

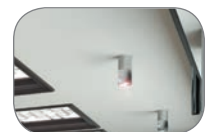
# CHAPTER 3

## Rooms Division

### LEARNING OBJECTIVES

After reading and studying this chapter, you should be able to:

- Outline the duties and responsibilities of key executives and department heads.
- Draw an organizational chart of the rooms division of a hotel and identify the executive committee members.
- Describe the main functions of the rooms division departments.
- Describe property management systems and discuss yield management.
- Calculate occupancy percentages, average daily rates, and actual percentage of potential rooms revenue.
- Outline the importance of the reservations and guest services functions.
- List the complexities and challenges of the concierge, housekeeping, and security/loss prevention departments.



*This chapter examines the function of a hotel and the many departments that constitute a hotel. It also helps to explain why and how the departments are interdependent in successfully running a hotel.*

#### LEARNING OBJECTIVE 1

Outline the duties and responsibilities of key executives and department heads.

## The Functions and Departments of a Hotel

The primary function of a hotel is to provide lodging accommodation. A large hotel is run by a general manager (GM) and an executive committee that consists of the key executives who head the major departments: rooms division director, food and beverage (F&B) director, marketing and sales director, human resources director, chief accountant or controller, and chief engineer or facility manager. These executives generally have a regional or corporate counterpart with whom they have a reporting relationship, although the general manager is their immediate superior.

A hotel is made up of several businesses or **revenue centers** and **cost centers**. A few thousand products and services are sold every day. Each area of specialty requires dedication and a quality commitment for each department to get little things right all the time. Furthermore, hotels need the cooperation of a large and diverse group of people to perform well. James McManemon, the GM of the elegant Ritz-Carlton, Sarasota hotel, calls it “a business of details.”<sup>1</sup>

Hotels are places of glamour that may be awe-inspiring. Even the experienced hotel person is impressed by the refined dignity of a beautiful hotel like a Ritz-Carlton or the artistic splendor of a Hyatt. The atmosphere of a hotel is stimulating to a hospitality student. Let us step into an imaginary hotel to feel the excitement and become a part of the rush that is similar to show business, for a hotel is live theater and the GM is the director of the cast of players.

Hotels, whether they are chain affiliated or independent properties, exist

to serve and enrich society and at the same time make a profit for the owners. Frequently, hotels are just like pieces of property on a Monopoly board. They often make or lose more money with equity appreciation or depreciation than through operations. Hotels have been described as “people palaces.” Some are certainly palatial, and others are more functional. Hotels are meant to provide all the comforts of home to those away from home.

## Management Structure

Management structure differs among larger, midscale, and smaller properties. The midscale and smaller properties are less complex in their management structures than are the larger ones. However, someone must be

The Grand Hall in the Willard InterContinental, Washington, D.C. It was at this hotel that the term *lobbyist* was coined when then-President Grant would retire after dinner to an armchair in the lobby. People would approach him and try to gain his support for their causes.



responsible for each of the key result areas that make the operation successful. For example, a small property may not have a director of human resources, but each department head will have general day-to-day operating responsibilities for the human resources function. The manager has the ultimate responsibility for all human resources decisions. The same scenario is possible with each of the following areas: engineering and maintenance, accounting and finance, marketing and sales, food and beverage management, and so on.

## Role of the Hotel General Manager

Hotel general managers have a lot of responsibilities. They must provide owners with a reasonable return on investment, keep guests satisfied and returning, and keep employees happy. This may seem easy, but because there are so many interpersonal transactions and because hotels are open every day, all day, the complexities of operating become challenges that the general manager must face and overcome. The GM not only focuses on leading and operating the hotel departments but also on aspects of the infrastructure, from room atmosphere to security.

Larger hotels can be more impersonal. Here, the general manager may only meet and greet a few VIPs. In the smaller property, it is easier—though no less important—for the GM to become acquainted with guests to ensure that their stay is memorable and to secure their return. One way that experienced GMs can meet guests, even in large hotels, is to be visible in the lobby and F&B outlets at peak times (checkout, lunch, check-in, and dinner time). Guests like to feel that the GM takes a personal interest in their well-being. Max Blouet, who was general manager of the famous Four Seasons Hotel George V, Paris for more than 30 years, was a master of this art. He was always present at the right moment to meet and greet guests during the lunch hour and at the evening check-in. Great hoteliers always remember they are hosts.

The GM is ultimately responsible for the performance of the hotel and the employees. The GM is the leader of the hotel. As such, she or he is held accountable for the hotel's level of profitability by the corporation or owners.

To be successful, GMs need to have a broad range of personal qualities. Among those most often quoted by GMs are the following:

- Leadership
- Attention to detail
- Follow-through—getting the job done
- People skills
- Patience
- Ability to delegate effectively

A General Manager discussing the “forecast” with a Rooms Division Director.



## INTRODUCING CESAR RITZ



Cesar Ritz was a legend in his own time; like so many of the early industry leaders, he began at the bottom and worked his way up through the ranks. In his case, it did not take long to reach the top because he quickly learned the secrets of success in the hotel business. His career began as an apprenticed hotel keeper at the age of 15. At 19, he was managing a Parisian restaurant. Suddenly, he quit that position to become an assistant waiter at the famous Voisin restaurant. There he learned how to pander to the rich and famous. In fact, he became so adept at taking care of the guests—remembering their likes and dislikes, even their idiosyncrasies—that a guest would ask for him and would only be served by him.

At the age of 22, Ritz became manager of the Grand Hotel National in Lucerne, Switzerland, one of the most luxurious hotels in the world. The hotel was not very successful at the time he became manager, but Ritz, with his ingenuity and panache, was able to attract the “in” crowd to complete a turnaround. After 11 seasons, he accepted a bigger challenge at The Savoy Hotel in London, which had been open only a few months and which was not doing well. Cesar Ritz became manager of one of the most famous and luxurious hotels in the world at the age of 38.

Once again, the flair and ability of Ritz to influence society quickly made a positive impression on the hotel. To begin with, he made the hotel a cultural center for high society. Together with Escoffier as executive chef, he created a team that produced the finest cuisine in Europe in the most elegant of surroundings. He made evening dress compulsory and introduced orchestras to the restaurants. Cesar Ritz would spare no expense to create the lavish effect he sought. On one occasion, he converted a riverside restaurant into a Venetian waterway, complete with small gondolas and gondoliers singing Italian love songs.<sup>2</sup>

Both Ritz and Escoffier were dismissed from the Savoy in 1897. Ritz was implicated in the disappearance of over 3,400 pounds of wine and spirits.<sup>3</sup> In 1898, Ritz opened the celebrated Hôtel Ritz in the Place Vendôme, Paris, France. The Hotel Ritz in Madrid, Spain, opened in 1910, inspired by King Alfonso XIII’s desire to build a luxury hotel to rival the Ritz in Paris. Ritz enjoyed a long partnership with Escoffier, the famous French chef and father of modern French cooking.<sup>4</sup>

Ritz considered the handling of people as the most important of all qualities for an hotelier. His imagination and sensitivity to people and their wants contributed to a new standard of hotel keeping. The Ritz name remains synonymous with refined, elegant hotels and service.<sup>5</sup> However, Ritz drove himself to the point of exhaustion, and at age 52, he suffered a nervous breakdown. This is a lesson for us not to drive ourselves to the point of exhaustion.

A successful GM selects and trains the best people. A former GM of Four Seasons Hotel Chicago deliberately hired division heads who knew more about the job for which they were hired than he did. The GM sets the tone—a structure of excellence—and others try to match it. Once the structure is in place, each employee works to define the hotel’s commitment to excellence. General managers need to understand, empathize, and allow for the cultures of both guests and employees. Progressive general managers empower associates to do anything legal to delight the guest.

## The Executive Committee

The general manager, using input from the **executive committee** (Figure 3–1), makes all the major decisions affecting the hotel. This committee, which includes the directors of human resources, food and beverage, rooms division, marketing and sales, engineering, and accounting, compile the hotel's occupancy forecast together with all revenues and expenses to make up the budget. They generally meet once a week for one or two hours—although the Ritz-Carlton has a daily lineup at 9 A.M.—and might typically cover some of the following topics:

- Guest satisfaction
- Employee satisfaction
- Total quality management
- Occupancy forecasts
- Sales and marketing plans
- Training
- Major items of expenditure
- Renovations
- Ownership relations
- Energy conservation
- Recycling
- New legislation
- Profitability

Some GMs rely on input from the executive committee more than others do, depending on their leadership and management style. These senior executives determine the character of the property and decide on the missions, goals, and objectives of the hotel. For a chain hotel, this will be in harmony with the corporate mission.

In most hotels, the executive committee is involved with the decisions, but the ultimate responsibility and authority rest with the GM. One major role of the committee is that of communicator, both up and down the line of authority. This helps build interdepartmental cooperation. Not all lodging operations will have an executive committee—obviously there is no need for one at a small motel, lodge, or a bed and breakfast (B&B).

**LEARNING OBJECTIVE 2**  
Draw an organizational chart of the rooms division of a hotel and identify the executive committee members.

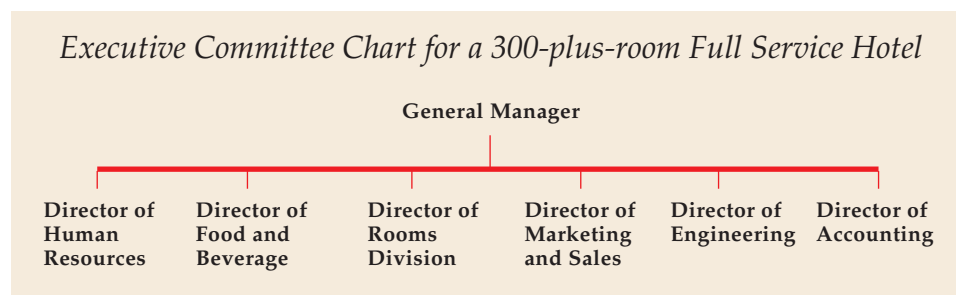


Figure 3–1 • Executive Committee Chart.

## ► Check Your Knowledge

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1. What is the role of the general manager?
  2. What topics do the members of an executive committee usually address in their weekly meetings?
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## The Departments

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In larger hotels, the rooms division has several departments that all work together to please guests. In midsize and smaller properties, those departments may be reduced in size and number, but they still need to serve guests.

### Rooms Division

The rooms division director is held responsible by the GM for the efficient and effective leadership and operation of all the rooms division departments. They include concerns such as the following:

- Financial responsibility for rooms division
- Employee satisfaction goals
- Guest satisfaction goals
- Guest services
- Guest relations
- Security
- Gift shop

The **rooms division** consists of the following departments: front office, reservations, housekeeping, concierge, guest services, security, and communications. Figure 3–2 shows the organizational chart for a 300-plus-room hotel rooms division.

The guest cycle in Figure 3–3 shows a simplified sequence of events that takes place from the moment a guest calls to make a reservation until he or she checks out.

### Front Office

The front-office manager's (FOM) main duty is to enhance guest services by constantly developing services to meet guest needs. An example of how some FOMs enhance guest services is to have a guest service associate (GSA) greet guests as they arrive at the hotel, escort them to the front desk, and then personally allocate the room and take the guest and luggage to the room. This innovative way of developing guest services looks at the operation from the guest's perspective. There is no need to have separate departments for doorperson, bellperson, front desk, and so on. Each guest associate is cross-trained in all aspects of greeting and rooming the guest. This is now being

**LEARNING OBJECTIVE 3**  
Describe the main functions of the rooms division departments.

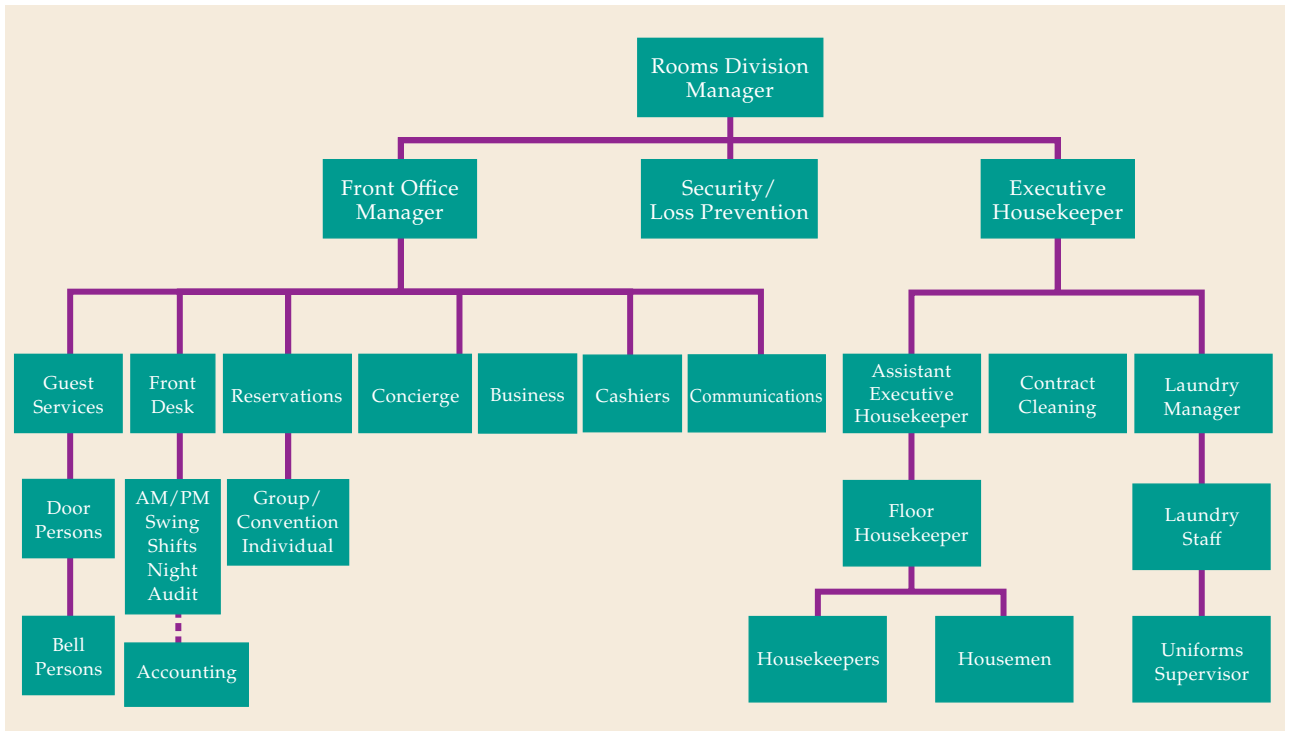


Figure 3–2 • Rooms Division Organizational Chart.

