotels 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 services to violate the secrecy of telephonic conversations.

- **Memory:** Developing a good memory is extremely important for any telephone operator. The operator has to keep in memory the house directory, important telephone numbers of the city etc.
- **Concentration, Application and Quickness:** Operators have to develop absolute concentration in their work. It is also imperative that the operators apply their mind to their work, take their work seriously as this will go a long way towards guest satisfaction.
- **Cheerfulness:** It is 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:** The operator must always maintain his /her voice and be polite to a guest even if he is irritating.

EQUIPMENT USE IN TELEPHONE DEPARTMENT

There are basically 3 types of telephone equipment used in hotels.

1. PBX: Private Branch Exchange.
2. EPBX: Electronic Private Branch Exchange.
3. EPABX: Electronic Private Automatic Branch Exchange.

There are various types of EPABX for line extension 3X30, 5X45, 12X100, where 3,5,12 indicates the main landline and 30, 45, 100 indicates the other internal extension line.

Facilities In EPABX

- ✓ A large number of extensions can be connected.
- ✓ Individual meter for each out going line are provided.
- ✓ Lodging of STD, ISD, Local or individual available for the internal.
- ✓ The guest can call from the room directly to any place.
- ✓ Charges will be added automatically without any manually station.

Various Registers Used In Telephone Department: Different register and reports available in telephone department are:

- ✓ Department wise summary
- ✓ FAX activity report.
- ✓ Operator control sheets
- ✓ Wake up call registers
- ✓ Telephone Register

Department Wise Summary: This summary has been taken end of the day by the telephone operator. This report source the total usage of the telephone by the department for the day with the administration charges. This summary will be handover to a front office manager and a copy to the reference.

Fax Activity Report: This is a report which gives the outgoing Faxes from the telephone department the charges various for outgoing and incoming also.

Operator Control Sheet: This sheet has the information about the outgoing calls through operator for the inner department and the guest in the lobby etc. This report will be taken at the end of the day and will be check by the assistant front office manager.

Wake-Up Call Register: Whenever the guest wants a wake-up call to inform the front office assistant to give the wake-up call. The front office assistant immediately note the

room number, time, name of the guest. At the time they get the any message from the guest other the front office inform to telephone department to give the wake-up call telephone operator will activate the alarm for the wake-up call for the room guest.

Telephone Register: In some hotels, the operator will connect the STD, ISD, lines to the staff and the directors. The information like phone number, place by call and the duration of call will be noted down manually. The registers also call as staff register and director register.

Various register in use: There are many registers and forms used in the telephone department. They are:

- ✓ Log Book
- ✓ Complaints Register
- ✓ Handling over Register
- ✓ Guest trunk call register
- ✓ Staff trunk call register / bill register
- ✓ Guest Complaint Register
- ✓ Trunk call Voucher Book
- ✓ Local Call Voucher Book
- ✓ Trunk Call Tally Sheet
- ✓ Local Call Sales Sheet
- ✓ Wake Call Sheet

TYPES OF CALLS: Hotel must be able to support a broad range of telephone calls with adequate technology to ensure an efficient, effective telecommunications system. There are many types of calls a guest may plays during the hotel stay.

- ✓ Local calls
- ✓ Direct dial long distance call
- ✓ Calling card calls
- ✓ Credit card calls
- ✓ Collect calls
- ✓ Third party calls
- ✓ Person to person calls
- ✓ Billed to room calls
- ✓ International calls
- ✓ Toll free calls
- ✓ Premium price calls

While all of these calls can be completed without operator assistance, guests sometime ask front office staff for assistance in placing calls. In addition, a single call often fits into more than one category of call. For example, A direct dial long distance call could also credit card call, a person to person call could also be a collect call, a local call could be to an internet service provider and international call could be a person to person credit card call. For many of these of calls, the hotel can charge guests a surcharge for use of its telephone technology.

Local Calls: A local terminology with in a local calling area and typically is billed on a per call basis rather than a per minute basis. The local phone company controls local telephone calls. Hotels may charge guests on a per call basis or offer unlimited local

calling for a flat daily charge. Some hotels don't charge guests for local calls. Each charge or individual hotel determines its own local call policy.

Direct Dial Long Distance Calls: Direct Dial Long Distance Call are most common calls hotel guests place a long distance call determinates outside the local calling area. Once a long distance number is dialed it is distributed over phone company office, which roots the call to whatever long distance carrier the hotel selected to handle its long distance traffic Direct Dial Long Distance Calls are also typically required to as "1+" dial a '1' after accessing an outside line, then dial the area code and the telephone number. They are attending to reach together; this string of numbers eliminates the need for telephone operator involvement.

Calling Card Calls: Calling Card calls typically billed to a code number on a calling card issued by either a phone company or a private billing company calling card codes may be combination on the card holder's area code and telephone number plus a multi digit personal identification number (PIN) or it may be a scrambled set of numbers and related to the card holder's telephone.

Collect Calls: With collect calls a guest first dials "0" and the full telephone number. Then waits for a telephone company operator. The guest informs the operator that the call is collect, to be billed to the receiving party. The operator stays on the line and verifies that the receiving party accepts the charges most telephone companies pay a commission to the hotels for collect calls placed by guests.

Third Party Calls: Third Party calls are similar to collect calls except that the billed number is not the called number. In most cases, the operator may require that someone at the 3rd party number accepts the charge before putting the call through. The hotel's telephone company bills the 3rd party and the amount does not appear on a guest's folio. The hotel may apply a sur-charge or other fee for this service.

Person To Person Calls: Person to Person Calls are not connected unless a specific party name by the caller verify that he/she is on the line. This is an expensive call, but has no cost if the requested party is not available unlike credit card, collect calls or 3rd party calls, person to person calls is charged to the number initiating the calls. In addition the hotel may apply a sur-charge or other fee for their services.

International Calls: International calls can be direct dial or placed with operator assistance. To direct dial an international call, the guest typically dials an international access code and the telephone number similar to long distance calls. The hotel bills the guests for direct dialed international calls while the phone company bills the guest for calling card or credit card calls.

Toll Free Calls: Toll Free Calls can be direct dialed from a guest room as either local calls or long distance calls. In either case the guest receives access to an outside line and dials "1+" the toll free access number (such as 800,888,877). The hotel may apply a sur-charge or other fee for this service.

TELEPHONE MANNER

- All telephone calls will be attended before 3rd ring.
- For all internal calls wish the time of the day and say the hotel name and how may I help you?
- Always speak clearly and pleasantly your speech should select genuine warmth.
- While speaking should be polite pause concise and should avoid unnecessary.
- Speak in a modulate tone within the exchange, so as not to be heard the guest.
- In part of conversation in case is unavailable, the operate will say, “Pardon me sir/mam”.
- In case of any complaint in respect of delay or otherwise apologies 1st and attend to it instantly.
- When the caller is tapping his telephone operator will say “May I help you?”
- In case of technical defect on a particular extension where it will take more than 30 section for rectification the guest should be informed about delay alternative suggest as the convenience of the guest.
- All the importance will be noted down rather than committing to memory.
- Keep all the sources of information that might be required within reach.
- Don’t put off the phone, before the caller put off the phone first.

CHECK YOUR PROGRESS-V

Q. 1 What do you mean by guest complaints? Explain with examples.

Q. 2 Write note on Telephone service.

2.9 Concierge

Concierge is the French term and as per dictionary means doorkeeper porter. The Concierge service is relatively new to modern hotel keeping though it is old in concept. In the distant past the concierge was the castle doorkeeper. A concierge's job was to ensure that all castle occupants were secure in their rooms at night. Travelling royalty often were accompanied by a concierge who provides security, finalize food and lodging arrangements etc. As hotels became more common in Europe, the concierge eventually became part of the staff that provides personalized guest services. It is very common now days to find concierge at world class or luxury hotel.

Concierge may be easily identified by the prominent gold crossed keys displayed on their jacket lapel. To earn these keys, a concierge must be certified by the international association of concierges, known as Les Clefs d'Or (Golden Keys).

Concierge may provide custom services to hotel guests. Duties include making reservations for dining; securing tickets for theatre and sporting events; arranging for transportation; and providing information on cultural events and local attractions. Concierges are known for their resourcefulness. Getting tickets to sold-out concerts or making last minute dinner reservations at a crowded restaurant are part of a concierge's responsibility and reputation. Most successful concierges have developed an extensive networks of contacts for a variety of services. Especially important are the local contacts which concierge have developed with car rental offices, restaurants, box offices etc. Even the hotels also encourage concierge to establish and strengthens such relation which in turn will hotel in strengthening their and guest relationship. Finally a Highly reputed concierge should speak several Languages.

While many hotels position experienced members at the concierge desk, they cannot call themselves concierge still they get the official certifications. The concierge desk is located in the lobby beside the bell desk for better coordination. The concierge reports to lobby manager. In some hotels the head concierge is the manager for the uniformed services department. He is responsible for supervising all uniformed service personal.

Role of a Concierge: A concierge is very useful person. His typical role would be:

- Develop liasioning or contacts with necessary agents in the city like multiplex heads, tourism office, vent managers, restaurants heads etc to use when requests guest their services.
- Procure tickets for sold out concerts, table reservations or even a seat on an oversubscribed city tour.
- Provide customized or personal services to guests
- Be local contact agent for the guest to get things done in the city
- Help develops guest loyalty
- Speak may languages and assist the front office bridge language barriers with guest
- Equipped with brochures, pamphlets, maps etc to support wide range of knowledge he has of the hotel services and city highlights.

Responsibilities of Concierge

- Develops a strong knowledge of the hotels facilities and services and of the surrounding community.
- Provides guest with direction to attraction or facilities in or outside the attraction or facilities in or outside the property
- Makes guest reservation for air other forms of transportation when requested.
- Provides guest with information about attraction facilities, services and activities in or outside the property.
- Makes guest reservation for the theatre and other forms of entertainments when requested.
- Organize special function as directed by management.
- Arrange secretarial and other office services
- Handles guest complaints and solve problem to the degree possible.
- Providing Information

The concierge is responsible of all information inside and outside the hotel .guest have confidence that they need to do is to consult the reliable concierge for any information they require. In case the hotel does not have the concierge the information desk also plays the role of concierge.

Hotel Information and Services

- Hotel facilities
- Hotel rules and regulations
- Management policies
- Events within the hotel
- Schedule of special events
- Guest information
- Tickets for events in the hotel (supper theatre, rock concerts, recitals, fashion shows, galas, etc.)
- Messages
- Conventions, banquets and directions to the locations

City Information

- Private taxi firms
- City tour buses, schedule and rates
- Tourists sites and entry charges
- Map of the city
- Airlines, Bus and Rail schedules
- Location of shopping centers and their timings
- Telephone numbers of doctors and medical specialists
- Location of hospitals
- Location of High Commissions, Embassies and Consulates
- Cultural events in the city and entry charges
- Address and telephone numbers of kennel clubs
- Address and telephone numbers of beauty salon and gymnasium
- Telephone number of florists
- Prominent restaurant and table reservations
- Ethnic restaurant and table reservations
- Theatre and cinema and box office bookings

- Tourist offices and information

The Concierge keeps aid to support his task of providing information. These are:

- Airline, bus and rail timetables
- Telephone directories
- Hotel guides
- Road maps
- Tourism brochure sand pamphlets
- List of restaurants
- Timetables of cultural events

2.10 Bell Desk

The senior bell captain is the in-charge of bell desk and along with his staff performs various duties from here. The various functions performed from here are as follows:

1. LUGGAGE HANDLING: Luggage handling of the guest is done at various occasions such as arrival, during stay (change of room) and at the time of departure. At the time of arrival when the luggage of the guest is moved from car/taxi to the lobby and further to the allotted room, the activity is called “up bell activity”. When the luggage of the guest is moved from room to lobby and further to the car/taxi at the time of departure the activity is called “down bell activity”.

Guest Arrival Procedure

- **Step 1:** When the guest arrives the door man buzzes and inform the bell captain’s desk for the bell boy. The bell captain will gives the arrival errand card refer format in fig 2.49 to the bell boy and ask him to proceed
- **Step 2:** The bell boy wishes the guest and unloads the baggage from the vehicle. He brings the baggage via entrance beside the main door. He places the baggage at the bell desk and awaits instructions from the receptionist to move the luggage to the guest room. Hotel may tag baggage ticket to identify baggage. The bell boy will inform the receptionist or lobby manager in case a guest is scanty baggage guest.
- **Step 3:** The receptionist will confirm to the bell boy that the guest has been registered into the hotel by signing the arrival errand card and writes the name and room number of the guest. The receptionist will now handover the allotted room keys to the bell boy
- **Step 4:** Bell boy will escort the guest to his room. Some hotels have separate luggage elevator for the luggage.
- **Step 5:** The bell boy will open the door and let the guest to enter first. He follows and place the baggage on the luggage rack provided in each room.
- **Step 6:** The bell boy will now informs about the following features in the room: like how to operate AC & heating thermostat, the Television, in room safety locker etc and other facilities of the room
- **Step 7:** Offer any other help required by the guest
- **Step 8:** Wish the guest the pleasant stay. Do not solicit for the tips

- **Step 9:** Return to the bell desk and deposit the completely filled errand card to bell captain.

GUEST ARRIVAL/ERRAND CARD					
Bell boy No:-		Date:-			
Room No:-		GUEST NAME:-----			
Suitcase	Briefcase	Hand bag	Packets	Others	Remarks
Bell boy sign.			Bell Captain sign.		

Guest Arrival Errand Card

Guest Departure Procedure

- **Step 1.** A guest calls either front desk or bell desk to inform about his intension to check out. The bell captain fills the departure errand card refer format in fig 2.50 specifying the room number and gives to bell boy and allow him to proceed towards the room
- **Step 2.** Knock on the guest’s door and announce yourself. Look around the room for any guest article left, any damaged hotel property and switch off the air conditioning/heating, light, etc. Collect the room keys and depart from the room letting the guest lead the way. Ensure that the guest room is locked.
- **Step 3.** Place the baggage at the bell desk. Stick on any hotel sticker or publicity tags. Hand over the room key to the Information counter and errand card to the Front Office Cashier. Wait for the guest to pay the bill.
- **Step 4.** The bell boy will receive an authorization to take the baggage out of the hotel after the Front Office Cashier has signed that the guest has paid his bills and the Receptionist that the room key has been received.
- **Step 5.** Take the baggage to the car porch and load it to the transport.
- **Step 6.** Report back to the bell desk and hand over the errand car with the authorization signatures.

Hotel ABC				
Guest Departure Errand Card				
Bell Boy No		Date		
Room No		Guest Name.....		
Suitcase	Briefcase	Handbag	Packets	Others

Guest Departure Errand Card

Errand Cards: These are the forms available at the bell desk in two different formats:

Guest Arrival Errand Card -The information counter at the front office will indicate that the guest has been allotted a room by handling over the errand card. Which mention the room number. The room key is also handed over with the errand card.

Guest Departure Errand Card- Once the bills are settled by the guest the departure errand card are signed by cashier specifying that bills are paid and by front office or information desk that room keys are deposited at the front desk thereby authorizing the bell boy to carry the guest luggage outside and load it into guest vehicle.

2. TEMPORARY STORAGE OF LUGGAGE: The baggage is collected from room upon request. A left luggage register is maintained in this case and an entry is made in this book. A baggage ticket (which has two parts) is used. One part is attached to the luggage and the counterfoil is given to the guest. This portion details the hotel's liability exemption clause. When the guest comes to collect his luggage he has to produce his portion of baggage ticket. The luggage store room must be secure at all times.

Left Luggage Procedure: The term "Left luggage" is attributed to luggage left by a guest who checks out of the hotel but wishes to collect the luggage later. Guest who wants to visit other cities in a country on a short tour may find. It is convenient to carry their entire package with them or may find it once economical to retain room in the hotel where they can keep their luggage. Hotel provided the left luggage facilities to guest that are likely to check to the hotel after they return from the tour. This is not strictly necessary. There might be guest's who check out but ended to depend much later in the day the occupied their time sightseeing he would find inconvenient to carry their luggage with them. Leave their luggage in the hotel premises under the guarantee by the management luggage would be safe. Some may be charge fees for the facilities. But most of the hotels don't charge the facility. The procedure is as follows:

Receipt Procedure

- Ascertain if the guest wishing to leave his luggage as paid his hotel bill.
- Storing luggage ticket on each piece of luggage separately.
- The package ticket has the number which is also printed on counter foil of the ticket.
- Enter details in the left luggage register.
- Tear of the counter foil of the each ticket and hand it over to the guest.
- Keep the luggage in the left luggage area.

Delivery Procedure

- Take the counter foil of the luggage ticket from the guest.
- Tally the same with the ticket attach to the luggage in the luggage area.
- Enter the data of delivery in luggage register.
- Retain the counter foil and tag of luggage.

HOTEL XYZ

Date: _____ Room No: _____

Baggage Check

NO. 6789

NOT RESPONSIBLE FOR GOODS LEFT OVER 30 DAYS

.....

SUIT CASE	BRIEF CASE
SUIT BOX	GOLF BAGS
UMBRELLA	OVER COAT
PACKAGE	OTHERS

NO.6789

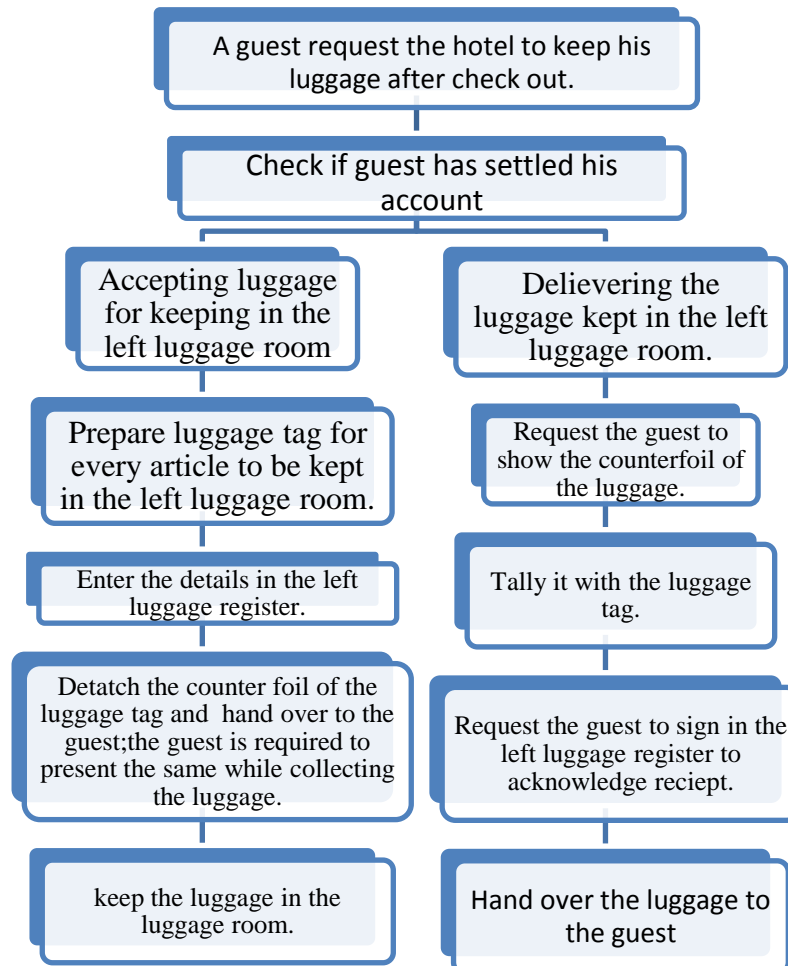
NOT RESPONSIBLE FOR GOODS LEFT OVER 30 DAYS

Date: _____ Room No: _____

Luggage Tag

Hotel XYZ							
Left Luggage Register							
Date.	Room No.	Name of Guest	Bell Boy's Name	Luggage Tag No.	Description of luggage	Delivered On	Remarks

Left Luggage Register



Procedure for Left Luggage

3 LUGGAGE INVENTORY: It is a procedure to keep a track of all guests' stored luggage either the bell service. This report is made periodically by the bell captain along with the help of bellboys. While doing this exercise the bell captain checks the following: Checks that the entire stored luggage has individual storage ticket and the name, date of deposit and collection etc. Written clearly on the ticket and are tallying with the record in the luggage storage register.

Also check that inventory details regarding each baggage viz. (luggage ticket number name of guest, room number, date of deposit/collection, description of baggage, location etc.) are written clearly and legibly on the 'luggage inventory sheet'. And make sure that the total of luggage pieces in store are tallying with the records on the register once the inventory is done, the same is checked by the assistant manager.

4. MAIL AND MESSAGE HANDLING: The bell desk's function is also to handle and distribute mail and message received by the front desk in the absence of the guests to their respective rooms. Also distribution of newspaper and magazines etc. to various rooms and the areas of the hotel and keeping a record of the same are done by the bell desk. (The activity of mail and message handling is discussed in detail earlier in this unit).

5. DELIVERY OF NEWSPAPERS: As per the hotel policy all hotel guests receive a copy of local newspaper each morning. The bellboys in the night shift are responsible for delivering the newspapers to all occupied rooms. The bell captain obtains the room verification report (providing information on all rooms presently occupied). The bellboy then marks the room numbers on each newspaper. The bellboy also inserts the daily newsletters in each paper provided by the public relations office the previous evening. The bellboy then distributes the newspapers. The record of numbers of newspapers received on daily basis is maintained by the night shift bell captain.

6. COLLECTION OF ROOM KEYS AT DEPARTURE: Another very important function of the bell desk is the collection of room key from a checkout guest and depositing the same at the information desk.

7. SECURITY: While all hotels have their own security department, the lobby staff especially bell boys are always on move (Baggage handling of guest) so they are required to keep an keen eye on any suspicious activity or element either in public area or guest room and immediately inform about the same to lobby manager. They are the first to inform about scanty baggage guest to front office.

8. PAGING: Paging refers to locating the guest within the premises of the hotel; the bell desk has mini white board with long handle and bells attached to it. Guest name is written on the board and bell boy carries the board in public area ringing the bells to call for attention, the concern guest would then contact bell boy (for further detail refer 2.41)

9. WAKE UP CALL: Wakeup call facility is given by the hotel to awake the sleeping guest at the time specified by the guest. Wake up calls is generally taken care by telephone operator but in case wakeup call is to be given to group or crew than it is coordinated with bell desk especially in case of check out of group or crew. As wake up call to groups and crews is coordinated by bell desk. In such cases it is the responsibility of the bell captain on duty in the morning shift to prepare the wake call sheets to all the groups and crews in – house.

Procedure: The bell captain obtains the group folio numbers of all the groups/crews in-house which are expected to leave that day. He then prepares the wake call sheet of such groups by putting their room numbers and wake call time and baggage collection time/departure time from the hotel. These room numbers are again checked to ensure that all groups / crew members have received wake call.

Once all such sheets are made, a summary of groups / crew departure is prepared and is handled over to the assistant manager on duty. The assistant manager again checks these sheets and co-ordinate the calling time with the group leader / airlines staff to ensure that wake call is given the correct time.

Once the wake call is finally confirmed, the bell captain on duty assigns the duty of the bell boy to distribute these sheets to various departments, so that necessary arrangements may be made for a smooth check-out. He also assigns the duty to bell boy to bring the luggage at the given time and arrange for the check – out.

10. POSTAGE : Postage bell desk is the source of the postage and handing over mail for posting. The bell captain should make sure that he has adequate supply of postage of all denominations at all time.

11. MISCELLANEOUS JOBS : Miscellaneous Jobs such as postage stamps handling, taking care of outgoing mail of the guest, carry out outside errands for the guest and hotel such as buying of cinema tickets, moving of files and documents etc. for the guest as well as going to banks, post office and FRRO police station foe delivering of ‘C forms’ etc., confirming of railways/bus reservation etc. are done by the bell desk. Bellboy shall do the outside jobs only on the instructions of bell captain. A service call slip will be prepared Also an entry in the log book will be made and an entry in bell captain’s control sheet, which is meant to control the movement of bellboy will be made. Finally when the bellboy will return an entry will be made in the service call slip and bell captain’s control sheet and will be signed by bell captain. In most of the hotels these days bell desk is also responsible for ca parking area and control of revenue generated from car parking area. At times when there is a room discrepancy, the bell desk staff helps the lobby manager is checking and sorting out of the status of the hotel.

Control of Bell Boy: One of the major function of bell captain is to control bell boy, the control is important as bell boys required to be on movement either within or outside the hotel to perform several errands besides baggage handling so to keep a control on movement and to optimize the productivity of the team within a given shift the lobby control sheet is prepared. The purpose of this sheet is to keep a record and check the movement of bell boys.

<i>Hotel XYZ</i>							
Lobby Control Sheet							
Captain				Shift			
Date				Shift From..... To			
Room No	Attendant No	Arr	Dep	Room Change to	Service Call	Time From To	Remarks

Lobby Control Sheet

CHECK YOUR PROGRESS-VI

Q. 1 Write a note on functions of bell desk.

Q. 2 Write note on left luggage procedure.

2.11 Summary

The hotel industry is so big and diverse that each hotel has come up with the specialty products and services to carve out niche for themselves. Hotels can be categorized on the basis of several factors , which also include different types of rooms offered by them as room are the most important accommodation product of the hotel industry. To meet the demands of the guest rooms are categorized on the basis of size, layout view etc, on those basis different types of guest room offered by the hotel includes: Single room, Double room, Twin room, Suite room, penthouse, lanai and many more. Depending on the services and types of rooms the hotel charges the guest. The room tariff of the hotel maybe based on the competition, standard of service, amenities offered by the hotel, guest profile and location of the hotel and the room. Once the room tariff has been decided every hotel has to decide about the criteria for establishing the end of the or basis for charging the room rate which includes: Fixed check-in check-out time, 24 hours basis on the basis of meal plan, etc. Hotels offer Rack rate which is a standard rate for each category of room and in that discounts are offered to different types of guests on the basis of the business provided by the guest. Besides that depending upon the needs of the target clientele, hotels offer variety of meal plans such as European plan, American Plan Modified American Plan , Continental Plan and Bermuda Plan.

The "Front office department" is the major department in a hotel which is situated at the front of the part of the hotel and is responsible for the sale of hotels room through the systematic methods of the reservation followed by registration and assigning rooms to the guest.. Hence, the staffs working in this department performs as an actor on this stage. The front office may be divided into more than one section, each of which carry out one or more duties. Basically front office department is divided into different sections like - reception, Information, cashier, Reservation, Telephone Operator and bell desk sections depending upon the size, capacity and standard of the hotel establishment.

The organizational structure of the front office depends upon the size of the hotel a large hotel will have complex structure of hierarchy while in small hotel will have simple hierarchy. for the efficient and smooth functioning of the department, it is important to have well laid job description of the front office staff to have clear demarcation of the duties and responsibilities of the front office staff. Communication among various departments of the hotel is essential to provide flawless services and facilities to the guest.

During the guest stay (third stage of guest cycle) in the hotel, front office staff provides, different services to the guest which includes: Handling mails and messages, telephone calls and visitor for the guest in their absence. The front office also provides paging and wakeup call, safety deposit locker, Guest room Change and left luggage facilities to the guest by the bell desk besides handling luggage at the time of check in and check out of the guest. Bell Desk in effective coordination with reception is also responsible for providing different services to the guest Beside that Concierge is responsible for providing more personalized services like restaurant booking, travel arrangements etc and providing information related to the hotel and city to the guest. If guest has any complaint, the front office staff should take immediate measures to resolve it. All these services contribute to guest satisfaction and repeat business

2.12 Key Terms

Arrival: A guest intending to register

Back office: the accounting office of a hotel

Baggage: guest luggage

Bell captain: the supervisor of the bell staff

Bell staff: people who lift and tote baggage, familiarize guests with their new surroundings, run errands, deliver supplies, provide guests with information on in-house marketing efforts and local attractions, and act as the hospitality link between the lodging establishment and the guest

Cashier: a person who processes guest checkouts and legal tender and makes change for guests

Cashier's Report: a daily cash control report that lists cashier activity of cash and credit cards and machine totals by cashier shift

Credit Card Imprinter: makes an imprint of the credit card the guest will use as the method of payment

Credit Card Valuator: a computer terminal linked to a credit card data bank that holds information concerning the customer's current balance and security status

Dead Move: Shifting of guest luggage from one room to another in absence of guest

End of the day: it is the arbitrary time which is supposed to be the end of financial transaction for the day

Folio: a guest's record of charges and payments

Front Office Manager: the person responsible for leading the front office staff in delivering hospitality

Front Office: the communication, accounting, and service center of the hotel

Left luggage room: a room where Guest luggage is temporarily kept with the hotel after the guest has check out and settles his bill to be claimed later

Live Move: Shifting of guest luggage from one room to another in presence of guest

Location Form: A form in which guest mention about the hotel other than guest room and provides instruction to follows if someone visits or call for him.

Meal Plan: the room tariff includes room rents and meal

Murphy bed: a bed that is hinged at the base of the headboard and swings up into the wall for storage, an example being the SICO brand wall bed

Night Auditor: the person who balances the daily financial transactions of guests who have used hotel services, acts as a desk clerk for the night shift, and communicates with the controller

Occupancy: a number of room sold.

Paging: A system of locating the guest within the hotel premises.

Rack Rate: it is the published standard rate of a particular type of room before any discount

Room rate/tariff: the rate that is charged daily from the guest

Safety deposit Locker: A lockers are provided to the guest so that they can keep their valuables in safe condition

Scanty Baggage: A guest with less than no luggage is called scanty Baggage guest

Skipper: A guest who leaves the hotel without settling his bills

Tariff Card: The published room rate list offered by the hotel

Walk in guest: Guest comes to the hotel without any prior reservation

2.13 References

- Front Office Management – S. K.Bhatnagar, Franc Bros
- Hotel Front Office: Operations & Management – Tewari Jatashankar R., Oxford Publication
- Hotel Front Office – Manual – Sudhir Andrews, Tata McGraw
- Hotel Front Office – Manual – Sudhir Andrews, Tata McGraw
- Front office Operations& Admin: Dennis L Foster

2.14 Suggested Reading

- Kasavana & Brooks: Managing front office operations
- Hotel Front Office Management - James A. Bardi, John Wiley & Sons, Inc

2.13 Terminal Questions

Fill in the Blanks

1. Room which is situated on the roof or terrace of the hotel is called _____
2. Room situated near swimming pool is called _____
3. A room with twin bed but common head board is called _____
4. A tariff that includes room rent and all the major meal is called _____
5. The document prepared by the Bell Captain on the guest arrival is called _____
6. Escorting the guest to his room is the duty of Doorman (True/False).
7. _____ report is prepared when front office occupancy and housekeeping room status report does not tally.
8. In absence of guest Front office prepares _____ slip, to receive the message for the guest.
9. The other name for Modified American plan is demi pension or half board.(True/False)
10. _____ document is maintained by front office to convey information about the activities happened during their shift

11. _____ provides information and personalized services like restaurant reservation, movie tickets travel arrangements etc.
12. If guest is not in his room and wishes to be informed in case there is visitor for him he fills _____ form
13. The facility of awakening a guest at the time specified by the guest is known as _____
14. Shifting of Guest luggage from one room to another in a presence of guest is called _____
15. Cashier is responsible for safety deposit locker(True/False)
16. Complaints related to nonfunctioning of equipments in guestroom is called _____

Short Answer Questions

1. Draw and explain the layout of front office
2. What do you understand by the term front office explain; and give the importance of front office for the hotel?
3. List the different equipments one will find at the front office of the hotel?
4. Give the job description of front office manager and Receptionist?
5. Define Paging .Explain the different methods used for paging and the process of paging
6. Discuss the issue and withdrawal procedure of safety deposit locker followed in hotel
7. Write a note on Concierge

Long Answer Questions

1. Briefly explain any ten types of guest room found in the hotel
2. What are the different bases of charging the room rent and explain the different meal plans offered by the hotel?
3. What steps should be taken by front office while handling guest mails and messages
4. Explain in details the duties performed by Bell Desk
5. Explain how front office coordinate with all other departments of the hotel

UNIT 3: GUEST CYCLE

Structure

- 3.1 Objective
- 3.2 Introduction
- 3.3 Reservations
 - 3.3.1 Sources of Reservations
 - 3.3.2 Types of Reservations
 - 3.3.3 Modes of Reservations
 - 3.3.4 Reservations Procedure
 - 3.3.5 Terms of Reservations
- 3.4 Overbooking
- 3.5 Registration
 - 3.5.1 Pre Registration
 - 3.5.2 Registration Methods
 - 3.5.3 Registration Process
 - 3.5.4 Check in Procedure
- 3.6 Guest Services
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- 3.8 Modes of Settlement
- 3.9 Front office Accounting
 - 3.9.1 Types of Accounts
 - 3.9.2 Folio
 - 3.9.3 Voucher
 - 3.9.4 Ledgers
 - 3.9.5 Front Office Accounting System
- 3.10 Night Audit
- 3.11 Summary
- 3.12 Key Terms
- 3.13 References
- 3.14 Suggested Reading
- 3.15 Terminal Questions

3.1 Objective

After reading this unit the student will be able to understand:-

- The different stages of guest cycle- pre-arrival, arrival, stay and departure followed by guest accounting which includes verification and settlement of the account
- Meaning, types, sources, modes of reservation (pre-arrival)
- Understand the reservation procedure
- Meaning, importance of registration and preregistration(arrival)

- Records and process of registration and different formats used during registration
- Check in procedure of different types of guest
- Different types of guest services which guest experience during his stay in the hotel (stay).
- Check out procedure or departure procedure in manual, semi automatic and automatic systems (departure).
- Modes of bill settlement – cash and credit settlement
- Potential check out problems and their solutions.
- Front office accounting its functions and its cycle
- Types of accounts, folios, vouchers and ledgers prepared at front office
- Night audit – meaning, its purpose and responsibilities
- Operating Modes of night auditing and process of night auditing

3.2 Introduction

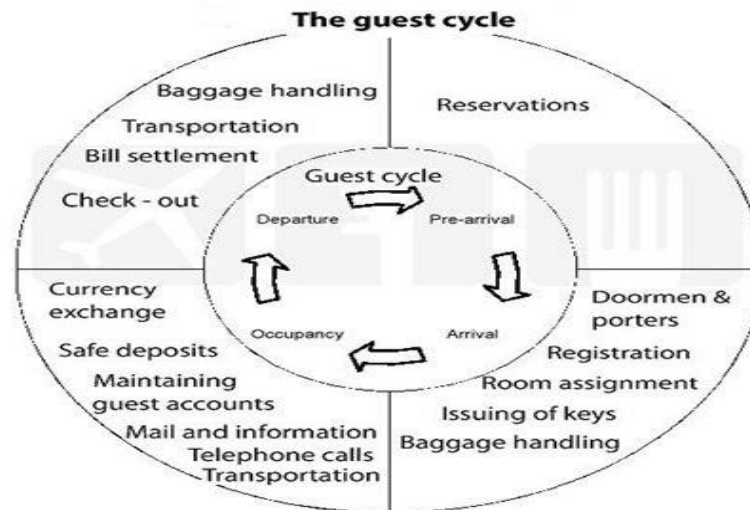
As we already now know that the main source of income for the hotels comes from the rooms division and, the rooms division comprises of two major departments, the front office and housekeeping, which are involved in the sales or services of rooms to guests. The three main functions of the front office are as follows:

- Selling rooms
- Maintaining balanced guest accounts
- Providing services and information to guests

It is the responsibility of the front office to ensure that the guest do not face any kind of problem during their entire stay at the hotel. The guest of the hotel has four main stages of interaction with the hotel which is called guest cycle. The guest cycle describes the activities that each guest passes by from the moment he/she calls to communicate a reservation inquiry till he/she departs from the hotel. In fact, the guest cycle encompasses four different stages and each stage of the guest cycle is associated guest service, and guest accounting activity.

