

# Guest Checkout

## OPENING DILEMMA

*The general manager of the hotel indicated at the staff meeting today that the budget allows for the purchase of an additional module in the property management system. She suggests that the guest history module might be just what the hotel needs to increase room sales. The general manager has scheduled a visit from the PMS vendor tomorrow and wants you (the front office manager) and the director of marketing and sales to prepare a list of questions for the vendor that will help you determine whether the purchase of the guest history module for the hotel is justified.*

Guest checkout can indeed be a time of confusion, short tempers, and long lines, a test of the patience of both the guest and the cashier. Think of the last time you checked out of a hotel. How did it go? Was the cashier courteous and hospitable? If not, were you angry because of his or her indifference? Always remember what it is like to be a guest. It will serve you well throughout your career in the hospitality industry.

This chapter will assist you in developing a thorough understanding of the guest checkout process. It is not a difficult procedure to understand and implement; however, it does require planning in order to organize the details of this part of the guest's stay.

## CHAPTER FOCUS POINTS

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- Organization of late charges to produce an accurate guest folio
- Procedures necessary to perform the guest checkout
- Transfer of guest accounts to the back office
- Checkout reports available with a property management system
- Guest histories

The use of the checkout module of a PMS is discussed throughout the chapter. Recall from Figure 4-13, the checkout module, that the options available include folio, adjustments, cashier, back office transfer, reports, and guest history.

## Organizing Late Charges to Ensure Accuracy

As you have learned in earlier chapters, throughout the guest's stay, various charges for room, tax, food and beverages, valet, and other services are posted to the guest folio as they are incurred when a hotel utilizes all modules in the PMS. At the time of checkout, **late charges**, guest charges that might not be included on the guest folio because of a delay in posting by other departments, can result in substantial loss of income, as Table 9-1 indicates.

Failure to post telephone charges for local or long-distance calls made by the guest prior to checkout is another area for lost revenue. For example, a lodging property that fails to post 20 phone calls per day, at an average cost of fifty cents each, would lose \$3,650 per year.

Front offices with property management systems that can interface the posting module with the point-of-sale departments and the call-accounting system can post late charges easily. As soon as the charge is incurred at the point-of-sale or through the call-accounting system, it is posted to the electronic folio. Without this interface, the point-of-sale cashier must telephone the front desk clerk prior to the guest's checkout. The telephone operator and front desk clerk must have a good reporting system to record all phone calls. When a PMS is not used, the front office manager and other department managers should initiate a communication program for their employees that will ensure a quick and accurate relay of information about last-minute charges.

**Table 9-1. Revenue Loss Caused by Failure to Post Charges**

<b>Lost Breakfast Charges</b>	
Average number of charged breakfasts per day	100
Percentage of lost charges	× .03
Number of lost charges per day	3
Average check	× \$5.00
Amount lost per day	\$15.00
Days per year	× 365
Amount lost per year	\$5,475

## Guest Checkout Procedure

If front office personnel have collected and posted guest late charges in an appropriate and timely manner, then the guest checkout can proceed without any bottlenecks. However, when the cashier or front desk clerk must make several phone calls to the restaurant, gift shop, and switchboard to verify charges, delays and disputes can occur.

The guest checkout involves the following steps:

1. Guest requests checkout.
2. Desk clerk inquires about quality of products and services.
3. Guest returns key to desk clerk.
4. Desk clerk retrieves hard copy of electronic folio.
5. Desk clerk reviews folio for completeness.
6. Guest reviews charges and payments.
7. Guest determines method of payment.
8. Guest makes payment.
9. Desk clerk inquires about additional reservations.
10. Desk clerk files folio and related documents for the night audit.
11. Desk clerk communicates guest departure to housekeeping and other departments in the hotel if necessary.

The objective of the checkout process is to process the guest's request for settlement of his or her account as quickly and efficiently as possible. The lodging establishment also wants to maintain a quality-control system for both the guest and the hotel: posting errors can mean erroneous charges for the guest and lost money for the lodging establishment.

Throughout your career in lodging management, you will be called on to develop operational procedures. First set your objectives and keep them simple. Accommodate guests and maintain necessary data to provide the lodging establishment with information for the income statement. The steps outlined for guest checkout show how easy it is to establish operational procedures when you keep these goals in mind. The narratives that follow elaborate on each step in the guest checkout.

### Inquiring about Quality of Products and Services

When the guest arrives at the front desk to check out, the cashier should inquire about the guest's satisfaction with the accommodations, food and beverages, and miscellaneous services provided by the hotel (Figure 9-1). Cashiers should be alert to possible problems.