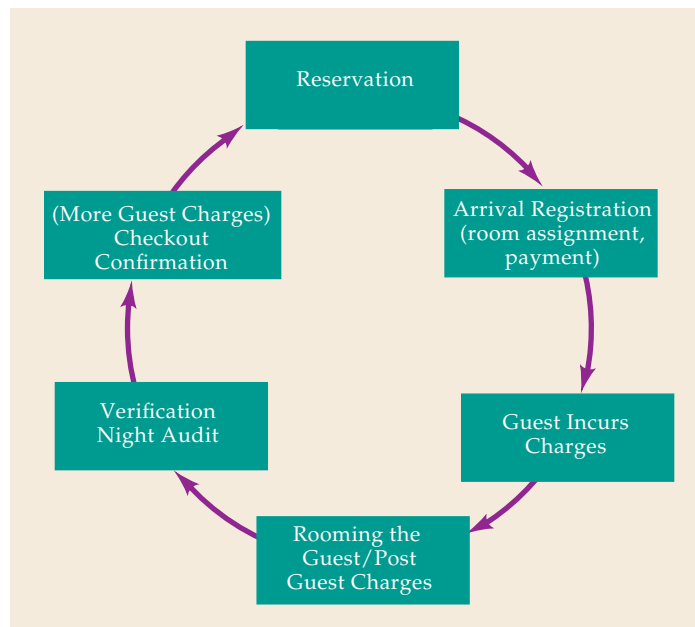


Figure 3–3 • The Guest Cycle.

done in smaller and midsized properties as well as at specialty and deluxe properties. Guest service associates are responsible for the front desk, concierge, communications/PBX (the term PBX is still widely used; it stands for Private Brand Exchange), bellpersons, valet, and reservations.

During an average day in a hotel—if there is such a thing—the front-office manager and his or her associates perform the following duties:

- Check night clerk report.
- Review previous night's occupancy.
- Review previous night's average rate.
- Look over market mix and determine what rooms to sell at what price.
- Handle checkouts and check-ins.
- Check complimentary rooms.
- Verify group rooms to be picked up for the next 30 days.
- Review arrivals and departures for the day.
- Politely and efficiently attend to guest inquiries.
- Review the VIP list and prepare preregistration.
- Organize any room changes guests may request and follow up.
- Arrange preregistrations for all arrivals.
- Attend rooms divisions and operations meeting.
- Advise housekeeping and room service of flowers/fruit for VIPs.
- Review arrivals and departures for the next day.
- Make staffing adjustments needed for arrivals and departures.
- Note any important things in the log book.
- Check issuing and control of keys.
- Review scheduling (done weekly).
- Meet with lead GSAs (done daily).

In some hotels, the reservations manager and associates report to the director of sales. These positions report to the chief accountant: night auditor, night audit associates, and cashiers.

The front office has been described as the hub or nerve center of the hotel. It is the department that makes a first impression on the guest and one that the guest relies on throughout his or her stay for information and service. Positive first impressions are critical to the successful guest experience. Many guests arrive at the hotel after long, tiring trips. They want to be met by someone with a warm smile and a genuine greeting. If a guest should have a negative experience when checking into a hotel, he or she will be on guard in encounters with each of the other departments. The position description for a guest service agent details the work performed. Position descriptions for the three main functions of the front office are as follows:

1. *To sell rooms.* The hotel departments' personnel work like a team in a relay race. Sales or reservations staff make up room sales until the evening before the guest's arrival. At 6:00 P.M., when the reservations office



closes, all the expected arrivals and available rooms are then handed over to the front desk P.M. shift. Reservations calls after 6:00 P.M. may either be taken by the front-desk staff or the 1-800 number. The front-desk team will try to sell out (achieve 100 percent occupancy) by selling the remaining rooms to call-in or walk-in guests—and of course the frantic calls from preferred guests who need a favor!

Upselling occurs when the guest service agent/front-desk clerk suggestively sells the features of a larger room, a higher floor, or perhaps a better view. **Yield management** originated in the airline industry where demand also fluctuates. Basically, a percentage of guests who book and send in a deposit in advance will be able to secure a room at a more reasonable price than can someone booking a room with just three days' notice. The price will be even higher for the booking at three days' notice if demand is good.

Many other factors influence the hotel's ability to sell out. Chief among these are *demand*—the number of people needing rooms—and *supply*—the number of available rooms. A good example is the International Hotel, Motel + Restaurant Show. This event takes place in a city that has a high demand for hotel rooms in proportion to its inventory (number of available rooms). Because there is a fairly constant demand for rooms in New York, special events tend to increase demand to a point that forces up **room rates**. (See Figure 3–4.) Another example comes from the airline industry, which always seems to raise prices at the peak travel times (Thanksgiving, Christmas, Easter, and the summer vacation times). They only offer special fares when school is in session. Revenue management is explained in more detail later in this chapter.

2. *To maintain balanced guest accounts.* This begins with advance deposits, opening the guest folio (account), and posting all charges from the various departments. Most hotels have **property management systems (PMS)** (property management systems are explained in more detail later in this chapter) and point-of-sale (POS) terminals, which are online to the front office.

This means that guest charges from the various outlets are directly debited to the guest's folio. Payment is either received on guest check-out or transferred to the **city ledger** (a special account for a company that has established credit with the hotel). This means that the account will be sent and paid within a specified time period.

3. *To offer services such as handling mail, faxes, messages, and local and hotel information.* People constantly approach the front desk with questions. Front-desk employees need to be knowledgeable about the



A front-office manager taking care of a guest request.

## FOCUS ON ROOMS DIVISION

### Rooms Division with Charlie Adams



From the early days of primitive inns to our modern super hotels, like the Izmailovo Hotel with 7,500 rooms in Moscow, employees are the crucial ingredient to hotel or motel success. Even with extraordinary advances in technology and the globalization of lodging in the twenty-first century, lodging remains fundamentally a people business and it is the employees who are responsible for the appearance, image, and reputation of a lodging facility.

The rooms division is considered the “center” of hotel activity because it is accountable for revenue, customer service, and departmental forecasting. Room sales are the primary source of income for most hotels and almost 100 percent of the revenue for many select service or budget hotels. The rooms division has the most guest contacts because it is comprised of reservations, front office, housekeeping, and uniformed services. The reservations department provides the needed accurate information for other departments to use to forecast for upcoming events and guest needs along with scheduling the proper staffing levels in the hotel.

Starting your career in the rooms division of a hotel is an exciting, demanding, and rewarding experience. You will be part of a team whose overall responsibility is the well-being of guests and ensuring that their expectations are met and that they have a memorable experience. As a rooms division employee you will be part of several interconnected functions that include: front desk, housekeeping, reservations, concierge, guest services, security, and communications. The following are some important tips for success in fulfilling the company’s promise to each guest:

**Front Desk** Here is where the first and last impressions are always made! At the front desk it is important to be personable, confident, and patient because your guests will vary in temperament, needs, and expectations. Always remember a friendly, calm, and positive attitude are your best tools even in trying situations. Multitasking becomes an art form at the front desk, calling upon all of your communication, typing, and computer skills.

**Housekeeping** Perception is reality and cleanliness is always at the top of a guest’s expectations. In housekeeping it is the attention to details, the eye for the out of place, the worn or frayed that keeps it real for guests. It is a demanding work area with much physical labor that is essential to guest satisfaction. Your work is done mostly behind the curtain, out of guest view, but noticed and appreciated when they enter to fresh towels, a made bed, and a flawlessly clean room. This is where you should start your lodging management career because it is the most demanding and least popular department among new hospitality graduates, and yet it is the best training ground for early lodging management success!

**Reservations** How do you convey a smile over the phone? You must do so as you begin the process of the guest cycle. Reservations calls for total command of the keyboard, awareness of hotel revenue goals, upcoming events, room availability, but above all listen, truly **listen**, to the guest so you can match their requests with the hotel’s services. The promise begins with you and you must never write a check that the front desk can’t cash at check-in.

**Concierge** A job that calls for diplomacy, ability to wheel-n-deal, and just a touch of magic. Your role is to accommodate the guest needs during their stay. It calls for an encyclopedic memory of restaurants, theater offerings, key points of interest, and current city events. The ability to develop a vast network of connections throughout the hospitality community in your area is essential to serve your guests and see to their every wish. Your reward as a successful concierge is that no two days are ever the same and there are always new and different challenges, opportunities, and rewards.

**Guest Services** Also referred to as uniformed services; consists of valet, doorman, and bellperson positions. All jobs essential to first and last impressions set the tone for the quality of service. A congenial disposition that projects a true spirit of helpfulness will disarm any initial guest trepidation. It also calls for thorough comprehension of the hotel, its layout, rooms, and amenities. It is work that demands immaculate grooming (especially the uniform), standing for long hours, and physical activity. In uniform, you *are* the hotel to the guest.

Major hotel chains offer a number of different room rates, including the following:

- rack rate
- corporate
- association rate
- government
- encore
- cititravel
- entertainment cards
- AAA
- AARP (American Association of Retired Persons)
- wholesale
- group rates
- promotional special

The rack rate is the rate that is used as a benchmark quotation of a hotel's room rate. Let us assume that the Hotel California had a rack rate of \$135. Any discounted rate may be offered at a percentage deduction from the rack rate. An example would be a corporate rate of \$110, an association rate of \$105, and AARP rate of \$95—certain restrictions may apply. Group rates may range from \$95 to \$125 according to how much the hotel needs the business.

Throughout the world there are three main plans on which room rates are based:

- AP/American Plan—room and three meals a day
- MAP/Modified American Plan—room plus two meals
- EP/European Plan—room only, meals extra

**Figure 3-4** • The Types of Room Rates Offered by Hotels.

various activities in the hotel. The size, layout, and staffing of the front desk will vary with the size of the hotel. The front-desk staff size of a busy 800-room city center property will naturally differ from that of a country inn. The front desk is staffed throughout the 24 hours by three shifts. The evening shift duties include the following:

- Check the log book for special items. (The log book is kept by guest contact; associates at the front office note specific and important guest requests and occurrences such as requests for room switches or baby cribs.)
- Check on the room status, number of expected checkouts still to leave, and arrivals by double-checking registration cards and the computer so that they can update the forecast of the night's

occupancy. This will determine the number of rooms left to sell. Nowadays, this is all part of the capability of the PMS.

- Handle guest check-ins. This means notifying the appropriate staff of any special requests guests may have made (e.g., nonsmoking room or a long bed for an extra-tall guest).
- Take reservations for that evening and future reservations after the reservations staff have left for the day.

## Night Auditor

A hotel is one of the few businesses that balances its accounts at the end of each business day. Because a hotel is open 24 hours every day, it is difficult to stop transactions at any given moment. The **night auditor** and his or her team wait until the hotel quiets down at about 1:00 A.M., and then begins the task of balancing the guests' accounts receivable. The process of night auditing is as follows:

1. The night audit team runs a preliminary reconciliation report that shows the total revenue generated from room and tax, banquets and catering, food and beverage outlets, and other incidentals (phone, gift shop, etc.).
2. All errors on the report are investigated.
3. All changes are posted and balanced with the preliminary charges.
4. A comparison of charges is carried out, matching preliminary with actual charges.
5. Totals for credit card charges, rooms operations, food and beverages, and incidentals are verified.
6. The team “rolls the date”—they go forward to the next day.
7. Post any charges that the evening shift was not able to post.
8. Pass discrepancies to shift managers in the morning. The room and tax charges are then posted to each folio and a new balance shown.
9. Run backup reports so that if the computer system fails, the hotel will have up-to-date information to operate a manual system.
10. Reconcile point-of-sale and PMS to guest accounts. If this does not balance, the auditor must balance it by investigating errors or omissions. This is done by checking that every departmental charge shows up on guest folios.
11. Complete and distribute the daily report. This report details the previous day's activities and includes vital information about the performance of the hotel.
12. Determine areas of the hotel where theft could potentially occur.

Larger hotels may have more than one night auditor, but in smaller properties these duties may be combined with night manager, desk, or night watchperson duties.

## CORPORATE PROFILE

### Hyatt Hotels



When Nicholas Pritzker emigrated with his family from the Ukraine to the United States, he began his career by opening a small law firm. His outstanding management skills led to the expansion of the law firm, turning it into a management company. Pritzker purchased the Hyatt House motel next to the Los Angeles International Airport in 1957.

Today, Hyatt is an international brand of hotels within the Hyatt Hotels Corporation, a multibillion-dollar hotel management and development company. It is among the leading chains in the hotel industry, with close to eight percent of the market share.<sup>6</sup> Hyatt has earned worldwide fame as the leader in providing luxury accommodations and high-quality service, targeting especially the business traveler, but strategically differentiating its properties and services to identify and market to a very diverse clientele. This differentiation has resulted in the following types of hotels:

1. *Grand Hyatt* features distinctive luxury hotels in major gateway cities.
2. The *Hyatt Regency* hotels represent the company's core product. They are usually located in business city centers and are often regarded as four- and five-star hotels.
3. *Hyatt Resorts* are vacation retreats. They are located in the world's most desirable leisure destinations, offering the "ultimate escape from everyday stresses."
4. The *Park Hyatt* hotels are smaller, European-style, luxury hotels. They target the individual traveler who prefers the privacy, personalized service, and discreet elegance of a small European hotel.
5. *Hyatt Place* locations are lifestyle 125- to 200-room properties located in urban, airport, and suburban areas. Signature features include The Gallery, which offers a coffee and wine bar and a 24/7 kitchen where travelers can find freshly prepared food.
6. *Hyatt Zilara* and *Hyatt Ziva* are all-inclusive luxury resorts that provide guests with unique experiences and entertainment options. Additionally, Hyatt Zilara offers guests adult-only lodgings for a relaxing kids-free getaway.
7. *Hyatt House* is an extended-stay brand of 125- to 200-room all-suite properties that provide the feel of a residency. Hyatt House offers a casual hospitality experience, and features complimentary breakfast with a build-your-own omelette station. Locations are urban, airport, and suburban.
8. *Andaz* is a casual, stylish, boutique-style hotel; each hotel reflects the unique cultural scene and spirit of the surrounding neighborhood.
9. *Hyatt Residence Club* offers vacation ownership, vacation rentals, and mini vacations in sensational destinations throughout the United States.