Guest Cycle: Below is a description of the activities undertaken at each stage of the guest cycle:

- **Pre-arrival:** The stage where the guest makes room reservation.
- **Arrival:** The point when the guest arrives at the hotel.
- **Occupancy:** The period during which the guest stays in the hotel.
- **Departure:** The point when the guest checks out and leaves the hotel.



Guest Cycle

Pre Arrival: The Guest chooses a hotel during the pre- arrival stage of the guest cycle. Choice of the guest can be affected by many factors which includes:

- previous experiences with the hotel,
- advertisement,
- word of mouth referral by friends and colleagues,
- location,
- corporate,
- travel agent booking,
- Hotel name, hotel loyalty program member etc.

The guest's decision of making the reservation can also be effected by the ease of making the reservation and the way reservation agent interacted and described the facility of the hotel like room type, room rate, recreational facilities and other attractions near the hotels etc. We can certainly call the reservation area as the sales office for non-corporate or group bookings. Its employees should be sales orientated and present positive, strong image of the hotel.

If a reservation can be accepted, the reservation agent create a reservation on the hotel management software. The creation of this reservation record starts the hotel guest cycle. This reservation contains details of guest specific request which will help the hotel to provide the guest with personalized service during his stay. The details which is collected during the reservation also helps the hotel to complete pre-registration activities like assign room according to guest request, room rate to be charged to the guest folio during the course of stay etc.

Although the reservation details helps in providing guests with anticipatory service the primary objective of making the reservation is to make sure that room will be available when he arrives to the hotel.

Arrival: The arrival stage of the guest cycle includes registration and room assignment process. After the guest arrives, he or she establishes a business relationship with the

hotel through front office. It is the front office staff responsibility to clarify any query of the guest especially the details of room rate of packages he /she is booked on.

Front office staff should determine the guest's reservation status before beginning the check-in / registration process. Guest with reservation and guest without reservation commonly known as Walk-in's also provide a opportunity of business for front desk staff. A Registration card or GRC is printed and completed at the time of check in, which will help the front desk to collect essential information. The GRC should contain details like billing instructions, reservation details, number of adults and children occupying, address, passport and visa for foreign nationals, full address, personal details and credit card details. Because the guest and hotel gains certain legal benefits it is mandatory to get guest signature on the registration card.

The registration process is complete once a method of payment and the guest's departure date have been confirmed and duly signed by the guest. The guest may be given a room key and direction to the room or escorted by the guest service associate or guest service manager. When the guest checks-in to the room the occupancy stage of the guest cycle begins.

Occupancy: The manner in which the front office staff represents the hotel is important during the occupancy stage. As the main contact centre for hotel, the front office is responsible for coordinating guest request and providing information and supplies to the guests. Front desk should take extra care to respond to the guest on a timely and accurate manner. The main focus of the front desk staff is to provide anticipatory service and to meet or exceed the guests expectations. This will encourage the guest to repeat to the hotel.

Security is also a main important concern during occupancy of the guest. Issues like protection of funds and valuables are among those. The front desk should also follow the hotel standard operating procedure for handling the hotel and guest keys, property surveillance, safe deposit boxes, guests personal property, and emergencies are also important.

A variety of charges restaurant charges, telephone, internet, travel desk etc. during the occupancy stage affect guest and hotel account. Most of these charges will be posted to the guest account according to front office posting procedures. And also in most cases the Room charges is the single largest charge on the guest folio. Other front office financial tasks during the occupancy stage is to verify the charges posted to the guest account and checking guest accounts against the credit limit.

Departure: Guest services and guest accounting aspects of the guest cycle are completed during the cycle's fourth and final phase ie departure. At Departure the guest vacates the room, receives the accurate statement of the settled accounts, returns the room keys and leaves the hotel. Once the guest has checked out, front office updates the rooms' availability status and notifies the housekeeping department. (For hotels using Property management software the status of the room is updated automatically). At this stage front office also collect the feedback of the guest experience in the hotels by handing over the guest feedback form.

In this unit we have tried to cover all the stages of guest cycle and guest accounting

3.3 Reservation

The first interaction between the guest and the hotel begins when the guest enquires about the room availability and makes the room booking or reservation in the hotel. With the globalization and revolution in the field of travel and tourism, and with the increase in the disposable income of people, more and more people wants to travel to different places. This increase in movement of tourist has increased the demand for tourist accommodation in the destination and to have safe and comfortable stay in the destination guest now prefer to make advance reservation in hotels. Hotel also these days relies mainly on the advance booking of room as it helps them to achieve high occupancy and to maximize their revenue.

What is reservation? Reservation is the first stage of guest cycle, it can be defined as – “Reservation is the activity of booking the room in advance for a prospective guest on his request for future, which may be from a few days to month in advance or can be defined as blocking a particular type of guest room (i.e. single, double room. etc), for the particular duration of time (i.e. number of days)and for a particular guest.

Reservation is one of the major sections of the front office department which plays the central role and is responsible for booking the hotel room. Reservation section is generally located back/behind of the reception as it does not come in direct contact with the guest. Reservation and reception to some extent are similar as they play the similar role of booking the room in the hotel. Therefore in l small hotels, Front office manager is the head of reservation section while in large hotels this section is headed by reservation manager who is assisted by reservation supervisor and assistants.

The main function of reservation is to receive the reservation request from the prospective guest, check the availability of rooms, to process the request and either to accept, wait list or deny the request, communicating it and then recording it i.e. maintaining or reservation records, files, charts, racks and computer records etc.

Importance of Reservation: As mentioned earlier the role of reservations is not only limited to making reservations but also to maintain records of the hotel occupancy which helps the management in planning for future and also helps in estimating man power requirements. The same time efficiently executed reservation goes a long way in ensuring comfortable stay for the guest. Thus reservation department is important for both hotel and the guest.

For Hotel

- It gives the first impression of hotel to the guest.
- It helps to sale the hotel’s main product i.e. accommodation.
- It helps in handling guest inquiry with room’s availability and gives the hotel sufficient time to arrange and prepare for most suitable accommodation for them.
- It gives good indication of the level of business that the hotel might get in future

- It helps in generating customer for other department of hotel as well e.g. Food and beverage products, banquet hall, etc.
- Forecast the future revenue generation keeping in mind the reservation business.
- It helps in scheduling and reorganizing the staff if the need be.
- It prepares the housekeeping and front office for the arrivals by communicating the arrival details taken at the time of reservation.
- Accepting advance booking of their rooms in order to achieve high occupancy and to maximize their revenue
- It updates the room availability record and thus maximize the revenue generates from room booking.
- It helps in building good relation with the market as well as with other departments.
- It helps to uplift the hotel business during off season.
- To forecast future occupancy report.

For Guest

- Prior booking or reservation is important for the guest in terms of :
- The guest is assured that when he will reach the destination he has the fixed place to stay.
- Reservation gives the guest time to make the choice in terms of
 - Types of rooms:
 - As per his budget
 - Preference of floor, view and any other personal choice
- If the guest is travelling he can use the hotel address to receive any urgent mails, couriers, messages etc. hotels receive it all on behalf of the guest

3.3.1 Sources of Reservation

The reservation in of accommodation in a hotel is usually generated through the different organization as they are determined to get the stay and take delivery of the service facilities. The various sources or channels through which the reservation comes to the hotel are listed below:

1. Direct Reservation
2. Travel and Tour Organization
 - a. Tour operator
 - b. Travel agencies

The other sources to some extent that could be the potential source of reservation for the hotel are:

- Trekking agencies
 - Rafting agency
 - Mountaineering agencies
3. Airlines & Car Rental Agencies
 4. Companies and Commercial Business houses
 5. NGO's And INGO's
 6. Embassy and consulate offices
 7. Universities and other Educational Institutions

8. Ministries and Government offices
9. UN organization and Banks
10. Chain Hotel and Referable from other hotels
11. CRS
12. GDS (Global Distribution System)
13. Hotel Website

Direct Reservation: A reservation request that a hotel receives directly from an individual or a group without any mediator involved in it is known as direct reservation. An individual directly (direct reservation) coming to a hotel not as a part of a group is typically referred to as an FIT (Free Individual travelers) .

Travel and Tour Organization: They acts as a middleman between guest and hotel by making a reservation for a guest.

i) Tour Operator: These are wholesalers of tourism product who coordinate with different mode of transportations, hotels, tour, associations, tourist offices etc.

ii) Travel Agencies: Travel agencies are the backbone of the tourism industry and potential source of business for any hotel. They are the generator and creator of the hotel business. The other sources to some extent that could be the potential source of reservation for the hotel are:

- Trekking agencies
- Rafting agency
- Mountaineering agencies

Airlines & Car Rental Agencies: These promote tourism growth for the destination thereby becomes the good source of reservation for the hotels, hotels even have tie ups with them to generate business. Different airlines book hotel rooms for their regular crew members or for their clients in case of cancellation of their onward flights and also for the use of their executives

Companies and Commercial Business Houses: The companies and commercial business houses may book room's are for their clients or guests, participants, executives, delegates employees, etc. in the hotel at special rates.

NGO's And INGO's: They also provides reserve rooms and other facilities for their guest and employees and even book rooms directly for conducting seminars, research, training programmes etc.

Embassy and Consulate Offices: They are good source of reservation. They reserve the room for the expatriates and officials from their country.

Universities and other Educational Institutions: These also reserve rooms for students, associations, research scholars, professors, technicians and employees are the reliable reservation source to hotel as they generally reserve rooms for longer duration.

Ministries and Government Offices: They reserve the room for their guest, diplomats or government employees. Usually they are sent for official programs. Participation in

international conference/ summit, seminars or sports events is the main objective of these groups.

UN organization and Banks: These are valuable source as they come for special mission for short duration. Special packages rates are offered at high discounts on rooms and food and beverages.

Chain Hotel and Referable from Other Hotels: Through the channel of group hotels, rooms are booked for guest mostly on confirmed reservation request. These guests from chain hotels or other individual hotels usually come under guaranteed reservation.

CRS (Central Reservation System): CRS are another expanding phenomenon to make booking easier. They provides toll free telephone number to encourage travelers to use their facility. CRS is a computer based reservation system, which enables guest to make reservation in any of the participating lodging properties at any destination in a single call. It stores and distributes information of a hotel, resort, or other lodging facilities. Deals directly with the guest, travel agent, corporate booker, etc. by means of toll free number. As many hotels have their own CRS network which allows direct reservation access Operates 24 hrs a day, all round the year.

A CRS assists the hotel managers in managing their online marketing and sales, by allowing them to upload their rates and availabilities on the system to be seen by sales channels that are using the CRS. Sales channels may include conventional travel agencies as well as online travel agencies. It has up –to date information on room availability which is helpful for guest as they can check the availability and make reservation, not only for one destination but for more than one hotel at the CRS. Hotels are required to provide accurate and current room availability data to the CRS office.

CRS is of two types:

- 1. Affiliated System:** In this all the participating hotel units belong to the same chain or group. E.g. Welcome Net by Welcome Group of hotels Holiday Inn by Holiday Inn Hotels Image by Hyatt Hotels TTT by Sheraton Hotel
- 2. Non-Affiliated system:** It is a subscription system designed to connect independent or non-chain properties

GDS (Global Distribution System): GDS is a network of providers that bring, products and services that are geographically spread to the doors representation of customer anywhere in the world is a network operated by a company that enables automated transactions between Vendors and booking agents in order to provide travel related services to the end consumers. A GDS can link services, rates and bookings consolidating products and services across all three travel sectors: i.e., airline reservations, hotel reservations, car rentals, and activities. GDS is different from a computer reservations system which is a reservation system used by the respective vendors. Primary customers of GDS are travel agents (both online and office based). A GDS system will have real-time link to the vendor's database. For example, when a travel agency requests a reservation on the service of a particular airline, the GDS system routes the request to the

appropriate airline computer reservations system. This enables a travel agent with a connection to a single GDS to choose and book various flights, hotels, activities and associated services on all the vendors in the world who are part of that GDS. E.g. are Amadeus, Galileo, Sabre and World Span.

Hotel Website: It contain a link for reservation request by clicking the link, guest can make a hotel reservation as per the requirement from the comforts of their house/office/cyber cafe. Most hotels provide photo galleries description of room categories and hotel facilities.

3.3.2 Types of Reservation

Hotel receive reservation for their room only after checking various factors such as availability of rooms, sales forecast, room rates, profile of guests and their importance to the hotel etc. A reservation made by the guest could be tentative, confirmed or waitlisted. Once the reservation is confirmed than hotel will, take a guaranteed or non guaranteed reservation as per the guest's requirement.

Tentative: it's a reservation request made by a prospective guest on a provisional or tentative basis for particular stay dates. The hotel fixes a cut of date, in form the same to guest, by which hotel should confirm the reservation otherwise it get cancelled, and once the confirmation by the guest is received till cutoff date the hotel changes the tentative reservation to confirmed reservation and updates the records accordingly

Waitlisted: A reservation is waitlisted when the requested category of room is not available for the requested date. It gets confirmed against a cancellation request for the same category of room is made by other guest. This way hotel ensures that its room will not remain vacant in case of cancellation. the hotel in such situations not guarantee a room for waitlisted reservation. it is informed that guest will only be assigned a room in case of cancellation or no show. This situation normally occurs in high occupancy period ,like in peak season time, festival in the destination etc. the hotel informs the guest that they are on waitlist and will only be confirmed in case of cancellation.

Confirmed: A reservation is confirmed when hotel Blocks a room for the guest for the specific dates and send a written confirmation of the same to the guest. It is of two types:

A) Guaranteed: It's a confirmed reservation that the hotel will hold the reserved room for the guest and will not give it to any other guest even if the guest does not arrive on time .this requires the guest to make an advance payment either partial or full depending upon the hotel policy and occupancy status of the hotel during the stay, irrespective of whether the guest avails the reservation or not unless the request is cancelled according to the hotel's cancellation policy. by this way guest will find their room ready even if they reach late to the hotel without an prior information to the hotel.. The guaranteed reservation can be obtained through one of the following ways:

Advance deposit: An advance deposit guaranteed reservation requires that the guest pay the hotel the decided amount of money before their arrival.

Pre-payment: This requires advance deposit of payment either full or partial (as per hotel policy) prior to the guest arrival. This is normally the most desirable form of a guaranteed reservation.

Credit card: Guaranteeing reservations through credit card are most popular method of payment in the business hotel. Depending upon the financial status and money in bank, the credit card is issued to the buyers/clients.

Travel agents: Guest pays the travel agent in advance for their tour packages and the travel agent guarantees the clients reservation. In case of no show the hotel generally bills the travel agency for payment and according to agreement.

Corporate guarantee: This is a contractual agreement between Corporation Company and hotel which state that the corporation will accept financial responsibility for any no-show guest.

Allotment: It is a set of rooms booked for a particular period of time for the company or group, this type of reservation is made for training, conferences and conventions and private parties.

B) Non-Guaranteed Reservation: When a guest confirms his reservation in the hotel but does not guaranteed it with an advance deposit, it is termed as Non-guaranteed reservation. In this Hotel holds the room for the guest till the cancellation hours, unless the guest informs the hotel about his late arrival. the cancellation hour is the time fixed by the hotel after which the non guaranteed is considered cancelled and the room is released for other guest, generally in hotel the cancellation time is 6 :00pm.if the guest does not arrive by the cancellation hour the hotel is free to release the room for other guest. There by it is also called as provisional reservation where rooms are not secured as that in guarantee reservation.

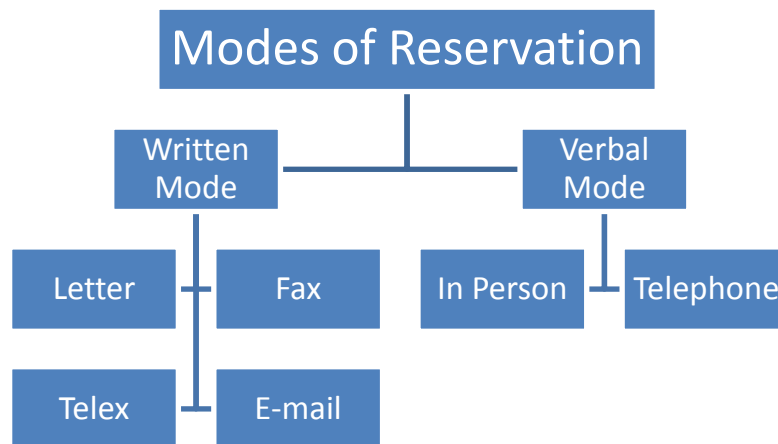
CHECK YOUR PROGRESS-I

Q. 1 Write a note on sources of reservation.

Q. 2 what are different types of reservation? Explain with examples.

3.3.3 Modes of Reservation

The process of reservation begins with an inquiry. A guest may contact the hotel for reservation either in writing or verbally.



Modes of Reservation

WRITTEN MODE: When the reservation request reaches the hotel in writing, the mode is classified as written mode of reservation. The different written modes of reservation are letter, fax, email. The merit of written mode are is that they are clear, un ambiguous, act as a proof because of written form as well as can be referred again and again and can be filed. They are:

Letter: A letter is a good mode of making reservation request. But If the guest send their letters to the hotel it requires several month in advance(as to reach the hotel and further action to be taken). This mode is commonly used by travel agent, tour operators and corporate houses, which send reservation request on their letter heads. As this method is time consuming so now a days this method is also becoming old fashioned.

Fax: Fax, or facsimile transmission, uses electronic scanning techniques to send copies of document/ written statements and graphics over an ordinary telephone line to a special machine that prints out an identical copy at the other end. It is much faster and cheaper than sending a letter.

E-mail: Due to fast advancement and development of internet all over the world, today most of the hotel allows reservation online on the internet through their websites. Email is the mail sent by electronic means from one computer user to one or more recipients via a network from anywhere in the world. It is the fastest, cheapest and convenient mode as it provides a written record for future as well.

VERBAL MODE: Reservation request may also be made through oral communication i.e. either in person or on telephone. The main advantage of this mode is that it is fast, cheapest, convenient and generates immediate feedback or response from the guest though its biggest disadvantage is that there is no written record. They are:

In Person: If an individual or his representative comes to the hotel to book rooms for future, it is called In-Person mode of reservation request. This is a good mode of reservation as the person is available to consider the various options and suggestions, in case the room, or its availability, or its rate does not match the guest's expectation. The hotel processes the reservation as per the details given by the guest and gives him the confirmation number and letter.

Telephone: This is the most commonly used mode of reservation as the reservation request comes to the hotel through telephone calls. It is fast, convenient and generates immediate response or feedback and one can get the complete information and clear doubts on telephone. The disadvantage is that it does not provide a permanent record.

3.3.4 Reservation Procedure

Reservation procedure involves following steps:

Step 1: Receiving enquiries for reservation: When the reservation request is received, the reservation assistance should gain all the information about the guest and his request, the details include Name of guest, address of guest, no. of persons, date of arrival, date of departure, desired room type, desired room rate, mode of settlement etc.

Step 2: Determining room availability: The next step is that the reservation assistant should check the room availability i.e. whether the room is available on the desired date requested by the guest.

This can be checked through different checking systems such as:

- Forecast Board,
 - Room Status Board
 - Density Board,
 - Advance Letting Chart/ Conventional Booking Chart
 - Standard Density Chart and Computer Reservation System.
- Nowadays, most of the hotels use C.R.S.

Step 3: Accepting and Denying: If the room is available according to the request of the guest, the reservation assistance should accept the request and book the room of the hotel.

In three cases, reservation assistance will deny the request i.e. if the customer is blacklisted, if the rooms of the hotel are fully booked and if the rooms are not

available according to the request of the guest than in that case he should apologize and offer other alternatives.

Step 4: Documenting the reservation request: After accepting the reservation request, reservation assistance should fill the reservation form.

RESERVATION FORM			
NAME	NO. OF PERSONS	ARRIVAL	DATE
ADDRESS/COMPANY			FLT. NO.
TYPE OF ACCOMODATION			TIME
BOOKED BY	ADDRESS	DEPARTURE	DATE
DATE OF BOOKING			TIME
LETTER/TEL/TELEX/NO.		PHONE NO.	
PHONE	PERSONAL	CONFIRMED	W.L.
DEPOSIT RECEIVED: CASH		CHEQUE NO.	
SPECIAL REMARKS			
BILLING INSTRUCTIONS			
INITIAL(reservation assistant)	NO. R.(J)	ARRIVAL G.R. NO. (optional)	

Reservation Form

Depending upon the need of the hotel and volume of business the hotel can adopt either manual or automatic system of reservation:

Diary System (Manual System)

- List of all arrivals of a particular day are recorded
- Kept on loose –leaf basis
- Top pages represents arrivals on the current date, this is removed and sent to the front desk for receiving the guest.
- A new blank sheet is added at the back of the diary to record the reservation of a new date.
- Suitable for small properties. Format is shown in shown below:

Room No.	Name	Pax	Arrival		Advance	Date of Departure	Booking Date	Booked by		Signature of Reservation Assistant	Remarks
			Time	Mode				Name	Contact No.		

Hotel Booking Diary

SEMI AUTOMATED

Whitney System of Reservation:

- Developed by American Duplicating check company
- Used by small and medium properties with upto 150 Rooms
- Uses standard size slip known as Whitney slip or Shannon slip.
- The slip may be colored coded to identify the status of guest like FIT, Group, crew, VIP, commercially important persons.
- It uses racks that are vertically mounted on the wall .It requires a total of 43 racks ,out of which 31 racks are kept for the current month.(one for each day).11 racks for the next eleven month of the year, and 1 rack for the next year.
- Booking can be kept in order of the date of arrival.
- Booking records may be arranged in alphabetical order.
- Place vertically, saving storage of space format is shown below.

Date of Arrival	Name of Guest	Room Type	Rate	Date of Departure
Mode of Reservation	Reserved by	Date Received		
Agency (if any)				
Billing Instruction			Confirmation Date	

Whitney Slip

AUTOMATIC SYSTEM

- Automated reservation system is computerized reservation that is ideally suited to dealing with the large amount of information which needs to be extracted in a number of ways. Consequently a computer is an ideal tool for a hotel to employ for storing and retrieve room status information and conduct transaction
- Guest goes on line and book the room which automatically blocks the room for the desired duration of time and removes the room from the availability records.
- Generates electronic confirmation letters that are sent to the guest email addresses or postal address.
- It also automatically generates report like occupancy record or forecast and list like expected arrival list, expected departures list etc.eg CRS and GDS
- In either of three systems used by the hotel the detail are first filled in the reservation form.

Step 5: Confirming the reservation request: When guest and hotel agree on room and rates then reservation assistant confirms reservation request. There are two types of reservation request and they are guaranteed and non-guaranteed reservation. To confirm the hotel rooms the confirmation should be in written form not in the verbal way. Reservation assistance should maintain the confirmation slip and send it to the reception.

Step 6: Maintaining the reservation request: Once confirming the room to the guest, we need to make a reservation record for each and every booking made. The records can be maintained or processed in two ways:

Documenting the original reservation: In this process we file and record the original reservation details and if we are working in a computerized system we will be recording a printed form of reservation done. The documentation is done on the basis of date of arrival and afterward in assurance to the surname of guest.

Modification of reservation: The next step in processing is changing of the details that are recorded in reservation form. In this case, we need to attach the different amendment/ cancellation form or slip with the original one. In this process of modifying the reservation request, the guest can make amendment and/or cancel the request.

Amendment procedure:

- Take the Hotel Reservation Revision / Cancellation Form and note down the revisions or changes made by the guest.
- Amend the Hotel Reservation Chart by removing the room allocation made of the earlier dates and allocating the rooms on the new dates.
- Amend the reservation slip from the rack.
- Assign a new Hotel reservation confirmation number.

Cancellation procedure:

- Take the Reservation Revision / Cancellation Form and note the name, address and telephone number of the person making the cancellation.
- Amend the Hotel Reservation Chart.
- Remove the reservation slip from the rack

Step 7: Compiling the reservation request: This is the last step in which all the reservation information are distributed to all different departments. Night auditor will maintain the room status report with the mode of payments, nationality, no. of packs, etc.

HOTEL RESERVATION REPORTS

Reservation Transactions Report: – This report summarizes daily reservations activity in terms of reservation record creation, modification and cancellation. Other possible reports include specialized summaries such as cancellation reports, blocked room reports, and no-show reports.

Commission Agent Report: – Agents with contractual agreements may be owed commission for business booked at the property. This report tracks the amounts the hotel owes to each agent.

Turn Away Report / Refusal Report: – This report tracks the number of reservation requests refused because rooms were not available for the requested dates. The turn away

report is especially helpful to properties operating near full occupancy or hotels considering expansion.

Revenue Forecast Report: – This report projects future revenue by multiplying predicted occupancies by applicable room rates. This information can be especially important for long range planning and cash management strategies.

Expected Arrival & Departure Lists: – These lists indicate the number and names of guests expected to arrive, depart or stay over. The arrival list facilitates the guest registration process and the expected departure lists helps to anticipate and speed up the guest account settlement and check-out.

3.3.5 Terms for reservation

Walk in guest: Walk in guest are known as chance guest. Because hotel don't have any prior information about such guest due to which they cannot process or forecast. Normally in walk in condition all the activities of registration and reservation are conducted on the spot where and the guest is only taken if rooms are available and he/she is in a fit condition to be taken and is ready to pay advance deposit.

Confirmation: Without confirmation, reservation staffs will not provide the hotel room. Confirmation is handled by front office staffs. Guaranteed reservation is performed for confirmation. Confirmation should be in written form. After confirmation, reservation letter will be provided by reservation assistance to the guest.

Cancellation: Cancellation is the process of cancelling the booking rooms. For the cancellation process, guest should send the letter to the hotel and after getting the letter of the guest, reservation assistance will reply the letter. The information is sent to front office manager and general manager. Cancellation slip is maintained in triplicate copies and first copy is sent to reception.

No-Show: No-Show is one of the situation in which the guest does not arrive at the proper time and does not provide any information to the hotel. Due to No-Show, overbooking can be occurred.

Overbooking: Overbooking is the result of No-Show. Skillful staffs will handle the overbooking by shifting the guest to others hotel or under the same hotel. Overbooking is handled by reservation manager.

Out of order: The room which is under maintenance known as out of order. Out of order rooms cannot be sold.

Over Stay: If a guest stays in hotel rooms beyond the scheduled departure date that is called overstay.

Under Stay: Guest who checks out before scheduled departure date then it is called under the stay. This types of guest in the hotel can affect the normal operation of a hotel

CHECK YOUR PROGRESS-II

Q. 1 Write a note on Whitney System of reservation.

Q. 2 Write note on cancellation of reservation.

3.4 Overbooking (occupancy management)

Overbooking is the process of accepting reservations for more rooms than they are available by the hotel, by forecasting the number of no-show reservations, stay-overs, under-stays, and walk-ins, with the goal of attaining 100 percent occupancy is viewed by the general public with doubt.

As a future hotelier, you should prepare for the difficult task of developing a policy on overbooking. The front office manager is responsible for administering this policy.

As in many situations, overbooking tries to overcome the problem of no-shows and late cancellations and may produce advantages by way of operating efficiencies that far outweigh the occasional inconveniences to guests and travelers they have held hotel overbooking to be customary and justifiable practice for offsetting the losses from no-shows. Hoteliers and front office managers who practice overbooking do so to meet an organization's financial objectives. They do not intentionally overbook to cause problem to the traveler. Rex S.Toh reports "the no-show rate is anywhere between 5 and 15% in most markets

Thus the financial loss due to no-shows are substantially high. Lost revenues of this volume force the hotelier to develop an aggressive occupancy management policy. This policy is based on management of the occupancy categories into which guests are placed:

those with confirmed reservations, those with guaranteed reservations, stayovers, under-stays, and walk-ins. However, most hoteliers require a guest guarantee his or her stay with a credit card number to ensure their intent of arrival and thus guarantee payment for product and services on the part of the guest and hotel.

Confirmed reservations, is the prospective guests who have a reservation for accommodations that is kept until a specified time, represent the critical element in no-shows. After that time (usually 4:00 P.M. or 6:00 P.M.), the hotel is under no obligation to hold the reservation. The front office manager must keep accurate records of no-shows in this group. Various types of travelers with confirmed reservations corporate, group, leisure have different no-show rates. Walk-in numbers are often higher if the front office manager maintains good relations with the front office managers of nearby hotels, who may refer guests to the property when their own are fully booked. Sending guests who cannot be accommodated to nearby hotels is a win-win situation for guests and hotels.

Guaranteed reservations, are the prospective guests who have made a contract with the hotel for a guest room, represent a less chances of no show because the guest provides a credit card number to hold a room reservation. According to the reports that the no-show rate for guaranteed reservations was 2 percent, compared to 10 percent for confirmed reservations. The front office manager should investigate these no-shows to determine their sources and plan accordingly. Stayovers are currently registered guests who wish to extend their stay beyond the time for which they made reservations.

Under stays are guests who arrive on time but decide to leave before their predicted date of departure. Leisure travelers may find their tourist attraction less interesting than expected. Urgent business may require the corporate client to return to the office sooner than expected. Maintaining accurate records helps the front office manager predict under stays.

When these occupancy categories are tracked, the front office manager can more accurately predict occupancy. The front office manager can obtain the data for this formula by reviewing the property management system (PMS) reservation module, which lists the groups, corporate clients, and individual guests who have made reservations for a specific period. Also, the front office manager should check tourist activity in the area, business events planned in other hotels, and other local special events. Permitted overbooking rate may therefore vary from hotel to hotel - since hotels with a high proportion of transient trade will have a higher no-show proportion than a long-stay resort, say. The rate may also vary from week to week, and should be clearly stated on the reservation charts for any given period. In a computerized system, the software will automatically monitor the ratio of reservations to actual arrivals, and adjust the overbooking parameters for different periods, bookings and room types.

Advantages of overbooking

- It helps to Minimizes financial losses from cancellations, no-shows and shortened stays or under stays of the guest
- It helps to Minimizes unnecessary refusals, which may send
- prospective customers to competitors
- As it is based on past statistical and historical trends: it should not result in excessive double-bookings

Disadvantages of planned overbooking

- Double-bookings and relocations of the guest due to double booking of the same room may lead to movement of the prospective guests: lost opportunity of lifetime revenue
- Double-bookings and/or confusions over bookings can cause unpleasant and stressful conflict for front office and guest

Thus Front office Manager must be carefully plan for the overbooking as it sometimes may lead to double booking which will be a difficult situation to handle for both guest and the hotel, As an alternative to overbooking, the hotel may accept bookings on a waiting list, if guests are able to be flexible about taking rooms on short-notice when cancellations occur. Or Hotel needs to have a contingency plan to re-locate or book out some of its guests, so that their dissatisfaction is minimized by having satisfactory alternative arrangements made for them.

CHECK YOUR PROGRESS-III

Q. 1 Write a note on over booking.

Q. 2 List the advantages of and Disadvantages of overbooking.

3.5 Registration

As the first stage of guest cycle was pre arrival reservation is the second stage of the guest cycle i.e. arrival or registration of guest. Guest registration is one of the first and most lasting impressions on a hotel customer Registration begins when the front desk agent

extends a sincere welcome to the guest. A warm greeting sets the tone for everything. The front desk agent moves into the registration process after determining the guest reservation status.

What is registration? Guest Registration or making booking for hotel rooms are sole responsibility of hotel front office. During room booking front office collect guest information and at the time of check in of the guest those reentered are used to pre fill the GRC card. Guest registration is nothing but recording the guest's information for official purposes ie gathering information from the guest. As the guest arrives in the hotel, his first contact is with front desk staff where his registration activity takes place. At the time of registration, the front office staff asks the guests to enter their personal information on the Guest Registration Card (GRC).

Registration- Legal Implications: As per the laws prevailing in the country – like Foreigner's Act 1946 and The registration of Foreigner's rule 1992, Registration is mandatory requirement for both; the guest over the age of 16 years – irrespective of Indian or foreigner, ordinary personnel or VIP and the hotel ie all hotels, Regardless of the size, boarding houses and other accommodation providers must keep a record of the basic information of the guest staying, ie full name and nationality of their guests each guest must be separately registered.

Registration acts as a valid contract between the guest and the hotel in which the hotel offers to provide safe and secure boarding and lodging facilities to the guest and the guest accepts to pay for the service and facilities. In case of foreigner guest the front desk should fill Form C and verify the passport and visa of the guest.

During registration, the guest is required provide basic information about them and fill up either a visitors register / hotel register. The register may be a Red Book / form or a card also called G.R. C (Guest Registration Card). It is a legal obligation for all guests to be registered in the hotel. All guests have to provide their name and nationality. In addition foreigners must provide their passport number, place of issue and next destination. Guests might register by way of recording their details in a register, on a registration card or by using a self check-in kiosk. Group guests and VIP's are often pre-registered by reception. Many hotels now also have self check-in kiosks. It is the duty of the receptionist to always check the registration details to ensure that it is correct.

Importance of registration

Registration is helpful for both guest and hotel, in various ways:

- It satisfies the legal requirements for hotels to keep records of their guests.
- It provides a record of arrivals (as opposed to reservations), which may help to account for residents in the event of a fire or other disaster.
- It provides management information: e.g.. about the proportion of arrivals to reservations; occupancy statistics; the national origin of guests and so on.
- It confirms guests' acceptance of the hotel's terms and conditions (if they are asked to sign the register).
- It occupies the guest while the receptionist checks booking records, allocates rooms, prepares keys

3.5.1 Pre-registration

Pre registration activities helps to accelerate the registration process and helps in giving fast, efficient and smooth check in of the guest. Guest can be pre registered using the information collected during the reservation process. Pre registration normally involves preparing registration documents in advance of guest arrival. Room and room rate assignment, creation of guest folio are part of the pre registration process. Pre registration is possible for all types of guest except walk in guest as in case of walk-in guest, there is no prior interaction between the guest and the hotel.

Thus Pre- Registration is an activity of registering (filling the GRC) a guest even before his arrival, which is generally done one day before his arrival in the night or on the same day but before his arrival.

The front office for pre registration needs a list of all the guests expected on a given day to prepare for guests' arrival, with their estimated arrival times, room type (or allocated room, if any), special requirements, and so on. The arrivals list is usually generated, using the data in the bookings diary, or the reservation records the day before the arrival date.

