

School of Hospitality

Course Code : BSCH3004

Course Name: Housekeeping Management

UNIT -2 Budget and Budgeting Control Topic 4: Income Statement

Topic outcome:

- 1: To understand the controlling expenses under HK head.**
- 2. Interpret the steps involved in controlling operating expenses.**
- 3. To understand various practices involved in controlling cost in some specific area.**

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Income statement of the Rooms Division

- This is also called annual profit and loss statement.
- This particular P&L statement is reviewed by the room division manager with all the departments heads, including the ehk, at the beginning of the budgeting process.
- This lists all sources of income that can be called “Revenue” and all the debited items that are paid out or are actual losses.
- Debits are then subtracted from the income.
- If the income is higher than the debits, the hotel calls it profit.
- If the debits are higher than the income, the hotel reports a loss, called “deficit”
- The result of the income statement gives the management a baseline from which to start planning the next budget.

Controlling Operating Expenses

- **Effective documentation:** All inventories should be documented to monitor their usage rates and costs.
- **Zero base scheduling:** This refers to hiring employees by taking in to account the actual occupancy for a specified period of time.
- **Right Purchasing:** right quality, right quantity, right price, right source of supply and right time for purchasing.
- **Efficient training & supervision:** training for new employees and training for older employees is a tool for controlling expenses. efficient training ensuree that the productivity and performance standard are met by all employees

Cost Control in specific area

- Proper observation and stock record on cleaning supplies and cleaning equipment
- Appointing multi-skilled staff and giving them proper training.
- The use of a key –tag or electronic –lock system helps conserve power by ensuring that the lights are switched off automatically as soon as the guest walk out.
- To clean and scrub back of the house areas, floor cleaners must be substituted by half used soaps and shampoos.
- In VIPs rooms only those flowers that are shedding petals instead changing the entire arrangement.
- In guest bathrooms, use plants such as the money plant, which looks attractive and required fresh water only once in a while instead of using flowers in a bud vase.

- Amenities such as dental kits, shaving kits and combs should be placed in guestrooms only after getting confirmation of their occupancy from the front office, so as to avoid the misuse of these items by staff.
- Old condemned white sheets may be cut up and used in banquet halls as table cloths for exhibition.
- Condemned towels can be turned in to dusters and mop cloths for cleaning surfaces.
- For cost cutting a sprinkler should be used for watering over using hosepipe.
- Dead plants, leaves and kitchen garbage can be composed in a compost pit built in a vacant part of the premises away from the accommodation areas. This saves on fertilizer cost as well as making efficient use of waste.

Right Quality

- The housekeeping department is responsible for providing the guests with a clean, comfortable, and safe environment as well as meet and exceed the guest's expectations. In this regard the department needs to buy the best products. Value for money is the factor in each of the product supplies to the guestroom and public areas. The entire range of items has to meet the standards and specifications determined by the department and the hotel management.

Right Quantity

- **Placing a purchase order of the right quality is of utmost importance for any organisation. Suppliers usually offer huge discounts on large quantities but that should not influence the department's decision. The following factors should be kept in mind while ordering the right quantity of material:**
 - **The cost of the order being placed**
 - **The cost of storage and carrying charges for holding stocks**
 - **Quantity discount**
 - **Stock level and order point**
 - **Budgetary controls**
 - **Buffer stocks**

Right Price

- One of the major concerns for both the housekeeping and purchasing department is to get the supplies at the right price. An in-depth knowledge of the market is vital to make sure that the right price is being paid i.e. the payment corresponds to the exact value of the material being purchased. The terms of payment should also be attended.

Right Time

- The material should be made available at the right time. Lead time, which is the period between the indent originating from the housekeeping department and the time the material is ready for use, should be minimal. The total lead time which includes the supplier lead time plus the internal processing, clearance receipt, and inspection time should be as low as possible to work on lower inventory level. The time should also be right as regard ensuring immediate availability of a particular product in the market.

Right Source of Supplies

- The right source of supply is critical to the Executive Housekeeper. If the source of supply is correct, right quality, quantity, price, and time are a natural consequence. The selection of the ideal supplier is crucial for both the housekeeping and the purchase departments in which they are aided by:
 - Knowledge and experience
 - Catalogues, internet, etc
 - Hotel supplies directories

References

- **Hotel Housekeeping Operations & Managements (G.Raghubalan & Smritee Raghubalan) --- Oxford Publication**
- **IHM notes site
([://www.ihmnotessite.net/5-Housekeeping](http://www.ihmnotessite.net/5-Housekeeping))**