The Hyatt Hotels Corporation is characterized by a decentralized management approach, which gives the individual general manager a great deal of decision-making power, as well as the opportunity to use personal creativity and, therefore, stimulate differentiation and innovation. The development of novel concepts and products is perhaps the

## CORPORATE PROFILE (Continued)

key to Hyatt's outstanding success. For example, the opening of the Hyatt Regency Atlanta with its atrium lobby gave the company instant recognition throughout the world. The property's innovative architecture, designed by John Portman, revolutionized the common standards of design and spacing, thus changing the course of the lodging industry.

A further positive aspect of the decentralized management structure is the fact that the individual manager is able to be extremely guest responsive by developing a thorough knowledge of the guests' needs and thereby providing personalized service—fundamental to achieving customer satisfaction. This is, in fact, the ultimate innkeeping purpose, which Hyatt attains at high levels.

The other side of Hyatt's success is the emphasis on human resources management. Employee satisfaction, in fact, is considered to be a prerequisite to external satisfaction. Hyatt devotes enormous attention to employee training and selection. What is most significant, however, is the interaction among top managers and operating employees.

The company operates 554 hotels and resorts in 47 countries worldwide.

The **daily report** contains key operating ratios such as **room occupancy percentage (ROP)**, which is the number of rooms occupied divided by the number of rooms available:

$$\frac{\text{Rooms Occupied}}{\text{Rooms Available}}$$

Thus, if a hotel has 850 rooms and 622 are occupied, the occupancy percentage is  $622 \div 850 = 73$  percent.

The **average daily rate (ADR)** is calculated by dividing the rooms revenue by the number of rooms sold:

$$\frac{\text{Rooms Revenue}}{\text{Rooms Sold}}$$

If the rooms revenue is \$75,884 and the number of rooms sold is 662, then the ADR is \$114.63. The ADR is, together with the occupancy percentage, one of the key operating ratios that indicates the hotel's performance. See Figure 3-5 for an example of a daily report.

### Room occupancy percentage (ROP):

If total available rooms are 850

And total rooms occupied are 622

Then:

$$\text{Occupancy percentage} = (622/850) \times 100 = 73\%$$

### Average daily rate:

If rooms revenue is \$75,884

And total number of rooms sold is 622

Then:

$$\text{Average daily rate} = \frac{75,884}{662} = \$114.63$$

Weather  
Stormy

Daily Revenue Report  
Monday, March 17, 2014

ROOM SALES	TODAY			M-T-D ACTUAL			M-T-D BUDGET			MTD FORECAST			MTD Last Year			2013		
	Sales	# Rooms Sold	Avg Rate	Sales	# Rooms Sold	Avg Rate	Sales	# Rooms Sold	Avg Rate	Sales	# Rooms Sold	Avg Rate	Sales	# Rooms Sold	Avg Rate	Sales	# Rooms Sold	Avg Rate
RACK	3,357.00	20	\$167.85	81,659.16	387	\$211.01	60,327.40	300	\$201.09	75,925.26	384	\$197.72	38,765.48	206	\$188.01			
CONSORTIUM	2,298.00	12	\$191.50	17,349.00	85	\$204.11	13,835.95	72	\$192.17	13,453.63	75	\$179.38	14,034.32	75	\$186.80			
NATIONAL CORPORATE	1,059.00	8	\$132.38	22,330.06	152	\$146.91	24,925.00	187	\$133.29	20,088.84	139	\$144.52	14,583.81	105	\$139.24			
LOCAL CORPORATE	4,116.30	26	\$158.32	38,526.50	262	\$147.05	33,180.00	237	\$140.00	28,987.85	202	\$143.50	26,904.42	186	\$144.72			
GOVERNMENT/MILITARY	1,262.00	8	\$157.75	10,457.00	68	\$153.78	6,109.00	41	\$149.00	10,483.87	71	\$147.66	10,476.39	65	\$160.54			
DISCOUNTS	5,033.17	31	\$162.36	102,276.26	623	\$164.17	110,759.98	665	\$166.56	111,637.19	688	\$162.26	78,261.97	512	\$152.96			
PACKAGE (315.48)	3	(\$105.16)		23,470.14	129	\$181.94	14,818.59	87	\$170.33	21,817.82	116	\$188.08	13,226.00	77	\$172.27			
WHOLESALE	141.75	1	\$141.75	283.50	2	\$141.75	-	0	\$0.00	-	0	\$0.00	520.97	5	\$95.00			
CONTRACT/OTHER	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00			
<b>TOTAL TRANSIENT ROOM SALE</b>	<b>16,951.74</b>	<b>109</b>	<b>\$155.52</b>	<b>296,351.62</b>	<b>1,708</b>	<b>\$173.51</b>	<b>263,955.92</b>	<b>1,589</b>	<b>\$166.11</b>	<b>282,394.46</b>	<b>1,675</b>	<b>\$168.59</b>	<b>196,773.35</b>	<b>1,231</b>	<b>\$159.83</b>			
GROUP CORPORATE	-	0	\$0.00	3,490.50	13	\$268.50	-	0	\$0.00	2,506.00	14	\$179.00	77,736.61	513	\$151.45			
GROUP ASSOCIATION	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00			
GROUP GOVT/MILITARY	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00			
GROUP SMERF	-	0	\$0.00	28,631.27	177	\$161.76	46,512.00	298	\$156.08	31,419.10	194	\$161.95	17,619.68	117	\$150.14			
GROUP TOUR/TRAVEL	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00	1,210.84	0	\$0.00			
GROUP CONTRACT/OTHER	-	0	\$0.00	773.83	9	\$85.98	-	0	\$0.00	891.00	9	\$99.00	-	18	\$0.00			
<b>TOTAL GROUP ROOM SALES</b>	<b>-</b>	<b>0</b>	<b>\$0.00</b>	<b>32,895.60</b>	<b>199</b>	<b>\$165.30</b>	<b>46,512.00</b>	<b>298</b>	<b>\$156.08</b>	<b>34,816.10</b>	<b>217</b>	<b>\$160.44</b>	<b>96,567.13</b>	<b>648</b>	<b>\$148.98</b>			
COMPLIMENTARY ROOM	-	0	\$0.00	-	3	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00			
OUT OF ORDER ROOM	-	0	\$0.00	-	6	\$0.00	-	0	\$0.00	-	0	\$0.00	-	0	\$0.00			
<b>TOTAL ROOM SALES</b>	<b>16,951.74</b>	<b>109</b>	<b>\$155.52</b>	<b>329,247.22</b>	<b>1,907</b>	<b>\$172.65</b>	<b>310,467.92</b>	<b>1,887</b>	<b>\$164.53</b>	<b>317,210.56</b>	<b>1,892</b>	<b>\$167.66</b>	<b>293,340.48</b>	<b>1,879</b>	<b>\$156.09</b>			
<b>REVENUE OCC %/TOTAL OCC%</b>	<b>94.8%</b>	<b>/</b>	<b>94.8%</b>	<b>97.5%</b>	<b>/</b>	<b>97.7%</b>	<b>96.5%</b>	<b>/</b>	<b>96.5%</b>	<b>96.8%</b>	<b>/</b>	<b>96.8%</b>	<b>96.1%</b>	<b>/</b>	<b>96.1%</b>			
<b>Outlet 1</b>	<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>				
BREAKFAST	415.26	48	\$8.65	5,652.29	568	\$9.95	4,545.03	434	\$10.46	4,577.94	438	\$10.46	4,813.55	1,154	\$4.17			
LUNCH	0.00	0	\$0.00	361.45	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
DINNER	375.80	28	\$13.42	3,764.02	315	\$11.95	3,340.23	252	\$13.27	4,335.00	280	\$15.50	3,149.85	247	\$12.76			
LITE FARE / OTHER	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
<b>Total Food</b>	<b>791.06</b>	<b>76</b>	<b>\$10.41</b>	<b>9,777.76</b>	<b>883</b>	<b>\$11.07</b>	<b>7,885.26</b>	<b>686</b>	<b>\$11.49</b>	<b>8,912.94</b>	<b>717</b>	<b>\$12.43</b>	<b>7,963.40</b>	<b>1,401</b>	<b>\$5.69</b>			
LIQUOR	168.50			3,191.75			2,250.03			2,250.03			2,206.16					
BEER	60.00			1,134.00			1,252.52			1,398.39			1,227.84					
WINE	66.00			1,441.00			1,017.26			1,206.45			987.63					
<b>Total Beverage</b>	<b>294.50</b>			<b>5,766.75</b>			<b>4,519.81</b>			<b>4,854.87</b>			<b>4,421.63</b>					
<b>TOTAL REST SALES</b>	<b>1,085.56</b>	<b>76</b>	<b>\$14.28</b>	<b>15,544.51</b>	<b>883</b>	<b>\$17.60</b>	<b>12,405.06</b>	<b>686</b>	<b>\$18.08</b>	<b>13,767.81</b>	<b>717</b>	<b>\$19.19</b>	<b>12,385.03</b>	<b>1,401</b>	<b>\$8.84</b>			
<b>Room Service</b>	<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>				
BREAKFAST	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
LUNCH	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
DINNER	96.95	5	\$19.39	887.93	53	\$16.75	1,095.87	86	\$12.81	1,095.68	63	\$17.37	1,053.77	84	\$12.56			
LITE FARE / OTHER	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
<b>Total Food</b>	<b>96.95</b>	<b>5</b>	<b>\$19.39</b>	<b>887.93</b>	<b>53</b>	<b>\$16.75</b>	<b>1,095.87</b>	<b>86</b>	<b>\$12.81</b>	<b>1,095.68</b>	<b>63</b>	<b>\$17.37</b>	<b>1,053.77</b>	<b>84</b>	<b>\$12.56</b>			
LIQUOR	0.00			0.00			0.00			0.00			0.00					
BEER	0.00			0.00			0.00			0.00			0.00					
WINE	0.00			0.00			0.00			0.00			0.00					
<b>Total Beverage</b>	<b>0.00</b>			<b>0.00</b>			<b>0.00</b>			<b>0.00</b>			<b>0.00</b>					
<b>TOTAL REST II SALES</b>	<b>96.95</b>	<b>5</b>	<b>\$19.39</b>	<b>887.93</b>	<b>53</b>	<b>\$16.75</b>	<b>1,095.87</b>	<b>86</b>	<b>\$12.81</b>	<b>1,095.68</b>	<b>63</b>	<b>\$17.37</b>	<b>1,053.77</b>	<b>84</b>	<b>\$12.56</b>			
<b>BANQUET</b>	<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>		<b>Covers</b>	<b>Avg Check</b>				
BREAKFAST	190.00	19	\$10.00	430.00	39	\$11.03	485.32	49	\$9.94	658.06	66	\$10.00	469.23	48	\$9.84			
LUNCH	0.00	0	\$0.00	905.70	42	\$21.56	830.81	45	\$18.48	830.81	45	\$18.48	792.17	43	\$18.29			
DINNER	0.00	0	\$0.00	521.70	22	\$23.71	304.90	12	\$26.48	945.97	41	\$23.00	284.61	11	\$25.95			
BREAKS	0.00	0	\$0.00	50.00	16	\$3.13	146.97	22	\$6.70	146.97	22	\$6.70	146.47	22	\$6.68			
RECEPTION	0.00	0	\$0.00	0.00	0	\$0.00	164.52	33	\$5.00	164.52	33	\$5.00	150.81	32	\$4.74			
OTHER	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00	0.00	0	\$0.00			
<b>Total Food Sales</b>	<b>190.00</b>	<b>19</b>	<b>\$10.00</b>	<b>1,907.40</b>	<b>119</b>	<b>\$16.03</b>	<b>1,932.52</b>	<b>160</b>	<b>\$12.07</b>	<b>2,746.32</b>	<b>207</b>	<b>\$13.28</b>	<b>1,843.29</b>	<b>156</b>	<b>\$11.84</b>			
LIQUOR	0.00			0.00			8.23			8.23			0.00					
BEER	0.00			0.00			16.45			27.42			6.17					
WINE	0.00			0.00			16.45			32.90			12.36					
<b>Total Beverage</b>	<b>0.00</b>			<b>0.00</b>			<b>41.13</b>			<b>68.55</b>			<b>18.54</b>					
<b>TOTAL BANQUET</b>	<b>190.00</b>	<b>19</b>	<b>\$10.00</b>	<b>1,907.40</b>	<b>119</b>	<b>\$16.03</b>	<b>1,973.65</b>	<b>160</b>	<b>\$12.33</b>	<b>2,814.87</b>	<b>207</b>	<b>\$13.62</b>	<b>1,861.83</b>	<b>156</b>	<b>\$11.95</b>			
TOTAL FOOD SALES	1,078.00			12,573.09			10,913.65			12,754.94			10,860.46					
TOTAL BEVERAGE SALES	294.50			5,766.75			4,560.94			4,923.42			4,440.17					
MEETING ROOM SALES	400.00			3,000.00			1,919.35			2,303.23			4,393.95					
BANQUET MISC SALES	0.00			70.00			191.94			191.94			459.24					
BANQUET GRATUITY CHARGE	38.00			381.48		21,791.32	137.10			685.48			104.58					
<b>TOTAL F &amp; B REVENUE</b>	<b>1,810.51</b>			<b>21,791.32</b>			<b>17,722.97</b>			<b>20,859.00</b>			<b>20,258.41</b>					
<b>OTHER INCOME</b>	<b>PER OCC RM</b>			<b>PER OCC RM</b>			<b>PER OCC RM</b>			<b>PER OCC RM</b>			<b>PER OCC RM</b>					
TELEPHONE	86.74	\$0.80		143.42	\$0.08		120.65	\$0.06		120.65	\$0.06		57.15	\$0.03				
GTD NO SHOW/ATTRICION	0.00	\$0.00		0.00	\$0.00		274.19	\$0.15		82.26	\$0.04		0.00	\$0.00				
ATTRICION - FOOD	0.00	\$0.00		0.00	\$0.00		0.00	\$0.00		0.00	\$0.00		0.00	\$0.00				

A more recently popular ratio to gauge a hotel rooms division's performance is the percentage of potential room's revenue, which is calculated by determining potential rooms revenue and dividing the actual revenue by the potential revenue.

While these figures are of great importance to running a successful hotel, the most important of the lodging ratios is **revenue per available room (REV PAR)**, which is discussed in the next section.

**LEARNING OBJECTIVE 4**  
Describe property management systems and discuss yield management.

**LEARNING OBJECTIVE 5**  
Calculate occupancy percentages, average daily rates, and actual percentage of potential rooms revenue.