Separate group arrivals lists and VIP/Special Attention Guest lists may be generated a week in advance, however, because such guests generally require more preparation. The copies of these list will be send to the housekeeping department (so that rooms can be prepared for new arrivals), the food and beverage department.

3.5.2 Registration Methods

Hotels have different ways of posting and storing registration records depending upon the requirements of a hotel the registration records may be maintained in three ways:

Bound Book: It is a big bound book or register. Guest on arrival fills his details in a line and signs in this book. It is often used in small hotels. All the pages of this are bound into thick book and therefore can be used for long time.

The advantages of this book are:

- Wastage of paper is minimal.
- No filing is required
- All the records for the duration are available in the single book

The disadvantages of this book handling are:

- Confidentiality of guest information cannot be maintained. The next guest can easily access the details of the previous guests.
- The book is bulky and gets dirty and torn very soon due to frequent usage.
- Pre-registration of guest cannot be done.
- Only one guest can register at a time.
- If book is lost all the records of the guest are lost forever

Format of a hotel register (hardbound and loose leaf)

Loose Leaf Register: In this system, a separate loose leaflet is used for each day instead of a consolidated / bound register. One new page is used everyday so to some extent the confidentiality of guest information can be maintained. It is mostly suitable for medium sized hotels

The advantages of this method are:

- The privacy of the guest can be maintained to some extent
- If sheet is lost only one day record is lost.
- It is convenient to hand over to the guest to fill their details

The disadvantages of this method are:

- It can be easily misplaced.
- The leaflet may not be fully filled or in some occasions single sheet may not be sufficient.

S No	Name of Guest	Address	Pax	Nationality	Passport No	Date of Arrival in India	Whether Employed in India	Registration Details	Proposed duration of stay in India	Date And time of Arrival in Hotel	Purpose of visit	Date & time of Departure	Signature of Guest

- Filing also becomes a problem
- Only one guest can register at a time.
- Pre-registration of guest cannot be done
- The sheets are required to be filled

Individual Registration or Guest Registration Card: In this system, a separate card is used for each guest. The cards may be designed so as to serve various purposes. It may be made in duplicate or triplicate with the help of carbon papers so that one copy can be sent to Government departments and the other retained by the hotel.

The following are the advantages of this method:

- The size of the card is small and quite handy.
- They may also be used to serve as a guest history card.
- Complete privacy of the guest is maintained.
- Many guests can be registered at the same time.
- Pre-registration of guest can be easily done

The disadvantages of this method are:

- They are quite expensive
- If not stored properly they can be lost or misplaced easily

3.5.3 Registration Process

The registration process consists of following steps:

- A. Identification of guests
- B. Creating the Registration Record
- C. Allotment of Room & Rate Assignment
- D. Establishing the Method Of Payment
- E. Issuing the Room Key & Completion Of Check In Procedure
- F. Filling Special Request

A. Identification of Guest's Status: the identification of guest's status is important as the hotel process the registration of guest with confirmed reservation and walk-in guest in a slightly different way. The front desk first verifies the status of the guest – if the guest has confirmed reservation his details will be in today's arrival list and as the pre registration would be done there check in will take less time as compared to walk in guest as we have no details of the guest

B. Creating the Registration Record: After the guest arrives at the hotel; the front desk agent creates a registration record which is a collection of important guest information. The registration record requires the guest to write down his or her name, address and other information. As the guest signs the registration card it is considered to be the completion of registration

The formats used during the check-in of the guests are:

Guest Registration Card (GRC) : Registration card is filled by the guest during check-in. It is a very important document from where a front desk agent gets all the information about the guest. A registration card consists of name of the guest, address, organization name and address, nationality, arrival time and date, expected date of departure, purpose of visit, room number, number of person, room rate etc.

REGISTRATION CARD								
HOTEL ABC								
NAME.....		FIRST NAME & INITIALS.....			DATE OF BIRTH.....			
COMPANY.....		ADDRESS.....						
DESIGNATION			arrival from	GOING TO				
NATIONALITY			DATE OF ARRIVAL IN HOTEL					
PASSPORT NO.			TIME OF ARRIVAL IN HOTEL					
DATE OF ISSUE		PLACE OF ISSUE		DATE OF DEPARTURE FROM HOTEL				
CERTIFICATE OF REGISTRATION			PROFESSION					
NO.....	DT OF ISSUE.....	OFFICE OF ISSUE.....		PURPOSE OF VISIT				
DATE OF ARRIVAL IN INDIA			CHECK OUT TIME:12 NOON					
WHETHER EMPLOYED IN INDIA			YES	NO				
THE HOTEL WILL NOT BE RESPONSIBLE FOR ANY VALUABLES LEFT BY THE GUEST IN THE ROOM. SAFE DEPOSIT BOXES ARE AVAILABLE FREE OF CHARGE AT THE FRONT OFFICE CASHIER. VISITORS ARE NOT PERMITTED IN GUEST ROOM AFTER 11-00 P.M.								
I AGREE TO ABIDE BY THE RULES OF THE HOTEL AND SHALL SETTLE MY ACCOUNT ONCE IT AMOUNTS TO Rs. 10,000/-								
SIGNATURE OF THE GUEST								
ROOM NO	NO. OF PERSONS		RATE	BOOKED BY	PAYMENT BY & BILL TO			INITIAL
	ADULTS	CHILDREN			CASH	VOUCHER		
					CREDIT CARD	ANY OTHER		
I AGREE TO RELEASE ROOM.....BY 12 NOON ONSHOULD I FAIL TO CHECK OUT, I AUTHORISE THE MANAGEMENT TO PACK AND REMOVE MY BELONGING TO THE HOTEL CHECK ROOM SO THAT THIS ROOM IS AVAILABLE FOR INCOMING GUEST WITH CONFIRMED RESERVATION								

Guest Registration Card or GRC

C Form : According to the registration of foreigner’s rule 1992 Rule 14, Form C is a legal document which is mandatory to be filled by all foreign nationals except those from Nepal and Bhutan. NRI’s with green cards do not have to fill this card. Children up to 16 years and diplomats from other countries are also exempted from filling C form. Two copies of Form C are made, 1st copy is sent to the Foreigner’s Regional Registration Office or FRRO, or to the Local Intelligence Unit (LIU) as FRRO offices are generally located in the metropolitan cities, within 24 hrs of the arrival of the foreigner guest in the hotel, but in case of nationals from Pakistan, China and Bangladesh, Form C should reach to the nearest FRRO within 12 hrs of the arrival of the foreigner guest or LIU and also to the local police station whereas the 2nd copy is kept as office copy with the hotel. The source of information for the C- form is basically the visitors passport, visa and in certain cases certificate of registration.

For every FIT a separate C form is to be made. It is also important to note that two persons of same nationality can be included in one C form.

For groups, the group leader on arrival provides the passport details of all the group members and signs the guest registration card on behalf of the group. If the group members are of same nationality than a single C form for entire group is sufficient along with list of passport details attached to it.

Arrival and Departure Register : It is a register maintained by the front desk agent which monitors all the arrivals and departures on a particular day. It monitors the rooms allocated and those just vacated for helping the Housekeeping department for making rooms ready again for guests. It also helps to find out the number of people checked in so as to calculate the house count

<p>Hotel ABC Form C (Rule 14) Hotel Arrival Report (To be completed in Duplicate)</p>
<p>Sr. No.:</p>
<p>Date:</p>
<p>Name of the Hotel: _____</p>
<p>Name of the foreign Visitor: _____ (In full in block capitals, surname first)</p>
<p>Nationality: _____</p>
<p>Passport No.: _____</p>
<p>Date of Issue: _____</p>
<p>Place of Issue: _____</p>
<p>Address in India: _____</p>
<p>Date of arrival in India: _____</p>
<p>Arrived From: _____</p>
<p>Whether Employed in India: Yes/No _____</p>
<p>Proposed Duration of Stay in India: _____</p>
<p>Proposed Duration of Stay at Hotel: _____</p>
<p>Proceeding to: _____</p>
<p>Registration Certificate No.: _____</p>
<p>Date of Issue: _____</p>
<p>Place of Issue: _____</p>
<p>Manager's Signature</p>

Form C

- C. Allotment of Room & Rate Assignment:** Room assignment is an important part of the registration process. Room assignment involves identifying and allocating available rooms in a specific room category to a guest, keeping in the mind the preference of the guest. Room and room rates may be pre assigned on the basis of reservation information. Room assignments are finalized during registration.

Allotment of Rooms: After filling the registration card the next step is to allot the room, and, If a specific room has not yet been allocated, the receptionist may need to check on room status (using various charts, discussed later) and allocate a room. Room status documents show which rooms are occupied, which are reserved, which are currently being worked on by housekeeping or maintenance, and which are available for immediate occupation. Available rooms can then be allocated, according to room availability - and guest preference.

While allocating rooms following points need to be considered:

- Priority (i.e. allocation of the best rooms of a given grade or rate) should be given to VIPs and major clients, regulars (loyal returning guests), earlier bookings and longer stays.
- Priority should be given to the requests of guests with special needs (e.g.. for accessibility for the disabled).
- Specially requested rooms should be marked or flagged as requested or reserved in advanced reservation and room status charts, so that they aren't let to someone else by mistake.
- A certain number of the 'better' (preferred) rooms might be 'hold back', if possible, to allow for special requests on check-in.
- Computers may be used to allocate non-requested rooms randomly or in rotation, so that all rooms are used equally over time (and available for maintenance on rotation).
- Computerized systems may also be used to select the best available room for a given set of parameters (rate, room type, guest preferences and yield management).

D. Establishing the Method of Payment– Some guests prefer to pay room charges during registration, in advance of occupancy. Determination of the guest credibility and the mode by which he will be settling his bill is very important for the hotel. There are various modes which a guest may choose while making a payment like cash, credit card, Bill to company etc .

E. Issuing The Room Key– By issuing a room key the front office agent completes the registration process. For the security of both the guest and the property, room keys must be very carefully controlled. For security reasons, the front desk agent should never announce the room number when handing a guestroom key to a guest. If the hotel provides bell service, the front desk agent should introduce the bell attendant to the guest, hand the guestroom key to the bell boy and ask him or her to show the guest to the room. While escorting guest to the room, the bell boy should familiarize the guest with hotel information special features such as, locations of emergency exits, emergency procedures, restaurant locations, retail outlets and their hours of operations, and other appropriate information. Once inside the guestroom, the bell boy should explain the features of the room answer any questions and hand the room key to the guest. If the guest is displeased with the room, the bell boy should listen attentively and bring the matter to the attention of the front desk agent for immediate action. with the issuance of keys the check in procedure of the guest gets over, later the receptionist updates the room status records, prepares arrival notification slip (ANS) send them to concern department, creates guest folio and fills Form C in case if any and send it to the concerned authority.

F. Filling Special Request– During registration, the front office agent must make sure that the special requests made by the guest during the reservations process are acted upon. Some requests may be:

- Location – Eg. close to or far from elevator
- View

- Bed Type
- Smoking / no-smoking status
- Amenities
- Special furnishings for disabled guests such grab bars in bathrooms
- High-speed Internet access
- Entertainment systems
- Fruit baskets / flowers / champagne

3.5.4 Check in Procedure

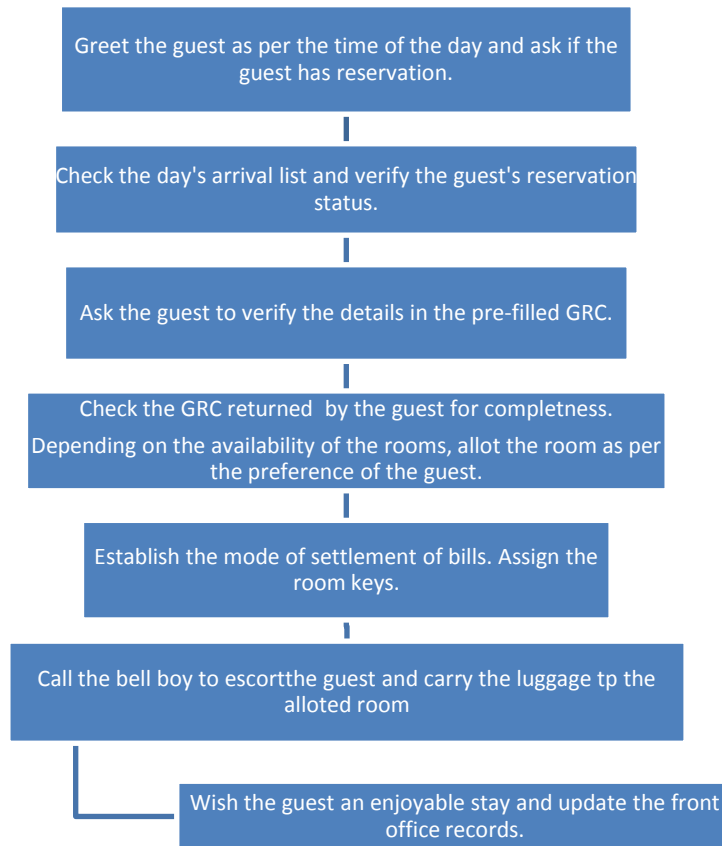
The check in procedures of guest with different status is discussed under following sections:

- Guest with Confirmed Reservations
- Walk in Guest
- VIP's
- Groups/ Crew (domestic and international)
- Scant Baggage guest
- Foreign Nationals
- Guest with Confirmed Reservations

CHECK IN PROCEDURE FOR GUEST WITH CONFIRMED RESERVATIONS

The check in procedure of confirmed reservation guest (refer fig 3.13) involves following steps:

- When the guest arrives in the hotel the front desk should welcome them and ask them if they have confirmed reservation.
- If yes than front desk should check the day's arrival list to confirm the reservation status of the guest.
- Once the reservation status of the guest is confirmed the front desk agent should give the pre filled registration card to the guest to verify the details.
- When the guest has checked and signed the GRC than front desk will ensure that all the details are properly filled including the billing instructions.
- Check the availability of room as per the preference of the guest and allot the room accordingly.
- The front desk agent should issue the room keys to the guest and authorize the bell boy to escort the guest to the room.
- Bell boy will escort the guest and carry their luggage to the allotted room, the bell captain will fill the information in the arrival err and card and lobby control sheet. The front desk agent should wish the guest and enjoy able stay at the hotel and update the front office records



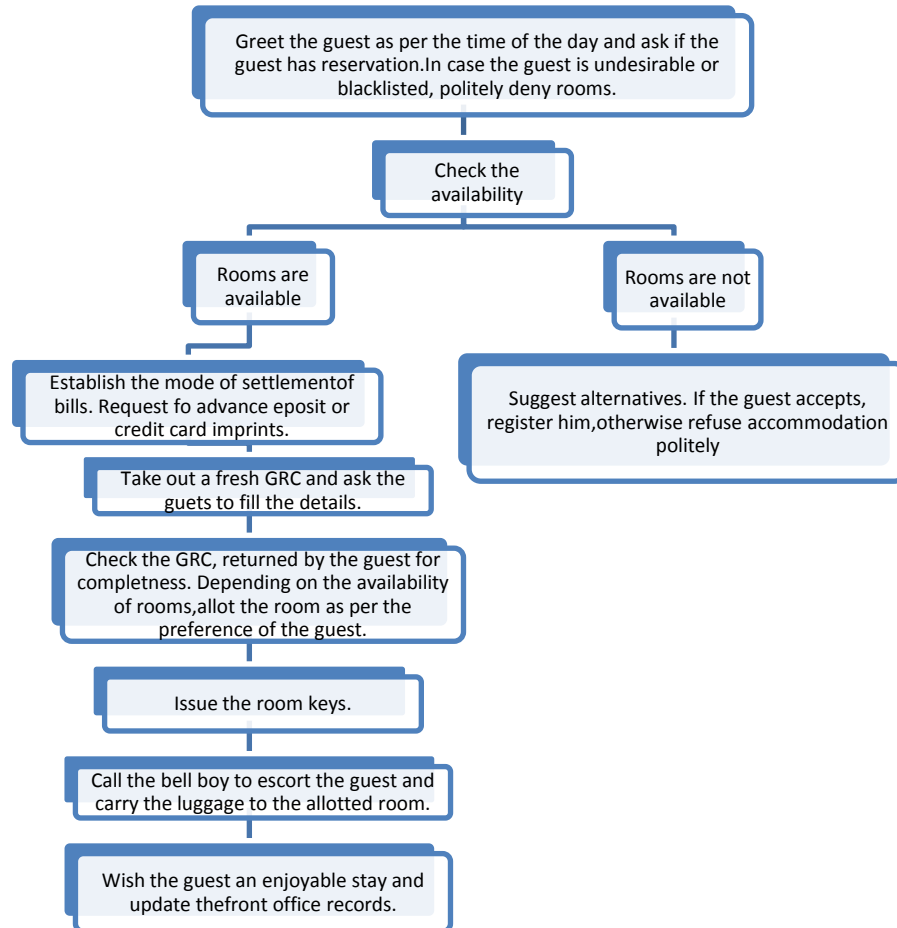
Front office task for the check-in of confirmed reservation guests

CHECK IN PROCEDURE FOR WALK IN GUEST

The check in procedure of walk in guest (refer fig 3.14) involves following steps:

- When the guest arrives in the hotel the front desk should welcome them and ask them if they have confirmed reservation or any prior booking.
- If no i.e. if the guest does not have any prior reservation than front desk agent should check the room availability status for the time period of the stay requested by the guest.
- If rooms are available for the specific duration specified by the guest, the front desk agent should proceed with the check in activity of walk in guest, however in case of undesirable or black listed guest, the front desk agent should politely deny the room, even if the rooms are available.
- To ascertain the credibility of the walk in guest the front desk agent should ask for the mode of settlement and ask for either advance deposit in cash or credit card imprints are taken to ensure that guest is genuine and will not turn into skipper.
- The front desk agent should now give the fresh GRC to fill by the guest and help the guest in doing so.
- Once the guest has filled and signed the GRC, the front desk agent should check for its completeness.
- The front desk agent should allot the room to the guest as per the availability and preference of the guest.

- The front desk agent should issue the room keys to the guest and authorize the bell boy to escort the guest to the room
- Bell boy will escort the guest and carry their luggage to the allotted room, the bell captain will fill the information in the arrival err and card and lobby control sheet. The front desk agent should wish the guest and enjoy able stay at the hotel and update the front office records.



Front office task for the check-in of walk-in guests

CHECK YOUR PROGRESS-IV

Q. 1 Write a note on Guest Registration Card.

Q. 2 Write note on Form C.

CHECK IN PROCEDURE FOR VIP GUEST

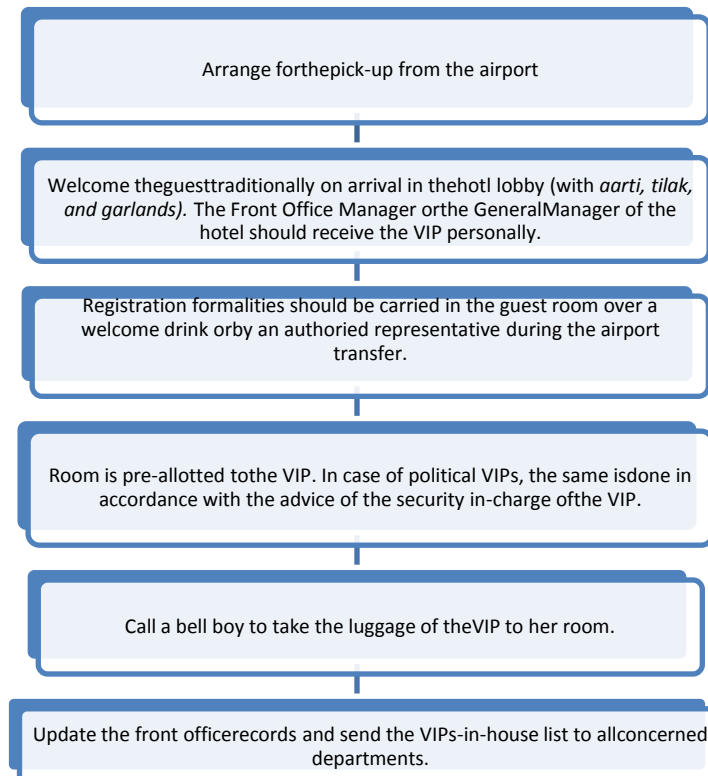
Very Important guest for the hotel includes heads of states, ministers, media personnel, sports personnel, celebrities, film stars, travel writers, top executives, corporate heads famous figures etc. They get special treatment and attention from the hotel because of their VIP status the hotel desire to have VIP guest in their hotel as it provide free publicity to the hotel. The check in procedure of VIP guest involves following steps:

Pre arrival activities

- Check the reservation record for the details of the VIP guest
- Preregister the guest- fill the GRC for the VIP guest
- Block the room for VIP guest and ensure that room is being checked by lobby manager or executive housekeeper.
- Send the amenities voucher to concern department, so that amenities can be placed in the guest room which include complimentary fruits, cakes, cookies etc as per the policy of the hotel.
- Arrange for the vehicle for VIP guest if required.

On arrival

- Send the vehicle for the pickup of the VIP guest if required
- When the VIP guest arrives in the hotel, inform the lobby manager or general manager, the VIP guest is given a traditional welcome to the lobby by ATG (Aarti, tikka & Garlanding) the guest being welcomed by front office manager or lobby manager.
- The registration formalities are carried out in the guest room over a welcome drink, a prefilled GR card is given to the VIP guest himself or to the authorize person of the VIP guest to complete the registration formalities.
- Room is pre allotted to the VIP guest and the guest is escorted either by front office manger or general manger to his room.
- Call the bell boy to carry the luggage to the guest room
- The front office staff should update the records and send the ANS (Arrival Notification Slip) to concern department regarding the check in of the guest.



Front office task for the check-in of VIP guests

CHECK IN PROCEDURE FOR DOMESTIC AND INTERNATIONAL GROUPS & CREWS: The check in procedure for group or crew requires specialized pre registration activity as group contains number of people who have to register at the same time. The pre registration activities involves following steps:

Pre arrival for group

- Front office prep area group list containing detail of each guest in the group the list contains the detail like the name of the guest, their address their like and dislikes etc.
- The front office block the room for the group and preferences is given, that room should been at the same floor.
- Inform housekeeping regarding blocked rooms to ensure that rooms are ready before the arrival of the group.
- The front office prepares a rooms list which contains the name of the group members and the corresponding room numbers.
- The front office ensures that keys of all the rooms for the group are available at the reception and they arrange them according to the room numbers and place them in an envelope and to be handed over to group leader.
- Based on the information received from group leader, pre registration is done, that is guest registration card are filled before arrival of group.
- Front office coordinate with f & B department for the arrangement of welcome drink on arrival.
- Front office inform bell desk to arrange bell boys for luggage handling of the group.

- Inform the concerned person to make the arrangement for traditional welcome if any.
- Check for any mail or message for the group.

On arrival

- Front office coordinates with the group leader to ensure smooth check in of the group so they always keep in contact with the group leader.
- As soon as the group vehicle arrives in the hotel bell boys are send to handle the guest luggage to identify the luggage of the individual guest, luggage tags are placed on the luggage as per the rooming list.
- Front office agent escort the group leader to the reception desk, and traditional welcome is given to the group members if required to be given.
- The receptionist handover the prefilled GRC and room keys to the group leader for completion and signature of the group members as per the rooming list.
- F&B service and front office mean while organize welcome drink for the group members in the scheduled area.
- Once the group leader handover the signed GRC to the receptionist, the guest may proceed to their rooms
- Bell boys escort the group members to their rooms.
- In case of foreigner group, front desk requires passport of all the guest to fill the form C
- Front office distribute the copies of rooming list to different departments like housekeeping, F&B service section order to inform the arrival of group.
- Front office coordinates with the group leader regarding group activities like meal schedule wakeup call and other requirements.
- Once the group members moves to their room the front office:
 - Ensure that luggage of the guest has been sent to their respective rooms
 - Update the room position
- Front office cashier opens two folio – master folio for the entire group and individual folio for each member of the group which is to be charged directly from the guest or individual group member.

CHECK IN PROCEDURE FOR FOREIGNER GUEST

The check in procedure of foreigner guest is similar to domestic guest only thing is that Form C has to filled for all foreigner guest. It is mandatory to fill Form C, for all foreigner guest staying in the hotel, the details which can be filled with the help of passport. Diplomats and NRIs not have to fill this form. Form C is also called as Hotel Arrival report. The front office staff should check the validity of the passport and visa it involves following steps:

- When the foreigner guest arrives in the hotel the front desk should welcome them and ask them if they have any confirmed reservation or any prior booking,
- If yes check the day's arrival list to verify the guest reservation status.
- With Reservation :- Give the prefilled GRC to the guest to verify and sign the card
- Without Reservation :- If no reservation the front desk agent should check the availability of room for the time duration requested by the guest and if rooms available, establish the mode of settlement.

- Give the fresh GRC to fill by the guest and assist in doing so.
- Once the GRC is filled and signed in either of the case, check for its completeness.
- Depending upon the availability and preference of the guest allot the room
- Request for the passport from the foreigner guest; check for the validity of passport and visa once checked fill the details in the Form C.
- The front desk agent should issue the room keys to the guest and authorize the bell boy to escort their guest to the room.
- Bell boy will escort the guest and carry their luggage to the allotted room, the bell captain will fill the information in the arrival err and card and lobby control sheet.
- The front desk agent should wish the guest and enjoy able stay at the hotel and update the front office records.

CHECK IN PROCEDURE FOR SCANTY BAGGAGE GUEST: Scanty baggage guest are those who comes to the hotel with less or no baggage and require room in the hotel. The bell boy carrying guest baggage should immediately report the same to front desk as there are the chances that guest can turn into skippers. “Skippers” are those who leave the hotel without paying their bills. This is possible because the “Skipper” comes with little luggage to avoid bringing the attention of the bell boys to their secret checkout. Alternatively, if he has just a briefcase, he may leave the hotel very easily without anyone noticing it under the pretext of a business call. The bell boys have to be alert to notify the front office about guests with scanty baggage so that a necessary advance is taken from them and a close watch can be kept on them.

Procedure

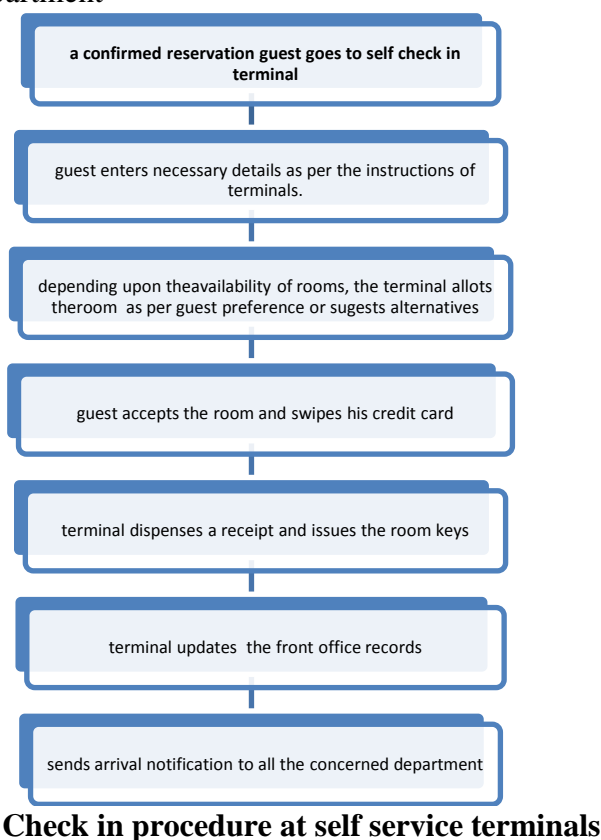
- The bell boy should immediately notify the lobby manager and the Front Officer about the scanty baggage.
- Registration of a scanty baggage guest, the front desk agent should take the authorization from the lobby manager/ duty manager. The registration formalities are completed as similar to walk in guest
- An advance payment for the entire duration of stay is asked from the guest.
- “Stamp scanty baggage” on the arrival errand card.
- Stamp scanty baggage on the registration card.
- Get the registration card sign by the lobby manager
- The front desk agent should prepare APC i.e. all payment cash slips and send to all POS (point of sale).
- The front desk agent should allot a room and handover the room keys to the guest.
- A bell boy will escort the guest to his room.

Scanty Baggage Register								
Date	Name of Guest	Room No.	Name of the Bell Boy	Time	Description of Luggage	Remarks	Signature of Lobby Manager	Signature of Bell Boy

Scanty Baggage Register

CHECK IN PROCEDURE IN FULLY AUTOMATED HOTELS: In fully automated hotels, guest can register themselves at self check in terminals without the requirements of hotel employees. by installing self service terminals hotel reduce the waiting time for check in and thus offer a superior customer service experience to guests. The procedure is as follows:

- A guest with confirmed reservation will go to the self check in terminals
- a self check kiosk Is like an interactive ATM machine , the guest with its help will than input his detail in the machine depending upon the availability of rooms the terminal will allot the room as per the preference of the guest or suggest alternatives
- the guest accepts the reservation and swipes his credit card
- the terminal dispenses a receipt and issues the room keys
- the terminal updates the front office records and sends arrival notification to the concerned department



CHECK YOUR PROGRESS-V

Q. 1 Write a note on check-in procedure of VIP.

Q. 2 Write note on check-in procedure of Group.

3.6 Guest Services

Once the guest checks into the hotel ,they avail the various services and facilities offered by the hotel during their stay this is the third phase of the guest cycle this stage is very important for the hotel as the guest experience about the hotel is build here and if guest is satisfied with the hotel services it will lead to repeat business as well as free word of mouth publicity from the satisfied guest can increase the business of the hotel to great heights so hotel staff tries to provide smooth ,efficient and personalized services to the guest

A guest experience is primarily based on the level of services and facilities offered by the hotel. Thus during the stay of guest the front office provide various kinds of guest services. These services may vary from hotel to hotel and from guest to guest. The services include:

- Handling Guest Mails & Messages
- Safety Deposit Lockers
- Paging of the guest
- Room Change Procedure
- Wakeup Calls
- Left Luggage Handling
- Guest Complaints

(Note: For the details of the Guest Services Refer Unit 2)

3.7 Guest Check-Out

It is the final phase of the guest cycle and examines the various activities involved in check out and settlement. As this is the last and final interaction stage between the guest and the hotel so hotels want to leave a lasting impression in the minds of the guest. Check-out is a great opportunity for every hotel to offer further services to guest in future, to develop guest relations by the hotel staff. The guest should be assisted in handling their luggage, by enquiring about the guest onward journey travel arrangements, arranging taxi for airport/railway station etc.

The front desk staff may offer assistance for any room reservation at same chain of hotel at the guest's next destination at the time of check-out. Departing guest is the best judge to evaluate the hotel services offered by all department staff during guest stay in the hotel. Guests are requested to fill up guest feedback through which the hotels can improve their service standards. Check-out is a major point of guest stay in hotel, where guest is more worried about their final bills or some wrong posting of charges in guest bill. Hence the check-out process should be made as relaxed, positive, trouble-free as possible for the convenience of guest. The speed and accuracy in preparing and presenting guest final bill will lead to develop guest satisfaction.

Great care must be taken to review the guest bill and its settlement. The staff must handle check-outs efficiently and courteously by less time consuming so that one can achieve higher guest satisfaction. Front office should always consider that the last impression is also equally important to guest as first impression about hotel services and facilities.

Step By Step Process of Guest Check-out: The departure procedure may vary from hotel to hotel according to the degree of automation of the organization. The following steps are involved in the departure procedure in manual or semi automated systems:

1. The check out request is received at the front desk or bell desk.
2. The front desk sends a bell boy to transfer the guest luggage from the room to lobby.
3. The bell boy fills the departure errand card.
4. The front desk then sends the departure notification slip (DNS) to all concerned departments regarding the guest checkout and alerts all the point of sale (POS) to send all last minute credit transactions to front office
5. The front desk cashier updates the guest folio on the basis of recent bills received from the point of sales
6. The guest arrives at the front desk for checkout and hands over the room key
7. The cashier prepares the master bill and presents to the guest along with the supporting vouchers for review and verification.
8. The final payment is received from the guest as per the predetermined mode of settlement.
9. The front desk now prepares luggage out pass refer format 3.21
10. Marketing activities are carried out as the front desk informs about special offers, gives brochures, takes future booking etc.
11. The front desk communicates the check out information to housekeeping and all other concerned departments.
12. The front desk now updates the records:

- Current room status
- Guest History Card (format given in fig 3.23)
- Arrival /Departure register

Hotel ABC	
Luggage Out Pass	
No 002453678	
Name of guest	Room No
Date of Departure	Time
Bill No.....	
Mode of Settlement	
Complete..... Partial Corporate settlement Other	
Authorized Signatory	Date

Luggage Out Pass

DETAILED CHECK-OUT PROCEDURE

Check-out request made by guest: A Guest can contact reception or at the bell desk through telephone/in person about their check-out and wish to depart from hotel. This information is informed to all other concerned sections that provide guest services during their stay in hotel. While processing the departure activities the front desk agent should confirm the details like Name of the guest, room number, etc and check the departure date mentioned in guest registration card. Communicate to bell desk to send a bell boy to guest room to bring down the luggage from guest room.

Luggage Handling At the Bell Desk: The front desk request the bell captain to send the bell boy to transfer the guest luggage from room to lobby the bell boy prepares the departure errand card and the bell captain makes the entry in bell captain control sheet now bell boy proceed towards the room On reaching the guest room the bell boy will announce himself, knock on the door enter the room once he gain permission from the guest and brings the luggage to lobby.. Besides that the bellboy will also ensure the following:

In the room the bell boy will:

- Check and look around the room for any possible damage to the property.
- Draws the curtains, locks the balcony.
- Checks bathroom and fittings.
- Check to ensure for any guest belonging left behind by mistake
- Collect room keys from the guest
- Check the mini bar consumption.
- The guest is escorted by him to the front desk

- He puts a “room to be cleaned tag” card on the door after switching of the lights and air conditioner.

At the lobby the bell boy will:

- Keep the guest’s luggage at the bell desk,
- Put hotel stickers and mark the luggage with “D” indicating departure luggage.
- A luggage out pass has to be obtained from the cashier stating that the guest has settled his account and returned the room key, once confirmed than loads the luggage in the car/taxi.
- Return the errand card refer format in fig 3.22 to the bell captain which will then be entered onto the bell captain’s control sheet.

Hotel ABC Guest Departure Errand Card				
Bell Boy No		Date		
Room No				
Guest Name.....				
Suitcase	Briefcase	Handbag	Packets	Others

Guest Departure Errand Card

Activities at the Reception desk: The Front desk receptionist checks the list of expected checkouts for the day and will confirm with the guest his date and time of checkout. Departure notification slips are prepared to inform the other departments of the guest’s checkout. In a manual system the room racks are updated. The departure register is also updated.

