

Metrics and the Hotel Sector



Hotels exist to achieve operating profits and capital gains for their owners

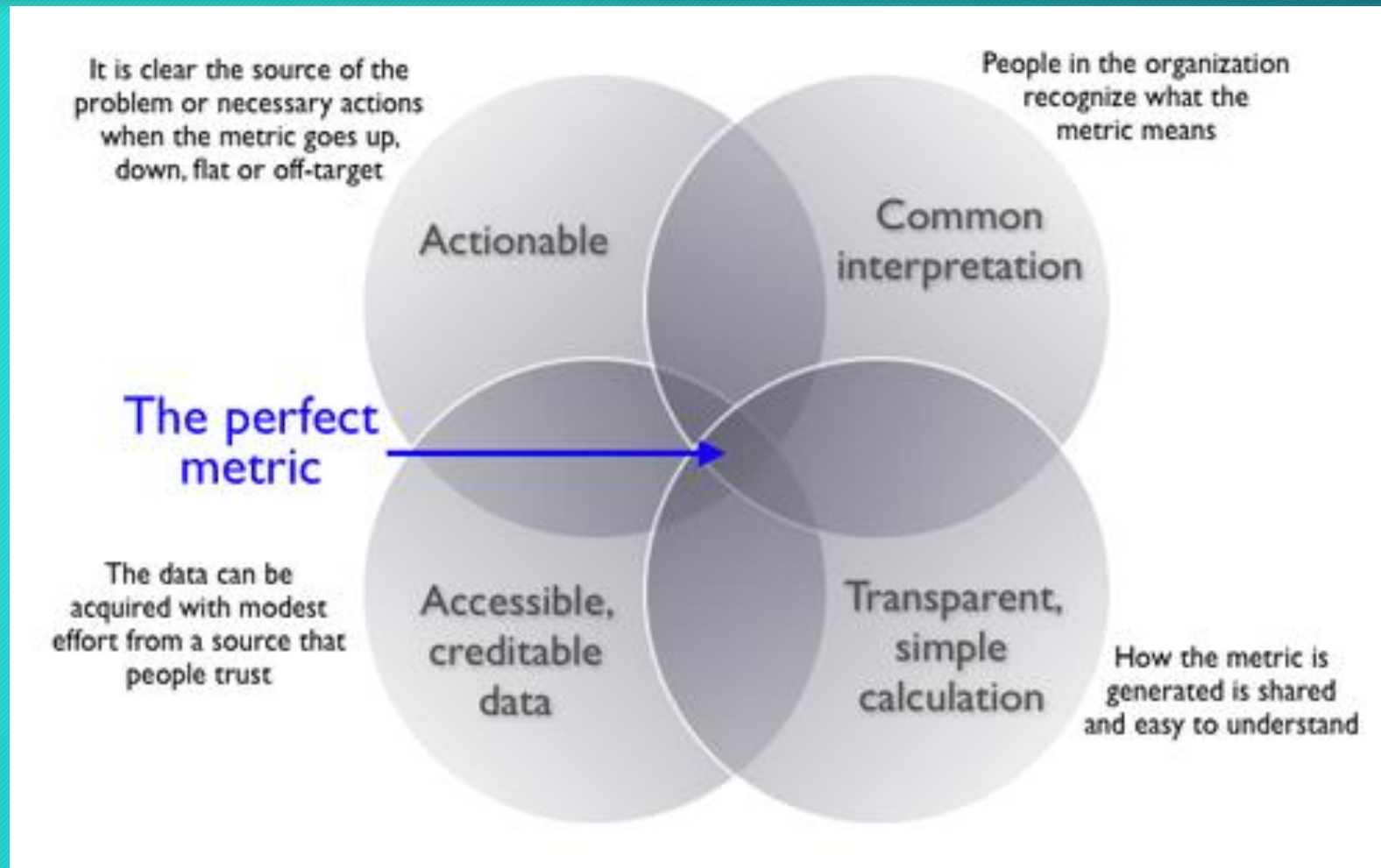


To achieve these objectives you need a clear road map

- To achieve the revenue objectives you need a clear marketing plan
- Need a comprehensive budget to define the anticipated expenses

and you need the participation of all

Metrics - Keep it Simple



Make Metrics easy to understand

Don't give a P&L Financial Statement and expect operations to understand

	Current Month		Year to Date	
Rooms Revenue	\$ 1,432,708.30	84.93	\$ 1,432,708.30	84.93
Late departure	14,368.76	0.85	14,368.76	0.85
Telephone Revenue	3,792.13	0.22	3,792.13	0.22
Laundry Revenue	1,128.80	0.07	1,128.80	0.07
Miscellaneous Revenue	121.97	0.01	121.97	0.01
Wedding package revenue	1,129.03	0.07	1,129.03	0.07
Gift Shop	1,092.40	0.06	1,092.40	0.06
Interest	369.13	0.02	369.13	0.02
Lease Rental	232,260.48	13.77	232,260.48	13.77
Total Revenues	1,686,971.00	100.00	1,686,971.00	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	1,686,971.00	100.00	1,686,971.00	100.00
Expenses				
Cleaning Supplies	10,454.69	0.62	10,454.69	0.62
Laundry Supplies	2,326.07	0.14	2,326.07	0.14
Guest Supplies	3,706.36	0.22	3,706.36	0.22
Small In room Equipment	24,058.30	1.43	24,058.30	1.43
Room Linen	12,674.06	0.75	12,674.06	0.75
Guest store supplies	2,047.39	0.12	2,047.39	0.12
Paper & Stationary	10,287.29	0.61	10,287.29	0.61
Tools	795.73	0.05	795.73	0.05
General Maintenance Supplies	41,679.00	2.47	41,679.00	2.47
General Gardening Supplies	5,568.93	0.33	5,568.93	0.33
Electrical Supplies	8,276.52	0.49	8,276.52	0.49
Painting Supplies	5,683.63	0.34	5,683.63	0.34
Plumbing Supplies	3,695.28	0.22	3,695.28	0.22

Break metrics down into easy to numbers that are easy to relate to

- Break down costs into numbers staff can understand such cost per guest, cost per occupied room.

For example in Housekeeping look at

- - Cost of guest supplies per occupied room
- Cost of cleaning supplies per occupied room
- Cost of laundry per guest

Be sure to determine which to use per occupied or per guest

At the front desk

- One the most frequently asked questions - is what is your occupancy?
- Then what is the Average Daily Rate?
- However RevPar is a better judge of performance

In Food & Beverage

- Every chef and every barman will have a Food or Beverage cost to aim at and will need these metrics on an almost daily basis.
Other Food & Beverage metrics that feed into the above are
menu development & costing, portion control, inventory control
- Other expenses in the Food and Beverage department may be calculated per cover.

Two most important - Utilities & labour

- The two most important budget lines on any P&L in the region are utilities and labour so to control these management must have metrics in place to monitor these.

Utilities - water and electricity should be monitored on a daily basis. Both can be monitored either by occupied room or by guest. Any variances can immediately be investigated to avoid wastage.

Human Resources

- Prepare your manning guide.
- - Determine your mean occupancy levels
- - Determine your expected productivity levels
- - Determine your manning needs, in man days and man hours.
 - Apply your salary scales to determine your payroll budget
- - Monitor at all times

Every department should have its key metrics to follow on a daily basis

- If the key metrics are shared on a regular basis with department heads, expenses can be monitored and effectively controlled before any unexpected variances are allowed to get out of control.

WE  METRICS