## Revenue Management

**Revenue management** is used to maximize room revenue at the hotel. It is based on the economics of supply and demand, which means that prices rise when demand is strong and drop when demand is weak. Naturally, management would like to sell every room at the highest rack rate. However, this is not a reality, and rooms are sold at discounts from the rack rate. An example is the corporate or group rate. In most hotels, only a small percentage of rooms are sold at rack rate. This is because of conventions and group rates and other promotional discounts that are necessary to stimulate demand.

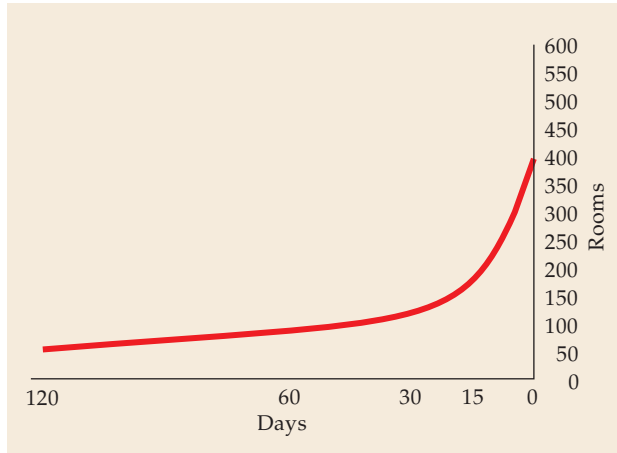
What revenue management does is allocate the right type of room to the right guest at the right price so as to maximize revenue per available room.<sup>7</sup> Thus, the purpose of revenue management is to increase profitability. Generally, the demand for room reservations follows the pattern of group bookings, which are made months or even years in advance of arrival, and individual bookings, which mostly are made a few days before arrival. Figures 3–6 and 3–7 show the pattern of individual and group room reservations. Revenue management examines the demand for rooms over a period of a few years and determines the extent of demand for a particular room each night. This includes busy periods, slow periods, and holidays. The computer program figures out a model of that demand, which is then used to guestimate future demand so that management can determine pricing levels to set.

Because group reservations are booked months, even years, in advance, revenue management systems can monitor reservations and, based on previous trends and current demand, determine the number and type of rooms to sell at what price to obtain the maximum revenue.

The curve in Figure 3–6 indicates the pattern of few reservations being made 120 days prior to arrival. Most of the individual room bookings are made in the last few days before arrival at the hotel. The revenue management program monitors the demand and supply and recommends the number and type of rooms to sell for any given day, and the price for which to sell each room.

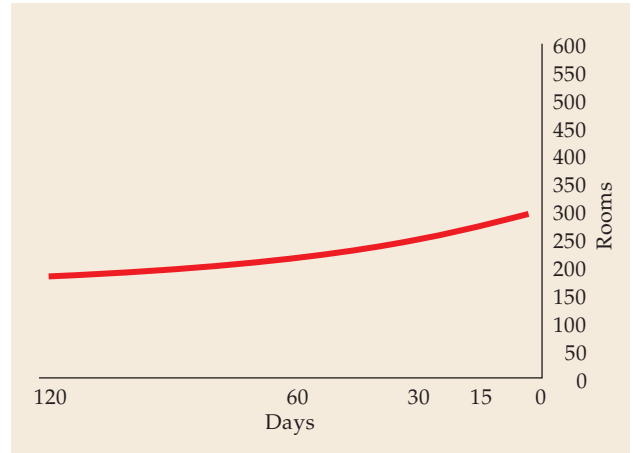
With revenue management, not only will the time before arrival be an important consideration in the pricing of guest rooms, but also the type of room to be occupied.





**Figure 3-6** • Individual Room Booking Reservations Curve.

(Source: Personal correspondence with Jay R. Schrock, May 18, 2015.)



**Figure 3-7** • Group Booking Curve.

The application of revenue management in hotels is still being refined to take into consideration factors such as multiple nights' reservations and incremental food and beverage revenue. If the guest wants to arrive on a high-demand night and stay through several low-demand nights, what should the charge be?

Revenue management has some disadvantages. For instance, if a business person attempts to make a reservation at a hotel three days before arrival and the rate quoted to maximize revenue is considered too high, this person may decide to select another hotel and not even consider the first hotel when making future reservations.

REV PAR was developed by Smith Travel Research. It is calculated by dividing room revenue by the number of rooms available.

For example, if room sales are \$50,000 in one day for a hotel with 400 available rooms, then the REV PAR formula is \$50,000 divided by 400, or a REV PAR of \$125.

Hotels use REV PAR to see how they are doing compared to their competitive set of hotels. Hotel operators use REV PAR as an indicator of a hotel's revenue management program. One of the ways that REV PAR is used is for comparison to other properties in a competitive set on the Smith Travel Star Report.

Smith Travel Report (STR Global) is the publisher of the STAR reports, a benchmarking suite that tracks one hotel's occupancy, average daily rate, and REV PAR against a competitive set of hotels for comparison purposes. The information provided helps identify if a particular property is gaining or losing market share and helps the organization make necessary corrections to its management, marketing, and sales strategies. The STR STAR reports are used extensively in the lodging industry as the best tool for revenue management.<sup>8</sup>

## HOW TO ANALYZE THE STAR PROGRAM

Courtesy of **James McManemon, M.S.**, University of South Florida  
Sarasota–Manatee

Lynn Clifton, the general manager and 22-year veteran of a well-known hotel chain, who has worked her way up the chain of command through the rooms division, discussed the importance of Smith Travel's STAR (Smith Travel Accommodations Report) program as it relates to her particular hotel, as well as the hospitality industry as a whole. The STAR program serves as a confidential comparison between hotels, which is most important to the hotel operator, the owner(s) of the hotel property, and the bank that finances the asset. The private owners of Lynn's hotel use the report to analyze how well the property is being managed, as well as to determine if they ever want to sell the property, which is essentially an asset that they would like to turn a profit on. The report analyzes a hotel's REV PAR and its REV PAR index. REV PAR is a universal term used in the hospitality industry because it creates a level playing field between all hotels regardless of their brand, size, number of rooms, location, and so on. The REV PAR index analyzes an individual hotel's REV PAR compared with the total revenue generated by all the hotels in its competitive set. If a competitive set (determined by the hotel operator and their team) of five hotels has an equal share of available revenue, each hotel would get approximately 20 percent fair share of revenue. If one of those hotel's REV PAR index is 25 percent, then that hotel is getting 20 percent fair share, plus an additional 5 percent of the competitive set's share. A hotel operator's goal is to grow their index by a certain amount each year by taking a bigger piece of the set's available revenue. The general manager is tasked with setting strategies both short- and long-term to continuously improve results, much of which is based on the STAR program. As the general manager, it is important for Lynn to determine what works and what doesn't work for her hotel. "You can't look at these reports once a week or once a month and expect to see positive results at the end of the year; it is an everyday thing. You have to look at the numbers and understand what might have impacted either winning or losing on any given day." Lynn has coined the terms "market-centric" and "egocentric" pricing for the purposes of understanding her pricing model. Egocentric pricing is what you would like to charge in an ideal world, whereas market-centric pricing is what the market drives realistically. If you charge too much for your daily rate your occupancy is going to be low, which can negatively affect your REV PAR. Additionally, if you charge too little for your daily rate, you can also negatively affect your REV PAR. You have to find a balance between average daily rate and occupancy that allows you to maximize revenue to its highest potential.

### ► Check Your Knowledge

1. What are the principal concerns of a rooms division director?
2. Describe the duties performed by the front-office manager.
3. What is the rack rate, and what other types of room rates are there?
4. How do you calculate the room occupancy percentage and the average daily rate?

## Energy Management Systems

Technology is used to extend guest in-room comfort by means of an energy management system. Passive infrared motion sensors and door switches can reduce energy consumption by 30 percent or more by automatically switching off lights and air-conditioning, thus saving energy when the guest is out of the room. Additional features include the following:

- Room occupancy status reporting
- Automatic lighting control
- Minibar access reporting
- Smoke detector alarm reporting
- Central electronic lock control
- Guest control amenities

Because of increasing energy costs, some operators are installing software programs that will turn off nonessential equipment during the peak billing times of day (utility companies' charges are based on peak usage). Hospitality operators can save money by utilizing this type of energy-saving software to reduce their energy costs.

## Call Accounting Systems

**Call accounting systems (CAS)** track guest room phone charges. Software packages can be used to monitor where calls are being made and from which phones on the property. To track this information, the CAS must work in conjunction with the PBX (telephone) and the PMS. Call accounting systems today can be used to offer different rates for local guest calls and long-distance guest calls. The CAS can even be used to offer discounted calling during off-peak hours at the hotel.

## Guest Reservation Systems

Before hotels started using the Internet to book reservations, they received reservations by letters, telegrams, faxes, and phone calls. Airlines were the first industry to start using **global distribution systems (GDS)** for reservations. Global distribution systems are electronic markets for travel, hotel, car rental, and attraction bookings.

A **central reservation system (CRS)** houses the electronic database in the **central reservation office (CRO)**. Hotels provide rates and availability information to the CRO usually by data communication lines. This automatically updates the CRS so that guests get the best available rate when they book through the central reservation office. Guests instantly receive confirmation of their reservation or cancellation. The hotel benefits from using a central reservation system. With such a system, hotels can avoid overselling rooms by too large a

Access control and management system for hotels.



margin. The CRS database can also be used as a chain or individual property marketing tool because guest information can easily be stored. A CRS can also provide yield management information for a hotel. The more flexible a central reservation system is, the more it will help with yield management. For example, when demand is weak for a hotel, rates will need to drop to increase reservations and profitability. When demand is higher, the hotel can sell room rates that are closer to the rack rate (*rack rate* is the highest rate quoted for a guestroom, from which all discounts are offered).

A CRS can be used in several areas of a hotel. If a hotel has a reservations department, the terminals or personal computers in that department can be connected to the central reservation system. It is also important for front-desk employees to have access to the CRS so that they know what the hotel has available because they may need to book rooms for walk-ins who don't have reservations. Constant communication back and forth is needed between the central reservation system and the front-office and reservations department. Managers who are the decision makers in the hotel will also use the system to forecast and set pricing for rooms and different amenities.

Hotels can use other forms of technology to facilitate reservation systems. Several companies offer an **application service provider (ASP)** environment that can deliver a complete booking system tied to the hotel's inventory in real time via the Web. One operator, Paul Wood of the El Dorado Hotel in Santa Fe, New Mexico, says that he simply went to the ASP Web site and put in a promotional corporate rate for the summer, and the same day he started seeing reservations coming in with that code. After a few months, bookings were up three percent over the previous year.

## Billing Guests

Hospitality businesses today seek to obtain the most high-speed and reliable computer systems they can afford that they can use to bill their guests without delay. Fast access to guests' accounts is required by large hotels because of their high priority of guest satisfaction (no lineups at checkout).

Billing guests has become much easier with the aid of computers. Billing guests can be a long process if information technologies are not used to complete transactions. PMSs aid large hotels to make faster transactions and provide a more efficient service to their guests. These systems help the hospitality associates bill their guests within seconds.

Some hotels utilize software that enables guests to check and approve their bills by using the TV and remote control, thus avoiding the need to line up at the cashier's desk to check out. A copy of the final bill is then mailed to the guest's home address.

## Security

Each business in the hospitality industry offers some sort of security for its guests and employees. Peace of mind that the hotel or restaurant is secure is a key factor in increasing guest satisfaction. Security is one of the highest

concerns of guests who visit hospitality businesses. Hospitality information technology systems include surveillance systems in which cameras are installed in many different areas of the property to monitor the grounds and help ensure guest safety. These cameras are linked directly to computers, televisions, and digital recorders, which helps security teams keep an eye on the whole property.

Recent technological advances have produced electronic door locking systems, some of which even offer custom configurations of security and safety. Guest room locks are now capable of managing information from both magstripe and smart cards simultaneously. From the hotel's point of view, a main advantage of this kind of key is that the hotel knows who has entered the room and at what time because the system can trace anyone entering the room.

In-room safes can now be operated by key cards. Both systems are an improvement on the old metal keys. Even smarter safes use biometric technology such as the use of thumbprints or retina scans to verify a user's identity.

## Guest Comfort and Convenience

Hotels provide guest comfort and convenience to maintain a home-away-from-home feeling for their guests. Hotels receive recognition when they provide many additional in-room services and amenities for their guests, such as dining, television, telephones, Internet connections, minibars, and hygiene products. These amenities help provide a cozy experience for the guest. Many other services can be provided outside of the rooms, such as swimming pools, massages, fine dining, postal services, and meeting space. Other services are provided to suit the demands of all types of guests; a concierge and business center is one example.

Hotels communicate with many entities to provide services for their guests. Some companies offer creative solutions to hotels for enhanced in-room services for guests. Sprint InSite with KoolConnect Interactive Media has created a product that provides many services to the guest from just one supplier. Services include Internet access and e-mail; movies, music, and games on demand; hotel and concierge services; special promotions; advertising; travel planning; feedback from guests; and customer support. All these services aid hotels in fulfilling guest demands. Sprint states, "Build loyalty and promote business retention by enhancing the overall quality-of-visit for your guest."<sup>9</sup> PlayStations and video games are also a part of the technology-based guest amenities.

### ► Check Your Knowledge

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1. What functions does the PMS perform?
  2. What is revenue management? How is revenue management applied in the hotel industry?
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## TECHNOLOGY SPOTLIGHT

### Hotel Information Technology



“Home away from home!” This is how we would like to express what hotels mean to our guests. For this to happen, we must provide technologies that guests use at home. Of course, the main purpose of the guestroom has never changed: to provide a clean, safe place to spend the night. In 1970, for the first time, hoteliers put ice-cube makers and small refrigerators inside the guestroom. In the beginning, not all rooms had these amenities. Usually, those rooms that had these special amenities were charged more than the other rooms. In 1972, the first models of telephone systems were introduced to the guestroom. In those days, there was only one telephone line for the entire hotel; therefore, guests sometimes waited long hours before they could place a call. In 1975, after color TV was well established in homes, hotels started to offer it. In the beginning, some hotels advertised that they had color TV to differentiate themselves from the competition and charged extra for rooms with TV. In 1980, the Hotel Billing Information System (HOBIS) was introduced. In 1981, it became legal for hotels to profit from phone calls. This is when call accounting systems exploded in the hotel industry. In 1986, electronic door-keys were introduced, increasing the security and the convenience of guests. Interface between TV systems and property management systems were established in 1990 so that the guests could see their bills through the TV. With that, in 1993, guests were able to check out from their room by using the TV. In 1995, high-speed Internet access was available in hotel rooms. After 2000, hotels started to use Voice over Internet Protocol (VoIP) phoning systems, high-definition TV, wireless Internet access, interactive entertainment systems, smart-energy management systems, and many other systems.