Accounting all transaction of guest bill: The front office cashier will co-ordinate with other departments like housekeeping for any laundry bills to be posted in guest accounts food and beverage department for any room service bills/ restaurant bills etc. Since it is very difficult to collect the payment for unsettled bills after guest has checked out. Some time even guest may refuse to pay for the un-posted bills. So the cashier must ensure that all bills are posted in guest folio before bill settlement.

To Update Guest Folio By Cashier: The cashier must update guest folio by adding the last minute bills from other point of sale. To check for any late checkout charges if applicable. For example if the hotel checkout timing is 12-noon and the guest depart at 5.00 in the evening, the guest will be charged for late checkout. Cashier should make sure that all bills are posted before preparing final bill.

To Prepare Final Bill: Guest final bill is prepared on the basis of guest folios. Front office cashier must promptly enter the late checkout charges or last minute bill from other revenue generating departments. Some common bills which are generally remain unposted in guest bill at the time of checkout are loss to the hotel revenue. To avoid any such situation of unposted bills in guest folio, the front office cashier can call through telephone to other departments to send the bills to front office which can be posted without much delay or enquire with guest about their last minute bills.

The other department also should cooperate to send the guest bills by deputing some staff to directly handover guest bills to front office cashier for smooth guest checkout to avoid any loss in revenue to hotel. It is very difficult to collect money from guest after checkout formalities are completed and the guest left the hotel.

To confirm the mode of payment from guest: The method of bill settlement is generally confirmed with the guest at the time of making room reservation or at the time of guest check in at the hotel. The guest will make appropriate entries in GUEST REGISTRATION CARD. So that it is easy for the cashier to perform checkout in professional manner. The mode of payment will differ from guest to guest in terms of guest profile and status. The guest can settle their bill by cash, credit card, Debit card, travel agent vouchers, personal cheque, and bill to company, foreign currency, etc.

The above mentioned mode of bill settlement is generally followed in all luxury hotels, so that the cashier can prepare guest folio in advance. But it is very important to confirm the mode of bill settlement at the time of guest check out also. Because even at the last minute the guest can change their mode of bill settlement, and the cashier should be able to handle such kind situations.

Receiving Payment From Guest: After the final preparation of guest bill, it is given to guest for reviews. Once the guest is satisfied about their bills receive the payment as per the pre-decided mode of payment. Any posting error should be shown to the cashier for necessary action by guest. In case of cash settlement check the currency notes and hand over the balance to guest. PAID STAMP seal is put on top of the guest copy of bill. Put the bills in hotel envelope and hand over to guest.

Marketing Activity Procedure During Check-Out: Since guest check-out is the final stage where guest come in contacts with front desk staff, the hotel staff should use this opportunity for marketing efforts for promoting hotel business.

The following marketing strategies may be followed:

- Receptionist can politely enquire about guest experience at the hotel during their stay.
- Guest may be given feedback/guest comments card to fill up.

- In case any guest complaints, assure the guest for taking action.
- Providing service in terms of future reservation for the guest trip or helping the guest in making room reservation at the next destination of the guest.
- Thank the guest for staying in the hotel.

Notify all other departments about guest departure: The front desk through departure notification slips (DNS) informs all the departments about the departure of the guest to ensure smooth operations of the hotel, therefore the point of sale will not offer any credit facility to the guest who have already settled their bills and politely ask for direct payment. The housekeeping department once get the information about checkout performs following things

- Prepare the room for the next guest
- Block the room for special cleaning processes
- Look for maintenance requirement in the room
- Refurnish the room for future sales

To ensure proper room management, both front office and housekeeping must coordinate and inform of the change in the room status

Updating Records after Guest Departure: Once the guest has cleared his/her bills and checked out, the front office staff should update the hotel records especially the room status records for reselling of rooms. Different records which are updated after the guest check out are:

Room status record: As soon as the guest checkout the front desk updates the room status record, for this the front office removes the Name tag slip from the information desk, room rack so that the checkout rooms may be cleaned for next guest. If it is not followed the room will be vacant and dirty and it cannot be given to any guest, which is loss to the hotel.

Guest History Card: Generally most hotels maintain Guest history Card, which is a file which containing all relevant personnel information about guest details like his previous arrival and departure dates, type of room and rate charged, guest Name, age, Designation, Company, Marital status, Salary, Likes, dislikes, Interest in sports, Music, choice of Food, Any Special habits etc. Front office Department plays a very important role in maintaining and updating guest history time to time. Generally in all hotels this type of data maintained to know about their guest preference in terms of providing great customer service by all hotel staff.

All these details are collected at the front desk and entered in the guest computer data. This file provide information about guest financial status, spending pattern, mode of bill settlement, previous

visit date, any complaints and suggestions given by guest. Having such information helps the hotel to provide better guest service.

Benefits of Guest History Record:

- It helps to know about their guest
- It helps to promote business
- It helps to serve guest better according to their needs and choice
- Better understanding with guest
- To wish the guest on birthdays, Anniversaries, Festivals,
- To provide professional and anticipated service to guests
- Act as a bridge between the management and guest.
- For any future reference of guest
- It provides current marketing data
- It helps to develop new marketing strategies in terms of clientele coming to hotel
- It reveals the frequency of the guest visit and if he is a frequent user of the hotel, his name can be entered in the frequent user list and promotional offers and special rates may be offered to him.

Hotel ABC Guest History card S .No. 000786							
Name.....							
Company.....							
Designation.....							
Address.....							
Credit.....							
Date of Birth.....							
Marriage Anniversary.....							
S. No.	Arrived	Room	Rate	Departed	Amount	Special Instructions	Remarks

Guest History Card

DEPARTURE PROCEDURE IN FULLY AUTOMATED SYSTEM: The departure procedure in a hotel running on a fully automated system is smoother and more efficient. It involves the following steps:

- The check out request is received at the front desk or bell desk.
- The front desk sends a bell boy to transfer the guest luggage from the room to lobby.
- The front desk informs all POS and other department of hotels about the departing guest through the interlinked computer network.
- Since all the point of sales are interlinked any credit transactions of the guest will automatically get added in the guest folio.
- The front desk prepares the master bill by selecting the bill option of the cashier module
- The front office presents the master bill, along with supporting vouchers, to the guest for review.
- The payment is received from the guest as per the predetermined mode of payment
- The front office makes the luggage out pass.
- The front desk communicates the departure of the guest to housekeeping and all the other concerned departments.
- The front office records are updated automatically. These include:
 - The auto removal of the name of the departed guest from the in-house guest name list.
 - The automatic updating of the current room status—from occupied to vacant/dirty.
 - The automatic updating of the guest history card.

CHECK YOUR PROGRESS-VI

Q. 1 Explain Departure Procedure.

Q. 2 Write note on Guest History Card.

3.8 METHODS OF SETTLEMENT

The hotel determines the mode of settlement at the time of registration or sometimes at the time of reservation. This makes it more convenient to prepare the front desk in terms of preparing the bills at the time of check out. At the time of checkout the guest account is brought to a zero balance by receiving payment in several ways which includes foreign currency, travelers cheque, cash payment, credit card etc.

FOREIGN EXCHANGE: The tourism and hospitality industry is one of the major foreign exchange earners for any nations in the world. All the foreign visitors in a hotel can settle in their currency of their country – Dollar, Pound etc except the guest who are employed with United National (UN) and its agencies, embassies, consulates, and high commission. Hotels have to take valid license from the Reserve Bank of India (RBI) to deal with foreign exchange. RBI issue two types of licenses – Sales License for the sale of foreign currency & Purchase License for the purchase of foreign currency. Generally hotels have purchase license which means hotel can only purchase foreign currency i.e. Hotel can accept foreign currency from the guest but cannot refund amount will only be made in Indian currency. If Hotel have both the license then they can buy and sell foreign currency i.e. can accept foreign currency and give balance amount in foreign currency.

Procedure for accepting foreign currency:

- The cashier requests the guest to produce his passport and check the credentials such as name and photo identification place of issue and date of expiry of the passport.
- The cashier confirms that the guest is a resident of the hotel by asking his room number. If the guest is a non-resident the permission of the lobby manager is obtained who will extend this facility to VIP's and regular guests.
- Find out the type of currency to be exchanged and determine whether it is exchangeable as per governor banking regulation and their exchange rates as per the day.
- Receive the cash or traveler's cheque in foreign currency.
- Calculate the total amount of local currency to be paid by multiplying the foreign currency by the exchange rate displayed.
- The cashier prepares the foreign currency encashment certificate.
- Request the guest to sign the foreign currency encashment certificate and compare the signature with the passport.
- Request the guest to sign the traveler's cheque if it is an instrument of exchange.
- Give the total amount of local currency with the original copy of encashment certificate to the guest.
- Second copy of the certificate is attached to the notes or traveler's cheques received.
- Third copy remains in the encashment certificate book.
- Fill in details in the records of foreign currency control sheet of foreign currency transactions.
- Fill in details of the foreign currency transaction in the cashier's report.

Hotel ABC

Foreign Currency Encashment Certificate

S. No.:0999000

RBI License No. Hot/ABC/0556696

We hereby certify that we have purchased today foreign currency from Mr. /Ms.....Holder of passport No. Nationality..... and paid net amount in Indian currency after adjusting the amount towards the settlement of bills for goods supplied/services rendered as per the details given below.

A. Details of foreign currency notes/coins/traveller's cheques purchased

Currency Purchased(Notes and TC Separately)	Amount	Exchange Rate	Rupees Equivalent

Total :

B. Details of adjustment made towards settlement of bills for goods supplied/services rendered

Bill No.	Date	Amount

Total :

C. Net Amount Paid in Rupees.....Amount in Words.....
(Total under A-Total under B).....

(Authorized Signatory)

Name:

Designation:

Note: This certificate should be preserved by the holder to facilitate the re-conversion of the rupees balance from the amount dispensed in column C, at the time of the departure from India or to make payment in Indian currency for the service received.

Foreign Currency Encashment Certificate

SETTLEMENT IN CASH: The cash payment is one of the most preferred modes of settlement of guest accounts as it is very convenient for both hotel and guest. At the time of settlement, the cashier zeroes the balance in the guest account. A cash receipt is to be issued to the guest by the cashier and/or the cashier should mark the folio paid. The various modes of settlement by cash are as follows:

Currency Notes: Guest can settle their account by paying through currency notes. This is one of the most widely accepted mode of account settlement while accepting currency notes the cashier should check if the currency notes are genuine or not the procedure followed by cashier while accepting currency notes are:

- If accepting foreign currency from the guest, the cashier checks the daily conversion rate.
- To avoid any confusion the cashier should retain the cash amount outside the cash drawer till the transaction is complete.
- The cashier should count the value of the currency in front of the guest
- If accepting foreign currency the cashier prepares foreign currency encashment certificate
- The cashier issues receipt for the transaction
- As per government rule the cashier should accept foreign currency only from foreigners and return the balance amount if any in local currency.

Traveler's Cheque: It is an internationally accepted cheque for a sum in a specific currency that can be exchanged elsewhere for local currency or goods. It is issued by a financial institution and functions as cash but is protected against loss or theft. It is useful especially in the case of overseas travel where all credit and debit cards are not accepted. As it is accepted all over the world so it is very famous mode of settlement across the world in terms of settling bills in hotels while travelling in foreign countries. The value of travellers' cheque is mentioned in it. Some bank charge for commission when we encash the cheque and some bank don't charge for it. A Traveller's cheque in short is called as TC. The purchaser of the traveller's cheque has to put two signatures – one in front of the issuing authority and second in front of the encashing authority. To prevent misuse the loss of traveller's cheque should be immediately reported to the issuing bank and local police authority. While accepting a traveler's cheque from a guest the front desk cashier should proceed as follows:

- Ensure that the second signature is put in front of the cashier
- Check the guests passport to establish identity
- Write the passport number behind the traveller's cheque
- If the traveller's cheque is in foreign currency, then calculate the correct exchange value as per the daily rate
- The cashier must return the balance in local currency.

Advantage of Travellers cheque:

- The cheques are issued in fixed denominations by major banks, Travel agents.
- No need of bank account for purchasing traveller's cheque
- Two signatures are required one in the presence issuing authority at bank and second signature of guest at encashing authority (hotels)
- These cheques are valid for indefinite period of time unless dated.

- This type of cheque never bounces, since it is already paid by guest at bank.
- Quite safe in carrying traveller's cheque.
- In case of loss of traveller's cheque it should immediately reported to issuing bank and local police station.

Personal Cheques: Personal cheques are cheques drawn against funds deposited in the individual personal bank account and it takes some time to clear from the bank i.e. to receive payment from it there are also the chances of bouncing the cheques i.e. bank refusing to make the payment if there is insufficient amount in the account or if the guest has stopped the cheque, hence it is normally not accepted mode of account settlement. However hotels may accept personal cheque from regular guest of the hotel and corporate companies that give high volume of business to the hotel. In case if any guest insist on settling bill through personal cheque than front desk should first take the authorization from the lobby manager, On receiving authorization than the guest is asked to submit an letter for making payment by personal cheque the cashier before receiving the personal cheque should check the following details :

- The signature in the application form and the cheque must match
- The cheque is crossed as A/c payee only
- The amount in figures and words should be same.
- The date on the cheque should be valid
- Accept only MICR (Magnetic Ink Character Reader) cheques
- Do not accept second or third party cheques

Demand Draft: Demand draft is a written order form which is issued by the bank for the payment of money for the person on whose name the draft is issued. The bank authorises to make the payment once it is presented to the bank. Any person can obtain a demand draft by filling the necessary documents prescribed by bank and paying the draft amount and the bank will charge some commission amount for preparing demand draft.

Debit Card: Debit card is also a mode of bill settlement generally accepted in all hotels. A debit card is a card made of plastic that allows the guest/customer to access their funds immediately, electronically. It enables the holder to withdraw money or to have the cost of purchases charged directly to the bank account without paying by cash or writing a cheque. While settling bills these cards are given to the cashier to swipe in the machine for deducting money directly from their saving account and the customer has to authorise the payment by pressing their PIN NO in the machine and the amount will be deducted from the customer account. In case of insufficient funds, the bank does not authorize the transaction and the guest is requested for an alternate mode of payment.

Credit Settlement: A credit settlement is a settlement in which the hotel does not receive any payment on the day of departure of the guest but would receive it later.

Credit Card/ Charge Card Payments: A credit card is a payment card generally made up of plastic that allows the owner to obtain goods and services on credit terms. It is a popular method of guest bill settlement for payment as Credit cards are very much convenient for travellers: they don't need to carry heavy cash or cheque book during their journey. As

credit cards are generally made up of plastic other name for credit card is plastic money. As most of the hotels nowadays use electronic machines linked directly to the bank, card details are collected through magnetic swiping machine for appropriate payments and mostly hotels accept at least one or two major credit cards for example Master card, American express, Visa card, diners club, SBI card, ICICI, etc. A charge card is similar to credit card is a plastic payment card that enables the holder to obtain goods and services without the requirement to pay cash. The account settlement is sent to the card holder every month and must be settled in full. Unlike the credit card the balance in the charge card account cannot be rolled over from one billing to the next. In addition for obtaining goods the charge card can be used to obtain cash few examples of charge card are American Express, Diners Club etc.

How to Process Credit Card For Payment:

Most of the hotels entertain credit card payment because of the electronic machines linked by telecommunication links directly to concerned bank and all relevant information of card is collected when it is swiped in EDC MACHINE (ELECTRONIC DEVICE CIRCUIT).

It is amongst the most favored modes of account settlement. While processing a payment through credit card the front office cashier follows the following procedure:

- Checks the card holder's name on the card
- Checks the expiry date on the card
- Checks if the card is a stolen card
- Checks the credit limit of the card.
- Swipes the card through EFTPOS (Electronic Fund Transfer Point of Sale) terminal for verification and authorization from the issuer of the card and then enters bill amount and the hotels identification code.
- Receives transaction slip from the machine which produces two charge slip
- Asks the guest to sign on the transaction slip
- Verifies the guest signature with the signature on the signature panel on the reverse of the card
- Returns the credit card and a copy of the transaction slip to the guest
- The other copy along with the guest signature is kept with the hotel for processing of payments from the bank.

Travel Agent Voucher : These type of travel agent vouchers are issued by travel agents, and tour operators who sells package tour to a tourist in advance which includes room accommodation, food charges, sightseeing, transportation, ticket fare etc. Travel agency voucher(TAV) indicates that the guest has already paid in advance to travel agency for making all necessary arrangements for a tour. Travel agents thus sends a copy of voucher to the hotel at the time of room booking with the details of the billing procedure (direct payment by the guest or bill to travel

agent), and second copy of the voucher is given to guest .At the time of check-in at hotel, guest submit the travel agent voucher at reception desk.

Most of the voucher includes the services (room and fooding)to be offered by hotel to guest and thus guest must be aware about the services included in the voucher and Any extra charges will be recovered from guest directly.

Apart from travel agencies and tour operators, airlines that have contract or tie up with the hotels also send meal and accommodation order(MAO)or passenger service order(PSO)to layover passengers in case of flight delays and cancellation. In that case hotel obtains payment from airlines or the travel agents. Points should be kept in mind while handling Travel agent voucher for bill settlement:

- Read the voucher carefully issued by travel agent
- Refer to the list of approved travel agents to whom the hotel offers credit.
- Check the billing instruction carefully what all the services are included and what are the extra services to be paid directly by guest?
- In case of a foreign travel agency voucher get authorization from the lobby manager.
- Check the expenses which are covered under the voucher.
- Collect payments from the guest for the services not covered or included in the voucher for eg bill of laundry or spa treatment.
- Enclose all the bills signed by guest, with the master bill and request the guest to verify and sign the bill.
- Do not hand over the original bills to guest as original bills has to be
- Presented to travel agent which is going to make payment to hotel.
- The original bills will be sent to account section for the collection of payment from travel agent.

Corporate Billing or Bill To Company: Executives and corporate, who travel at the expense of the company or for company work, charge their expenses directly to the company. Their companies make a deal with the hotel, whereby they determine the rates for different types of rooms and meal plans to be offered to their executives. The terms and conditions of the payment are also predetermined. The reservations are made by the company on behalf of the travelling executives. The executives carry a letter from their company, which is called a Bill to Company (BTC) letter as a proof of their identity. The room rates which are mutually agreed between the hotel and company is called COMPANY VOLUME GUARANTEED RATES (CVGR).And all the relevant bills will be sent to the company for payment. Guest need to pay for only Extra charges like laundry bills, beverage bills etc. Because these EXTRA CHARGES are not included in the agreement.

Steps followed in bill to company (BTC)

- All the company guest need to confirm their identity by producing company identity card/visiting card at the time of check-in procedure at reception desk.BTC LETTER-has to be produced which is prepared on the company letter head with the details of guest name, room type reserved single/double/suite and date of arrival and departure.

- The cashier should verify that the company is listed in the company volume guaranteed list (CVGR) of the hotel.
- The cashier must check whether appropriate discount is given on room rent as per contract agreement.
- Cashier then checks the services that are included in the agreement with the company and the services or facilities availed by the guest which are not covered by the company should be charged directly from the guest.
- Prepares the guest bill along with the supporting vouchers and ask the guest to verify and sign the bills.
- Guest is politely requested to pay for extra charges at the time of checkout.
- Do not handover the original bills to company guest. All original bills must be sent to company for receiving payments.
- Cashier will send all company bills of the day to Accounts department for getting payments from company.

Company bills are not immediately settled therefore, it has to entered in CITY LEDGER (Non-guest account/unsettled bills) which is specially maintained by Accounts department for collection of money from company, regular clients, VIP's, etc.

3.9 Front Office Accounting

Accounting section of any business or organization monitors or tracks, records, and manages the financial transactions that takes place between the hotel and others i.e. resident guests, companies, agencies, non-resident guests etc.. All through the day the hotel undergoes many transactions with its resident guests. The transactions related to various services that the guest can avail, be it room service or laundry service. On most of the occasion the guest does not make any payments after availing the service at the hotel and the amount is posted on his/her room so timely and accurate posting of a guest's transaction in his account is very important for successful running of the business, it help the hotel to make an accurate bill and receive payment from the guest besides that an efficient and error free billing also leads to higher guest satisfaction. So it is very important for hotels to maintain its guest account accurately properly and up to date. The accounting department handles the financial aspect and tracks the performance of hotel directly. It is helpful for the management to take appropriate decisions. When it comes to a hotel business, accounting is managing expenses and revenue. It provides clear information to the guests thereby avoiding any kind of confusion at the time of settlement of the guests.

What is Front Office Accounting? Accounting may be defined as the process of collecting, recording summarizing and analyzing the financial transaction so the business according to AICPA accounting is an art of recording, classifying, and summarizing in the significant manner and in terms of money, transactions and events which are in part at least of a financial character and interpreting the result thereof. In terms of hotel It is a systematic process in which the front office accounting staff identifies, records, measures, classifies, verifies, summarizes, interprets, organizes, and communicates financial

information for a hotel business. In hotels the front desk cashier maintains the guest accounts and ensures the settlement of the same.

Basic Front Office Accounting Formula

Net Outstanding Balance = Previous Balance + Debit – Credit

Where debit increases the outstanding balance and credit decreases it.

Most of the contemporary hotel businesses employ automated accounting system.

Objectives of Front Office Accounting System

- The main functions of front office accounting system are:
- To create and maintain an accurate accounting record for each guest/ non-guest account.
- To handle transactions between the guests and the hotel accurately.
- To track financial transactions of the guest throughout the guest cycle.
- To monitor the guest's credit limit and ask for deposit from guest in case of high outstanding balance.
- To avoid possibility of any fraud.
- To organize and report the transactional information.
- To ensure internal control over cash & credit transactions.
- To record settlement for all goods & services provided.
- To provide a efficient management information system(MIS) to the management for departmental revenue generation.

3.9.1 Types of Accounts

The front desk maintains two types of accounts:

- Guest Account
- Non-guest or City Account

Guest Account – It is the record of financial transactions that occur between a resident guest and the hotel. This account is created either at the time of registration, or during reservations when the guest has guaranteed his reservation by giving advance payment. The front office creates an individual folio for each guest for maintaining record of all the financial transactions that take place during the stay of the guest .on that basis a guest's folio or final bill is prepared and presented to the guest for collection. Hotels generally provide credit facility the guest to avail the services and products of the hotel for this credit facility they fix an upper limit which is also known as house limit and when the guest credit balance exceeds the house limit the front office cashier may ask the guest to make part or full payment of the outstanding balance.

Non-guest Account - It is the record of financial transactions that occur between a non resident guest or non guest and the hotel it is also called as House accounts/ City accounts. The FO cashier maintains the records of financial transactions between hotel and the local resident to whom the hotel has extended the credit facility for the use of hotel products and services. Besides that the cashier also maintains other types of non guest accounts like:

Accounts of guests who leave the hotel without settling their bills also called as skipper. Their account is also treated as city account and is transferred to city ledger and is waited or kept for a fixed time period after which the same is written off as bad debts. The status of the guest whose account are not settled by them like incase of bill to company accounts or those of agencies, groups or individuals with credit privileges some guest changes from resident guest to nonresident guest when they leave the hotel, the amount is transferred to city ledger by the cashier. When the advance payment is received from the guest for guaranteed reservation and later it turns out to be a no show the account is normally according the city sales register.

3.9.2 Folios

A folio is a statement of all transaction that has taken place in a single account. It is a written record of guest account and is created at the time of starting book of accounting the name of a guest. The front office cashiers records all the transactions between the guest and the hotel on the folio. The folio is opened with zero initial balance. The balance in the folio then increases or decreases depending upon the transactions. At the time of check-out, the folio balance must return to zero on settlement of payment ie it begins with a ZERO balance and ends with the SAME. In between, the balance may be debit or credit depending upon the type of transactions.

Types of Folios: There are following major types of folios:

- Guest Folio
- Master Folio
- Non-guest Folio
- Employee Folio

Guest Folio : Assigned to charge for individual guests. It is created for each guest as soon as the first financial transaction take place between the hotel and the guest. generally a folio is created at the time of registration or sometimes at the time of reservation it is open to post in the credit side the advance payment given by the guest as a token to guarantee his reservation.

Master Folio: Assigned charge for more than one person, usually for Group Accounts./organization i.e. it contains account for more than one guest more common for the entire group master folio is prepared. In small hotels a master folio contains the financial details of all the guest staying in the hotel and by seeing through it one can easily find the net credit or debit balance for the day.

Non-guest Folio: Assigned for non-resident guest. It is also called as city folio, it contain the financial transactions between a hotel and its nonresident guest. A hotel may offer credit facility to local businessman; corporate and even city folio is created for that nonresident s guest who avails the club facilities, health centre, sport centre etc facilities offered by the hotel

Employee Folio: Assigned for hotel employee, his folio contains the credit transactions between hotel and its employees. The folio is created and maintain for employees to whom the hotel has permitted credit facilities, and the amount is later collected from the employees or deducted from their salaries as per the hotels policy.

Postings in Folios: The process of recording the entries on the folio is called 'Posting' of transactions. There are two basic types of postings:

Credit: They reduce the guest's outstanding balance. These entries include complete or partial payment, or adjustments against tokens.

Debit: They increase the outstanding balance in the guest account. Debit entries include charges under restaurant, room-service, health center/spa, laundry, telephone, and transportation.

3.9.3 Vouchers

Vouchers: Vouchers are documents that have the details of the purchases made by the guest from the different outlets of the hotel. These are send to the front desk who carry out the posting process in the guest's folio. Vouchers acts as a supporting document of the transaction happened between the hotel and the guest. If the guest pays the amount in the outlet, then the voucher is filed there itself. And in case, if the guest signs the voucher, it is send to the front desk for the posting purpose. Vouchers are also known as Checks. A voucher is a proof that a transaction has taken place by the guest in the hotel. I.e. assigned vouchers are detailed documentary evidences for a transaction by the guest and is given to the guest at the time of his check out for the final payment. The following typical vouchers are used in the hotel:

- Cash Advance or Visitor's Paid Out (VPO)
- Miscellaneous charge voucher
- Cash receipt Voucher
- Travel Agency Voucher
- Allowance vouchers
- Restaurant/Bar Bill or Check
- Commission voucher
- Telephone call voucher
- Correction vouchers
- Transfer vouchers

Paid Out vouchers (Visitor's Paid Out): Also called as a Cash Advance or VPO. It is cash paid out by the hotel on behalf of the guest. If petty payments like taxi fare, cinema tickets, postage etc. are made by the front desk, a Visitor's Paid Out Voucher is issued on guest's name and his signature is collected and the amount is debited in guest's folio. The paid outs are made from the cash bank maintained by the front office cashier and before making any such VPO a proper authorization should be taken from lobby manager.

Hotel ABC	
Paid out Voucher	
Date:.....	Time:.....
Name of Guest:.....	
Room No.:.....	Account Folio No.:.....
Detailed Explanation:.....	
.....	
.....	
..... Rs.:..... (in words.....)	
Prepared by:.....	
Authorised by:.....	
Audited by:.....	
Signature of guest.....	

Paid Out Voucher

Miscellaneous Charge Voucher: A voucher used to support a charge purchase transaction that takes place somewhere other than the front office they are deferred payment transactions. In a deferred payment transaction, the guest receives goods or services from the hotel but does not pay for them immediately. This voucher is prepared for the payment of the miscellaneous services like laundry, health club, beauty saloon etc the guest verifies and signs the voucher which is either send to front office cashier for posting into the guest.

Hotel ABC		
Miscellaneous Charge Voucher		
Name of Guest: _____	Room No.: _____	
Date: _____	Account No.: _____	
Explanation	Charge	
	Rs.	Paisa
Total		
Authorized Signatory		

Miscellaneous Charge Voucher

Cash Receipt Voucher – A voucher used to support a cash payment received from the guest as an advance or deposit made by the guest at the front desk. It act as an acknowledge receipt of the cash received by the hotel from the guest .

Hotel ABC	
Cash Receipt Voucher	
	No. _____
	Date: _____
Cash Receipt	
Received with thanks from Mr./Mrs/_____ a	
sum of Rs. _____ (in words _____) for _____	
Received by: _____	

Cash Receipt Voucher

Travel Agency Voucher : In travel agent guaranteed reservation, the travel agent forwards a voucher to the hotel as proof of payment and guarantees that the prepaid amount will be sent to the hotel when the voucher is returned to the travel agency for payment.

Allowance vouchers: an allowance is an amount deducted from an invoice to compensate the guest for an expense or mistake. Allowance vouchers can be of 2 types. One type of allowance is a compensation given to a guest for poor services or discounts etc. The other type of allowance is a correction to a posting error on an existing account after the close of business. And in some cases the guest has deposited a large sum of money as an advance and that amount exceeds the hotel bill. Thus in any case any account allowances made by the front office must be documented with the use of an allowance voucher. All allowance vouchers require management approval.

Hotel ABC		
Allowance Voucher		
Name of Guest: _____	Room No.: _____	
Date: _____	Account No.: _____	
Detailed Explanation	Amount	
	Rs.	Paisa
Total		
Authorized Signatory		

Allowance Voucher

Restaurant/Bar Bill or Check : Residents guest can enjoy their meals in any of the food and beverage outlets of the hotel on account of which a bill is raised and in case a resident guest wish to utilize the credit facility offered by the hotel, he can sign the bill which serve as a proof of financial transaction between guest and the hotel and are treated as vouchers for posting in the guest folio.

Hotel ABC XYZ Restaurant				
Name of Guest: _____ Room No.: _____ S. No. : _____				
Date: Table No. : No. of Pax.....				
Served by.....				
S. No.	Description	Quantity	Rate/Unit	Amount
Total				
Please do not sign if paying by cash or credit card				
Cashier POS				

Restaurant Bill

Commission Voucher: hotels offer commission to the person who provide regular business to the hotel when ever a commission is given by the fo cashier he prepares a commission voucher, which should be signed by the authorized person, generally all such commission voucher are made for taxi driver who bring walk in guest to the hotel, travel agents and tour operators and other agency working on the commission basis or providing business to the hotel.

Hotel ABC Commission Voucher		
Name of Guest: _____		Room No.: _____
Date: _____		Account No.: _____
Detailed Explanation	Amount	
	Rs.	Paisa
Total		
Authorized Signatory		

Commission Voucher

Telephone Call Voucher: With the use of computerized system by the hotel, whenever a guest makes a call, the call accounting module automatically transfer the call charges to the guest folio i.e. in small hotels where outgoing calls are routed through telephone operators the responsibility of billing the callers with the telephone operator who than notes the call details and prepares telephone voucher which is later posted to the guest folio.

Hotel ABC Telephone Call Voucher		
Name of Guest: _____	Room No.: _____	
Date: _____	Account No.: _____	
Detailed Explanation	Amount	
	Rs.	Paisa
Total		
Signed by Telephone Operator		

Telephone Call Voucher

Correction Vouchers: An account correction transaction corrects a posting error in a folio. An account correction is made on the same day the error is made, before the close of business. An account correction can either increase or decrease an account balance. E.g. If a charge is wrongly posted as lower than the actual rate, it can be corrected on the same day after entering the details of correction in a correction voucher

Transfer Vouchers: A transfer voucher is used when the account balance or account entry is transferred or shifted from one folio to another folio. E.g. When one guest staying in room 203, agrees to pay a dinner charge for his friend who is also a guest staying in room 209 in the hotel, the charges must be transferred from room no. 209 folio to room 203 folio and this transfer must be documented by a transfer voucher. An account transfer may also occur when a guest checks out by paying through credit mode. The guest's outstanding account balance is transferred from a guest account to a non guest account through the use of a transfer voucher.

3.9.4 Ledger

A ledger is a collection of the same type of account or groups of accounts. In terms of front office ledger has a collection of folios i.e. A Ledger is a book in which the accounts of both resident and non-resident guests are entered. it helps in preparing the Profit and Loss account and Balance Sheet of a hotel There are two ledgers the front office handles. They are:

- City ledger
- Guest ledger

City Ledger: The City ledger is also known as the Non-guest ledger. It is the collection or set of records of all accounts that do not belong to resident guests or non-guest accounts. At the time of checkout if a guest account is not settled in full or its outstanding balance is not brought to zero, the guest's folio balance is transferred from the guest

ledger to the city ledger in the accounting division for collection. Accounts which are included in city ledger:

- Credit card payment accounts
- Direct billing accounts {guests’ whose bill will be settled by the company}
- Airlines
- Travel agencies
- Skipper’s account
- Bad cheques account {Bounced cheques of guests}
- Disputed bills account
- Retention charges account from DNA guests

Local business people who are not resident in the hotel but who use the hotel facilities and services for entertainment or business meetings. Guests who walk out of the hotel without settling the outstanding balance. Walkouts are no longer resident so their account is transferred to the city ledger, till the account is settled or closed by writing off as bad debt, if the amount is overdue and not forthcoming for a long period. Guests who have sent prepayments to guarantee their bookings, but have not arrived or checked in. This amount is recorded in the city ledger and the account needs to be closed as per the terms of the reservation.

Account Ageing Report							
Aged Accounts Receivable as on:						Sr. No.	
Outstanding (in days)							
Name	Balance	Current	Up to 30	31-60	61-90	91-120	120+
Total Outstanding							

Account ageing Report

Guest Ledger: Guest Ledger is a type of ledger that has the accounts of all the in house guest or all guests residing in a hotel. After the registration process of the guest is done, a guest folio is opened on his/her name to record all the purchases which he/she is making from the hotel. This ledger is also known as Transient or Room Ledger. Guests who make appropriate credit arrangements at registration may be extended privileges to charge purchases to their individual account folios. Guests may also pay against their outstanding balance at any time during occupancy. Guest’s financial transactions are recorded in guest ledger accounts to track guest account balances. Some of the accounts of the resident guests may be settled by their company, travel agency or airline company, in this case, at the time of the guest’s check-out, his signature is taken and the guest account is transferred from the Guest Ledger to City Ledger.

In manual system the financial transactions are recorded in the tabular ledger or tab ledger which is of two types:

- Horizontal Tabular Ledger

- Vertical/Visitors Tabular Ledger

Horizontal Tabular Ledger: With the horizontal tab the departmental charges are lighted across the tab so each guest account is arranged horizontally across the page of the tab. Debit charges to the guest accounts are enter on the left hand side and credit entries on the right. Normally two lines are allowed for each room number this enables the number of entries to be made under the departmental heading for example, a guest may have a number of telephone calls course of a day.

Vertical /Visitors Tabular Ledger (VTL): The rooms numbers of guest are entered across the tab the charger are recorded vertically below each room numbers. This system is often used in hotel the carbon paper is used to ever charger on to the tab and the bill at the same time debit entries forms the main body of the tab, while credits and entered at the bottom after the daily total has been summarized. Each days tab would consist of a number of similar sheets. The exact number of sheets used depends upon the number of rooms occupied.

Hotel ABC							
Visitors Tabular Ledger							
Room No.	101	102	103	104	105	106	107
Name							
No. of Persons							
GR No.							
Plan							
Room Rate							
Tea							
Breakfast							
Lunch							
Dinner							
Beverages							
Room Service							
Telephone							
Laundry							
Tobacco							
VPO							
Others							
Beer							
Wine							
Miscellaneous							
Daily Total							
Cash Deposit							
Allowance							
Balance C/fwd							
Total	Dr.						
	Cr.						