In today’s modern hotel rooms, it is possible to see the following technologies that make the guest stay a more comfortable one: (1) electronic locking system, (2) energy management and climate control systems, (3) fire alarm and security systems, (4) in-room minibars, (5) in-room safe boxes, (6) guestroom phone systems, (7) voice-mail/wake-up systems, (8) in-room entertainment systems, (9) guestroom control panels, and (10) self check-in/check-out systems.

Let’s look into the future to see what the guestroom might look like:

You just booked a hotel room from your smartphone with a voice command. When you go to check in to the hotel, you see that check-in desk is replaced with a “hospitality desk.” As soon as you arrive at the hotel, your phone is showing you a map of the hotel rooms, asking you to make a choice. Once you make your choice, your phone becomes your electronic key card. When you wave your phone, the door opens and the 100-percent sustainable room welcomes you with your preferred wall color (thanks to nanopaint) and your favorite song. When you turn on the TV with your voice command, you see your favorite and local TV channels (thanks to Internet TV) and your video library from your home phone. The picture frame shows the pictures from your Facebook page. Your sheets and towels will be changed based on “green” preferences, such as to change the bed sheets and towels every three days and bring the temperature of the room 10 degrees down or up based on the season when you are not in the room. When you need help, you connect to a virtual concierge to get any kind of information about the hotel and the area. The wardrobe door generates power when you open and close the door for lighting. When you use the restroom, the smart toilet checks your health and sends you a digital report to your e-mail. Does this sound like a nice dream? Actually, this is a description of a next-generation hotel.

# Reservations

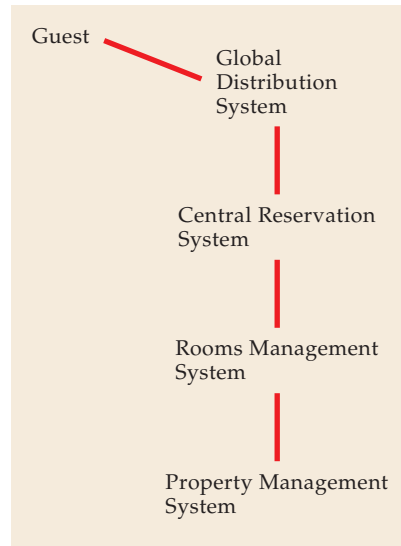
**LEARNING OBJECTIVE 6**  
Outline the importance of the reservations and guest services functions.

The reservations department is headed by the reservations manager who, in many hotels today, is on the same level as the front-office manager and reports directly to the director of rooms division or the director of sales. This emphasizes the importance of the sales aspects of reservations and encompasses yield management. Reservations is the first contact for the guest or person making the reservation for the guest. Although the contact may be by telephone, a distinct impression of the hotel is registered with the guest. Because of this, exceptional telephone manners and telemarketing skills are necessary. Because some guests may be shopping for the best value, it is essential to sell the hotel by emphasizing its advantages over the competition. Figure 3–8 shows the sequence and relationship of a hotel guest reservation.

The reservation department generally works from 8:00 A.M. to 6:00 P.M. Depending on the size of the hotel, several people may be employed in this important department. The desired outcome of the reservations department is to exceed guest expectations when they make reservations. This is achieved by selling all of the hotel rooms for the maximum possible dollars and avoiding possible guest resentment of being overcharged. Reservations originate from a variety of sources:

1. The Internet
2. Corporate/1-800 numbers
3. Travel agents
4. Telephone to the same property
  - a. Fax
  - b. Letter
  - c. Cable
5. Meeting planners
6. Tour operators
7. Referral from another company property
8. Airport telephone
9. Walk-in

Clearly, reservations are of tremendous importance to the hotel because of the potential and actual revenue realized. Many hotel chains have a 1-800 number that a prospective guest may call without charge to make a reservation at any of the company properties in the United States and internationally. The corporate central reservations system allows operators to access the inventory of room availability of each hotel in the chain. Once a reservation has been made, it is immediately deducted from the inventory of rooms for the duration of the guest stay. The central reservations system interfaces with the hotel's inventory and simultaneously allows reservations to be



**Figure 3-8** • The Sequence and Relationships of a Hotel Guest Reservation.

made by the individual hotel reservations personnel. A number of important details need to be recorded when taking reservations.

**Confirmed reservations** are reservations made with sufficient time for a confirmation slip to be returned to the client by mail or fax. Confirmation is generated by the computer printer and indicates confirmation number, dates of arrival and departure, type of room booked, number of guests, number of beds, type of bed, and any special requests. The guest may bring the confirmation slip to the hotel to verify the booking.

**Guaranteed reservations** are given when the person making the reservation wishes to ensure that the reservation will be held. This is arranged at the time the reservation is made and generally applies in situations when the guest is expected to arrive late. The hotel takes the credit card number, which guarantees payment of the room, of the person being billed. The hotel agrees to hold the room for late arrival. The importance of guaranteed reservations is that the guest will more likely cancel beforehand if unable to show up, which gives more accurate inventory room count and minimizes no-shows.

Another form of guaranteed reservations is advance deposit/advance payment. In certain situations, for example, during a holiday, to protect itself against having empty rooms (no-shows), the hotel requires that a deposit of either one night or the whole stay be paid in advance of the guest's arrival. This is done by obtaining the guest's credit card number, which may be charged automatically for the first night's accommodation. This discourages no-shows. Corporations that use the hotel frequently may guarantee all of their bookings so as to avoid any problems in the event a guest arrives late, remembering that in cities where the demand is heavy, hotels release any nonguaranteed or nonpaid reservations at 4:00 P.M. or 6:00 P.M. on the evening of the guest's expected arrival.



## Communications CBX or PBX

The communications CBX or PBX includes in-house communications; guest communications, such as pagers and radios; voice mail; faxes; messages; and emergency center. Guests often have their first contact with the hotel by telephone. This underlines the importance of prompt and courteous attention to all calls because first impressions last.

The communications department is a vital part of the smooth running of the hotel. It is also a profit center because hotels generally add a 50 percent charge to all long-distance calls placed from guest rooms. Local calls cost about \$0.75–\$1.25, plus tax, but many hotels offer local calls for free.

Communications operates 24 hours a day, in much the same way as the front office does, having three shifts. It is essential that this department be staffed with people who are trained to be calm under pressure and who follow emergency procedures.

## Guest Services/Uniformed Services

Because first impressions are very important to the guest, the guest service or uniformed staff has a special responsibility. The guest service department or **uniformed staff** is headed by a guest services manager who may also happen to be the bell captain. The staff consists of door attendants and bellpersons and the concierge, although in some hotels the concierge reports directly to the front-office manager.

Door attendants are the hotel's unofficial greeters. Dressed in impressive uniforms, they greet guests at the hotel front door, assist in opening/closing automobile doors, removing luggage from the trunk, hailing taxis, keeping the hotel entrance clear of vehicles, and giving guests information about the hotel and the local area in a courteous and friendly way. People in this position generally receive many gratuities (tips); in fact, years ago, the position was handed down from father to son or sold for several thousand dollars. Rumor has it that this is one of the most lucrative positions in the hotel, even more lucrative than the general manager's.

The bellperson's main function is to escort guests and transport luggage to their rooms. Bellpersons also need to be knowledgeable about the local area and all facets of the hotel and its services. Because they have so much guest contact, they need a pleasant, outgoing personality. The bellperson explains the services of the hotel and points out the features of the room (lighting, TV, air-conditioning, telephone, wake-up calls, laundry and valet service, room service and restaurants, and the pool and health spa).

## Concierge

The **concierge** is a uniformed employee of the hotel who has her or his own separate desk in the lobby or on a special concierge floor. The concierge is a separate department from the front-office room clerks and cashiers.

**LEARNING OBJECTIVE 7**  
List the complexities and challenges of the concierge, housekeeping, and security/loss prevention departments.

## A DAY IN THE LIFE OF DENNY BHAKTA

### Revenue Manager, Hilton Hotels San Diego



Revenue management is a strategic function in maximizing room revenue (REV PAR) along with growing market share. REV PAR and market share are the two primary barometers used in the industry to grade a revenue manager's competency. It is essential for revenue managers to have a system in place for daily business reviews to formulate winning strategies. Daily duties include:

1. **Analyzing Data:** A revenue manager must develop a reporting system for daily monitoring. In recent years, the larger hotel brands have developed proprietary revenue management systems that provide on-demand reporting of historical data, future position, and the ability to apply real-time pricing changes to future nights. Understanding past performance can uncover various business trends over high and low demand periods. It is critical to understand the effectiveness of previous pricing strategies to better position the hotel on future nights.

The general public can view rates and book rooms up to 365 days into the future. Therefore, the revenue manager must monitor daily pickup in reservations and regrets for future nights and make necessary adjustments to enhance speed to market. Each hotel will have different booking windows (or lead times) for their transient and group business. For example, the San Diego market has a majority of transient bookings that occur within 120 days to arrival, whereas the group business is booked many months out, and in some cases several years in advance. The primary booking window must be analyzed on a daily basis and adjusted accordingly. The longer booking windows can be analyzed periodically with the director of sales to equip the Sales team with rates to book group business based on the hotel's revenue goals.

2. **Mix of Business Assessment:** Finding the right balance of occupancy and ADR could yield the greatest REV PAR and is greatly influenced by the mix of business. It is composed of two primary customer segments: Transient (individual travelers for business or leisure) and Groups, which are bookings with 10 more rooms per night (i.e., conventions, company meetings, etc.). Hotels can differ with mixes of business based on location, number of rooms, and event space. Convention hotels may have a desired mix of 80 percent group and 20 percent transient to achieve their optimum point of profit, whereas small to midsize hotels may have a need for greater transient business, all of which are key factors in formulating effective pricing strategies. Although the majority of group business will be booked further in advance, those rates are also determined by the revenue manager and director of sales based on historical trends and future business needs.
3. **Competitor Analysis:** It is always valuable to know what the competition is doing. Revenue management is part science and part craft. With the advancement in technology, companies such as Smith Travel Research and The Rubicon Group have created essential tools that allow hoteliers and revenue managers to determine their position in the marketplace. Smith Travel Research produced the STAR report that is routed on a weekly and monthly basis. This report allows a hotel to choose a competitive set, which then compares the hotel's actualized results by segment versus the competitive set, resulting in market share indexes for occupancy, ADR, and REV PAR. Although it is every hotel's goal to capture fair market share (dollar for dollar), it is a greater priority to gain share by outperforming the competition. The Rubicon Group created a "Market Vision" tool that provides competitors' rates and occupancy levels up to 365 days into the future, which can determine peaks and valleys in market demand.
4. **Distribution Channels:** It is crucial to know where the business is coming from, and how to increase production from the right channels. Most hotel brands have a central reservations system, which is powered by their Web site and land-based call centers. In addition, there are thousands of travel agencies that

*(continued)*

## A DAY IN THE LIFE OF DENNY BHAKTA (Continued)

book rooms into hotels, which includes: online agencies (i.e., Expedia and Travelocity) and land-based agencies (i.e., AAA Travel and American Express Travel). The major agencies will have regional market managers that will supply market share data along with insight on any future developments that could be very beneficial to a hotel's strategy. A great revenue manager will establish daily communications with the large agencies to gain knowledge and to leverage hotel placement on their Web sites. Customers will not book you if they can't find you. The same applies to land-based travel agents, which are generally serviced by the hotel's sales and marketing team, who can be great resources in looking into the future. Greater market intelligence can equate to sound decision making.

5. Pricing Strategies: There is no right and wrong to the number of times rates should be adjusted on any given night. However, a greater understanding of market dynamics will come from a balance of historical knowledge and future market intelligence.

Lastly, this question will always be asked: Could we have done something different to maximize REV PAR? It is the revenue manager's responsibility to answer the question with integrity. Successful general managers will appreciate the honesty and will have greater confidence level in a revenue manager that can determine both strengths and weaknesses in their own strategies.

Luxury hotels in most cities have concierges. New York's Plaza Hotel has over 400 rooms and a battery of 10 concierges. The concierge assists guests with a broad range of services such as the following:

- Tickets to the hottest shows in town, even for the very evening on the day they are requested. Naturally, the guest pays up to about \$150 per ticket.
- A table at a restaurant that has no reservations available
- Advice on local restaurants, activities, attractions, amenities, and facilities
- Airline tickets and reconfirmation of flights
- VIP's messages and special requests, such as shopping

Less frequent requests are:

- Organize a wedding on two days' notice
- Arrange for a member of the concierge department to go to a consulate or embassy for visas to be stamped in guests' passports
- Handle business affairs

Concierges serve to elevate a property's marketable value and its image. They provide the special touch services that distinguish a "top property."

Concierges assist guests with a variety of services.



To make sure they can cater to a guest's precise needs, concierges should make sure that they know precisely what the guest is looking for budget-wise, as well as any other parameters. Concierges must be very attentive and must anticipate guest needs when possible. In this age of highly competitive top-tier properties and well-informed guests, only knowledgeable concierge staff can provide the services to make a guest's stay memorable. As more properties try to demonstrate enhanced value, a concierge amenity takes on added significance.

The concierge needs not only a detailed knowledge of the hotel and its services, but also of the city and even international details. Many concierges speak several languages; most important of all, they must want to help people and have a pleasant, outgoing personality. The concierges' organization, which promotes high professional and ethical standards, is the Union Professionnelle des Portiers des Grand Hotels (UPPGH), more commonly called the *Clefs d'Or*® (pronounced clays-dor) because of the crossed gold-key insignia concierges usually wear on the lapels of their uniforms.

## Housekeeping

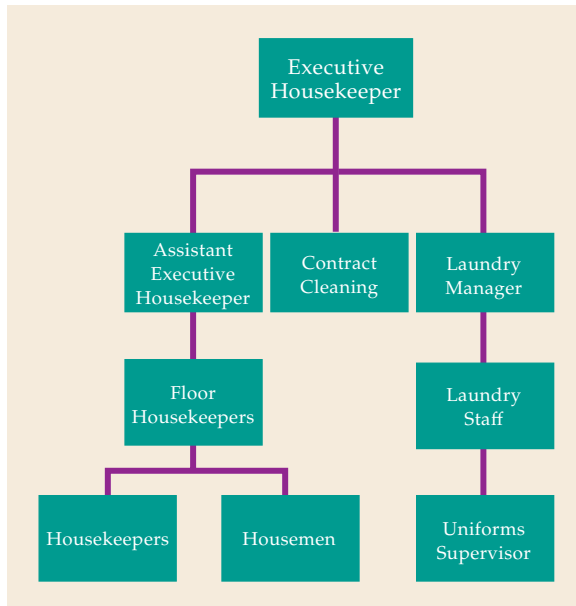
The largest department in terms of the number of people employed is housekeeping. Up to 50 percent of the hotel employees may work in this department. Because of the hard work and comparatively low pay, employee turnover is very high in this essential department. The person in charge is the executive housekeeper or director of services. Her or his duties and responsibilities call for exceptional leadership, organization, motivation, and commitment to maintaining high standards. The logistics of servicing large numbers of rooms on a daily basis can be challenging. The importance of the housekeeping department is underlined by guest surveys that consistently rank cleanliness of rooms number one. Figure 3–9 shows the housekeeping department organization chart.

The four major areas of responsibilities for the executive housekeeper are as follows:

1. Leadership of people, equipment, and supplies
2. Cleanliness and servicing the guest rooms and public areas
3. Operating the department according to financial guidelines prescribed by the general manager
4. Keeping records

An example of an executive housekeeper's day might be as follows:

<b>7:45 A.M.</b>	<p><b>Walk the lobby and property with the night cleaners and supervisors</b></p> <p>Check the housekeeping logbook</p> <p>Check the forecast house count for number of checkouts</p>
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**Figure 3–9 • Housekeeping Department Organization Chart.**

Check daily activity reports, stayovers, check-ins, and VIPs to ensure appropriate standards

Attend housekeepers' meeting

Meet challenges

Train new employees in the procedures

Meet with senior housekeepers/department managers

Conduct productivity checks

Check budget

Approve purchase orders

Check inventories

Conduct room inspections

Review maintenance checks

Interview potential employees

**6:00 P.M.**

**Attend to human resource activities, counseling, and employee development**

Perhaps the biggest challenge of an executive housekeeper is the leadership of all the employees in the department. Further, these employees are often of different nationalities. Depending on the size of the hotel, the executive housekeeper is assisted by an assistant executive housekeeper and one or more housekeeping supervisors, who in turn supervise a number of room attendants or housekeeping associates (see Figure 3–9). The assistant executive housekeeper manages the housekeeping office. The first important daily task of this position is to break out the hotel into sections for allocation to the room attendants' schedules.



A housekeeper at work. Attention to detail is important in maintaining standards.

The rooms of the hotel are listed on the floor master. If the room is vacant, nothing is written next to the room number. If the guest is expected to check out, then SC will be written next to the room number. A stay-over will have SS, on hold is AH, out of order is OO, and VIPs are highlighted in colors according to the amenities required.

If 258 rooms are occupied and 10 of these are suites (which count as two rooms), then the total number of rooms to be allocated to room attendants is 268 (minus any no-shows). The remaining total is then divided by 17, which is the number of rooms that each attendant is expected to make up.

Total number of rooms occupied	258
Add 10 for the suites	+10
Less any no-shows	<u>-3</u>
Total number of rooms and suites occupied	265
Divided by 17 for the number of rooms that each attendant is expected to make up	$265 \div 17 = 16$

Therefore, 16 attendants are required for that day.

Figure 3–10 shows a daily attendant's schedule. To reduce payroll costs and encourage room attendants to become "stars," a number of hotel corporations have empowered the best attendants to check their own rooms. This has reduced the need for supervisors. Notice in Figure 3–10 how the points are weighted for various items. This is the result of focus groups of hotel guests who explained the things about a room that are important to them. The items with the highest points were the ones that most concerned the guests.

The housekeeping associates clean and service between 15 and 20 rooms per day, depending on the individual hotel characteristics. Servicing a room takes longer in some older hotels than it does in some of the newer properties. Also, service time depends on the number of checkout rooms versus stayovers because servicing checkouts takes longer. Housekeeping associates begin their day at 8:00 A.M., reporting to the executive or assistant executive housekeeper. They are assigned a block of rooms and given room keys, for which they must sign and then return before going off duty.

The role of the executive housekeeper may vary slightly between the corporate chain and the independent hotel. An example is the purchasing of furnishings and equipment. A large independent hotel relies on the knowledge and experience of the executive housekeeper to make appropriate selections, whereas the chain hotel company has a corporate purchase agent (assisted by a designer) to make many of these decisions.

The executive housekeeper is responsible for a substantial amount of record keeping. In addition to the scheduling and evaluation of employees, an

## Housekeeper's Guest Room Self-Inspection Rating

### Inspection Codes:

P – POLISH	R – REPLACE	E – WORK ORDER	S – SOAP SCUM	SM – SMEAR
SA – STAIN	H – HAIR	D – DIRT	DU – DUST	M – MISSING

PART I – GUEST ROOM		S	U	COMMENTS
Entry, door, frame, threshold, latch		1		
Unusual odor OR smoke smell		3		
<b>CLOSET, doors, louvers—containing</b>		1		
Hangers, 8 suits, 4 skirts, 2 bags w/ invoices		2		
Two (2) robes, with info card		2		
Extra TP & FACIAL		1		
One (1) luggage rack		1		
Current rate card		1		
<b>VALET</b>	Shoe Horn & Mitt	2		
<b>DRESSER</b>	LAMP/ SHADE/ BULB	2		
	ICE BUCKET, LID, TRAY	2		
	TWO (2) WINE GLASSES	2		
	Room Service MENU	2		
<b>MINIBAR</b>	TOP, FRONT, 2 Wine glasses/ price list	1		
<b>SAFE</b>	KEY IN SAFE, SIGN	5		
<b>CHECK BEHIND DRESSER</b>		2		
<b>DRAWERS</b>	BIBLE AND BUDDHIST BOOK	1		
	PHONE BOOKS, ATT DIRECTORY	1		
<b>TELEVISION</b>	ON & OFF, CH 19 BEHIND	1		
<b>COFFEE TABLE</b>	REMOTE CONTROL/TEST 1	2		
	T.V. LISTINGS/BOOK MARK	1		
	GLASS TOP/LA JOLLA BOOK	1		
<b>CARPET</b>	VACUUM, SPOTS?	2		
<b>SOFA</b>	UNDER CUSHION/ BEHIND	2		
<b>3 W LAMP</b>	BULB, SHADE, & CORD	1		
<b>WINDOWS</b>	GLASS, DOOR, LATCH—C BAR?	2		
<b>CURTAINS</b>	Pull — check seams	1		
<b>PATIO</b>	2 CHAIRS, TABLE & DECK	3		
<b>DESK</b>	2 CHAIRS, TOP, BASE, & LAMP/SHADE	5		
	GREEN COMPENDIUM	3		
	Waste paper can	1		
<b>BED</b>	Tight, Pillows, bedspread	5		
	Check Under/SHEETS, PILLOWS	3		
<b>HVAC</b>	Control, setting, vent	1		
<b>SIDE TABLES</b>	Lamps & shade	2		
	Telephone, MESSAGE LIGHT	1		
	Clock Radio CORRECT TIME?	1		
<b>MIRRORS</b>	LARGE MIRROR OVER DRESSER	1		
<b>PICTURES</b>	ROOM ART WORK	1		
<b>WALLS</b>	Marks, stains, etc.	3		

Numbers in rating column range from 1 (least important) to 5 (most important).

**Figure 3–10** • Housekeeper's Guest Room Self-Inspection Form.

## Housekeeper's Guest Room Self-Inspection Rating

### Inspection Codes:

**P – POLISH      R – REPLACE      E – WORK ORDER      S – SOAP SCUM      SM – SMEAR**  
**SA – STAIN      H – HAIR      D – DIRT      DU – DUST      M – MISSING**

PART II – BATHROOM		S	U	COMMENTS
<b>BATH TUB/SHOWER</b>				
	GROUT/TILE & EDGE	2		
	ANTISLIP GRIDS	2		
	SIDE WALLS	1		
	SHOWER HEAD	1		
	WALL SOAP DISH	1		
	CONTROL LEVER	1		
	FAUCET	1		
	CLOTHESLINE	1		
	SHOWER ROD, HOOKS	1		
	SHOWER CURTAIN/ LINER	2		
<b>VANITY</b>	TOP, SIDE, & EDGE	1		
	SINK, TWO FAUCETS	3		
	3 GLASSES, COASTERS	2		
	WHITE SOAP DISH	1		
	FACIAL TISSUE & BOX	1		
<b>AMENITY BASKET</b>				
	1 SHAMPOO	1		
	1 CONDITIONER	1		
	1 MOISTURIZER	1		
	2 BOXED SOAP	1		
	1 SHOWER CAP	1		
<b>MIRROR</b>	LARGE & COSMETIC	2		
<b>WALLS, CEILING, &amp; VENT</b>		2		
<b>TOILET</b>	TOP, SEAT, BASE, & LIP	2		
<b>OTHER</b>	TOILET PAPER, fold	1		
	SCALE AND TRASH CAN	2		
	FLOOR, SWEEPED AND MOPPED	3		
	TELEPHONE	1		
<b>BATH LINENS, racks</b>				
	THREE (3) WASH CLOTHS	1		
	THREE (3) HAND TOWELS	1		
	THREE (3) BATH TOWELS	1		
	ONE (1) BATH MAT	1		
	ONE (1) BATH RUG	1		
<b>LIGHT SWITCH</b>		1		
<b>DOOR</b>	FULL LENGTH MIRROR	1		
	HANDLE/LOCK	1		
	THRESHOLD	1		
	PAINTED SURFACE	1		

Figure 3–10 • Housekeeper's Guest Room Self-Inspection Form. (continued)



inventory of all guest rooms and public area furnishings must be accurately maintained with the record of refurbishment. Most of the hotel's maintenance work orders are initiated by the housekeepers who report the maintenance work. Many hotels now have a computer linkup between housekeeping and engineering and maintenance to speed the process. Guests expect their rooms to be fully functional, especially at today's prices. Housekeeping maintains a perpetual inventory of guest room amenities, cleaning supplies, and linens.

Amazingly, it took about 2,000 years, but hotels have finally figured out that guests spend most of their stay on a bed, so they have introduced wonder beds and heavenly beds to allow guests to enjoy sweet dreams—but hopefully not miss that pesky wake-up call. Around the country, guest rooms are getting a makeover that includes new mattresses with devices that allow one side to be set firmer than the other side or on an incline. Other room amenities include new high-definition or plasma TVs, Wi-Fi services, and room cards that activate elevators.

**Productivity** in the housekeeping department is measured by the person-hours per occupied room. The labor costs per person-hour for a full-service hotel ranges from \$2.66 to \$5.33, or 20 minutes of labor for every occupied room in the hotel. Another key ratio is the labor cost, which is expected to be 5.1 percent of room sales. Controllable expenses are measured per occupied rooms. These expenses include guest supplies such as soap, shampoo, hand and body lotion, sewing kits, and stationery. Although this will vary according to the type of hotel, the cost should be about \$2.00 per room. Cleaning supplies should be approximately \$0.50 and linen costs \$0.95, including the purchase and laundering of all linen. These budgeted costs are sometimes hard to achieve. The executive housekeeper may be doing a great job controlling costs, but if the sales department discounts rooms, the room sales figures may come in below budget. This would have the effect of increasing the costs per occupied room.

Another concern for the executive housekeeper is accident prevention. Insurance costs have skyrocketed in recent years, and employers are struggling to increase both employee and guest safety. It is necessary for accidents to be carefully investigated. Some employees have been known to have an accident at home but go to work and report it as a work-related injury to be covered by workers' compensation. To safeguard themselves to some extent, hotels keep sweep logs of the public areas; in the event that a guest slips and falls, the hotel can show that it does genuinely take preventative measures to protect its guests.

The **Occupational Safety and Health Administration (OSHA)**, whose purpose is to ensure safe and healthful working conditions, sets mandatory job safety and health standards, conducts compliance inspections, and issues citations when there is noncompliance. Additionally, the U.S. Senate Bill 198, known as the **Employee Right to Know**, has heightened awareness of the storage, handling, and use of dangerous chemicals. Information about the chemicals must be made available to all employees. Great care and extensive training is required to avoid dangerous accidents.

The executive housekeeper must also minimize loss prevention. Strict policies and procedures are necessary to prevent losses from guest rooms.



A beautiful king-size bed in a tropical hotel bedroom ready for guests.

Some hotels require housekeeping associates to sign a form stating that they understand they may not let any guest into any room. Such action would result in immediate termination of employment. Although this may seem drastic, it is the only way to avoid some hotel thefts.

### ► Check Your Knowledge

1. Describe the different types of reservations that guests make at hotels.
2. What is the role played by uniformed services?
3. Explain the responsibilities of an executive housekeeper.

## Spas

Who does not like to be pampered? The spa business has four mantras: decompression, revitalization, beauty, and spiritual uplift, not necessarily in that order. The objective is to achieve maximum relaxation, renewal, and recreation for the client. The ultimate goal is to achieve an ascent into a realm devoid of anxiety where the natural healing power of the client's body has free reign. For some, the road to nirvana comes with a gentle walk and communion with nature. With others it is experienced in being kneaded, mangled and massaged, bathed in aromatic oils, wrapped in a seaweed mixture, or immersed in a special mud (ask any warthog!).

The spa has never been more popular. Hundreds are in the United States. Nearly every major hotel has a spa of sorts where beauty treatments, exercise equipment, and other paraphernalia invite the guest to relax or to exercise away anxieties. Many people, perhaps most, see the spa as a time of renewal or decompression chambers and for pampering and mental adjustment, increase in physical strength, and intellectual and spiritual enrichment. The herbal wrap and hairstyle are fine, but getting in touch with the soul is even better.

Soaking in hot water was popular as early as the fifth century B.C. in Greece and on some Aegean islands. Later the Romans spread the spa idea as they expanded their empire. The hot mineral springs in Bath, England were used by the Romans in the first century A.D. About 2,000 years ago the Roman emperor philosopher, Marcus Aurelius, found the waters of what is now Baden-Baden (translates to bath), Germany, remarkable for moderating his arthritis. The great majority of spas are day spas, followed by resort spas, then medical spas, club spas, destination spas, cruise ship spas, and mineral spas. All these spas offer an array of services to suit the needs of their clients.