Vertical Tabular Ledger

3.9.5 Front Office Accounting System

The front office accounting system is responsible for:

- Creating and maintaining an accurate accounting record for each guest or non-guest in the hotel
- Tracking all financial transactions throughout the guest cycle
- Ensuring internal control over cash and non-cash transactions
- Settlement of all guest accounts

The front office accounting system can be customized and tailored to meet each hotel's needs. Therefore, the hotels can have their own front office accounting systems. Though the General Concepts of Front Office Accounting is:

CREATION AND MAINTENANCE OF GUEST ACCOUNTS: All guest folios or account shall be created at the time of pre-arrival (reservation) or arrival (registration) stage of the guest cycle. As it is the responsibility of Front Office Cashier to record all transactions that affect guest-ledger and non-guest accounts accurately and completely for folio creation, the necessary information is taken from reservation & registration records, for pre-numbered folios, the folio number is entered on to the registration card and vice-versa for cross-referencing.

- Manually-/ machine-posted folios are stored in a front desk folio tray (also known as posting tray/folio well/ buckets).
- Electronic Folios are automatically cross-referenced with other records within the system. This considerably reduces transactional accounting errors
- As far as walk-ins are concerned, all their guest folios are created at the arrival stage.

Record keeping systems: Non- automated systems: Ensured through a series of columns listing individual debit and credit entries accumulated during the occupancy stage after which and establishment of an ending outstanding balance is needed.

Semi-automated systems: Under this very system, all guest transactions should be printed sequentially on a machine-posted folio. Later, the front office clerk needs to come up with the folio outstanding balance. It is extremely important here to mention that, under this very system, each account's previous balance shall be re-entered each time a transaction is posted to the folio.

Fully-automated systems: All guest charges are automatically posted to an electronic folio

Guest charge privileges: The privilege given to a guest to avail hotel facilities on credit basis.

- A guest may be required to present an acceptable credit card or a direct billing authorization at the time of registration (or at the time of reservation in fully automated hotels)
- Guests are authorized to make charge purchases once a line of credit has been established (through Direct Billing Authorizations or Credit Cards).

Credit monitoring: In order to monitor and control charge privileges, the front office clerk should check whether the total net purchases are less than the minimum of floor Limit (i.e.: credit card company's limit) and house limit (i.e.

hotel's limit). At least, each day, lists of guests with high risk or high balance accounts shall be communicated to all point of sale outlets. This is vital since, failing to do so, will let point of sales outlets continue giving charge privileges to a point that eventually the credit card company refuses to pay the amount of money exceeding its limit. This will cause very serious financial losses to the hotel. To avoid such situation front office cashier and night auditor in coordination works to check that:

As the guest approaches his credit limit, The night auditor who is primarily responsible for identifying accounts of all the guest which have reached or exceeded predetermined credit limits, prepares a high balance report mentioning the details of all such guest(in detail discussed in night auditing) for the management or front office who may need to be notified, according to hotel policy. Such accounts are called high risk or high balance accounts.

Management than may choose to request additional credit authorization from the credit card company, or request a partial payment from the guest to reduce the accounts balance. □

The front office may even deny charge purchase privileges to guest with high balance accounts until the situation is resolved.

Account maintenance:

All the monetary transactions that take place between the hotel and a guest are recorded in the guest folio in order of their occurrence an entry in the guest folio may be either debit or credit.

$$\begin{array}{rccccccc} \text{Net outstanding balance} & = & \text{Previous balance} & + & \text{Debits} & - & \text{Credits} \\ \text{NOB} & = & \text{PB} & + & \text{DR} & - & \text{CR} \end{array}$$

Debit entries may include – room charges, food and beverage charges telephone charges etc

Credit entries may include – prepayment in part or full t the time of reservation or registration, allowances given to the guest, adjustments, full payment made at the time of settlement

TRACKING ALL FINANCIAL TRANSACTIONS: In accounting, a transaction is an exchange of goods and services for cash or a promise to pay. The occurrence of a transaction by the guest initiates activity within the front office accounting system. Nothing happens without a transaction. For this reason, the front office accounting system is called a transactional accounting system.

Both the nature of the transaction and its monetary value are required for proper posting procedures. Charge purchase transactions must be properly documented (typically on vouchers) for appropriate postings to be made. These must be promptly communicated to the front office for posting in the guest folios. The night audit verifies all transactional data to ensure that the hotel collects accounts receivable balances for all goods and services provided.

Under the manual and semi-automated systems, tracking transactions is ensured through an intensive use of vouchers. On the other hand, Under fully automated systems, tracking transactions is ensured through on-line electronic transfer of transactional information from remote points of sale to the front office main frame terminal.

A transaction can be one of several types:

- Cash payment
- Charge purchase
- Account correction
- Account allowance
- Current transfer
- Cash Advance

Cash payment: In this transaction, Cash payments made by guests at the front desk are posted as credits to a guest or non guest account, and decrease the balance of the account, and cash vouchers are used as a transaction-supporting document.

Charge purchase: Charge purchases represent deferred payment transactions. In a deferred payment transaction, the buyer receives goods and services but does not pay for them at the time they are provided that increase the outstanding balance of a folio account. In this transaction type, front office clerks shall use charge vouchers as a transaction-supporting document.

Account correction: Account correction is used to resolve a posting error in a folio detected at the day the error is made (i.e. before the closing of the business day). In this transaction, front office clerks shall use correction vouchers as a transaction-supporting document.

Account allowance: Account allowances occur because of two reasons:

1. Either as compensation of poor service, or as rebates for coupon discounts. That way, guest outstanding balance decreases.
2. As to correct a posting error detected after the closing of the business day.

For both reasons, front office clerks shall prepare an allowance voucher as a transaction supporting document.

Account Transfer: When any one guest offers to pay a charge for another guest, the charge must be transferred from one account to another account. The reduction in balance on the originating folio and the increase in balance on the destination folio will be supported by a transfer voucher.

Cash advance/ Visitors Paid Out (VPO): Cash advances differ from other transactions in that they reflect cash flow out of the hotel, either directly to or on behalf of a guest. Cash advance transactions are similar to debit transactions and increase a folio balance. Cash advances are supported by cash advance vouchers

INTERNAL CONTROL: In the hotel industry, the main purpose of internal control is:

- Tracking transaction documents
- Verifying accounts entries and balance

- Identifying vulnerabilities/ weaknesses in an accounting system

The keyword to internal control is auditing, which is the process of verifying front office accounting records for accuracy and completeness. Each Financial transaction produces paperwork which documents the nature and amount of the money of the transaction.

For example, the transaction that occurs when a guest charges a meal to his or her account folio may be supported by the restaurant's guest check, cash register tape, and charge purchase voucher. The voucher is prepared and sent to the front office as notification of the transaction. A front desk agent, in turn, retrieves the guest's folio, posts the charge purchase transaction, and files the folio and voucher. Later that day, the night auditor ensures that all vouchers have been properly posted to accounts discrepancies may be easier to resolve if complete documentation is readily available to substantiate account entries.

Below are some forms that are of extreme importance to internally control, one of the most vital assets in the hotel (i.e. cash):

Front office cash sheet: The front office is responsible for a variety of cash transaction, which may affect both guest and non-guest accounts .proper cash handling procedures and controls must be established, implemented, and enforced. The front office cash sheet records each cash receipt or disbursement in order to reconcile cash in hand, at the end of a cashier's shift, with the documented transaction that occurred during the same shift. It provides separate columns to record transactions affecting guest accounts, non-guest accounts(or city ledgers) and miscellaneous transactions

Cash banks/ Imp rest/ Cash Float: A second set of front office accounting control procedure involves the use of cashier banks. Cash bank is an amount of cash assigned to a cashier so that he/ she can handle the various transactions that occur during the shift. At the beginning of each shift, all cashiers must sign their cash banks and at the end of the shift, shall deposit all cash, checks, and other negotiable instruments in the general cashier's safe deposit box. Moreover, at the end of each shift, cashiers should watch out for cash discrepancies (i.e. any difference between front office cash sheet and the actual amounts in their cash drawers). Cash discrepancies might have the form of cash overages, shortages, or due backs. Lastly, cashiers might come up with the net cash receipt, which is:

Amount of all cash, checks, and other negotiable instruments in cashier's drawer – amount of the initial cash bank + all paid outs

Audit control: A number of audit control measures are used to ensure that the front office staff properly handles cash, guest accounts, and non-guest accounts. Therefore most of the hotels have internal audit as well as external annual audits performed by independent certified public accountants. This is done to ensure that all accounts are being properly handled by the staff concerned. In both cases, a report is prepared and completed for management and ownership for their review.

SETTLEMENT OF ACCOUNTS: One of the responsibilities of front office clerks is to settle guest accounts, which means the eventual collection of payment for outstanding

account balances i.e.: bringing account balances to 0 All guest accounts must be settled at the time of checkout and this is usually ensured either by full cash payment, or by transfer to an approved credit card, personal check, special program, or direct billing account. This is the final and concluding phase of the front office accounting cycle; it refers to zeroing the balance of the guest folio to settle their account. The formula for calculating outstanding balance is:

Outstanding amount = opening balance + debit entries - credit entries

3.10 Night Audit

Auditing is nothing but conducting financial inspection of the organization. It is performed to ensure accuracy, reliability & thoroughness of accounting system. As Hotels operate 24x7x365 so Front Office regularly reviews and verifies the accounts. Because the guest staying in the hotel include regular guest or occasional guest and there is duration of stay may vary from few hours to several weeks, and a transaction especially financial one should be reviewed on daily basis guest might depart from the hotel anytime and it may be too late to recover an unpaid bill or loss due to is take in posting the charges in the guest account thus in order to safe guard the interest of the hotel, a systematic and daily examination of the financial transaction of the guest is carried out by the hotel. Thus Auditing in hotel results in balanced guest & non-guest accounts, accurate account statements, credit monitoring and reports generation. It is generally done during night that is why it is called as night auditing and person responsible for doing it is called night auditor.

Definition: According to the oxford's; learner's dictionary audit is an official examination of business and financial records to check that they are true and correct. The night audit is a daily review of guest accounts and non-guest accounts having activity, against revenue centre transaction information which helps guarantee accuracy in front office accounting. It is the process of auditing where the night auditor reviews all financial activities of the Hotel that has taken place in one day. A successful audit will result in balanced accounts, accurate statements, and appropriate credit monitoring and timely reports to management. Since hotels operate 24 hours a day, seven days a week, it is important to review and verify the accuracy and completeness of its accounting records. Whatever the mode of audit the audit routine would remain relatively unchanged. The audit is called a night audit because hotels generally perform it at night.

Why it is called as Night Audit? In most of the business An audit is generally carried out at the end of the every financial years and as hotel operates for 365 days following 24X7 pattern it become compulsory to safeguard the loss of revenue that may occur due to any error in the posting of charges in folios a daily auditing was required in the hotel and as in olden days, manual system was followed it was found night time was the most appropriate period for auditing due to very little business and movement during the night i.e. traffic of guest was less in the night and besides that all the posting will be done till the night so night was the most suitable time to review and check all the posting done throughout the day, therefore auditing was done in night and thereby it is called as night auditing.

It is called Night Audit because it is performed at Night. In olden days, manual system was followed and For a hotel business, the finance management starts at the front office. Accurate posting of transactions on the guest folios start at the front office, which is further carried to the back-office accounting department. The guest accounts are counterchecked on a daily basis during auditing. Experts recommend the hotel management team to go through the night audit reports daily to get an insight of the hotel occupancy and finances.

The Need for Night Audit: The objective of night audit is to evaluate the hotel's financial activities. Night audit not only reviews guest accounts by checking credits and debits but also tracks the credit limits of the guests and tallies projected and actual sales from various departments. Night audit reviews daily cash flow into and out of the hotel's account. Night audit has a large significance in hotel business operations. The management body refers night audit report to plan future goals and control the expenses. The managers can react immediately on the acquired information.

- Responsibilities of a Night Auditor
- Basic Activities During Night Audit
- The night auditor performs the following steps during night audit activity:
 - Posting accommodation and tax charges
 - Accumulating guest service charges and payments
 - Settling financial activities of various departments
 - Settling the account receivables
 - Running the trial balance for the day
 - Preparing the night audit report

Apart from the basic audit activities listed above, the night auditor carries out the following Functions:

- Establishes the end of day.
- Ensures accuracy of Front Office accounting records and balances them
- Reconciles all financial transactions between hotel and guests.
- Calculates the total revenue generated during the day.
- Verifies and validates the cashier's posting of charges in guest accounts.
- Posts room charges in the guest folios.
- Transfers unpaid guest accounts to city ledger.
- Monitors the house limits of guests.
- Prepares a high balance report of guest accounts nearing or crossing their house limit.
- Monitors current status of discounts, meal coupons and other promotional activities that are carried out by front office employees.
- Tracks important operating statistics of the hotel for the day- room occupancy %, ARR, Rev PAR, Yield, etc.
- Prepares reports for management analysis and action and future planning.

NIGHT AUDIT PROCESS: It includes following steps:

- Establishes the end of the day

- Complete outstanding postings and verifying transactions
- Reconciling Transactions
- Reconciling Room Status Discrepancies
- Verify no-show reservations
- Post room rate and tax
- Preparing reports

Establishes the end of the day: An end of day is an arbitrary stopping point for the business day i.e. it is supposed to be the end of the financial transaction for a particular day. As hotels remain operational 24x7x365 it is very necessary that there should be a time fixed at which all the financial transactions for that day come to an end. In hotels this time is usually the hours at which the least number of transactions would occur and which is in the night shift that is why the auditing in hotels is done during the night.

Complete outstanding postings and verifying transactions: Night auditor ensures proper posting of all transactions affecting non-guest and guest accounts. Transactions are supposed to be posted to accounts as they are received and he has to ensure that all vouchers are posted. Further he has to verify (even in a computerized system) the postings. This he does by matching reports from interfaces with reports from the Front Office system in a computerized environment.

Reconciling Transactions: The next step is the reconciliation of the entire financial transaction taken place throughout the day with the original source documents/vouchers. This reconciliation is done in the following sections:

- Guest accounts
- City accounts
- Point of sales

Reconciling Room Status Discrepancies: Room status discrepancies must be resolved in a timely manner. Such errors can lead to lost revenue and omissions in postings. The front office must keep room status current and accurate to monitor the number of rooms available for sale. The night auditor is responsible for ensuring that discrepancies between the daily housekeeping report and the front office room status are reconciled before the end of the day. If the front office believes a guestroom is occupied, but it is reported as vacant on the housekeeping report, the auditor should look for an active folio (folio with a balance outstanding). If the folio has a balance, possibilities are:

- The guest may have departed but has forgotten to check out
- The guest may be a skipper
- The front desk agent may not have closed the folio

Verify no-show reservations: The night auditor also verifies no-shows. A no-show is a situation when a guest with a confirmed reservation does not arrive at the hotel on the date of arrival without any prior information about the cancellation. The night auditor is responsible for verifying all the no-shows, clearing the reservation rack and posting no-show charges or retention charges to no-show.

accounts after confirming that the reservation was guaranteed and the guest never arrived. A hotel should take great care to record cancellations properly and should be very sure before posting retention charges as There might be a regular guest / Corporate etc. and sometimes A cancellation might not have been recorded. Therefore night auditor should be very careful before posting to avoid charging a guest for no-show charges when not applicable.

Post room rate and tax: The posting of room rates and tax to all guest folios is typically done at the end of day. Direct posting of these to the electronic room folios in a computerized system is one of the greatest advantages of a PMS. After such posting, a Room Rate and Tax Report may be made sfor the management.

Preparing reports: The next step is that auditor is responsible for preparation of various reports for managerial use which helps them manage entire view the profitability of the hotel operations and to plan for future. In manual system this is one of the typical task but in fully automated hotel these reports are automatically prepared by the system. The reports prepared are

- High Balance Report
- Occupancy reports

High Balance Report: The High Balance Report identifies guests who are approaching an account credit limit. This is a detailed report about the guests either resident guest or city account who are approaching or exceeded the credit limit set by the hotel management. the night auditor checks all the accounts against the credit limit or the house limits set by the hotel and a high balance report is prepared in case any guest account reaches or crosses the house limit.

Occupancy reports: The night auditor also generates the following occupancy reports:

- Occupancy percentage
- House count
- Bed Occupancy Percentage
- Domestic Occupancy Percentage
- Foreigner's Occupancy Percentage

Occupancy Percentage: This is the ratio of the number of rooms sold to the total saleable rooms. It helps in determining the level of revenue that will be generated by the hotel and is indicator of the performance of the hotel.

$$\text{Occupancy Percentage} = \frac{\text{Number of Rooms sold} \times 100}{\text{Total number of salable rooms}}$$

House Count : The house count is the total number of resident guests present in the hotel ie the total number of rooms sold. It is used to determine the average room rate per person.

House count =house count of previous day brought forward – today’s departure’s + today’s arrivals

Bed occupancy percentage: It is the ratio of the number of beds occupied to the total number of available beds in the property

$$\text{Bed Occupancy Percentage} = \frac{\text{Number of bed Occupied} \times 100}{\text{Total number of beds available for guest}}$$

Domestic occupancy percentage: it is the ratio of the total number of domestic guests to the house count

$$\text{Domestic Occupancy Percentage} = \frac{\text{Number of domestic guests} \times 100}{\text{House Count}}$$

Foreigner’s occupancy percentage : It is the ration of the total number of foreign nationals to the house count.

$$\text{Foreigner’s Occupancy Percentage} = \frac{\text{Number of foreigner guest} \times 100}{\text{House Count}}$$

CHECK YOUR PROGRESS-VII

Q. 1 Write a note on types of folios.

Q. 2 Write note on Method of bill settlement.

receive the guest reservation inquires, then checking the room availability and then accepting or denying the request.

Generally hotels do the overbooking so as to reduce the losses caused due to no shows, under stays etc, overbooking means booking more rooms than available in hotel. These stage of guest cycle is arrival- in which the registration activities are carried out to check in the guest, registration is mandatory for all the hotels to keep the details or records of all the guest staying in the hotel i.e. it act as a valid contract between hotel and the guest, the activities that are carried out just before the arrival of the guest for the efficient, smooth and speedy check in of the guest is known as preregistration, To maintain registration records hotel either uses bound book , loose leaf, or Guest registration card GRC. The registration process involves the identification of guest status, preparing registration records, room and rate assignments, establishing mode of settlement and finally allotting the room and issuing the keys there by completing the check in procedure.

The third stage of guest cycle is the stay- in this the major role is played by F& B Service and housekeeping department in terms of room service and room cleaning for the guest, front office is only concerned with providing guest services like handling mails and messages in absence of the guest, proving wakeup call on the request of the guest, paging the guest inside the premises of the hotel, providing safety deposit lockers if required by the guest, All these services contribute to guest satisfaction which ensures repeat business and positive mouth publicity by the guest . The fourth and the last stage of guest cycle is the departure stage and settlement of guest accounts. An efficient, speedy and error free billing leads to leaving a lasting impression in the minds of the guest. As the guest are generally in hurry at the time of checkout, so the departure procedure should be simple and short ,new methods of checkout like Express check out and self check out are also being used now days to reduce the long queue at the cashier counter. The modes of bill settlement- cash and credit- are also explained in detail.

The timely and accurate posting of guest's financial transactions is very important for the successful running of the business it helps the hotel to make accurate bills and receive payment from the guest thereby preventing the loss of revenue and leads to higher guest satisfaction. The front office cashier record the financial transactions properly in different types of accounts, vouchers and folios so as to ensure error free billing. finally in the night the night auditor rechecks all the financial transactions done throughout the day at the front office as well as at other point of sales. as hotel is operational 365x24x7 so it is essential to bring to an end the day's business so at the time of auditing business is close for the day and new day is establish , this is generally done in the night (after midnight) when the business is slow. The daily audit is carried out in hotel at night to check and verify the accuracy and completeness of the financial transactions between the hotel and its guest so that revenue for the day can be known.

3.12 Key Terms

Cancellation Code: a sequential series of alphanumeric combinations that provide the guest with a reference for a cancellation of a guaranteed reservation

Cash Bank: a specific amount of paper money and coins issued to a cashier to be used for making change

Cashier: a person who processes guest checkouts and legal tender and makes change for guests

Cashier's Report: a daily cash control report that lists cashier activity of cash and credit cards and machine totals by cashier shift

City Ledger Accounts: a collection of accounts receivable of nonregistered guests who use the services of the hotel

City Ledger: a ledger that contains the collective accounts of all nonresident guest or companies to whom hotel has provide s credit facilities

Confirmed Reservations: prospective guests who have a reservation for accommodations that is honored until a specified time

Controller: the internal accountant for the hotel

Credit Balance: amounts of money a hotel owes guests in future services

Credit Card Imprinter: makes an imprint of the credit card the guest will use as the method of payment

Credit: a decrease in an asset or an increase in a liability, or an amount of money the hotel owes the guest

Guaranteed Reservations: prospective guests who have made a contract with the hotel for a guest room

Guest Allowances: Cash paid to the guest by the hotel

Guest Folio: a form imprinted with the hotel's logo and a control number and allowing space for room number, guest identification, date in and date out, and room rate in the upper left-hand corner; it allows for guest charges to be imprinted with a PMS and is filed in room-number sequence

Guest Histories: details concerning the guests' visits, such as ZIP code, frequency of visits, corporate affiliation, or special needs

Guest Ledger: a ledger that contains the details of the financial transactions between hotel and the resident guest

House Count: the number of persons registered in a hotel on a specific night

House limit/Credit Limit: The upper limit of the credit extended by a hotel to the guest

Late Charges: guest charges that might not be included on the guest folio because of a delay in posting by other departments

Miscellaneous Voucher: a voucher for miscellaneous items like laundry, health club etc where there are no specific bills for the service provided.

Night Audit: the daily audit that is carried out in hotels during slack time or the time when the business is relatively slow, generally this time is between midnight and early morning

No-Show Factor: percentage of guests with confirmed or guaranteed reservations who do not show up

Occupancy Percentage : it is the ratio of the number of rooms sold to the total number of saleable room

Overbooking: accepting reservations for more rooms than are available by forecasting the number of no show reservations, stay over, under stay, and walk-ins, with the goal of attaining 100 percent occupancy

Paid in Advance (PIA): guests who paid cash at check-in

Paid-Outs: amounts of money paid out of the cashier's drawer on behalf of a guest or an employee of the hotel

POS – Point of sale

Registration Card: a form on which the guest indicates name, home or billing address, home or billing phone number, vehicle information, date of departure, and method of payment

Under Stays: guests who arrive on time but decide to leave before their predicted date of departure

Up Sell: to encourage a customer to consider buying a higher-priced product or service than originally anticipated

Visitor Paid Out: Cash payment made by hotel on behalf of the guest

Walk-in Guests: guests who request a room rental without having made a reservation

3.13 References

- Kasavana & Brooks: Managing front office operations
- Front Office Management – S. K.Bhatnagar, Franc Bros
- Hotel Front Office Management - James A. Bardi, John Wiley & Sons, Inc.

- Hotel Front Office: Operations & Management – Tewari Jatashankar R., Oxford Publication
- Hotel Front Office – Manual – Sudhir Andrews, Tata McGraw

3.14 Suggested Reading

- Professional front office Management – Woods & Hayes, Pearson Publication
- Front office Operations& Admin: Dennis L Foster

3.15 Terminal Questions

Fill up the blanks:

1. Whitney slips are also known as _____
2. Reservation is important for both hotels and guest (True/False)
3. The second stage of guest cycle is _____ (reservation/registration)
4. Besides GRC _____ form is mandatory to fill for the foreigner guest (Form C/Form M)
5. _____ activities are carried out before the arrival of guest To make the registration fast and efficient ()Pre registration/ guest history card
6. It is not mandatory to keep the data of each and every guest staying in the hotel (true/false)
7. Hotels should obtain license from _____ to handle with foreign currency
8. Express check out may not require queuing at the front desk (True/False)
9. Cash paid to the guest by the hotel is called _____
10. Cash payment made by hotel on behalf of the guest is known as _____
11. The upper limit of the credit extended by a hotel to the guest is _____
12. A _____ audits the hotel accounts daily at a time when the business is slow
13. The _____ is the total number of resident guest staying in the hotel
14. The ratio of the number of rooms old total number of saleable room is called _____

Short Answer Questions

1. Discuss the various sources of reservation
2. Describe the four phases of guest cycle
3. Explain the check in procedure of foreigner guest draw format of form C
4. Define registration Explain the flow of registration process draw the format of GRC
5. Differentiate between traveler's cheque and personal cheque

6. What step should be taken to accept Bill to Company (BTC) as a mode of settlement from the guest
7. Discuss the problems that the hotel and guest has to face during the check out of the guest
8. Explain the different types of vouchers prepared by the hotel
9. Give the duties and responsibilities of night auditor. And explain why it is called night audit

Long Answer Questions

1. Explain the reservation procedure with the format of reservation form
2. Explain the pre arrival and check in procedure for the group?
3. Discuss the precautions that a front desk agent should take while accepting credit card, travel agent voucher, currency notes and traveler's cheque as a mode of settlement?
4. Explain the check out procedure
5. Explain the front office accounting system
6. Describe the night audit process in detail

UNIT: 4

BUDGETING AND YIELD MANAGEMENT

Structure

- 4.1 Introduction
- 4.2 Budget – Concept of Budget
 - 4.2.1 Definition of Budget
 - 4.2.2 Classification of Budget
 - 4.2.3 Front Office Budgeting
 - 4.2.4 Refining Front Office Budget Plans
 - 4.2.5 Budgeting for Operations
 - 4.2.6 Forecasting Room Revenue
 - 4.2.7 Estimating Expenses
 - 4.2.8 Budgetary Control
 - 4.2.9 Advantages of Budgetary Control
 - 4.2.10 Disadvantage of Budgetary Control
- 4.3 Yield Management – Concept of Yield Management
 - 4.3.1 What is Yield Management?
 - 4.3.2 Applicability to Room Division
 - 4.3.3 Importance Of Yield Management
 - 4.3.4 Tools of Yield Management
 - 4.3.5 Measuring Yield
 - 4.3.6 Elements of Yield Management
 - 4.3.7 Yield Management Strategies
 - 4.3.8 Yield Management Team
 - 4.3.9 Yield Management Software
- 4.4 Summary
- 4.5 Key Terms
- 4.8 References
- 4.9 Suggested Reading
- 4.10 Terminal Questions

4.1 Introduction

The budget is a vital part of planning and controlling as it represents a significant mechanism for performance evaluation of the organisation. The budget is a document prepared to assess income and expenditure over a time period usually the previous year and altered to accommodate any predictable variations. In universal terms, a budget is an assessment of the income and expenses over a specified future period of time.

A budget can be made for anyone -person, family, and group of people, business, government, country, multinational organization or for any thing that makes and spends money. As budget helps people to vigilantly look at how much money they are taking in

during a given period, and work out the best way to divide it among various categories. When making a personal budget, an individual will normally assign the appropriate amount of money to fixed expenses such as rent, car payments, or utility bills, and then make an educated estimation for how much money they will spend in other categories, such as groceries, clothing, or entertainment. While in organization business will assign the money for cost of production 'labour cost 'overhead cost etc.

Batty explained that the entire process of preparing the budget is known as budgeting. Therefore the term budgeting refers to the act of preparing budget (Bhattacharyya, 2011). Whereas budgetary control is the monetary control of organisation through budgets ie budgetary control is the perpetual comparison of budgeted figures to actually achieved figures of the business for the specific period for which the budget was prepared. The word yield means to produce or give organisation an output or return and the term yield management means output management. In terms hotel industry the term means the management of revenue generation from rooms etc. In other words it act as a yardstick of performance of the establishment in terms of achieving maximum occupancy ie to be fully sold out that too at optimum revenue generation making the very best use of product is known as yield management.

4.2 Budget - Concept of budget

A budget is a plan and a budget document is a manifestation of the organisation actions in future. While any plan need not be a budget, a budget has to be necessarily a plan. . More explicitly, a budget contains information about plans, programmes, projects, schemes and activities-current as well as new proposals for the coming year, resource position and income from different sources, actual receipts and expenditure for the previous year; and economic, statistical and accounting data regarding financial and physical performance of the organisation.

Many persons, corporations and governments plan their financial actions by preparing budgets. In order to get huge success in business area, an organization must plan its financial activities well in advance. It must assess its income and expenditures using historical data of activities in the past and predict future trends. The budget as explained by numerous experts is not just a financial plan that sets forth cost and revenue goals but it is an effective tool for planning for future, for controlling, synchronization, communication, enthusiasm and performance measurement. In the organisation one of the most important aspects of management is control. The control is derived from two categories as:

Traditional approach – includes break even analysis, standard costing, rate analysis, internal audit, budgets etc.

Modern control approach – includes PERT (programme evaluation review technique),CPM (critical path method) or time network an analysis or (operation research)though all these methods are being used, still budgeting remains one of the most important techniques of control.

With reference to hotels an annual budget is a profit plan which addresses all revenue sources and expanses items, Hotels prepare annual budgets to help the management team

operate the hotel more efficiently. Success in the hotel business requires careful management of expenses, particularly labor cost. Hotels have a relatively large staff. It is important to have sufficient human resources on property to deliver excellent customer service but not be overstaffed, which can reduce the hotel's profitability.

4.2.1 Definition of Budget

From above discussion it is clear that Budget: "A budget is a plan which projects both the revenues that hotel anticipates during the period covered by the budget and the expenses required generating the anticipated revenues". or can also be defined as "A plan by which resources are required to generate revenue is recorded." or According to Terry "Budget is an estimate of future needs arranged according to an orderly basis covering some or all other activities of an enterprises for a definite period of time".

According to CIMA, London a budget is a financial and quantitative statement prepared and approved prior to a defined period of time of policy to be pursued during that period for the purpose of attaining a given objective. Budget is an estimate of government revenue and expenditure for the forthcoming fiscal year. Budget is a plan to be followed of how money will be spent over a period of time in relation to the money available and for the purpose of attaining determined goals. In other words, budget refers to a plan covering all the sectors of operations expressed in monetary or quantitative terms for a definite future period (Bhattacharyya, 2011).

Attributes of budget: A budget must have following features (Bhattacharyya, 2011):

- It should reflect the managerial plans and policies to accomplish business goals and objectives.
- It must be expressed in monetary or quantitative terms or both.
- It is comprehensive plan for definite future period.
- Though it is basically an instrument of planning, it still provides the basis for performance evaluation.

Importance of Budgeting:

- It lays the parameters of how much expenditure is permitted for various items of cost.
- The efficiency of the department is reflected in the way it remains within the range of the budget.
- It helps in focusing on priorities of expenditure.
- Acts as an inbuilt control on activities.

4.2.2 Classification of Budgets

Budget is generally categorized on the basis of the need of respective organization. Preparation of budget may be required by organization for the purpose of its flexibility of production or its functions involved or for the purpose of its period covered. It includes:

Classification of budget on the basis of period: On the basis of period, or time covered in budget, it is grouped into short term and long term budget. Long term budget: When budget is prepared for business activity covering a period of more than one year, it is called long term budget. When budget is prepared for business

activity covering a period of one year or less, it is termed as short term budget such as for sales, cash.

Classification of budget on the basis of flexibility of production: In this category, budget is classified into three parts that include fixed, flexible and current budget. Fixed budget is prepared for particular level of production. Flexible budget include series of budgets prepared in respect of different levels of activity during a budget period. Current budget is associated with current business activities of a concern and is prepared under current condition for a very short period.

Categorization by Department Involved: Based on departmental involved, budget may be categorized into: Master Budget and Departmental Budget. Master Budget: These represent the forecasted targets set for the whole organization and incorporate all income and expenditure estimated for the organization. Departmental Budget: Each department of the hotel forwards a budget for its estimated expenses and revenue to the financial controller. For instance there would be front office budget etc.

Classification of budget on the basis of purpose: It includes:-

Production budget - an estimate of the number of units that must be manufactured to meet the sales goals.

Production cost budget – details the estimated cost of carrying out production as per the production budget. It includes three main elements- material, labour and overheads.

Purchase budget –its how the purchase to be made during the budget period, eg deals with the purchase of all direct and indirect material require for running the business.

Sales budget – this means an estimate of minimum future sales required to produce operating profit with respect to trading period. It is used to create company sales goals.

Capital budget - used to determine whether an organization's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing.

Cash flow/cash budget – a prediction of future cash receipts and expenditures for a particular time period. It usually covers a period in the short term future. The cash flow budget helps the business determine when income will be sufficient to cover expenses and when the company will need to seek outside financing.

Marketing budget – an estimate of the funds needed for promotion, advertising, and public relations in order to market the product or service.

Project budget – a prediction of the costs associated with a particular company project. These costs include labour, materials, and other related expenses. The project budget is often broken down into specific tasks, with task budgets assigned to each. A cost estimate is used to establish a project budget.

Revenue budget – consists of revenue receipts of government and the expenditure met from these revenues. Tax revenues are made up of taxes and other duties that the government levies.

Expenditure budget – includes spending data items.

Classification of budget on the basis of Type of Expenditure: Based on the type of expense and assets involved, budget may be categorized into:

- Capital Budget
- Operating Budget
- Pre-opening Budget

Capital Budget: These allocate the use of capital assets that life span considerably in excess of one year; these are assets that are not normally used up in day to day operation. Example: furniture and fixture.

Operating Budget: Operating expenditures are those costs that are incurred in order to generate revenue in normal course of doing business. The cost of all non recycled inventory items, such as cleaning and guest supply is also operation cost.

Pre Opening Budget: These budgets allocate resource for opening parties, advertising, generating of initial goodwill. Pre opening budget also include the initial cost of employee salaries, crockery, cutlery and other item.

4.2.3 Capital and Operational Budget for Front Office

Front office is one of the major revenue producing departments of the hotel and is responsible for guest satisfaction. This department's efficient and profitable operations affect the overall profitability of the hotel, as it is very much clear that about 70% or even more revenue is generated from front office so it becomes very much essential to make a more conscious budget for this department keeping in view all the aspects of the hotel. When we talk about front office budgeting it includes budgets from different sections of front office which includes reservation, bell desk and lobby etc individually, that means a front office manager will get individual budget from each of these sections, which when combine together by FOM, than on that basis he prepares a departmental master budget of front office.

Front Office Budgets may be divided into two basic classes: Capital Budgets & Operating Budgets. Capital budgets are directed towards proposed expenditure for new projects & often require special financing. The operating budgets are directed towards achieving

short term operational goals of the organization, for instance, production or profit goals in a business firm. Let us say that reservation section will give its budget which will mean the budgeted figures of reservation for a specific period of time. This budget shall also include the cost of reservation system that is to say the cost to be incurred on various equipments and stationary used in the system. For eg reservation rack, their replacement, were and tear's etc also the cost incurred on stationary, similarly it is on computer system then the cost incurred on maintenance and repairs of computer hardware and if the need be of the procurement of new machine which may be for adding on to the present infrastructure or replacing of old one with the new one. similarly other equipment like more filing racks for the section, more telephone lines and other such equipments which may be necessary for the efficient functioning these action and ultimately in achieving the budget or targeted figures.

Further the reservation budget shall also include the budgeted figure of labour which mean number of staff required in future for the specific period for which budget is being made and also include labour cost and labour related cost for that period. This budget will be prepared by reservation manager. This type of budget prepared by FOM which includes the budget for all those items which are required for daily functioning of the department is classified under operating budget ie the operational budget includes budget for all those items that are required for efficient and smooth functioning of the front office on daily basis.

Whereas Capital Budget makes provision for all items of capital expenditure. It takes into account all items, which are guaranteed to have a life span of a number of years ie It is an intentional expenditure by the organisation on the assets that are not used up in the normal course of operations; instead they have a life span that exceeds a single year. As Capital expenditure involves large sums on such investments that have a long term impact. It is thus natural that decisions on these items are critical and should be made by General Manager, Financial controller and Front Office Manager altogether. Besides that it is very important to keep records of purchases and repairs as a form of control. A decision may have to be taken at some stage as to what it is more beneficial- to have a piece of equipment repaired or to simply buy a new one.

Having received a decision from management on capital expenditure the FOM should observe the following steps:

- Identification of supplier, receiving the competitive quotations, selection of a supplier and finally purchase of the product taking into all consideration ie freight and transport, and handling charges.

The types of items, which are provided for in the capital budget, are as follows:

- Large equipment and machinery.
- Fixtures and fittings of front office.
- Uniforms.
- Special projects
- Miscellaneous. It is quite normal to have a certain amount of money allocated for such a heading in order to make provision for emergencies, problems that could not have been foreseen, alterations required by law etc.

Some of the common items of front office which involve capital expenditure are

Tele-communication equipment eg EPBAX, telephone equipment with special features, computers, new and improved software for front office department, billing machines, self service terminals etc. Finally on the basis of sub section budgets including both Operational and Capital budget, received from all the sub sections of front office, front office manager prepares a front office departmental master budget.

4.2.4 Refining Front Office Budget Plans

Once the budget has been approved and given for implementation ,it is the duty of management to ensure that employees follow the budget and any deviation must be observed, recorded and notified, the reason for deviation must be found and analyzed, thus from time to time refining of the budget should be done by FOM.

Once the budget has been approved and given for implementation ,it is the duty of management to ensure that employees follow the budget and any deviation must be observed, recorded and notified, the reason for deviation must be found and analyzed, thus from time to time refining of the budget should be done by FOM.

The term refining budget can also be called as amending the budget or adjusting the budget or modifying the budget, ie it means to bring changes, which may be either increasing or decreasing the figures of the already prepared forecasted figures, budget as already mention is a forecast or projection of figures for future and is based on certain assumption either from past records or from the expected future activities. Now since the future is indefinite so whatever base we might have taken for future may occur or may not occur completely or partially as per our planning, and hence when it comes to actual stage, the actual figures may match - may be more or may be less than the projected figures. Like for eg we have budgeted a sale of Rs1,00,00,000 over a period of three months which means approx Rs33,33,333 shall be earned every month by the hotel, now at the end of every month we are required to check whether we are able to achieve the targeted figure or not, and, if in actual also we are meeting the target than our forecasted targeted sale was right but if there is lot of difference which may be both positive or negative then it means our initial planning was wrong. Such variances have to be studied and analyzed immediately and corrective action should be taken which means based on new circumstances, new targeted figures are to be calculated. Furthermore let us suppose hotel has projected arrival of around 10,000 foreign tourist in the first quarter of financial year, but due to certain problem in the country like unstable government, increased terrorist activities, broke down of epidemics, the projected figure drop down from 10,000 to 5000 only, thus in such situation re-forecasting is normally suggested when actual operating results begin to change significantly from the original budget. This is only possible when operational results are reviewed from time to time. Thereby refining of budget is very important activity it protects the establishment from heavy losses. The refining of the budget must be done by the same person who has initially prepared the budget, but he must be furnished with facts and figures.

4.2.5 Budgeting For Operations

The most important long terms planning function that front office performs is budgeting front office operations. The hotels annual budget is a profit plan that covers all revenue sources and expenses items. Annual budgets are commonly divided into monthly plans

that, its terms are divided into weekly etc plans. These budget plans act as the standards against which management can evaluate the actual results of operations. In general, revenue generated from room is always greater than food & beverage, or any other revenue generating department of the hotel. Therefore, an accurate room's division budget is vital in creating the overall budget of the hotel.

The budget planning process requires the effective coordination of all management personnel. While the front office manager is responsible for room revenue forecast. The accounting division staff will be responsible to supply department managers with statistical information process. The front office manager's primary responsibility in budget planning are forecasting room revenue and estimating related expenses. Room revenue is forecasted with input from the reservations manager's, while expenses are estimated with input from all department managers in the rooms divisions.

CHECK YOUR PROGRESS-I

Q. 1 Define budget?.

Q. 2 Write note on Types of Budget.

4.2.6 Forecasting Rooms Revenue

To forecast room revenue, historical financial information or the past financial information serves as the foundation for the front office managers to do the forecast. This implies that one method of rooms revenue forecasting involves an analysis of room's revenue of past years. This means that reservation manager must provides the front office manger the data or figures of room revenue of past. Another way of revenue projection is on the basis of past room sales and average daily rates.

Forecasted Rooms Revenue = Rooms Available x Occupancy % x Average Daily Rate

To understand the two approaches let us suppose: For example the table shows yearly increases in net rooms revenue for the Jason Hotel. For the years 2001 to 2004, the amount of rooms revenue increased from Rs 1,000,000 to Rs 1,331,000, reflecting a 10 percent yearly increase. If future conditions appear to be similar to those the past, the rooms revenue for 2005 would be budgeted at Rs1,464,100 a 10 percent increase over the 2004 amount.

Rooms Revenue Summary for the Hotel ABC

YEAR	ROOMS REVENUE	Increase of 10% every year
2001	Rs1,000,000	-
2002	Rs1,100,000	\$1,00,000
2003	\$1,210,000	\$1,10,000
2004	\$1,331,000	\$1,21,000

4.2.7 Estimating Expenses

In hotel industry one of the major departments is Front office and most expenses of front office operations are direct expenses in nature that is they vary in direct proportion to rooms revenue which means more the revenue, more the expenses, and less the revenue, lesser the expenses. By using the data, we can calculate approximately the percentage of room revenue in relation to other direct room division expenses.

Typical rooms division expenses are patrol and related expenses, guestroom laundry (linen included), guest supplies (bath amenities, toilet tissue), hotel merchandising (in-room guest directory and promotional brochures), travel agent commission and direct reservation expenses, and other expenses. When these costs are totaled and divided by the number of occupied rooms, the cost per occupied room is determined.

4.2.8 What is Budgetary Control

Welsch has defined budgetary control as “the use of budgets and budgeting reports throughout the period to coordinate, evaluate and control day-to-day operations in accordance with the goals specified by the budget.” According to H.S. Wheldon, “By budgetary control, every items of actual cost is so controlled by vigilant supervision as to make it conform, as nearly as possible, to the predetermined standards. It has resulted in the elimination of waste and excess costs in every suitable instance where budgetary control has been properly instituted.” According to John Blocker, “Budgetary control is planned to assist the management the allocation of responsibilities and authority, to aid in making estimates and plans for future, to assist in analysis of various between estimated and actual results and to develop basis of measurement or standards with which to evaluate the efficiency of operations.”

In other words, the budgetary control device in the organisation encompasses practically the whole range of management activities right from planning and policy formulation to the final function of control over various activities of the manufacturing enterprise.

Budgetary control is a useful management control device. As the name suggests is the financial control through budgets which means fixing the responsibility for budgeted result to the managers concerned for eg fixing responsibility on front office manager for promoting results and meeting the targeted and budgeted figures of sales, cost and staff etc. It act as a control technique as it provides a standard for evaluation of actual performance. Hence when we speak about budgetary control we mean the responsibilities that we assign to manager's usually expressed in terms of items such as sales target, profit margins, etc hence budgetary control is the technique to check what is being done and comparing actual result with the standard budgeted data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of differences where there is budgetary control in the operation, current operating result are continually viewed and analyzed on weekly, monthly or quarterly basis or any other period depending upon the profile of the policy of the business. The most important aspect of budgetary control is the planning which goes into the making of budget and its effectiveness in the control of hotel operation.

How budgetary control is applied: Budgetary control is required to achieve the goals and objectives of the hotel. For this it is important to follow the course of action that would help to achieve the targeted budget. when the manager find that there is deviations in actual from the budgeted targets he must immediately find the cause for it and quickly decide and implement the corrective action to set those deviations right.

Objectives of Budgetary Control: The main purpose of budgetary control is to enable the management to conduct the business in the most efficient manner in the organisation. Budgetary control has the following specific objectives:

- **Planning:** Budgets are the plans to be followed during the designed period of time to achieve the objectives of the organization. Budgetary control will force the management at all levels to follow and plan various activities well in advance so as to achieve those objectives.
- **Policy making:** Budgets are generally prepared on the basis of forecasts made about market forces, supply conditions and consumer's preferences in the organization. This help in making and revising business policies in the organization.
- **Control:** Budgetary control is an important instrument of managerial control in any organization. Budgetary control helps in comparing the performance of various individuals and departments with the predetermined standards laid down in various budgets and as separate budgets are prepared for each department it becomes easier to determine the weak points and the sources of waste of time, money and resources.
- **Coordination:** Budgetary control involves the preparation and participation of a master budget, which helps in bringing effective coordination and cooperation among different departments of the organization.

- **Increase in Efficiency:** Budgetary controls lay down the standards of production, sales, costs and overheads keeping in mind various internal and external factors. This forces and stimulates every department to attain maximum efficiency on the use of men, machine, material, methods and money.
- **Financial Planning:** Budgets are generally expressed in financial terms in the organisation. They provide the estimates of expenditures and revenues in the organisation. This helps the management to make plans about the flow of cash in such a way that it would never run short of working capital in the organization.

4.2.9 Advantage of Budgetary Control

Some of the advantages of budgetary control are as follows:

- **Definite planning:** Budgets are based on the well-defined plans. Thus budgets help the management and the managers to know what is expected of them to achieve organizational goal.
- **Enhanced efficiency:** Budgeting is an effective way of controlling costs and eliminating wastage. It promotes economy and efficiency.
- **Control:** Budgeting is an important technique for keeping control over the activities of the organization as budgets provide standards against which actual performance can be measured and compared. This helps in taking corrective action, which is an important part of controlling.
- **Co-ordination:** It promotes co-ordination between different departments or divisions of the organization. In preparation of various budgets, knowledge, skill and experience of many executives are combined and business plans are reduced into concrete numerical terms in the organization. This leads to proper coordination of the efforts of various departments of the enterprise in the organization.
- **Delegation of authority:** Budgeting encourages delegation of authority. It fixes the limits within which delegated authority can be used. It act as an important device for fixing the responsibility of various positions. The persons occupying various positions can be made to understand their responsibilities with the help of budgets.
- **Motivation:** Budgets act as a strong incentive to employees by fixing targets of performance. Thereby motivating them to perform better so as to achieve organization goal.
- **Responsibility can be pinpointed:** Budgets helps in identifying the weak area which are not able to work according to planned budget thereby helps in

identifying the weak spot as and helps in pinpointing the responsibility on the department or employees.

- **Maximization of profit:** It aims at the maximization of profit of the enterprise. To achieve this aim planning and co- ordination of different functions is undertaken. There is control over costs, revenue and capital expenditures. The resources are put to optimum use.
- **Forecasting credit needs:** The budgets of cash expenditure and cash receipts make it possible for the financial manager to forecast their need for credit and arrange for it in advance.
- **Optimum utilization** of man machine and material: Budgeting in the organization helps in reducing unproductive operations by minimizing waste of resources. Budgets aims at distributing production program according to production capacity and makes most effective utilization of men material and machines so as to achieve organizational goals.
- **Optimum use of capital resources:** Budgeting in the organization makes financial planning and control easy. The ultimate effect of budgeting is the thorough examination and scrutinizing the financial aspect of the business enterprise. This helps in optimum use of financial resources of the enterprise
-
- **Uniform policy:** The centralization of budgetary control over all divisions and departments help in carrying out a uniform policy without the disadvantages of an authoritarian type of business organization.
- **Planning orientation.** The process of creating a budget takes management away from its short-term, day-to-day management of the business and forces it to think longer-term. This is the chief goal of budgeting, even if management does not succeed in meeting its goals as outlined in the budget - at least it is thinking about the company's competitive and financial position and how to improve it.
- **Profitability review.** It helps in review in the profitable area of the business as a properly structured budget points out what areas of the business produce money and which ones use it, which forces management to consider whether it should drop some parts of the business, or expand in others.
- **Serves as a beacon light:** Budgeting helps in providing benchmarks or set standards for actual performance and guide us the path to achieve those standards.
- **Budgeting is an all inclusive management tool.** It integrates and ties together various organizational activities in the organization right from planning to controlling.
- **Budgetary control in the organization facilities ‘control by exception’.** It helps in focusing the time and effort of the managers upon areas, which are most important for the survival of the organization.

- **Budgets translate strategic plans into action.** They specify the resources, revenues, and activities required to carry out the strategic plan for the coming year.
- **Proper communication:** Budgets improve communication with employees
- **Budgets provide an excellent record of** organizational activities.

4.2.10 Disadvantages of Budgetary Control

Budgeting suffers from the following disadvantage:

- The major problem occurs when budgets are applied mechanically and rigidly.
- Budgets can demotivate employees because of lack of participation. If the budgets are arbitrarily imposed top down, employees will not understand the reason for budgeted expenditures, and will not be committed to them.
- Budgets can cause perceptions of unfairness.
- Budgets can create competition for resources and politics.
- A rigid budget structure reduces initiative and innovation at lower levels, making it impossible to obtain money for new ideas.
- Budgets are estimates and cannot be 100 percent accurate they are as good as data as forecast on which they are based.
- Sound system of supervision is required to make the budget effective which if not, leave it ineffective.
- Budgets bring fear in the minds of employee who feels that if they will not adhere to the budgetary will be called as inefficient.
- Too much emphasis on budgeting in the organization may bring about rigidity in the enterprise. It may deprive the managers of the flexibility they require in managing their departments.
- Budgeted estimates in the organization are generally based on the price level at a particular period of time. These estimates may become useless when there is either inflation or depression in the market.
- Sometimes budgets in the organization are tested as an end in themselves. Some people may be extra cautious to function within the boundaries of budget figures rather than achieving the enterprise objectives.
- A budget, which allows liberal expenditure, may be used to hide inefficiency. For instance, a department may be inefficient even though its expenses are within the budget limits in the organization.
- Budgetary control in itself does not prevent deviation from appearing. It neither ensures satisfactory results nor control automatically in the organization. A deliberate effort has to be made in this direction in the organization.
- Budgetary control in the organization requires expenditure of time, money and effort. Moreover, it is not easy to prepare various kinds of budgets in the organization because of obvious difficulties in forecasting to be used in budgeting
- Budgeting is a time consuming process and involves expenses.
- Budgets cannot guide as to what action should be taken similarly it is not an outlived program that must be adhered to under all conditions

- The creativity and initiative in an employee are hampered if the supervisor and managers stick to budgets strictly.
- Budgets may be misused by the manager to find faults in employees and restrict performance rather than improve it.

Essential of Effective Budgetary Control: Following are requirements of a good system of budgetary control in the organization:

- **Quick Reporting:** A good system of budgetary control in the organization requires the establishment of such procedures, which will provide reports on the performance of various operations. The reports should reach the persons concerned with the implementation of budgets without any delay so that quick actions may be taken wherever necessary in the organization.
- **Detailed Organization Structure:** There should be a detailed organization structure with properly designed authorities, responsibilities and lines of communication so that everybody in the organization understands the objectives of organization.
- **Frequent Comparison:** There should be frequent comparison between budget estimates and operating results in the organization.
- **Definite Plan:** There should be comprehensive planning in the organisation. All the operations in the organisation should be planned in clear terms. The administration of the budgets should also be properly planned in the organisation. It must be pre-determined who is to be held responsible for the implementation of budget in the organization.
- **Responsibility Matched by the Authority:** Those assigned with the responsibility to implement the budgets should also be given the necessary authority to achieve the budgeted targets in the organisation. Lack of sufficient authority will make the implementation of budgets ineffective in the organisation.
- **Participation:** The purpose of budgetary control is to achieve coordination among the departments to achieve organizational objective. Therefore, it is essential that participation from top to bottom should be ensured to make the employees committed to the budgets.
- **Support of the Management:** The top management in the organisation should support a good system of budgetary control.
- **Flexibility:** Budgets should not be rigid, instead should be flexible enough to allow changes or remodeling in case of any change in the organization.

Limitations of Budgetary Control: There are following limitations of budgetary control:

- **Too much emphasis** on budgeting in the organization may bring about rigidity in the enterprise. It may deprive the managers of the flexibility they require in managing their departments.

- **Budgeted estimates in** the organisation are generally based on the price level at a particular period of time. These estimates may become useless when there is either inflation or depression in the market.
- **Sometimes budgets** in the organization are tested as an end in themselves. Some people may be extra cautious to function within the boundaries of budget figures rather than achieving the enterprise objectives.
- **A budget**, which allows liberal expenditure, may be used to hide inefficiency. For instance, a department may be inefficient even though its expenses are within the budget limits in the organisation.
- **Budgetary control** in itself does not prevent deviation from appearing. It neither ensures satisfactory results nor control automatically in the organisation. A deliberate effort has to be made in this direction in the organisation.
- **Budgetary control** in the organisation requires expenditure of time, money and effort. Moreover, it is not easy to prepare various kinds of budgets in the organisation because of obvious difficulties in forecasting to be used in budgeting.

CHECK YOUR PROGRESS-II

Q. 1 Write a note on advantages of budgetary control.

Q. 2 Write note on dis-advantages of budgetary control.

4.3 Yield Management

Yield Management is becoming part of the standard operating procedure(SOP) for many hotels with property-Management systems (PMS) being used in hotel industry. Appropriately designed to meet the hotels need, yield management systems generally tries to increase revenue and do much of the guesswork out of rooms-management decisions.

THE CONCEPT OF YIELD MANAGEMENT: The airline industry is considered as the birthplace of yield management. After deregulation in the late1970s, airline competition increased, and the airlines tried to operate their planes as efficiently as possible. As they knew their product is perishable in nature eg airplane seat if not sold on a particular day cannot be stored for future use ie revenue lost from that seat is lost forever so to avoid losses and to maximize revenue- Yield management was one of the methods developed as a way of increasing competitive advantage and increasing revenue. In airlines, yield management is concerned with selling the right seat to the right customer at the right price so as to maximize yield.

The airline and hotel industries have several characteristics in common that make them ideal candidates for yield-management systems, the most important one is that both their product or services are perishable ie Each has a fixed number of products (hotel rooms and airline seats) that, if not sold on a certain day or flight, cannot be resold eg a guest room if not sold on particular day cannot be stored for future use- revenue lost for the day is lost forever. Besides that Both have relatively fixed capacities. Once an airplane has been purchased or a hotel has been built, it is rather difficult and expensive to increase capacity. The idea, then, is to use the available capacity in the best (most profitable) way possible. Moreover Airlines and hotels sell to market segments that have distinct needs in product and service level. Each has demand periods (holidays, weekdays, and weekends in hotels; holidays, weekdays, and time of day for airlines) that place the provider in a favorable position. Airlines and hotels have various rates from which guests can choose. Reservations allow managers to use yield management. By using computers to track a database of products (hotel rooms and airline seats) and to process reservations, managers have the ability to look at a sales horizon of 45 to 90 days and to set price and reservation policies that will allow a prediction of profitability.

Thereby from above discussion it is clear that when any organisation or industry is operating with a relatively fixed capacity, when demand can be segmented into clearly identified partitions, when inventory is perishable, when the product is sold well in advance, when demand fluctuates substantially, and when marginal sales costs are low but marginal production costs are high- Yield-management techniques are appropriate to use to get maximum revenue.

4.3.1 What is Yield Management?

Yield management can be defined as “selling a product or service to the right customer, at the right time, and at the right price”. Or can be defined as “It is a technique based on supply and demand used, to maximize revenues by lowering prices to increase sales during periods of low demand and raising prices during periods of high demand”. It is also known as revenue management or yield management. As the history of yield

management provides the framework for developing background of revenue management, the key to successful revenue management is to sell the right product (guestrooms, banquets, ancillary services) to the right customer (business, leisure, convention, government or any other guest) on the right day (weekday, weekend) for the right price (rack rate, corporate rate, or any other discounted rate). Yield management is the source for the concepts that underlie revenue management.

Basically, yield management is the process of allocating the right type of capacity to the right kind of customer at the right price so as to maximize revenue or yield. In the case of hotels, yield management is concerned with the number of rooms that should be sold at various rate levels. The manager would prefer to sell all rooms at the highest rate possible, but since this rarely is possible, following this policy may lead to empty rooms and lost revenue. Conversely, if a hotel fills its rooms with low-price customers, the revenue that could have been obtained from higher rates will be lost. The objective of yield management, then, is to define what should be done, so as to get maximum revenue in all possible situations. How many rooms should be allocated to and protected for each market segment over time?

Yield Management also is not only a Technique used to Maximize Room Revenues but also act as an evaluative Tool that allows the Front Office Manager to use Potential Revenue as the Standard against which Actual Revenue can be Compared.

$$Yield = \frac{\text{Actual Room Revenue}}{\text{Potential Room Revenue}}$$

4.3.2 Applicability to Room Division

As already mentioned that Hotel and hospitality industry faces the common problem that they produce a fixed inventory of perishable products which cannot be stored if unsold by a specific time. The commodity(room) that the hotel sells is perishable in nature , if a room goes unsold on a given day there is no way to recover the time lost and therefore the revenue lost and is, lost forever for that time, therefore these products are typically sold for varying prices that depends on the time of the transaction and the proposal date of delivery. As yield management strategies can be applied to virtually any type of business that: have a fixed number of products to sell, examples include hotel rooms etc and from the day the hotel industry's has shifted their focus from high volume booking to high profit booking, yield management has gain lot of importance in the hotel industry, as they understood that mere volume sale do not generate the desired revenue, and, yield management is composed of a set of demand forecasting techniques used to determine whether room rates should be raised or lowered, and whether a reservation should be accepted or rejected in order to maximize revenue

Thereby as per the definition of yield management, Front office managers have successfully applied such demand – forecasting strategies to room reservation systems, management information system, room and package pricing, rooms and revenue management, seasonal rate determination, pre-theater dinner specials, and special, group, tour operator, and travel agent rates.

Besides that one of the major differences in how yield management is used in airlines and hotels is that at the hotel, the guest may also spend money for products and services besides the room itself. While in the airline passenger usually does not have an opportunity to spend large amounts of money during a flight. Because of this difference, hoteliers must consider the financial potential of one prospective guest over another in determining reservation policies.

4.3.3 Importance of Yield Management

Different benefits of yield management are

- a. It helps in improving forecasting.
- b. Improved seasonal pricing and inventory decisions: It helps in deciding the seasonal and off seasonal pricing for rooms and other products also helps in making important inventory decision.
- c. It helps in the identification of new market segments
- d. Identification of market segment demands
- e. Increased coordination between the front office and sales divisions
- f. Determination of discounting activity: It helps in deciding the amount of discount to be offered to the guest depending upon the dates and periods.
- g. It helps in the development of short-term and long-term business plans
- h. Establishment of a value based rate structure –It helps in defining rate structures, based on perceived values.
- i. It helps in Increasing business and profit margin of the organization
- j. It helps in savings labor costs and other operating expenses
- k. Planned responses to guest inquiries or requests regarding reservations

4.3.4 Tools of Yield Management

In order to maximize Revenue, the Front Office Manager needs to forecast Information

In three ways:

- Capacity Management
- Discount Allocation
- Duration Control

Capacity Management: Capacity Management which is also called as selective overbooking involves a number of methods of controlling and limiting room supply. For example, hotels in general will accept a statistically supported number of reservations in excess of actual room availability in an attempt to avoid the losses generated through the situation of early check-outs, cancellations, and no-shows. Capacity management balances the risk of overselling guestrooms against the potential loss of revenue arising from spoilage because rooms going unoccupied after reservations were closed out.

Other forms of capacity management include determining how many walk-ins to accept on the day of arrival based on expected cancellations and no-shows. Capacity management usually varies with room type. That is, it might be economically advantageous to overbook more in lower-priced rooms, because upgrading to higher-priced rooms is an acceptable solution to an oversell problem. The amount of such overbooking depends, on course, on the demand for the

higher-priced rooms. In sophisticated computerized yield management systems, capacity management may also be influenced by the availability of rooms at neighboring hotels or competing properties.

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

A second objective of limiting discounts by room type is to encourage upselling. This technique requires a sound estimate of price elasticity and / or the probability of upgrading. (Elasticity refers to the relationship between price and demand.) If a small increase in price causes drop in demand the market is said to be elastic while, if small increase in price causes no effect on demand, the market is said to be inelastic produces little or no effect on demand.

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

4.3.5 Measuring Yield

Yield management is designed to measure revenue generated by the hotel. For the calculation of yield management is yield statistic, which is the ratio of actual revenue to potential revenue. Actual revenue is the revenue generated by the number of rooms sold. Potential revenue is the amount of money that would be received if all rooms were sold at full rack rates.

$$\text{Yield} = \frac{\text{Actual Revenue}}{\text{Potential Revenue}}$$

The mathematics of yield management is relatively simple, although several formulas are involved. These are:

Formula 1: Potential Average Single Rate

It is calculated by multiplying the number of rooms in each type by its single room rack rate and dividing the sum total by the number of potential single rooms in the hotel.

$$\text{Potential Average Single Rate} = \frac{\text{Single Room Revenue at rack rate}}{\text{umber of Rooms sold at singles}}$$

Formula 2: Potential Average Double Rate

It is calculated by multiplying the number of rooms in each type by its respective double-room rack rate and dividing the sum total by the number of potential double rooms in the hotel.

$$\text{Potential Average Double Rate} = \frac{\text{Double Room Revenue at rack rate}}{\text{umber of Rooms sold at singles}}$$

Formula 3: Multiple Occupancy Percentage

An important element in determining a hotel's yield statistic is the proportion of the hotel's room that are occupied by more than one person, that is, the multiple occupancy percentage. This information is important because it indicate sales mix and helps balance rates with future occupancy demand

$$\text{Multiple occupancy} = \frac{\text{Number of rooms Occupied by More than One Guest}}{\text{Number of Rooms Occupied}}$$

Formula 4: Rate Spread

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's average double rate is known as rate spread

$$\text{Rate Spread} = \text{Potential Average Double Rate} - \text{Potential Average Single Rate}$$

Formula 5: Potential Average Rate

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

$$\text{Potential Average Rate} = \text{Multiple Occupancy\%} \times \text{Rate Spread} \text{ plus Potential Average Single Rate}$$

Formula 6: Room Rate Achievement Factor

The percentage of the rack rate that the hotel actually receives is contained in the hotel's achievement factor (AF), also called the rate potential percentage. The achievement factor is found by dividing the actual rate the hotel is currently collecting by the potential average rate. The actual average rate is equals to total room revenue divided by either rooms sold or rooms occupied.

$$\text{Achievement Factor} = \frac{\text{Actual Average Rate}}{\text{Potential Average Rate}}$$

Formula 7: Yield Statistic

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

$$\text{Yield} = \frac{\text{Actual Revenue}}{\text{Potential Revenue}}$$

$$\text{Yield} = \frac{\text{Room Nights Soldy}}{\text{Room Nights Availabled}x} \times \frac{\text{Actual Average Room Rate}}{\text{Potential Average Rate}}$$

$$\text{Yield} = \text{Occupancy Percentage} \times \text{Achievement Factor}$$

Instead of computing yield as a percentage, some lodging operations prefer an alternate statistic which focuses on revenue per available room (REVPAR or REVPAR). The Rev PAR can be calculated using either of the following equations:

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

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

Formula 8: Identical Yields

It involves calculation of different combinations of occupancy and actual average room rate which may result in identical room revenue and yield statistic. In other words it means equivalent gross revenue.

$$\text{Identical Yields} = \frac{\text{Current rate}}{\text{Proposed rate}} \times \text{Occupancy \%}$$

Formula 9: Equivalent Occupancy

A more effective way of evaluating whether a change in room rates is justifiable or not involves determining 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 marginal cost of providing a room is the cost the hotel incurs by selling that room (for example, cleaning and supplies); this cost would not be incurred if the room were not sold.

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

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

Formula10: Required Non-Room Revenue for Guest

Non room revenue means revenue generated from centers others than room such as food and beverage etc. If manager decides that in order to increase room occupancy percentage offers discount and reduces room rates then this would render an off selling changes in non room revenues and involves determining or estimating a number of elements:

- The net loss in room revenue due to room rate discounting
- The amount of non-room revenue needed to compensate this loss.
- The average amount each guest spends in non-room revenue centers.
- The increase in occupancy likely to result from rate discounting

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

$$\text{Contribution Margin Ratio} = \frac{\text{Total non room revenue} - \text{Total non room revenue centre variable cost}}{\text{Total Non Room Revenue}}$$

4.3.6 Elements of Yield Management

The following elements must be included in the development of a successful revenue or hotel yield management strategy:

- Group room sales
- Transient or FIT room sales
- Food and Beverage activity
- Local and area-wide activities
- Special events

Group Room Sales and its effect on Hotel Yield: A group sale provides the bulk booking and thereby forms the majority of the room revenue and is very important for hotel yield. It is common for the hotels to receive group reservations for group sales from three months to two years in advance of arrival. Therefore understanding group booking trends and requirements is very essential for the success of revenue management. To understand the impact of group sales on overall room revenue, the hotel should collect as much group profile information as possible, including:

Group booking data – It is a common practice that Groups tend to block 5-10% percent more rooms than they actually require. Thus FOM analyze and checks that If a group has a previous business profile with the hotel than on the basis of their past records, he can often adjust the block on the basis of group’s booking history. The hotel’s deletion of unnecessary group rooms from a group block is called the ‘wash factor’. However management must be very much careful in estimating how many rooms to be ‘washed’ or deleted from the block as if a group block is reduced by too many rooms, the hotel may find itself overbooked and unable to give rooms to all the members of the group and it will effect hotel yield badly.

Group booking pace – The rate at which group business is being booked is called group booking pace. The rate at which initial agreement between the group organizers and hotel takes place, over a period of time.

Anticipated group business – Hotels generally watches out for repetitive group patterns and act accordingly in order to forecast the pressure on the market, and thereby adjusting their selling strategies many national, regional and state associations as well as some corporate, have policies regarding the locations of annual meeting.

Group booking lead time – A measurement of how far in advance group bookings are made ie lead time is the gap between the date of booking and expected date of arrival. The hotel should fix the lead time for group booking the lead time together with the pace of booking is important in deciding how much additional group business should be accepted. If the current booking pace is lower than expected a lower rate to stimulate the business should be offered to get increased occupancy and if demand is strong an group booking pace is ahead of the trends no discounts should be offered.

Displacement of transient business –The process of Displacement means when the hotel decides to accept the group business even if they have to turn away the transient guest, although the transient guest are ready to pay higher room rates is the acceptance of group bookings instead of transient guests. Since transient guests or FITs pay higher room rates than group business, the reservations team should consult its forecast staff whether or not to accept group business for better hotel yield. As well as there is risk of bad reputation, so the Front Office Management should monitor and ensure that by transient displacement more revenue generation and higher occupancy should be achieved by the hotel, and to avoid the situation that transient guest who will not return back to the hotel because of their initial treatment, the hotel must take care of and by accommodating them in some other hotel of the same standards and should be in constant touch with the guests as to give them the feeling that hotel really cares for them.

Transient or FIT room sales and its effect on yield: Transient rooms are the rooms sold to free individual travelers (FIT) or non group travelers. Transient business is usually booked near to their date of arrival than group business who books their rooms one to three months in advance; transient may book their room only one to three weeks before arrival. Thus in order to maximize room revenues, front office managers may:

- Monitor and keep a track of the booking pace and lead time for highest occupancy rate.
- Classify rooms on the basis of their location, desirability or size, and charge more for better rooms.
- Hotels may offer deluxe rooms at standard rates to attract guests especially when demand is low to scale hotel yield.
- Discounts reduce the amount of business lost because of rate resistance and allow the hotels to sell rooms that would otherwise remain vacant. Discounts can be offered to corporate guests, government travelers, senior citizens, military and airline personnel etc.
- Controlling discounts also is very important for generating the highest revenue and hotel yield.

Q. 2 What are the elements of yield management? Explain each.

4.3.7 Yield Management Strategies

A hotel needs to determine revenue management strategies for both high and low demand periods. Transient and group business market segments may each require a unique and specific strategy so as to maximize revenue:

Potential High Demand Techniques: During high demand periods the normal techniques is to increase room revenue by maximizing average room rate. Besides that there are some other tactics that can be used to maximize room revenue:

- Try to determine the right mix of market segments in order to sell out the highest possible room rates. This strategy is highly dependent upon accurate sales mix forecasting.
- Monitor New Business Bookings and use these changed Conditions to reassign Room
- Inventory. As Occupancy increases, consider closing the lower room rates, management should be prepared to reopen the lower room rates as the demand begin to decrease, management must closely monitor demand and be flexible in adjusting room rates.
- Consider establishing a Minimum Number of Nights per Stay restriction carefully. For example, resort that always fills to capacity over weekend may ask the guest a three day minimum stay in order to better control occupancy.
- Close or restrict discounts – Analyze the discounts and restrict them as necessary to maximize the average rate. You may offer discounts to those guest who books for longer stays, or restrict bookings to shorter stays.
- Reduce group room allocations is another great tactics– Communicate and coordinate with group leaders on a regular basis. Make sure the group actually

needs the number of rooms specified in its contract. If not, make early adjustments.

- Reduce or eliminate 6 P.M holds – Reduce or eliminate the number of unpaid rooms that are being held until 6 p.m. When demand is high, you need rooms available to fill.
- Tighten guarantee and cancellation policies tactics– Tightening guarantee and cancellation policies helps to ensure payment for room nights. Charge credit cards for the first night’s stay on the day the reservation is made.
- Tactics on raise rates to be consistent with the competitors – Charge rates consistent with the competition, but limit rate increases to those rates published in the central reservations systems and listed in brochures for the period.
- Consider a rate raise for packages – If you are already offering a package discount, consider raising the rate for that package.
- Apply full prices to suites and executive rooms – In a high-demand situation charge full price for suites and executive rooms.
- Reserve close to arrival dates – By allowing the reservations to be taken for a certain date as long as the guest arrives before that date, a property is able to control the volume of check-ins.
- Evaluate the benefits of sell-through – With a sell through, the required stay can begin before the date the strategy is applied. This is often used when one day has a peak in occupancy and management does not want the peak to adversely affect reservations on either side of the peak day.
- Apply deposits and guarantees to the last night of stay – For longer lengths of stay, make sure the deposits and guarantees apply to the last night of the stay, minimizing early departures.