Spa treatments include hydrotherapy, the use of water as in a sauna, mineral springs, whirlpools, tubs, and steam rooms. Many spa treatments originated in Asia where Ayurveda, a holistic (whole body) healing system developed in India thousands of years ago. Ayurveda is based on the belief that health and wellness depend on a delicate balance between the mind, body, and spirit. The primary focus of Ayurvedic medicine is to promote good health rather than fight disease.<sup>10</sup>

Other spa treatments are based on traditional Chinese medicine (TCM) and the yin-yang and five elements theories. Typical TCM therapies include acupuncture, herbal medicine, and qigong exercises. These therapies are different in approach yet they share the same underlying set of assumptions and insights in the nature of the human body and its place in the universe.

The term “spa cuisine” suggests beautiful food and limited calories, served in beautiful surroundings. Spa guests expect to leave slimmer and trimmer. The spa may have a named chef, small portions of fish and chicken rather than beef or pork, and of course, oodles of salad greens. A full-time nutritionist may be on hand with diet suggestions. The dietician’s role is not to lead the spa guest into the land of milk and honey but to a regime of low-calorie polyunsaturated fats, designed to lower blood cholesterol and based largely on grains, vegetables, fruit, and nonfat dairy products.

There are a variety of staffing positions in a spa ranging from aestheticians, massage therapists, nail technicians, cosmetologists, fitness instructors, and personal trainers.

## Laundry

Increasingly, hotels are operating their own laundries. This subdepartment generally reports to the executive housekeeper. The modern laundry operates computerized washing/drying machines and large presses. Dry cleaning for both guests and employees is a service that may also come under the laundry department. Hotels are starting to get away from in-house dry cleaning because of environmental concerns.

# Sustainable Lodging

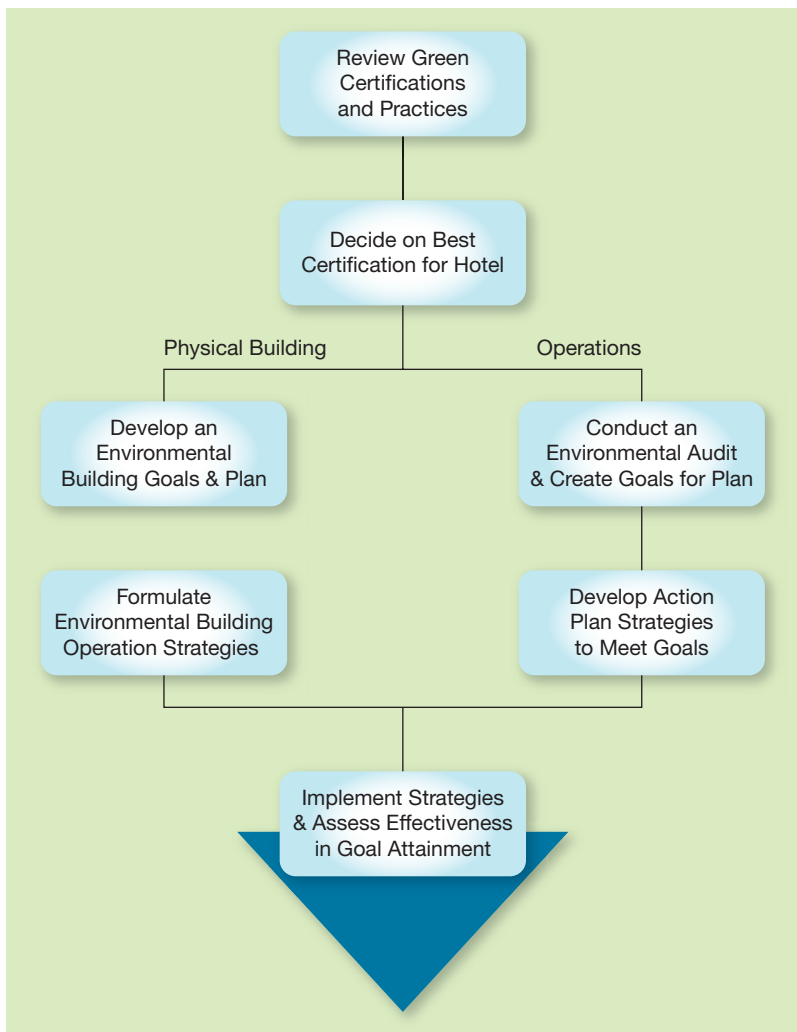
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## Green Hotel Initiatives

The environmentally conscious companies are not only helping to avoid further environmental degradation but are also saving themselves money while being good corporate citizens. Operationally, hotels have been recycling for years and saving water and chemicals by leaving cards in guest rooms saying that sheets will be changed every third day unless otherwise requested. Some hotels move the top sheet down to the bottom on the second or third day. Likewise, a card in the bathroom explains to guests that if they want a towel changed to leave it on the floor. Hotels have been quick to realize that the life of sheets and towels has been greatly extended, thus increasing savings.

The wattage of lighting has been reduced and long-life and florescent bulbs are saving thousands of dollars a year per property. Air-conditioning units can now control the temperature of a room through body-motion sensing devices that even pick up people's breathing. These devices can automatically shut off the air-conditioning unit when guests are out of their rooms. Savings are also being made with low-flow toilets and showerheads that have high-pressure, low-volume flows of water.

Ecoefficiency, also generally termed *green*, is based on the concept of creating more goods and services while using fewer resources and creating less waste and pollution. In other words, it means doing more with less. So what does this have to do with your bottom line? Ecoefficiency helps hotels provide better service with fewer resources; reducing the materials and energy-intensity of goods and services lowers the hotel's ecological impact and improves the bottom line. It's a key driver for overall business performance.<sup>11</sup> Figure 3–11 shows a model for the implementation of sustainable lodging practices.



**Figure 3–11** • A Model for the Implementation of Sustainable Lodging Practices.

Triple bottom line, sometimes called the TBL or 3P approach (people, planet, and profits), requires thinking in three dimensions, not one. It takes into account ecological and societal performance in addition to financial. Today, quantifiable environmental impacts include consumption of finite resources, energy usage, water quality and availability, and pollution emitted. Social impacts include community health, employee and guest safety, education quality, and diversity.<sup>12</sup>

Sustainable lodging, also known as green hotels, has become a powerful movement. The American Hotel and Lodging Association (AH&LA) and various state associations are leading the way with operational suggestions for best practices that lead to a green certification. Both corporations and independent properties are increasingly becoming greener in their operating practices. Sustainable Lodging & Restaurant–certified facilities develop goals and identify people in their organizations to find new opportunities to improve their operations through education, employee ideas, and guest feedback.

J.D. Power and Associates' 2009 North America Hotel Guest Satisfaction Index Study, which surveyed over 66,000 guests who stayed in North American hotels between May 2008 and June 2009, found that guests' awareness of their hotel's green programs increased significantly in 2009. Sixty-six percent of guests said they were aware of their hotel's conservation efforts, up from 57 percent the previous year.<sup>13</sup>

Ray Hobbs, a member of EcoRooms & EcoSuites' board of advisors and a certified auditor for Green Globe International, said, "In the hospitality industry, we're seeing a wave of new government mandates stating that employees can only stay in or host meetings in green hotels. But there are only 23 states with official green certification programs, and the industry is still attempting to find the certification process that best serves its needs."<sup>14</sup>

Being green is also financially good for certified properties. By saving energy and water, reducing waste, and eliminating toxic chemicals, green properties lower their operating costs, which allows them to provide enhanced services to their guests and a healthier environment for both their guests and employees. Sustainable properties are doing the following to become more sustainable in their operating practices<sup>15</sup>:

- Reducing energy needs by doing the following:
  - Installing motion sensors in public areas and occupancy sensors in guestrooms
  - Installing energy-efficient lighting, dimmers, and timers to reduce energy consumption
  - Installing LED (light-emitting diode) exit signs
  - Installing Energy Star appliances
  - Increasing building insulation
  - Using natural day lighting whenever possible

Tightening the property shell, with added/better insulation, eliminating leaks, replacing windows

- Conserving water by doing the following:
  - Installing aerators on faucets
  - Installing water diverters on existing toilets or installing low-flow toilets
  - Installing low-flow showerheads
  - Implementing towel and linen reuse programs
  - Landscaping with native plants
  - Using timers/moisture sensors in landscape watering
  - Changing lawn watering to encourage deeper root growth
- Reducing waste by doing the following:
  - Providing recycling areas for guests and staff
  - Purchasing postconsumer recycled paper and buying in bulk
  - Serving meals with cloth napkins and reusable china and dinnerware
  - Using refillable soap/shampoo dispensers in bathrooms
  - Recycling usable furniture and other items at “dump stores” or through charity
  - Reusing old towels and linens as cleaning rags
  - Asking vendors to minimize packaging
  - Recycling cooking grease
  - Composting food and lawn waste
- Reducing hazardous waste by doing the following:
  - Properly disposing of fluorescent lighting, computers, and other electronic equipment
  - Participating in local hazardous waste collection days
  - Using low-VOC (volatile organic compound) paints, carpets, and glues
  - Using rechargeable batteries
  - Using energy-efficient shuttle vans
  - Using environmentally friendly cleaning products

### Guest Shuttle

Free shuttle service to area attractions is provided; the vehicle is either a hybrid car or a 15-passenger van for bigger groups.

### Guest Bicycles

Bicycles are available for guest use in warm weather. Excellent bicycle-route maps are provided for those who want to explore the city on two wheels.

## Greening the Guestroom

Guest rooms offer an opportunity for greening. Sustainable hotels do the following<sup>16</sup>:

- Give guests an option to have the towels and linens changed every other day, or less frequently, rather than every day. Surveys have shown that more than 90 percent of guests like the option.
- Encourage staff to close drapes and turn off lights and air conditioning when rooms are unoccupied.
- Install water-efficient fixtures, such as showerheads, aerators, and low-flow toilets in each room.
- Use refillable soap and shampoo dispensers.
- Encourage guests to recycle by providing clearly marked recycling bins for cans, bottles, and newspapers.
- Install energy-efficient lighting fixtures in each room. Compact fluorescent fixtures can be screwed into many existing lamps and ceiling fixtures. To prevent theft, many hotels are installing new fixtures with compact fluorescent lamps hardwired into the fixture.
- Consider purchasing Energy Star–labeled TVs and other energy-efficient appliances.
- Clean rooms with environmental cleaners to improve indoor air quality and reduce emissions of VOCs.
- Use placards in the room to inform your guests about your green efforts. Why not tell them a hotel can save 13.5 gallons of fresh water by choosing not to replace bath towels and linen daily?
- Use an opt-out approach to linen and towel reuse (this can save a 250-room hotel more than \$15,000 per year).
- If a hotel adopts these and other measures every year, it would amount to savings of thousands of dollars. Consider also the gains for hotels that adopt and practice sustainable operations. In the case of Washington, D.C., it has been estimated that the hotel gained \$800,000 of incremental group business as a result of having sustainable meeting and event management at the property.

## Security/Loss Prevention

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Providing guest protection and loss prevention is essential for any lodging establishment regardless of size. Violent crime is a growing problem, and protecting guests from bodily harm has been defined by the courts as a reasonable expectation from hotels. The security/loss division is responsible for maintaining security alarm systems and implementing procedures aimed at protecting the personal property of guests and employees and the hotel itself.

A comprehensive security plan must include the following elements:

#### *Security Officers*

- These officers make regular rounds of the hotel premises, including guest floors, corridors, public and private function rooms, parking areas, and offices.
- Duties involve observing suspicious behavior and taking appropriate action, investigating incidents, and cooperating with local law enforcement agencies.

#### *Equipment*

- Two-way radios between security staff are common.
- Closed-circuit television cameras are used in out-of-the-way corridors and doorways, as well as in food, liquor, and storage areas.
- Smoke detectors and fire alarms, which increase the safety of the guests, are a requirement in every part of the hotel by law.
- Electronic key cards offer superior room security. Key cards typically do not list the name of the hotel or the room number. So, if lost or stolen, the key is not easily traceable. In addition, most key card systems record every entry in and out of the room on the computer for further reference.

#### *Safety Procedures*

- Front-desk agents help maintain security by not allowing guests to re-enter their rooms once they have checked out. This prevents any loss of hotel property by guests.
- Security officers should be able to gain access to guest rooms, store rooms, and offices at all times.
- Security staff develop **catastrophe plans** to ensure staff and guest safety and to minimize direct and indirect costs from disaster. The catastrophe plan reviews insurance policies, analyzes physical facilities, and evaluates possible disaster scenarios, including whether they have a high or low probability of occurring. Possible disaster scenarios may include fires, bomb threats, earthquakes, floods, hurricanes, and blizzards. The well-prepared hotel develops formal policies to deal with any possible scenario and trains employees to implement chosen procedures should they become necessary.

#### *Identification Procedures*

- Identification cards with photographs should be issued to all employees.
- Name tags for employees who are likely to have contact with guests not only project a friendly image for the property, but are also useful for security reasons.



# Trends in Hotel and Rooms Division Operations

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Courtesy of Dr. Greg Dunn, Senior Lecturer & Managing Director, University of Florida, Eric Friedheim Tourism Institute.

- *Diversity of work force.* All the pundits are projecting a substantial increase in the number of women and minorities who will not only be taking hourly paid positions, but also supervising and management positions as well.
- *Increase in use of technology.* Reservations are being made by individuals over the Internet. Travel agents are able to make reservations at more properties. There is increasing simplification of the various PMSs and their interface with POS systems. In the guest room, increasing demand for high-speed Internet access, category 5 cables, and in some cases equipment itself is anticipated.
- *Continued quest for increases in productivity.* As pressure mounts from owners and management companies, hotel managers are looking for innovative ways to increase productivity and to measure productivity by sales per employee.
- *Increasing use of revenue management.* The techniques of revenue management will increasingly be used to increase profit by effective pricing of room inventory.
- *Greening of hotels and guest rooms.* Recycling and the use of environmentally friendly products, amenities, and biodegradable detergents will increase. Energy management technology is used for the reduction of energy costs by setting back temperature and shutting off power in vacant rooms through control sensors that regulate the HVAC system.<sup>17</sup>
- *Security.* Guests continue to be concerned about personal security. Hotels are constantly working to improve guest security. For example, one hotel has instituted a women-only floor with concierge and security. Implementation of security measures will increase.
- *Diversity of the guest.* More women travelers are occupying hotel rooms. This is particularly a result of an increase in business travel.
- *Compliance with the ADA.* As a result of the Americans with Disabilities Act (ADA), all hotels must modify existing facilities and incorporate design features into new constructions that make areas accessible to persons with disabilities. All hotels are expected to have at least four percent of their parking space designated as “handicapped.” These spaces must be wide enough for wheelchairs to be unloaded from a van. Guest rooms must be fitted with equipment that can be manipulated by persons with disabilities. Restrooms must be wide enough to accommodate wheelchairs. Ramps should be equipped with handrails, and meeting rooms must be equipped with special listening systems for those with hearing impairments.