Besides the above tactics, a number of group business tactics may be appropriate during high demand periods, while deciding between two groups or more, one should select the group that produces highest total revenue. For this FOM or management must rely on their previous experience with the groups to develop the effective management policies. Keeping the focus on the total revenue it is good to sell blocks of guest rooms to groups because they not only give money through rooms but also provide revenue through the purchase of meeting place, food and beverage services and other hospitality products from the hotel. This tactic usually requires restricting access of local patrons to functions meeting and public spaces if these spaces are booked by local patrons potentially more profitable for groups needing such space may be forced to go elsewhere. Another tactics for handling group business during high demand periods is to attempt to move price sensitive groups to low demand days. In other words if the hotel forecast is high demand for a time when a price sensitive group has already booked space, management may try to reschedule the group’s business to a period of lower demand. This tactic which is often easier said than done allow the hotel to replace the lower room rate group with a group willing to pay higher rates.

Potential Low Demand Techniques: The strategy for transient and group business during low demand period:

- Carefully design a flexible Rating System that permits Sales team to offer lower Rates

- under Certain Situations, such rates should be decided during early planning period keeping in mind the time of low demand periods.
- Strive to accurately project expected Market Mix, the precision of this projection will influence the eventual yield statistic.
- Management should closely monitor Group Bookings and Trends in Transient Business and do Not close off lower Rate and Market Segments arbitrarily
- During low occupancy periods, open Lower Rate Categories, solicit Price Sensitive Groups, promote Corporate, Government, and other Special Discounts, and consider develop New Rate Packages and soliciting business from the local community
- Consider maintaining High Room Rates for Walk-in Guests since these guests have not contacted the hotel prior to arrival they typically present an opportunity to increase the average rate through top down up selling technique.
- A Non-Financial Technique that involves upgrading Guests to a higher category of room than they asked for or are entitled to by virtue of their Room Rate. This techniques may lead to increased guest satisfaction and enhanced customer loyalty but the implementation of this strategy is purely a management decision and has some risks also like for eg the guest may expect the same upgrade on future stay which may not be possible in future and front desk staff has to take extra care to explain that this is a special one time upgrade because the hotel appreciates guest business.
- Sell value and benefits tactics– Rather than just quoting rates, make sure guests know you have the right product for them at the best value. Sell the various values and benefits of staying at your property versus others that the guests may be considering.
- Tactics on Offer packages – To increase room nights, one tactic is to combine accommodations with a number of desirable products and services into a single package with one price. Mention any additions, renovations, or new amenities. Non-room revenue can be included, for example – free movies, discounted attraction tickets and shopping coupons.
- Keep discount categories open – Discounts are directed toward particular markets or are instituted during a particular time or season. During low-demand time, it is important to accept discounts to encourage room nights.
- Offer stay-sensitive price incentives – A stay sensitive price incentive provides a discount for guests who stay longer. For example, a guest staying 3 nights might get an additional Rs.2000/- per night discount, while a guest staying one night might not
- Remove stay restrictions – Remove any stay restrictions so guests are not limited as to when they can arrive or depart. Guests who can stay only one night will be encouraged to stay as well as those who are staying for a week. This will help to maximize occupancy.
- Involve your staff – Create an incentive contest to increase occupancy and room nights. Make sure to involve all members of revenue department as well as central reservations staff.
- Establish relationships with competitors – Having a cordial relationship with competitors can help with referrals and can help to carry out cross-marketing efforts.

- Lower rates tactics– There is great value in keeping guests at the property as long as you are at least covering the cost of occupancy. You may want to lower your rates as low as possible. Identify the hurdle rate, which is the lowest rate acceptable at that given moment

Implementing Revenue strategies: Once all the tactics are being analyzed and decided than the FOM must decide what rates will be applicable on any given day, as rack rates are always left open whether demand is high or low than in order to implement these tactics, Management or FOM must establishes the Hurdle Rate or The Lowest Rate for a Given Day, below which it is impossible to sell any Room ie any room that can be sold at the rate above the hurdle rate is acceptable by the management while if the room rates goes below these hurdle rates this should not be the situation. Some automated revenue system do not even display the room rates below the hurdle rate this preventing their use, hurdle rates can fluctuate from day to day, season to season depending upon the hotel's desired yield and market conditions, the hurdle rates usually reflects the FOM pricing strategy to maximize yield. Sometimes incentives are being offered to front desk and reservation staff for selling the rooms above the hurdle rate. Incentives may also be provided for longer guest stays, for eg a guest staying for three nights may qualify for lower rates than a guest staying for one night, this is called as stay sensitive hurdle rate. Reservation staff should receive incentive for booking a guest with there night stay even if it is at lower rate, because the total revenue generated from reservation will be greater than the revenue of one or two night stay.

4.3.8 Yield Management Team

The yield is primarily concerned with accommodation in the hotel industry, so everyone who is concerned with it either directly or indirectly with it forms the team of yield management. Basically three persons-front office/room division manager, reservation manager and sales manager comprise the team of the yield management. The front office manager has the overall control of the department with the targets of maximizing occupancy and revenue. Reservation manager has complete information of booking patterns, past histories and trends pace and bad times etc of hotels and its bookings, and sales department who bring business and whose primary function is to get guests to the hotel and hence working with the forecast team ensures that his department's team is fully aware of highs and lows of the hotel business.

The role of the team is primarily to forecast the demand of rooms and to assess whether to take transient or FIT in preference to group etc ie allocating the right number of rooms to various market segments on the basis of discussing reasoning and possible revenue generation calculation. Factors such as historical data, expected walk-ins, corporate rate business volume or corporate guest are also considered. The team working on yield management will decide on the levels of rates to open or close. Feedback sessions are another important function of yield management team. It is basically done to assess whether the decision taken with respect to revenue and occupancy management and strategies used were effective and accurate or not. Feedback also tells about the efficiency and performance of staff and hence is a guide for future improvement. Yield management team should collect as much information as possible and as fast as possible and should react to it immediately so as not to loose any opportunity as it comes to the hotel. There

might be situation coming where the hotel rooms may be full yet the revenue yield may not be maximum possible if the information collected is not complete or action is not taken immediately.

4.3.9 Yield Management Software

Although the individual task of revenue management can be performed manually, but for processing of large databases it is impossible without appropriate yield management software that too at much faster pace and with great accuracy thus hotels that uses these software gain strategic advantage over those that rely on intuitive revenue management decisions only. Yield management software helps revenue of front office managers by giving suggestions on price amendments, inventory control and channel management, and can integrate room demand and room price statistics and can stimulate high revenue producing product. A yield management software is designed to analyze raw data collected from in house property, management system, creates booking patterns, categories all information and prepares forecasting reports. The software should be able to:

- Establish and monitors the hotel rate structure
- Continual monitor's reservation activity and set inventory controls as needed
- Identify the high and low demand periods of the hotel and prepares hotel act accordingly
- Helps in rate negotiation with travel wholesalers and group booking
- Monitor and restrict the number of reservation that can be taken for any particular room night or room rate/room type.
- Matches the right room product and rate with guest need's and sensitivities.
- Makes the organisation ready for the changes in the competitive world
- Screening the available data and makes necessary projections for decision making of what action should be taken in terms of rate, occupancy and revenue etc.

Thus on one hand, the software analyses enormous data bases and provides useful forecasts based on the optimization models embedded in it and on the other hand, helps the revenue managers to plan for future and helps in decision making ie it is able to keep track of a wide range of forecasting data, and responds more flexibly to changes in booking levels: swiftly recognizing where demand is getting ahead of, or falling behind, forecast, at any given time. The system can then help reservations clerks in taking the right decision about what bookings to take and at what price. The system accesses the database of all historical guest information, fluctuations in demand, room rates and sources of business. In addition, data can be input on local events and other factors which might attract higher demand in a certain period. Thereby computer based yield management system has become a popular hotel industry software application.

nature, and historical data can be analyzed to calculate the room revenue that each expense item may represent. The management of hotel uses budgetary control for controlling cost and maximizing profit as it helps in continuous comparison of actual with budgeted figures so that timely action can be taken in case of deviation.

Here in this unit we studied yield and the various techniques that are used to maximize revenue generation in the hospitality industry. Yield is the ratio of actual revenue generated to potential revenue. These techniques are applicable to all the perishable products and services .yield management or revenue management is a pricing strategy based on demand and supply as when demand increases more than supply, the prices are raised and when supply increases than demand, prices are reduced or lowered to attract more business. The yield management tools are capacity management, discount allocation and duration control. In a nutshell, yield management can be defined as selling a product or service to the right customer, at the right time, and at the right price so as to maximize revenue.

4.5 Key Terms

Budget – a statement of expected/projected expenditures constructed from anticipated or projected revenue and available financial resources for a period of time usually one year. The process of preparing budget is called budgeting.

Budgetary control – the continuous comparison of actual with budgeted results for the purpose of achieving organizational objective or in case of any deviation corrective action can be taken.

Displacement –situation in which hotel accepts group business .at the cost of refusing transit guest

FIT –free independent traveler (any individual who is not in a group)or anon affiliated group member also called as Free Individual Travelers

Hurdle rate: lowest rate for a given day.

Overbooking – a situation when a hotel books more rooms than its total inventory of rooms.

Potential revenue: the maximum revenue that can be generated from the operations of any business.

Revenue Management: a process of planning to achieve maximum room rates and most profitable guests (guests who will spend money at the hotel's food and beverage outlets, gift shops, etc.), that encourages front office managers, general managers, and marketing and sales directors to target sales periods and develop sales programs that will maximize profit for the hotel

Revenue realized: the actual amount of room revenue earned

Room revenues: the amount of room sales received

Rooms forecast: the projection of room sales for a specific period

Wash Factor- deletion of unnecessary group rooms from a group block.

Yield percentage: the effectiveness of a hotel at selling its rooms at the highest rate available to the most profitable guest

Yield: the ratio of total output generated to actual potential.

4.6 References

- Kasavana & Brooks: Managing front office operations
- Front Office Management – S. K.Bhatnagar, Franc Bros
- Hotel Front Office Management - James A. Bardi, John Wiley & Sons, Inc.
- Hotel Front Office: Operations & Management – Tewari Jatashankar R., Oxford Publication

4.7 Suggested Reading

- Professional front office Management – Woods & Hayes, Pearson Publication
- Hotel Front Office – Manual – Sudhir Andrews, Tata McGraw
- Front office Operations& Admin: Dennis L Foster

4.8 Terminal Questions

Fill in the blanks

1. _____ is a plan of how to spend a decided and mentioned amount of money over a particular period of time.
2. Budget is used as a tool for control (True/False)
3. _____ is known as the final budget.
4. The continuous comparison of actual with budgeted results is known as _____
5. The _____ budget mention the amount of money required to purchase assets with the lifespan of more than one year.
6. The ratio of total output generated to actual potential is known as _____
7. Yield management is based on supply and demand (True/False)
8. Most expenses for front office are indirect expenses(True/False)
9. a situation of _____ occurs when hotel accepts group business at the cost of refusing transit guest
10. Removal of unnecessary rooms from group block is called _____

Short Answer Questions

1. What do you understand by forecasting room revenue and estimating expenses?
2. Explain how tools of yield management helps in improving revenue generation?
3. Mention the different elements of yield management?

Long Answer Questions

1. Define Budget? Classify budget in detail also specify capital and operational budget of front office
2. Define budgetary control with its advantages and disadvantages?
3. What is yield management concept? Mentioning the different formula used to measure the yield?
4. Discuss how a yield management strategy is used to meet high and low demand period?

UNIT 5: EVALUATION OF FRONT OFFICE OPERATION

Structure

- 5.1 Objective
- 5.2 Introduction
- 5.3 Establishing Room Rates
 - 5.3.1 Approaches for Setting Room Rates
 - 5.3.2 Types of Room Rates
- 5.4 Forecasting
 - 5.4.1 Benefits of Forecasting
 - 5.4.2 Information Required For Forecasting
 - 5.4.3 Forecasting Techniques
 - 5.4.4 Forecasting Room Availability
 - 5.4.5 Data required For Forecasting Room Availability
 - 5.4.6 Useful Forecasting Data
 - 5.4.7 Forecasting Formula
 - 5.4.8 Types of Forecasting
 - 5.4.9 Sample Forecasting Forms
- 5.5 Evaluation of Front Office Operations
- 5.6 Summary
- 5.7 Key Terms
- 5.8 References
- 5.9 Suggested Reading
- 5.10 Terminal Questions

5.1 Objective

After reading this unit the learner will understand:

- The elements of the management process that are essential for front office manager
- Understand room tariff methodology- cost based and market based
- Understand various types of room rates offered by the hotel to their guest
- What is Forecasting – benefits, data required for forecasting.
- Identify the techniques of forecasting
- Identify and calculate the data required for calculating forecasting room availability.
- How to calculate forecast formula
- Understand The various factors for evaluation of the performance of the hotel performance

5.2 Introduction

Planning and execution of activities and operations are one of the major responsibilities of all managers. In Front office it is given more importance as it is the major revenue producing department and the activities of other departments are dependent on their activities, so the front office manager (FOM) has to pay more time and efforts in identification of data which can be useful for planning in front office operations. The process of front office management can be divided into specific management functions:

Planning: It is one of the most important management functions as if the planning is properly done it will lead to the achievement of the organizational goals therefore at the planning stage, the front office manager tries to determine the department's goals both short term and long term and later, he will use these goals as a guide for planning more specific and measurable objectives. Finally, the front office manager will decide the strategies and tactics to achieve these objectives.

Organizing: The front office manager shall organize the work in such a manner that work is so divided among the staff keeping in mind the planned goal as the benchmarks. While doing so, he ensures that the work shall be distributed fairly among the employees and should be completed in a timely manner.

Coordinating: It involves bringing together and using the available resources to attain planned goals. The FO manager must be able to coordinate efforts of the employees so that they can perform their work more efficiently and effectively. Effective coordination is not only required among the employees of the department but also coordination is required with other departments for eg front office coordinating with housekeeping for selling the room so FOM should ensure effective coordination within and with other departments so as to achieve organizational goal.

Staffing: It involves recruitment and selection of the candidates those who best qualifies for positions, and scheduling employees. FO manger should develop staffing guidelines which are based on formulas for calculating the number of employees required to meet guest and operational requirements.

Leading: It involves guiding, motivating, training, disciplining, overseeing and setting an example for the front office employees.

Controlling: It involves setting the standards or benchmarks, communicating these standards to employees, measuring the actual results of operations, comparing the measured results with the actual and finally taking the corrective actions.

Evaluating: It involves identifying the extent to which planned goals are achieved. Than reviewing it and, when necessary, revising or helping to revise front office goals.

In this unit the focus is on the two main front office management functions- planning and evaluating of front office operations.

Planning involves three important front office functions:

- Establishing room rates
- Forecasting room sales
- Budgeting for front office operations (already discussed)

In order to achieve and maintain profitability the front office manager is required to focus on two important front office management functions:

1. Establishing room rates
2. Forecasting room Availability

5.3 Establishing Room Rates

Revenue management is the technique of planning to achieve maximum room rates and most profitable guests. As price is one of the major guest concerns for selecting a particular hotel for stay. Guests with budget constraints may request a room for the lowest price; this is their primary concern, while Room location, floor plan, room arrangements, ancillary equipment, and immediate occupancy play very lesser roles in their choice of room selection. Room price is not only the concern for the guest but also for the hotel. The pricing should be such that it covers the cost of production and overheads, and include a fair amount of profit, so that the hotel business remains sustainable and profitable. As the room are the major source of revenue for hotel so a competitive and good room rent is essential for running a successful hospitality business. As if the management fixes low room rates, the hotel operations might not be economical while if they are too high, the guest may not patronize the property.

As it is very clear from above point of view that price of the room is one of the major elements so the manager should be very careful in terms of tariff fixation (The term tariff means the rate which when applied to rooms of a hotel it means room rate).Hotel tariff or room rate fixation is a difficult task as the room rates are both quantifiable and qualifiable. Therefore the basis of charging the room rates varies from hotels to hotels.

5.3.1 Approaches for Setting Room Rates

The rate of a hotel room should be based on the competition in the market, cost involved, standard of services and amenities offered by the hotel, the profile of the guest, location of the hotel, location of the room etc.

The common approaches to deciding room tariff are given as below:

- Cost based pricing
- Market based pricing

MARKET BASED PRICING: Market based pricing is deciding a price based on the value of the product in the perception or terms of the customer. The concept is based on an idea of what the ultimate customer is ready to pay i.e. what he is willing to pay becomes the starting point. In that case, the hotel works backwards as it first makes an accommodation product available at a price that a guest is willing to pay, and then it tries to work on the cost in such a manner that a hotel receives a reasonable rate of return on that manner.

This approach can also be called as common sense approach. As management surveys the market and check other comparable hotels in the market and sees what they are charging for the same product. The approach behind this concept is that the hotel can charge only what the market willing to accept, and this is usually controlled by the competition.

There are many problems in this approach, firstly in case of new property, the construction and other cost will be more in the beginning than those of the competitors thus the hotel cannot be as profitable as the competitors initially. Second, with the property being new and having newer amenities, the value of property to guests can be more than the competitors. The market condition approach is fully a marketing approach that allows the local market to determine the rate. The market approach is further divided into:

- **On the basis of Competitive Pricing:** Charging as according to what the competitor is charging.
- **On the basis of Follow the leader Pricing :** Charges of the room similar to what the major and dominant hotel in the area charges
- **On the basis of Prestige Pricing :** to keep the highest rate in the area and justify it with better product, better service levels, etc
- **On the basis of Discount pricing:** also called as rate cutting ie reducing the rates or prices of the room lower than that of the surrounding competitors there by bringing the increase in occupancy, especially done during off seasons.
- **Inclusive and non inclusive rates or On the basis of meal plans:** Hotels also charge room rates on the basis of different meal plans provided or not provided along with the room to guest like CP/MP/AP basis.
- **On the basis of Guest requirements:** Charging room rates as according to the different requirements of the guest eg offering, long staying guest on AP basis while early check in on CP basis.
- **On the basis of Market tolerance:** Competing hotels are being checked to find out the best available for a room. These rates can be found out by calling the other competing hotels without disclosing your identity.

COST BASED PRICING: Cost based pricing is a room rent determination techniques that cover the basic cost of operations at a given level of service plus the predetermined percentage of return on investment.

It involves that managers should first calculate all the fixed and variable cost associated with the hotel and once calculated than desired profit margin is added to each unit such as 5 to 10% mark up. The goal of cost oriented approach is to cover all the cost incurred in producing or delivering the product or services and to achieve a targeted level of profit.

Formula can be

$$\text{Selling Price} = \text{Cost} + \text{Fixed Profit Percentage}$$

This method is simple as, it requires only the study of the hotel's financial and accounting records to determine prices. It does not take into consideration the competition and other factors that might have an impact on pricing. Cost oriented pricing is popular as it requires internal information which can be calculated easily and besides that they can justify the prices as it took into consideration cost plus a mark up for profit.

The following are the two widely used cost based pricing techniques:

1. Rule of thumb approach
2. Hubbart Formula

The Rule of Thumb: This is one of the traditional methods of tariff fixation used in the hotel for fixing the price of the room, according to this approach the room rate is fixed at **Rs. 1 for each Rs. 1000** which is been spent on the construction and furnishing of the room assuming 70 % occupancy for the year. This is also called as cost rate formula.

For example, assume that the average construction and furnishing cost of a hotel room is Rs. 50,00,000/- the average rack rate of hotel room in this hotel using thumb rule will be Rs. 5000, as illustrated below.

$$\begin{array}{l} 1000 \quad : \quad 1 \\ 50,00,000 \quad : \quad 5000 \end{array}$$

Thus in this approach only the cost incurred at the time of starting the operation is only considered and if we try to know the room rent after 20 years of its operation the rate would come the same as (Rs1 For Rs 1000) though the cost of operations would have increased manifold. This is one of the major drawback of this approach and some other draw backs are:

- This approach did not consider the factors like inflation, competition, fixed expenses etc and only the cost of constructing a room is kept in mind.
- This approach consider the average occupancy to be 70% which is not achieved by many hotels due to several reasons thus hotels expecting lower occupancy should set a higher rate to attain same revenue.

- The return on Investment is not considered.
- It even not considers the depreciation of fixed assets and elevation of land cost.
- To establish the hotel requires large sum of money, which is generated through borrowing from family, friends, financial institution and public through sale of shares and debentures. The owner of the hotel has to pay the debts and interest on the sum received irrespective of the condition of the hotel this factor is not consider in this approach
- The hotel business may have to face some unavoidable and unexpected expenses, the provision for which is not mentioned in this approach.
- The rule of thumb approach for pricing rooms rates also fails to take into consideration the revenue generated from other sources ie facilities and services provided by the hotel, eg hotel generates revenue from sources like food and beverage, conference, laundry, telephone etc so it must be a part of calculation while deciding room tariff for the hotel.

The Hubbart Formula: As rule of thumb approach was an traditional way of calculating the room rent and also has several drawback so a new approach was developed called as The Hubbart formula, which is more scientific way of fixing the room rent, and it was developed by Roy Hubbart in America in the 1940s taking in calculation - operating expenses, room sales, and pre-desired return on investment, which helped to resolves all the problems of the thumb rule approach.

$$\text{Room Rent} = \frac{\text{ROI} + \text{Operating expenses} - \text{Non room revenue}}{\text{Projected rooms sold per day} \times 365}$$

The Hubbart formula is also called as “bottom-up” approach as it requires one to completely reverse the income statement from the bottom up. Using the bottom-up approach, you begins with calculating the desired net income which is based on the owner’s desired return on investment (ROI) and the income statement by adding back estimated taxes, non-operating expenses, and undistributed operating expenses and then subtracting out estimated operated departments income (excluding rooms). This will lead to the result which will be the estimated operated department income for rooms. Next, you can separate the estimated operated department income for rooms into rooms revenue and rooms expenses. Once rooms expenses are subtracted than only, rooms revenue will remain. This revenue can then be again divided into number of rooms to be sold and, finally, ADR. The resulting ADR is the average price that should be charged for your rooms in order to achieve the owner’s desired net income (ROI).

STEPS: The following steps are involved in calculating the room rent according to Hubbart formula :

Step 1: Calculate the total investment including the owner’s capital and loans. Once total investment is known, calculate hotel’s desired profit by multiplying the desired rate of return (ROI) by the owner’s investment.

Step 2: Calculate the total expanses like operating expenses, overhead, depreciation of fixed assets, interest paid, taxes sand insurances etc that will happen during hotel operations.

Step 3: Combine the step 1 and 2 to calculate the gross operating income that covers the operating cost, investment and ROI.

Step 4: Next calculate the income generated from other sources of hotel revenue producing areas like food and beverage sales, laundry etc. Subtract the same from the amount calculate in step from 3 so as to get the profit from the room sales. This will give the total revenue from room sales.

Step 5: Calculate the total number of guest rooms available for stay by multiplying the total number of rooms with no of days in the year. Make the provision for expected average vacancy that is expected during the year. This step will provide total no of rooms available for sale.

Step 6: Divide the revenue generation result from step 4 by the total number of rooms from step 5 the result obtained will be average daily rate which will be average daily rate covering the cost of operation and fair return on investment.

In summaries and numerical form the above steps can be:

1) Total Investment = Owners Capital + Loans
 Return on investment (ROI) = Total investment X Return Percentage

2) Total Expenses = operating expenses
 (Include expenses directly associated with selling and cleaning rooms and providing food services)

+ Taxes and insurance
 + Interest paid on loans
 + Depreciation on book value

3) Gross Operating Revenue = Total Expenses + ROI

4) Calculate non-rooms income: Hotel can make profit from food & beverage dept. or from telephone toll charges or laundry.

5) Revenue to be generated by room = Gross Operating Revenue – Revenue generated from other sources (e.g. food & beverage sales, laundry, rent and lease of the hotel area, fitness centre etc)

6) Calculate total no of room available during the year = Total no of room in the hotel x No of days in the year
 Make the provision for expected average vacancy that is expected during the year. This step will provide total no of rooms with the no of days in the year.

7) Average daily rate = $\frac{\text{Revenue generation from room}}{\text{Total No of rooms}}$

For Example : Hotel 'XYZ' having 60 rooms is constructed at a project cost of Rs 10 crores. The owner's capital is Rs. 8 crores on which he is expecting 20 % ROI while the remaining capital is arranged through a bank loan at an interest rate of 15% per annum. The income tax rate is 30 % and the hotel is expected to make 60% occupancy. The operating expenses are estimated to be Rs. 2 crores while the hotel is expecting Rs. 1 crores as non room revenue in the first year of its operation. Calculate Average rack rate with the use of Hubbart formula

Solution: Desired ROI- Rs. 80000000 x 20 % = 16000000

Total room nights = 24 x 365 = 8760

Total expenses = Rs. 20000000 + 6000000 (bank interest) = 26000000

Non room revenue = Rs. 10000000

Pre- tax income - $\frac{30 \times 16000000}{70} = 6857143$

70

6857143 + 16000000 = 22857143 /-

$\frac{22857143 + 26000000 - 10000000}{8760}$

8760

= **Rs. 5643 /-** is estimated as average rack rate for the hotel as per Hubbart formula.

Hubbart formula is useful because

1. It helps in providing an adequate return to the hotel's owner.
2. It helps in Recovering the hotel's non operating expenses
3. It helps in covering the hotel's fixed cost.
4. It takes into consideration the hotels operating cost
5. It takes into consideration all the hotel's non -room income (or loss)
6. Result in a definite and justifiable rate goal or overall ADR goal.

The Hubbart formula was criticized for based on assumptions about the non important owner's desired ROI and the need to know expenses that are affected by the quality of the hotel's management. Another criticism is that the formula requires the room rate to compensate for operating losses incurred by other areas (such as from telecommunications).

The formula's primary shortcoming may relate to identifying the number of rooms forecasted to be sold. The number of rooms sold is dependent, to a significant degree, on

the rate charged for the rooms. However, the Hubbart formula requires that the number of rooms sold be estimated *prior* to knowing the rate at which they would sell.

5.3.2 Type of Room Rates

Room rates are of two types:

- Rack Rate
- Discounted Rate

Rack Rate: It refers to the actual or normal room rates of the hotel room. Hotel generally fixes a standard rate for each of the category of rooms offered to guests. In olden days, a wooden rack or rate board was placed near the room rack in the lobby or at the reception, hence the name is placed rack rate. This is the rate which is published on the tariff card of the hotel and is without any discount is known as the Rack rate. In general, rack rate may be termed as the MRP of a hotel room.

Discounted Rate: To attract and motivate the guest to provide regular business to the hotel and also to compete in the market, hotels offer different types of discounted room tariff. Discounted tariff are always lower than the rack rate. Sometimes hotels offer discounts to guest to please him for a courtesy as it is expected that the guest may be sending lot of business to the hotel in future. Some of these discounted rates are given as below:

- Corporate Rate
 - Regular corporate rate
 - CGVR
- Seasonal rate
- Advance Purchase Rate
- Week Day /Weekend Rate
- Day and Half Day Rate
- Group Rate
- Tour Group
- Travel Agent rate
- Airline rate
- Government rate
- Educational Rate
- Membership Rate
- Introductory rate
- Crib Rate
- Complimentary rate
- Package Rate

Corporate Rate: To attract the corporate market segment, corporate discount on the rates are offered to companies and corporate houses which is usually 10-15% discount on the rack rate are offered. Now a day's various MNCs organize residential conferences and training programs at different destinations away from their work places and hotels wants to cash these opportunities so they tries to lure the corporate houses by offering them different discounted rates.

Generally corporate rate is of two types:

- i. **Regular corporate rate:** It is a unilateral offer ie when hotels offers a fixed percentage of discount without any commitment from the corporate house to provide regular business to hotel it is known as regular corporate rate.
- ii. **CGVR:** It stands for **company guaranteed volume rate**. It's a bilateral contract between the hotel and the corporate house. In this case hotels offer a higher discount compared to regular corporate rate but on a condition that company will give a guaranteed volume of business during the year.

Seasonal Rate: Seasonal and resort hotels usually have fluctuating demand ie they have a very clear peak season, mid season / shoulder period and off season depending upon their locality and interest of guest Destinations like hill stations, beaches and resorts etc receive heavy traffic during particular period of the year: the rest of the year is the lean period in terms tourism. Therefore when the tourist traffic is more at a particular place is known as peak season hotels do not offer any discount and they charge rack rate during peak season and sometimes even more than the rack rate known as seasonal rates, and as tourist traffic drops down, to attract the tourist hotels offer discounted rates to the guest known as off season rates Hotels in these locations mention their seasonal and off seasonal rates clearly on the traffic card rates.

Advance Purchase Rate: The concept is more popular in the airline industry, and is a relatively new concept in the hospitality industry. It gives heavy discount on room rates when room booking are done in advance. The rate of discount depends upon the advance time period and the number of rooms available at the time of booking ie a hotel may give discount for a room that is booked in advance as compared to a room that is booked fifteen day in advance, The advance booking of rooms ensure the revenue in future and thereby helps in future planning and revenue management

Week Day /Weekend Rate: Some hotels have a fluctuation in their occupancy level with regard to the days of the week .The demand for rooms in such hotels may be more on certain days in a week like: Business hotels have to face low occupancy on weekends as most of the establishments and offices are closed on weekends, therefore to attract business on weekend, special discounted rates are offered by these hotels to the guest while. Resorts close to the cities will offer a discounted rate on week days compared to the weekends as the demand for room is higher on weekends. Thus Hotels analyses their demand levels over a period of time and fix higher rates during demand period and lower room rates during low demand period.

Day And Half Day Rate: These rates are charged from the guest who are not going to stay overnight in the hotel, and are always lower than the rack rate of the hotel, for e.g. if the guest checks in at 10am and checks out the same evening at a t around 5pm he may be charged the day rate .Sometimes a guest may wish to stay for a very short duration of the time, not exceeding five hours. Then he is charged Half Day Rate which is generally more than the numerical half of the rack rate. For eg A guest has to catch a flight after

few hours and in meantime he wants to relax in the hotel from such guest half day charges are charged.

Group Rate: 10 or more than ten persons travelling together forms or are known as group. Group tariff is lower than the rack rate because it gives bulk business to the hotel so a hotel offers discounted rates to group. Group rates are generally negotiable on the basis of the size of group, length of stay, past relationship with the group operator, season, etc.

Tour Group: These are the highly discounted rates given to a wholesaler who operates a series of tours groups arriving and departing together. E.g. A tour operator may conduct a week's tour of the Golden Triangle (Delhi-Agra-Jaipur) on the 4th, 14th and 24th of every month for groups of 20 persons. He gives guarantees to the hotel that he would provide this series of business every month for a period of 1 year.

Travel Agent Rate: Travel agents are those who sell travel products like hotel rooms, airline booking etc. on a commission basis to the guest, and as they provide a substantial volume of Business to hotels also so in return hotels offers them special discount and commission etc. Thus taking commission or special favors from both the hotels and guest. They are like a retail shop of tourism industry. Usually 10 % commission is offered to the travel agents for the business provided by them. They are also offered a discounted rate so that they publicize the hotel product in the market, ahead of their competition which is also being marketed by them. eg. are Cox & Kings, Thomas Cook

Airline Rate: These are the special discounted rates offered to crew members of one or more airlines generally offered by airport hotels or the transit hotels as they give they give business in the form of stay of their crew members or layover passengers throughout the year on a consistent and continuous basis.

Government Rate: Government employees generally travels for official work, and they are paid allowance to cover their hotel, fooding and travelling expanses thus some hotels offer them a rate which give them room and accommodation with in that price.

Educational Rate: Educational rates are special rates by hotels to students and educationists who have a limited travel budget. They are significant sources of business because of their large number and frequency of visits

Membership Rate: Membership rates are offered to those guest who are members of influential organizations that provide heavy volume of business to hotels .The membership rates are generally much lower than the rack rates and may also include discount on food & beverage Special discount rates are given to FHRAI member (Federation of hotels and restaurants association of India) is a trade association which is a representative body of hospitality industry in India)- FHRAI card holder gets a fixed discount in all member hotels which is 30% on Room, F & B, and Laundry.

Introductory Rate: New hotels generally offers special discounted rate during their initial months so as to attract the business and to familiarize the guest and market with their hotel.

Crib Rate: This is the rate charged for children above five years and below age of 12 years, who are accompanying their parents. The hotels provide crib bed in the room for infants.

Complimentary Rate: When any room is offered to a guest without any charge it is known as complimentary rate. It is generally offered to a relative or friend of the owner, or to compensate for severe problems in services of the guest, or as a reward to a regular guest or during FAM Tour/familiarity tours to develop good opinion about the hotel such as travel writers, food critics, travel agency heads, etc. Another term is **House Use** When the room is given without any charges to a person who is staying in the hotel for hotel's own use ie it may be in the case of a resident manager or manager on duty or a technician who is staying the hotel for some kind of repair and maintenance work than it is called house use.

Package Rate: A package offered by the hotel for a combination of one or more hotel product or services. Also called bundling. Package rate may include room rent, meals, special arrangement and may also include products and services offered by other service providers like transportation (rail, road and air) sightseeing's and so on.

A package rate is more economical and cheap for the guest than the individual purchase of each of the product and services while on behalf of hotels it act as a marketing strategy to sell the slow moving item along with the hot selling items of the hotel, also when products and services are sold in bunch it save the individual advertisement cost of the hotel and the money thus saved by the hotel is passed to guest in the form of lower prices.

The hotel may offer the following package:

- Meeting Package
- Meal Package
- Marriage Package
- Holiday Package

5.4 Forecasting

One of the most important task performed by the front office manger involves forecasting demand for the hotels guestroom, these forecast if accurately done can be very effective in maintain the room and revenue management.

According to Dictionary forecast means “to say what will probably happen in future”, i.e. “forecasting is a technique to estimate about the future, based on historical figures, expectations, trends, and/or experience, a certain value of an uncontrollable variable for a certain future period of time.

From the above definition it is clear that to forecast one requires to analyze and study the past records and demands, but, it cannot be as simple as it sound by coming up with a figure, only by considering the historical data's or figures, without adjusting to other variables like competition, image and risk of the country, interest rates, inflation,

exchange rates, and other economical factors etc. Therefore, a person who forecasts shall adjust the forecasted figure to the today's realities and expectations before forecasting anything.