- *Use of hotels' Web sites.* Hotel companies will continue to try to persuade guests to book rooms using the hotel company Web site rather than via an Internet site such as Hotels.com because the hotel must pay about \$20 for each room booking from such sites.
- *In-room technology upgrades.* The increase in personal devices such as smartphones, iPads, and other portable technology presents hotels with a need to facilitate the use of these devices in guestrooms. Some hotels are now offering personal iPads for use while staying in guestrooms, some of which act as the guest's personal concierge.<sup>18</sup>
- *Television service upgrades.* The steady increase in Netflix subscribers and other streaming devices causes a need to beef up television content and offerings to guests. This has also led to a decrease in "pay-per-view" movies. Some hotels are offering technology featuring free HD movies and television, as well as the ability to connect to the Internet over the television screen, or through an inclusive connectivity panel, guests are able to connect their own electronic devices to their television set.<sup>19</sup>

## Career Information

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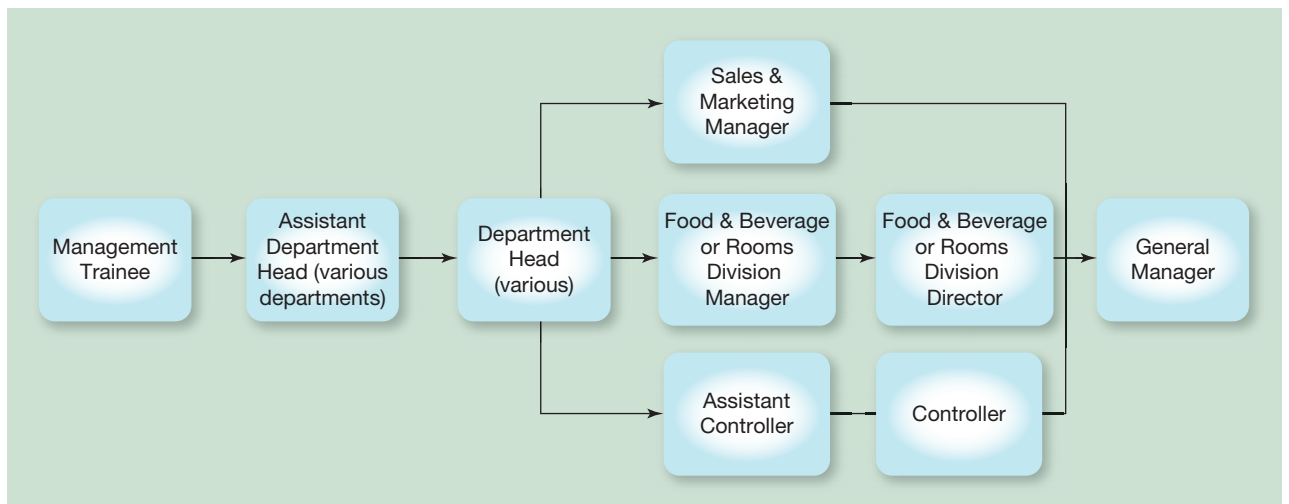
Hotel management is probably the most popular career choice among seniors who are graduating from hospitality educational programs. The reason for this popularity is tied to the elegant image of hotels and the prestige associated with being a general manager or vice president of a major lodging chain. Managing a hotel is a complex balancing act that involves keeping employees, guests, and owners satisfied while overseeing a myriad of departments, including reservations, front desk, housekeeping, maintenance, accounting, food and beverage, security, concierge, and sales. To be a general manager, a person must understand all of the various functions of a hotel and how their interrelationship makes up the lodging environment. The first step down this career path is to get a job in a hotel while you are in college.

Once you become proficient in one area, volunteer to work in another. A solid foundation of broad-based experience in the hotel will be priceless when you start your lodging career. Some excellent areas to consider are the front desk, night audit, food and beverage, and maintenance. Another challenging but very important place to gain experience is in housekeeping. It has been said that if you can manage the housekeeping department, the rest of lodging management is easy. An internship with a large hotel chain property can also be a powerful learning experience. There is simply no substitute for being part of a team that operates a lodging property with several hundred rooms. You may hear about graduates being offered "direct placement" or "manager in training" (MIT) positions. (There are several name variations for these programs.) Direct placement means that when you graduate, you are offered a specific position at a property. An MIT program exposes you to several areas of the hotel over a period of time. Then you are given an assignment based on your performance during training. Neither one is better from a career standpoint.

Another important consideration of a lodging career is your wardrobe. In a hotel environment, people are judged based on their appearance. A conservative, professional image is a key to success. Clothes are the tools of the lodging professional's trade, and they are not inexpensive. Begin investing in clothes while you are in school. Buy what you can afford, but buy items of quality. Stay away from trendy or flashy clothes that will quickly be out of fashion.

When you take a position, you can expect to work around 50 hours per week. The times you work may vary. You can expect to have a starting salary of between \$30,000 and \$34,000. Some hotel chains will assist with moving expenses and may even offer a one-time signing bonus. However, try not to focus too much on the money; instead, try to find a company that you feel comfortable with and that will allow you opportunities for advancement. Figure 3–12 shows a career path in lodging management.

Bob Weil, director of food and beverage at the Longboat Key Club and Resort, Sarasota, Florida, offers the following advice: “Be passionate about what you do and be in touch with the people you work with. I tour the property every day to get a feeling for the challenges our team may have—it’s important to be in tune with what’s going on.” Another piece of advice is “to never stop cooking and to maintain your fitness so that you can be a high-energy person. Students can expect many rewards in the hospitality business, but remember it’s a long journey, a process. You need to experience all levels in order to become a complete leader.”



**Figure 3–12** • A Career Path in Lodging Management.

(Courtesy of Dr. Charlie Adams, Texas Tech University.)

## CASE STUDY

### Checking Out a Guest

A guest walked up to the front-desk agent, Karen Fredrickson, in an upscale hotel, ready to check out. As she would usually do when checking out a guest, Karen asked the guest what his room number was. The guest was in a hurry and showed his anxiety by responding, "I stay in a hundred hotel rooms and you expect me to remember my room number?"

Karen then asked for the guest's name, to which he responded, "My name is Mr. Johnstone." After thanking him, she began to look for the guest's last name, but the name was not listed in the computer. Because the man had a heavy accent and Karen assumed that she had misunderstood him, she politely asked the guest to spell his last name. He answered, "What? Are you an idiot? The person who checked me in last night had no problem checking me in." Again, Karen looked on the computer to find the guest.

The guest, becoming even more frustrated, said, "I have a plane to catch and it is ridiculous that it has to take this long to check me out. I also need to fax these papers off, but I need to have them photocopied first." Karen responded, "There is a business center at the end of the counter that will fax and photocopy what you need." The guest replied, "If I wanted your opinion, I would have asked you for it. Haven't you ever heard of guest service? Isn't this a five-star hotel? With your bad attitude, you should be working in a three-star hotel. I can't believe they let you work here at the front desk. Haven't you found my name yet?"

Karen, who was beginning to get upset, asked the guest again to spell out his full name. The guest only replied, "Here are my papers I want faxed if you are capable of faxing them." Karen reached to take the papers, and the guest shouted, "Don't grab them from my hand! You have a bad attitude, and if I had more time, I would talk to someone about getting you removed from your position to a hotel where they don't require such a level of guest service." Though very upset, Karen kept her manner calm to prevent the guest from getting angrier.

Continuing to provide service to the guest, Karen sent the faxes and made the photocopies he had requested. Upon her return, she again asked the guest to repeat his last name because he had failed to spell it out. The guest replied by spelling out his name, "J-o-h-n-s-t-o-n-e." With that clarification, Karen was finally able to find his name on the computer and check him out while he continued to verbally attack her. Karen finished the encounter by telling the guest to have a nice flight.

### Discussion Questions

1. Would it be appropriate to have the manager finish the checkout when this sort of difficulty with a guest arises? Or should the front-desk agent just take the heat?
2. Would you have handled the situation in the same manner?
3. What would you have done differently?

## CASE STUDY

### Overbooked: The Front-Office Perspective

Overbooking is an accepted hotel and airline practice. Many question the practice from various standpoints, including ethical and moral. Industry executives, however, argue that there is nothing more perishable than a vacant room. If it is not used, there is no chance to regain lost revenue. Hotels need to protect themselves because potential guests frequently make reservations at more than one hotel or are delayed and, therefore, do not show up.

The percentage of no-shows varies by hotel and location but is often around five percent. In a 400-room hotel, that is 20 rooms, or an average loss of approximately \$2,600 per night. Considering these figures, it is not surprising that hotels try to protect themselves by overbooking.

Hotels look carefully at bookings: Whom they are for, what rates they are paying, when they were made, whether they are for regular guests or from a major account (a corporation that uses the hotel frequently), and so on.

Jill Reynolds, the front-office manager at the Hyatt Regency La Jolla, had known for some time that the 400-room hotel would be overbooked for this one night in October. She prepared to talk with the front-desk associates as they came on duty at 7:30 in the morning, knowing it would be a challenge to sell out without “walking” guests. Seldom does a hotel sell out before having to walk a few guests.

The hotel’s policy and procedure on walking guests enables the front-desk associates to call nearby hotels of a similar category to find out if they have rooms available to sell. If it is necessary to walk a guest, the associate explains to the guest that, regrettably, no rooms are available because of fewer departures than expected. The associate must explain that suitable accommodations have been reserved at a nearby hotel and that the hotel will pay for the room and transportation to and from the hotel. Usually, guests are understanding, especially when they realize that they are receiving a free room and free transportation.

On this particular day, the house count indicates that the hotel is overbooked by 30 rooms. Three or four nearby, comparable hotels had rooms available to sell in the morning. Besides walking guests, Jill considers other options—in particular “splitting” the 15 suites with connecting parlors. If the guests in the suites do not need the parlor, it is then possible to gain a few more “rooms” to sell separately; however, rollaway beds must be placed in the rooms. Fortunately, eight parlors were available to sell.

### Discussion Question

1. If you were in the same situation, what would you do?

## CASE STUDY

### Overbooked: The Housekeeping Perspective

It is no secret that in all hotels the director of housekeeping must be able to react quickly and efficiently to any unexpected circumstances that arise. Stephen Rodondi, executive housekeeper at the Hyatt Regency La Jolla usually starts his workday at 8:00 A.M. with a department meeting. These morning meetings help him and the employees to visualize their goals for the day. On this particularly busy day, Rodondi arrives at work and is told that three housekeepers have called in sick. This is a serious challenge for the hotel because it is overbooked and has all its 400 rooms to service.

#### Discussion Question

1. What should Stephen do to maintain standards and ensure that all the guest rooms are serviced?

*Source:* Courtesy of Stephen Rodondi, Executive Housekeeper, Hyatt Regency La Jolla, CA.

## Summary

1. A big hotel is run by a general manager and an executive committee, which is represented by the key executives of all the major departments, such as rooms division, food and beverage, marketing, sales, and human resources.
2. The general manager represents the hotel and is responsible for its profitability and performance. Because of increased job consolidation, he or she also is expected to attract business and to empathize with the cultures of both guests and employees.
3. The rooms division department consists of front office, reservations, housekeeping, concierge, guest services, and communications.
4. The front desk, as the center of the hotel, sells rooms and maintains balanced guest accounts, which are completed daily by the night auditor. The front desk constantly must meet guests' needs by offering services such as mailing, faxing, and messages.
5. PMSs, centralized reservations, and yield management have enabled hotels to work more efficiently and to increase profitability and guest satisfaction.
6. The communications department, room service, and guest services (such as door attendants, bellpersons, and the concierge) are vital parts of the personality of a hotel.
7. Housekeeping is the largest department of the hotel. The executive housekeeper is in charge of inventory, cleaning, employees, and accident and loss prevention. The laundry may be cleaned directly in the hotel or by a hired laundry service.
8. The electronic room key and closed-circuit television cameras are basic measures provided to protect the guests and their property.
9. Spas are now a popular feature of many U.S. hotels, offering a variety of beauty treatments, exercise equipment, and other means for guest relaxation.

## Key Words and Concepts

application service provider (ASP)  
 average daily rate (ADR)  
 call accounting systems (CAS)  
 catastrophe plans  
 central reservation office (CRO)  
 central reservation system (CRS)  
 city ledger  
 concierge  
 confirmed reservations  
 cost centers  
 daily report  
 Employee Right to Know  
 executive committee  
 global distribution systems (GDS)

guaranteed reservations  
 night auditor  
 Occupational Safety and Health Administration (OSHA)  
 productivity  
 property management systems (PMS)  
 revenue management  
 revenue centers  
 revenue per available room (REV PAR)  
 room occupancy percentage (ROP)  
 room rates  
 rooms division  
 uniformed staff  
 yield management

## Review Questions

- Briefly define the purpose of a hotel. Why is it important to empathize with the culture of guests?
- List the main responsibilities of the front-office manager.
- What are the advantages and disadvantages of yield management?
- Why is the concierge an essential part of the personality of a hotel?
- Explain the importance of accident and loss prevention. What security measures are taken to protect guests and their property?

## Internet Exercises

- Organization: **Hyatt Hotels Corporation**  
 Summary: Hyatt Hotels Corporation is a multibillion-dollar hotel management company. Together with Hyatt International, the company has about eight percent of the hotel industry market share. Hyatt is recognized for its decentralized management approach, in which general managers are given a great deal of the management decision-making process.  
 Click the “About Hyatt” tab, and click “Careers” under the “For Job Seekers” section. Click on “University Recruiting,” and then click on “Mgmt Training Program” to learn more about this program that Hyatt offers.
  - What is Hyatt’s management training program?
  - What requisites must applicants meet to qualify for Hyatt’s management training program?
- Organization: **Hoteljobs.com**  
 Summary: Hoteljobs.com is a Web site that offers information to recruiters, employers, and job seekers in the hospitality industry.
  - What different jobs are being offered under “Job Search,” and which one, if any, interests you?
  - Post your résumé online.

## Apply Your Knowledge

1. If you were on the executive committee of a hotel, what kinds of things would you be doing to ensure the success of the hotel?
2. Your hotel has 275 rooms. Last night, 198 were occupied. What was the occupancy percentage?

## Suggested Activities

1. Go to a hotel's Web site and find the price of booking a room for a date of your choice. Then, go to one of the Web sites (Hotels.com, Expedia, Travelocity, etc.) that "sell" hotel rooms and see how the price there compares with the price on the hotel's Web site.

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