5.4.1 Importance of Forecasting

Forecasting plays a very important role in the future planning, benefits of forecasting in the hotel industry are:

1. It helps the reservation manager to project the future volume of business and the revenue that would be generated by the hotel.
2. Staff requirement in each department for smooth functioning of the hotel.
3. Minimum inventory required by each, department for the smooth functioning of the hotel.
4. Allocation of resources to serve the guests in the hotel in the best possible way.
5. Maintenance and replacement required by the furniture, fixtures and finally by the property.
6. Special arrangements to be made for the—guest especially for groups, commercially important people (C.I.P's) and VIP's.
7. The reservation forecast will provide the necessary data to the FOM so as to practice Yield Management.
8. Forecasting provides information about the lean days when occupancy is low so that the sales department may take necessary action to attract business during that period.
9. The forecast data also give information about the sold out dates, so that the reservation agent does not accept any reservation for those dates.
10. Forecasting also helps in taking selective overbooking.

5.4.2 Information Required for Forecasting

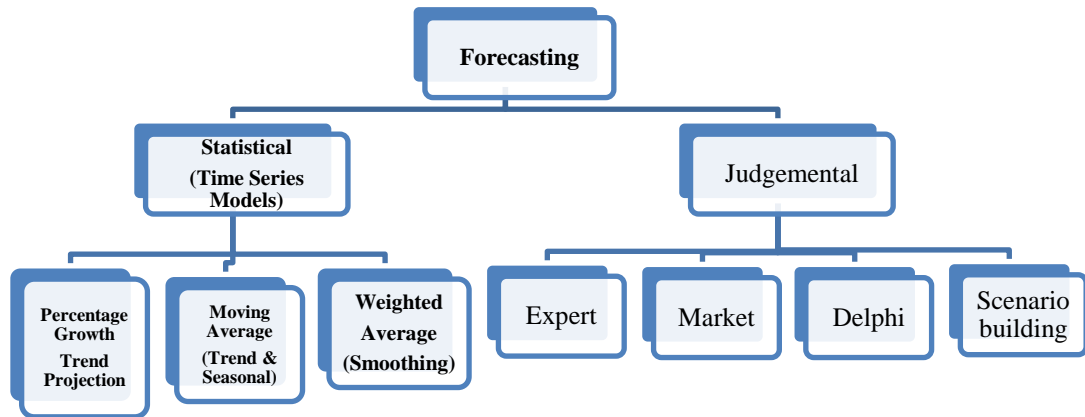
A forecast can serve as a guide in determining operational cost and thus every effort should be made to ensure accurate forecasting, as it is a difficult skill to develop and can be acquired with experience, effective record keeping and accurate calculations. Therefore experienced FOM's have found out that several types of information need to know or should be aware of before making the room availability forecast. These information are as follows:

1. Thorough and detailed knowledge of the hotel and surroundings areas
2. Market profile of the people to whom the hotel provides services
3. Occupancy data for the past several months and for the same period of the previous year
4. Reservation trends and history of reservation lead time between expected date of arrival and date of reservation also called reservation horizon
5. A list of special events scheduled in the geographical area
6. Business profile of specific groups booked for the forecasted data
7. Number of Non guaranteed and guaranteed reservations and estimate of no shows
8. The percentage of rooms already reserved, cut off dates for rooms blocks held in the forecasted dates

9. Impact of hotel groups and their potential influence on the forecasted dates
10. Plan of renovating the hotel that would change the number of rooms available for sale
11. Construction or renovating plans for competitive hotels in the area.

5.4.3 Forecasting Methods /Techniques

There are several forecasting methods or techniques ranging from the common and simple method of using last year's actual figures as the forecasting tool for the coming year's numbers to complex approaches such as econometric.



Forecast methods are divided into:

1. Judgmental/ Qualitative method
2. Statistical/Quantitative method

Judgmental / Qualitative method: These types of forecasting methods are based on judgments, opinions, intuition, emotions, or personal experiences and are therefore subjective in nature. They do not rely on any rigorous mathematical computations. Types of Qualitative Method are:

- Expert Opinion
- Market survey
- Delphi Technique
- Scenario Building

Expert Opinion: In this technique group of managers meet, discuss and collectively develop a forecast.

Market Survey: The approach that uses interviews and surveys to judge preferences of customer and to assess demand

Delphi Technique: It is a systematic interactive forecasting method for obtaining forecasts from a panel of independent experts, .the selected experts answer questionnaires in two or more rounds. After each round facilitator provides an summary of the expert's forecast from the different rounds as well as the reason they provided for

their judgments, thus participants are given the chance to revise their earlier answers in light of the replies of other member of the group, it is believed that during this process the range of the answers will decrease and the group will finally reach towards the correct answer and finally the process is stopped after the number of rounds and after reaching consensus stability of result and the mean or median scores of the final round gives the result. In short it can also be called as approach in which forecast decision is taken through consensus agreement reached among a group of experts

Scenario Building: It is the process of analyzing all possible future events by taking into consideration all alternative possible outcomes or scenarios, the analysis is designed to allow improved decision making by allowing more complete consideration of outcomes and their implications.

Statistical /Quantitative Method: These types of forecasting methods are based on mathematical (quantitative) models, and are objective in nature. They rely heavily on mathematical computations. In the scope of this very course, Rooms Division Managers forecast mainly Room Demand for a future period of time measured either in:

- Number of Rooms
- Number of Room Nights
- Number of Guest Nights

- **Room Nights** = Occupancy Rate * Hotel Rooms * Average Length of Stay
- **Guest Nights** = Occupancy Rate * Hotel Rooms * Average Guest per Room

Forecasting demand in room nights and/or guest nights is a better measurement compared to number of rooms. For, room nights and /or guest nights underlies more than one demand dimension at the same time and hence is more meaningful. Types of Quantitative Method are:

- Percentage growth period
- Moving average period
- Weighted average period and others like Regression analysis, econometrics etc that are more complicated

1. **Percentage Growth Method:** The assumption according to this method is that data available follows either an increasing or decreasing trend. Therefore this method shall be used for forecasting, only when data matches this assumption. Percentage growth between two periods i.e. first & the last year, is identified and applied to the previous year of the year for which forecasts are to be made.

2. **Moving Average Method:** The Moving Average Method similar to the “Percentage Growth Method” assumes an increasing or decreasing trend. This forecasting technique aims at smoothing data and adjusts it as to minimize volatility reflected in a high standard deviation between different records in the same data range.

The most common used moving average is the Double moving average, which calculates a third column by taking averages of couples of any two successive years, Later, the

percentage growth method would be applied to the smoothed data, Lastly, come up with the forecasted value:

3. Weighted Average Method: The Weighted Average Method assigns Certain Importance Factor or Coefficient to each historical Value. Later, the forecasted value shall be computed by dividing the weighted data to its coefficients by the sum of coefficients.

- Assigning weights or coefficients is an art that depends on experience, thorough analysis of past figures, and performances. Yet, whatsoever coefficients chosen, there is always a certain subjectivity factor that might affect eventually the forecasted figure!
- One of the most common types of the weighted average method is the simplest method, which assigns the lowest weight to the oldest data in a sequential order.
- Though the simplest weighted average method is straight forward, assigning least weight to oldest data assumes that:
- The factors that affect the oldest demand diminishes through time and hence are not important as far as the future period to be forecasted is concerned
- The factors and hence the conditions that created the last period's demand are assumed to continue heavily playing an important role in the next period to be forecasted!
- Since the above mentioned assumptions might not be valid, in most of the cases, hotels shall adjust the coefficients attributed in the simplest weighted average method in a way that mostly puts more weight on factors thought to affect next period's demand and less weight to those which would be considered relatively unimportant!!
- Another possibility is that hotels shall, after finding a forecast from the simple weighted average method, adjust to experience, trends, and fact.

4. Time Series Analysis: The Time Series Method tries through Regression Analysis to come up with a Line that minimizes the distance between any Actual Point on the Curve and its Corresponding Point on the Line (Least Square Method). This Technique is referred to as the Regression Analysis. After finding the Equation of the Line (i.e. $f(x) = y = a * x + b$), we try to forecast the independent Variable. Managers shall use forecasting methods with extreme precautions, and shall consider first the assumptions underlying each Forecasting Method to be able to find a good forecast. After running a statistical forecast, managers shall adjust it to trends, expectations, and opinion surveys. (I.e. shall consider judgmental forecasting)

5.4. 4 Forecasting Room Availability

Availability of room is the actual or projected number of rooms that are still not occupied or reserved on a given date. Because rooms continually turn over, it becomes non feasible to calculate the exact number of rooms that will be unoccupied. A room availability report is based on an estimate calculated with the help of information available from past reservations and occupancy. Following information is required to prepare an accurate room availability report.

Room Inventory - : It is the total number of rooms that could possibly be sold on a given date is called is called room inventory. The inventory does not include rooms that are out of order for maintenance or redecoration or rooms that are currently under construction.

Previous Night Occupancy - : It is the total numbers of rooms that were occupied by the guest on the previous night.

Departures: - A departure are those guest who are scheduled or planned to be check out on the current date.

Reservations - : This report must take into consideration the total numbers of rooms for which reservations have been received for the current date.

Under Stay: - : Those guest who were actually supposed to stay in the hotel but checked out before their scheduled departure date due to any reason is called under stay.

Over Stay: - :Those guest who stays or remains in the hotel beyond the scheduled departure date is called over stay.

Cancellation: - :Those reservations which were made by the guest but are canceled due to some reasons.

No-Shows - : Besides cancellation there is a small percentage of people who make reservations and never check – in. The average number show rate is about 5% of reservations.

Early arrivals: - : There are chances also that a guest will check in prior to the estimated arrival date.

5.4.5 Data Required for Forecasting Room Availability

Forecasting Room Availability process generally based on historical occupancy data. To facilitate forecasting, the following daily occupancy data should be collected:

- No. of expected room arrivals
- No. of expected room walk-ins
- No. of expected room stayovers (rooms occupied on previous nights that'll continue to be occupied for the night in question)
- No. of expected room no-shows
- No. of expected room under stays
- No. of expected room check-outs
- No. of expected room overstays

These data's are important for forecasting the room availability. Since they are used for calculating several daily operating ratios that help to identify the room position. Most statistical ratios(mathematical expression of a relationship between two numbers that

result from dividing one by the other) that apply to Front Office operations are expressed as percentages. Managers should look for consistency in these ratios as without consistency in forecasting ratios the evaluation of the hotels performance will be difficult.

5.4.6 Useful Forecasting Data

The following ratios and percentages are useful for the FOM for forecasting:

Percentage of No Shows: The percentage of no shows indicates the proportion of reserved rooms that were booked for the guest but the expected guests did not arrive to occupy the reserved rooms on the expected date of arrival. This ratio helps the front office manager to decide when and if the rooms can be sold to walk in guests. The percentage of no shows is calculated by dividing the number of rooms no show for a specific period of time by the total number of expected rooms arrivals for that same period.

$$\text{Percentage of No Shows} = \frac{\text{Number of the Room of No Shows}}{\text{Number of Room Reservations}}$$

Some hotel's FOM also keep in mind reservation in terms of the guaranteed and non guaranteed reservations, as non guaranteed reservations typically have a higher chances of no show percentage than guaranteed reservations since the potential guest do not have any obligation to pay if they do not register at the hotel. Proper forecasting of no shows rooms also depends on the hotels mix of business. For E.g.: corporate groups have a generally much lower no show percentage that other type of groups or FIT's or individual businesses.

Percentage of Walk-ins: The percentage of walk-ins is calculated by dividing the number of occupied rooms by walk-in guest by the total number of rooms' arrivals for the same period.

$$\text{Percentage of walk in} = \frac{\text{Number of the Room walk in}}{\text{Total Number of Room Arrivals}}$$

Walk-ins guest generally occupy those rooms available that are kept for guests with reservations but they have not come (cancel or no-show), therefore hotels can sell those rooms to walk –in's guest at a higher rate, as these guests have less opportunity to consider the alternate property. A walk-in guest room sale thereby helps the hotel to improve both its occupancy and room revenues. However, from a planning perspective, it is generally considered better to have reservations in advance than to rely on walk-in business.

Percentage of Overstay: Overstay rooms represents those rooms which are occupied by those guests who wants to stay beyond or more than their expected departure dates. Overstay guests may have arrived with guaranteed reservations or non guaranteed reservations or as walk in's.

The percentage of overstay is calculated by dividing the number of overstay rooms by expected room departures for the same period.

$$\text{Percentage of Overstay} = \frac{\text{Number of overstay Room}}{\text{Number of expected checkouts}}$$

Where the number of expected check outs equal to the number of the actual check outs minus under stays plus overstays. To help regulate room overstays the Front desk agents are trained to verify the arriving guest’s departure date at the time of check in. Such verification can be critical especially when the hotel is at or near a full occupancy and there are no provisions for overstaying the guest.

Percentage of Under stay: Under stay represents rooms occupied by guest who checks out before their scheduled departure date. Under say guests may arrive at the hotel with guaranteed reservation or as walk in guest. The percentage of under say is calculated by dividing the number of under stay rooms for a period by total number of departure rooms for the same period.

$$\text{Percentage of Understay} = \frac{\text{Number of Understay Room}}{\text{Number of expected checkouts}}$$

Guest when leave before their expected date of departure creates empty rooms which are difficult to fill in the last moments thereby leading to loss of room revenue As under stay rooms represent permanent loss of room revenue, while, overstays may boost room revenues. It is a privilege when the hotel is having low occupancy In order to regulate both, front office staff should:

- Confirm or reconfirm guest’s Date of Departure at the time of registration
- Present an alternate guestroom reservation form to registered guest to overstay guests
- Review guest history
- Contact potential overstay guests, especially those who have not left by check-out time

5.4.7 Forecast formula

Once the FOM is ready with the statistics, the number of rooms available for sale on any given date can be calculated by using the following formula:

Total Number of guest room

- (-) Number of out order rooms
- (-) Number of rooms reservation
- (+) Number of rooms reservations (x) % of no show
- (-)Number of rooms over stays

Number of rooms available for sale

Note that this formula does not include walk-ins. They are not included because the number of walk-ins a hotel can accept is determined by the number of rooms that remain

available for sale. If a hotel is full due to existing reservations, stay over and other factors. It will not accept walk-ins.

As an example, consider the hotel is a 140 room property where on April 20th there are 5 out of order rooms and 55 stay over. On that day, there are 42 guests with reservations scheduled to arrive since the percentage of no-show has been recently calculated at 18.06 % the front office manager calculates that as many as 8 guests with reservation may not arrive ($42 \times .1806 = 7.59$, rounded to 8). Based on historical data, 6 under stays and 15 over stays are also expected. The number of rooms projected to be available for sale on April 20th can be determined as follows.

Total number of guest rooms	140
(-) Number of out of order rooms	(-) 5
(-) Number of stay over	(-) 55
(-) Number of room reservation	(-) 42
(+) Number of room reservation X Percentage of No Show	(+) 8
(+) Number of rooms under stay	(+) 6
(-) Number of rooms over stays	(-) 15
<hr/>	
= Number of rooms available for sale	39 rooms

5.4.8 Types of Forecasting

The accuracy in the forecast is essential because it is the main element of the pricing/room allocation decisions; Forecasting is generally done by front office manager or by Revenue Manager and is done in different ways; few hotels use the manual excel-based approach for forecasting, while others use automated systems called Revenue Management systems. Many hotels have decided to have automated system so as to have accurate forecasting as inaccurate forecasting leads to incorrect decisions and severely affect revenues and profit margins. Accurate Forecasting is highly important for any hotel operations. Types of forecasting may be divided into three categories:

- **Occupancy Forecast:** Revenue Manager predicts the occupancy level.
- **Demand Forecast:** Revenue Manager produces the unconstrained demand for the hotel (hotel occupancy level if no restrictions on capacity and price is applied).
- **Revenue Forecast:** Revenue Manager estimates the revenue to be generated.

Different methods/approaches that are used by hotels to forecast demand; these can be divided into two categories: historical booking models and advanced booking models. Historical booking models consider only the arrivals or the occupancy time series, and apply time series models on these. No use is made of the reservations data. The advanced booking approach, on the other hand, makes use of the reservations data, and utilizes the concept of "pick-up". For example, most major hotel chains use linear-

programming-based models that require detailed forecasts by day of arrival, length of stay, and rate category. Hence, forecasting is estimated as such: a hypothetical automated system that scans historical bookings, occupancy patterns, internal and external events, and reservation and rates information and fits quantitative forecasting models to the data. Using the fitted models, the revenue management system arrives at predictions, which are then used as an input in making rate and allocation decisions. Thus, the accuracy of this forecasting tool boosts the hotel's revenues and profit margin.

Forecasting in the lodging industry has been relatively important based on the nature of industry and operational characteristics and difficulties. This importance is not only related on wide demand fluctuations, but also the efforts to increase occupancy rates, ADR and RevPar. The forecast is the most important driver of any revenue-management optimization approach. Hotels should forecast at a detailed level if the true benefits available from revenue optimization are to be achieved.

5.4.9 Sample Forecast Forms

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

Ten-Day Forecast: In most of the properties, the ten-day forecast is prepared jointly by the front office manager and the reservations manager with the support of their forecast committee. Many properties develop their ten-day forecast from their yearly forecast. A ten-day forecast usually consists of:

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

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

To help the other departments of the hotel to plan their staffing and payroll levels for the upcoming period, the ten-day forecast should be prepared and distributed to all

department offices by mid-week for the coming period. This forecast can be especially helpful to the housekeeping department who has to keep the staff ready for the future requirements. A ten-day forecast form, as shown, is typically developed from data collected through several front office sources.

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

Most computer systems software's are there to provide a summary of recorded data in a report format for the use of front office manager but these are unable to forecast business. Programming to analyze historical trends and market conditions has been attempted in the past but with little success. Therefore while the computer system can assist in forecasting, it is the knowledge, and skills of the front office manager that determines how accurate the forecast is.

Ten Day Occupancy Forecast										
Location :					Week ending :					
Date prepared:					Prepared by :					
To be submitted to all department heads at least one week before the first day listed on forecast.										
Date and Day	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Estimated Departures										
Reservation Arrival groups										
Reservation Arrivals Individual										
Future Reservations										
Expected Walks In										
Total Arrivals										
Stayovers										
Total Forecasted Rooms										
Occupancy Multipliers										
Forecasted Number Of Guest										
Actual Rooms Occupied										
Forecasted Variance										
Explanation (To be Completed By Front Office Supervisor And Submitted To General Manager)										
Approved:										
Date:										
										General Manager Signature

Ten Day Forecast

Three-Day Forecast: A three-day forecast is an updated report that reflects a more current estimate of room availability. It gives details of any significant changes from the ten-day forecast. The three-day forecast is prepared to help management in proper planning and fine-tuning of labor schedules and adjusting room availability information.

Exhibit shows a sample three-day forecast form. In some hotels, a brief daily revenue meeting is held to focus on occupancy and rate changes for the next few days. The results of this meeting are often included in the three-day forecast.

Three Day Forecast			
Date Of Forecast :			
Forecast Completed By :			
Total Rooms In Hotel :			
	Tonight	Tomorrow	Third Night
Day			
Date			
Previous Night Occupied Room1			
- Expectd Departures			
- Early Departures			
+ Unexpected Stayovers			
Rooms Available For Sale			
+ Expected Arrivals			
+ Walk Ins And Same Day Reservations			
- No Shows			
Occupied Rooms			
Occupancy %			
Expected House Count 3			
1. previous night occupied room is determined from either b the actual number ofroom occupied last night or the forecasted number of rooms from the previous night.			
2. unoccupied rooms equals the total number of rooms in the hotel and less then the number of rooms occupied.			
3. Expected house count equals the forecasted occupied rooms times the multiple occupancy percentage for the day.			

Three Day Forecast

Thirty day forecasts: In addition to the above forecast form, FOM may also maintain 30 day forecasts that are often outputs from budgeting process. Hotels generally creates an annual – 12 months revenue and expanse budget in monthly increments, so the 30dayor monthly forecast is a common way to compare hotel’s budget forecast with an occupancy or room revenue forecast.

Room Count Considerations: Control books, charts, software applications, projections, ratios, and formulas are essential for short- and long-range room count planning. Every day, the front office performs several physical counts of rooms occupied, vacant, reserved, and due to check out, to complete the occupancy statistics for that day. A computerized system can reduce the need for most final counts, as these systems can be programmed to continually update room availability information. It is important for front desk to know *exactly* how many rooms are available, especially if the hotel wants to operate at nearly 100 percent occupancy. Once procedures for gathering room count information are established, planning procedures can be extended to longer periods of time to form a more reliable basis for revenue, expense, and labor forecasting. The Checklist in Exhibit may be applicable to non-automated and semi-automated operations alike.

5.5 Evaluating Front Office Operations

Evaluating and measuring the performance of a hotel is one of the important management functions as its investors, owners and manager's wants to assess the profitability, revenue generation from the hotel ie to know whether the front office is able to attain the goals which were planned earlier and also to decide for future.

Therefore it is essential to have thorough evaluation of the results of front office operations which is done by front office managers; they evaluate the results of the departmental activities on a daily, monthly, quarterly and yearly basis. Some major **tools or factors** which front office managers can use for evaluating front office operations and to evaluate the success of front office operations are:

- The Daily Operations Report
- Occupancy Ratios
- Rooms Revenue Analysis
- The Hotel Income Statement
- The Rooms Schedule
- Rooms Division Budget Reports
- Operating Ratios
- Ratio Standard

The Daily Operations Report : The daily operations report also known as the manager's report, the daily report or the daily revenue report; have the summary of the hotel's financial activities during a 24-hour period. The report has the summary of cash reconciliation, bank accounts, revenue and accounts receivable. It also serves as a posting reference for various accounting journals and provides data that act as an input to link front and back office automated functions. The copies of the report are generally distributed to all department and division managers.

A room statistics and occupancy ratio from all the sections of the hotel becomes the part of the daily operations report and with the comments and observations from the accounting staff, statistics shown on the daily operations report makes it more meaningful for the manger's in identifying the problem and taking the right decision. For example, if

the statistics shows about the number of guests using the hotel's Gym services sale is down while occupancy is up. The front office manager may assume that the front office staff is not properly promoting available guest gym services.

Occupancy Ratios : Occupancy ratios help in identifying that how successful the front office staff was in selling the hotel's primary product – guestrooms. The following room statistics must be collected 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's are also available on the daily operations report. Occupancy ratios that can be calculated from these data include occupancy percentage, multiple (or double) occupancy ratio, average daily rate, revenue per available room (Rev PAR), revenue per available customer (Rev PAC), and average rate per guest. Occupancy percentage and average daily rate may also be available on a property's daily operations report. These ratios typically are calculated on a daily, weekly, monthly, and yearly basis.

The night auditor collects occupied rooms data and calculates occupancy ratios for the front office manager, and later on with its help, FOM analyzes the given information to identify trends, patterns, or problems. When analyzing the information, the front office manager must take into consideration how different conditions can affect occupancy.

“For example, as multiple occupancy increases, the average daily room rate may also increase. This is because, when a room is sold to more than one person, the room rate for two people in a room is usually not twice the rate for one person, the average room rate per guest decreases.

Occupancy Percentage: This is the most commonly used operating ratio in the front office, Occupancy percentage indicates the number of rooms either sold or occupied to the number of rooms available during a specific period of time. Where some hotels use the number of rooms sold to calculate this percentage, while other hotels use the number of rooms occupied to calculate the statistic thereby including complimentary rooms in the calculation which can change certain operating statistics, such as average room rate etc. Though using rooms sold, or, rooms occupied both is valid, depending upon the needs and history of the property. (Here in this unit or discussion we will use rooms occupied to illustrate the occupancy percentage calculation).

Sometimes even out-of-order rooms are also included in the number of rooms available as in some properties FOM evaluates management performance partly on the basis of occupancy percentage, including out-of-order rooms in the number of rooms available, as it provides the manager with chance to get those rooms fixed and recycled more quickly. Including all rooms also provides a consistent base on which to measure occupancy. While on other hand, not including out-of-order rooms may allow managers to artificially increase the calculated occupancy percentage simply by mentioning unsold rooms as out-of-order. Some properties do not include out-of-order rooms because these rooms are not available for sale as, occupancy percentage is required to evaluate the

performance of front office staff that is having no control over out-of-order rooms, and including those rooms may unfairly penalize the front office staff. Regardless of the approach chosen, it should be used consistently. The occupancy percentage for the Hotel is calculated as follows:

$$\text{Occupancy \%} = \frac{\text{Number of room occupied}}{\text{Number of rooms available}} \times 100$$

Multiple Occupancy Ratio: The multiple occupancy ratio which is also sometimes called as double occupancy ratio, may not always be accurate, it is used to forecast food and beverage revenue, indicate clean linen requirements, and analyze average daily room rates. Multiple occupancy can be calculated by determining a multiple occupancy percentage or by determining the average number of guests per room or occupied (also called the occupancy multiplier or the multiple occupancy factor).

$$\text{Multiple Occupancy Ratio} = \frac{\text{Number of room occupied by more than one guest}}{\text{Number of rooms occupied}} \times 100$$

The average number of guests per room sold is calculated as follows:

$$\text{Average Guest per Room Sold} = \frac{\text{Number of Guests}}{\text{Number of rooms Sold}}$$

Average Daily Rate: Average Daily rate commonly referred to as ADR is a statistical unit which gives average rental income per occupied room for a given period. It is calculated by dividing Total revenue generated in a specific duration of time by the total number of rooms sold in that duration.

$$\text{ADR} = \frac{\text{Total revenue generated in a specific period}}{\text{Total Number of rooms sold in that period}}$$

Average Room Rate Per Guest: It is also called as ARG and is calculated by dividing the total room revenue by the total number of guest in the hotels including children above 5yrs of age. Resort hotels, in particular, are often interested in knowing the average rate per guest (ARG).

$$\text{ARG} = \frac{\text{Total revenue generated in a specific period}}{\text{Total Number of guest in hotel}}$$

Revenue per available room Rev- Par: Rev- Par is the Revenue per available room. Rev- Par divides the total revenue generation of the hotel by the number of available rooms. It is used to measure and compare the performance of two or more hotels.

$$\text{RevPar} = \frac{\text{Total Room Revenue}}{\text{Number of Available Rooms}}$$

Revenue per Available Customer (Rev-PAC): This is very useful for hotel having high multiple occupancy% since it provides an average spending figure per guest. Usually the higher the multiple occupancy the higher will be the revenue.

$$\text{RevPAC} = \frac{\text{Total Room Revenue}}{\text{Number of Guests}}$$

Rooms Revenue Analysis : Front office staff members are expected to sell rooms at the rack rate unless a guest qualifies for an authorized discounted room rate. A room rate variance report mention those rooms that have been sold at the price other than the rack rates. One way for front office managers to Evaluating Front Office Operations and the sales effectiveness of the front office staff is to generate yield statistic, which is actual rooms revenue as a percentage of potential rooms revenue and the other method is by comparing the hotel's actual average rate to an ideal average rate.

$$\text{Yield} = \frac{\text{Actual Room Revenue}}{\text{Potential Room Revenue}}$$

Ideal Average Rate (IAR): This indicates the point at which rooms are sold at the best rate for the type of guest accommodated by the property.

The Hotel Income Statement : This informs the amount of net income for a given period and is very important financial statement which helps in evaluating Front Office Operations for a given period of time The hotel's income statement provides important financial information about the results of hotel operations. This period may be one month or longer but should not exceed more than one business year. The hotel's statement of income is also called a consolidated income statement because it presents a complete picture of all the hotel's financial operations.

It is an important financial indicator of operational success and profitability. The hotel income statement relies on detailed FO information that is supplied through the room schedule or room division income statement. The amount of income generated by the rooms division is determined by subtracting payroll and related expenses and other expanses from the amount of net revenue produced by the room division over the period covered by income statement, Payroll expenses charged to the room division may include those associated with the front office manager and staff and reservation manager and staff and housekeepers and uniformed service staff as the Revenue generated by the rooms division is usually the largest single amount produced by revenue center with in a hotel

The Rooms Schedule/ Room Division income statement: The hotel's income statement shows only summary information of the revenue generated by the hotel as a whole. The separate departmental income statements prepared by each revenue center provide more detail. The room division is the profit centre so the room division budget is concerned with planning to maximize revenue sand minimize expanses. This statement specifies the desired sales goals that are basis for planning expanses and capital expenditures refurbishing expanses, increasing supplies inventory etc. Departmental income statements

are also called as 'Schedules' and are referenced on the hotel's statement of income and are prepared by the hotel's account section and not by the front office staff. By carefully analyzing and reviewing the room division income statement the front office manager may be able to develop the action plan to improve the division's financial condition and services etc. for example the income statement may indicate that phone revenue is down due to the high long distance surcharge being charged from the guest thereby the analysis reveals that guest are making fewer calls because the cost per call was increased by the surcharge. Therefore even though the revenue per call may have increased, overall telephone revenues have decreased.

Room Division Budget Reports : It is said that no system of planning can be successful if it is not having an effective and efficient system of control. Budgeting is closely connected with control. The exercise of control in the organization with the help of budget is known as budgetary control. The hotel's accounting division also prepares monthly budget reports that compare actual revenue and expense figures with budgeted amounts. These reports can provide timely information for evaluating front office operations. Front office performances are often judged according to how favorably the rooms division's monthly income and expense figures compare with budgeted amounts. A typical budget report format should include both monthly variances and year to date variances for all budget items. The process of budgetary control is:

- Preparation of various budgets
- Continuous comparison of actual performance with budgetary performance.
- Revision of budgets in the light of changed circumstances

A system of budgetary control should not be rigid. There should be enough scope of flexibility to make individual initiative and drive. Budgetary control is an effective tool for making the organization more efficient on all fronts. it is an important tool for keeping control on cost and helping achieving overall objective of the organization.

Operating Ratios: It measures the relationship between the revenues and expenses and units of inputs and outputs, thereby assists managers in evaluating the success of front office operations. Operating ratios are compared against proper standard- budgeted percentage and any significant variances can be identified i.e. it helps to identifies the areas where management must work so as to achieve budgetary goals.

Payroll and related expenses or labour cost tends to be the largest single expenses for the room division as well as for the entire hotel. For control, labor costs must be analyzed on a departmental basis as Room sales fluctuates but payroll and related expenses relatively remains constant Hence any differences between actual and budgeted labor cost percentages must be carefully identified. it is obtained by dividing the payroll and related expenses by the room division's net room revenue yields.

Ratio standards: Operating ratios becomes meaningful when compared against useful criteria such as:

- Planed ratio goals
- Corresponding historical ratios
- Industry averages

Ratios are best compared against planned ratios goals. For eg in order to more effectively control labour costs a front office manager may project a goal for the current month's labour cost percentage that is slightly lower than the previous months the expectation of lower labour cost percentage may reflect the front office manager's efforts to improve scheduling procedures and other factors related to the cost labour. By comparing the actual labour cost percentage with the planned goal, the manager can measure the success of his efforts to control labour cost. Ratio standards are only indicators and not the solution ,as, When ratios vary significantly form planned goals, previous results, or industrial average's, they indicate that their exist any problem and as they do not solve problems or necessarily reveal the source of a problem More analysis and investigations are required to be done to determine appropriate corrective actions.

5.6 Summary

Price or rates are one of the major element involved in selecting the particular hotel so while selecting the price, hotel should be very careful and should cover the cost of production and overheads and should include a fair amount of profit so that hotel business remain sustainable and profitable as the rooms of the hotel generates maximum revenues so an accurate and accurate and competitive room rent is one of the essential requirement of the hotel thus apart from standard rates hotels also offer discounted rates to attract business from multiple market segments for eg seasonal rate, package rate etc. There are two standard methods for establishing room tariff cost based pricing and market based pricing and as compared to market based pricing cost based pricing is more scientific and practical as it take into consideration factors like rate of return on investment, operating cost overhead and profit etc.

Forecasting future demand in the lodging industry is crucial because it leads to an efficient planning for, and decision making to all the departments, and most importantly it is one of the drivers of pricing: inaccurate forecasts or predictions will diminish the hotel's revenues and profit margin. In fact, a 10% improvement in forecasting accuracy translates into a 1.5 to 3% increase in revenue generated from a revenue management system. This will probably impact the net income in a much larger way, due to the small margins existing in the hotel industry. Therefore, in addressing the importance of forecasts, one can state that forecasting is the most important driver of any revenue management optimization approach.

It is important for all those related to the hotel and the managers must continuously evaluate and assess the performance of the hotel with respect to revenue generation. Hotels measures their performance by calculating occupancy ratios, average daily rate, average room rate per guest, rev par etc, this helps them to plan for future.

5.7 Key Terms

Average daily rate (ADR): a measure of the hotel staff's ability to sell available room rates.

Complimentary rate (comp): a rate in which there is no charge to the guest

Forecasting: projecting room sales for a specific period.

Hubbart formula –a scientific method to determine the room rent. It is based on the principle of covering the cost that is incurred in providing the accommodation plus a reasonable return on investment.

Market based pricing- to make an accommodation product available at a price that a guest is willing to pay

No-show: A guests with confirmed or guaranteed reservations but did not show upon the date of his reservation.

Occupancy percent: the number of rooms sold divided by the number of rooms available multiplied by 100

Rack rate – it is the published rate of a particular type of room before any discount.

Revenue per available room (RevPAR): It is the ratio of room revenues received for a specific day by the number of rooms available in the hotel for that day.

ROI return on investment – it is the amount gained if a sum of money was invested in the open market rather than a commercial/industrial venture.

Room tariff card- these are published list of the different tariffs offered by hotel for the use of travel trade, companies and individual guest.

Seasonal rate- rates fluctuating on the basis of the seasonal demand.

Under stays: guests who arrive on time but decide to leave before their predicted date of departure

Walk-in guests: guests who request a room rental without having made a reservation

5.8 Reference

- Front Office Management – S. K.Bhatnagar, Franc Bros
- Hotel Front Office Management - James A. Bardi, John Wiley & Sons, Inc.
- Hotel Front Office – Tewari Jatashankar R., Oxford Publication

5.9 Suggested Reading

- Professional front office Management – Woods & Hayes, Pearson Publication
- Hotel Front Office – Manual – Sudhir Andrews, Tata McGraw

5.10 Terminal Questions

Fill in the Blanks

1. Hubbart formula for computing room rent was developed by _____.
2. The rack rate is the highest rate that a hotel charges for its particular room type(True/False)
3. Seasonal rates is generally found in hotels that face seasonal fluctuation in occupancy(True/ False)
4. Accurate forecasting requires careful analysis of data and experience of the front office manager (True/False)
5. No show means the guest does not want to show their identity proof (True/False)
6. When guest departs from the hotel before his expected date of departure it is called a_____ stay
7. _____is used to compare the performance of two or more hotel
8. _____is average rental income per occupied room for a given time period
9. Occupancy percentage is the ratio of total number of occupied rooms to the _____for sale.
10. The full form of Rev Par is_____.

Short Answer Questions

1. Explain the rule of thumb approach with its drawbacks
2. What is occupancy percentage? How can you calculate the occupancy percentage?
3. Define forecasting? What are the major benefits of forecasting?

Long Answer Questions

1. Throw light on the common approaches for tariff fixation or calculating room rates?
2. Identify types of room rates applicable in the hotel industry
3. What data's should be kept in mind while forecasting of room availability? What is the forecasting formula
4. Discuss the criteria for evaluating the performance of the hotel?