**Figure 9-1.** *Guest checkout is a time for inquiring about guest services and determining method of payment. (Photo courtesy of Lincoln Plaza Hotel and Conference Center, Reading, Pennsylvania.)*

Incidental comments about a cold room, low water pressure, leaky plumbing, or damaged furniture should be noted and passed along to the appropriate department heads.

Because guests often do not verbalize complaints or compliments, all lodging properties should have guest comment cards available as an optional source of communication. In many leading lodging chains, the chief executive officer answers these cards personally. The general manager of an independent lodging property can provide a similar personal touch by acknowledging negative comments. A good public relations program can be enhanced by addressing any minor problems experienced by the guest that might indicate lack of concern. Also, concern for guest satisfaction impacts the financial success of the hotel.

### Retrieving the Room Key

Lodging properties that use a hard-key system must request the return of the hard key. The security of the guest as well as the financial investment in the hard-key system mandates that this procedure be a part of the guest checkout. Guest security is jeopardized if keys are lost or not returned. A 200-room property with approximately five keys per room that must be constantly replaced will find that a great deal of money is being spent

## FRONTLINE REALITIES



Upon checkout, a front desk clerk asks a guest if his accommodations were acceptable. The guest says that the heater in the room didn't work last night. Since the hotel has a 100 percent satisfaction guarantee, the desk clerk is obliged to comp the room. If you were the front office manager, what would you do to follow up on this incident?

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to maintain the key supply. Some properties require a key deposit, returnable upon guest checkout.

The hotel with a PMS and/or an electronic key system can easily change the electronic code on a key for future entrance to the guest room. Although the initial financial investment in such a system is substantial, security is the ultimate objective in adopting this technology.

### Retrieving and Reviewing the Folio

In a front office with a PMS, the cashier uses the folio option of the checkout module to retrieve the electronic folio by entering the guest's name or room number. A hard copy is printed for the guest.

The guest and the cashier should both review the folio. The cashier reviews the obvious charges: room fee and tax for the number of nights spent in the hotel (day of arrival through last night), incidentals (such as movie rental, personal phone calls, or purchases at the gift shop) paid for by the individual rather than a corporation, and the like. The cashier must inquire if late charges were incurred at the restaurant or any other hotel department or if any last-minute phone calls were made.

The guest must also be shown a copy of the folio for a final review. The front office manager should provide cashiers with a list of procedures to follow if charges are questioned. Typical questions concern charges for phone calls that were not made, meals that were not eaten, gifts that were not purchased, flowers that were not received, laundry that was not sent out, or in-room movies that were not viewed. Using the list provided by the front office manager, the front desk clerk or cashier may adjust these charges up to a certain dollar amount. A thorough cost-control procedure to track the total adjustments by each employee can help to keep such adjustments in line. Large dollar amounts that are questioned by the guest should be referred to the front office manager. The adjustments option of the checkout module in a property management system can be used to make these changes.

### In-Room Guest Checkout

Before proceeding further with the guest checkout procedure, it is important to note the guest's option to use **in-room guest checkout**, a computerized procedure that allows

guests to settle their accounts from their rooms (Figure 9-2). In some PMSs that feature in-room guest checkout, the guest can initiate the guest checkout the night before departing by following instructions located near the television set in the guest room. The guest can view a final version of the folio on the television screen on the morning of checkout. This expedites the process by alerting the front office to have a hard copy ready for payment. If the guest has indicated that he or she will pay by credit card or direct billing (bill-to-account), the guest does not have to stop by the front desk to check out. A control procedure is built into the PMS to prevent a cash customer from using in-room checkout. A guest who is going to pay with cash has not established a line of credit with the hotel.

**Figure 9-2.** *This hotel guest is reviewing his folio on the television screen in his room prior to finalizing guest checkout. (Photo courtesy of ITT Sheraton Corporation.)*

## Determining Method of Payment and Collection

During registration, the guest indicated the method of payment he or she planned to use. Possibilities include credit cards, direct billing (bill-to-account), cash or personal check, traveler's checks, or debit cards. During checkout, the guest confirms the method of payment.



### Credit Cards

Today's business and pleasure travelers usually pay with a credit card. "Plastic money" has advantages for the cardholder as well as for the hotel. The cardholder is assured instant credit to satisfy debts incurred. The extensive travel required of some businesspeople would make the almost constant requests for cash advances by corporate employees difficult to manage. The advantage for the lodging establishment is that payment is assured (less a discount paid to the corporation issuing the credit card). It is important to note that with the increased use and advances of computers in the business world, the reimbursement period can be reduced to none—the hotel is immediately credited with payment. As these advances occur, the ready acceptance of various credit cards will change.

The front office, in cooperation with the controller, usually establishes a priority system for accepting credit cards, based on cash flow requirements and the effect of the discount rate offered. The average guest will probably not be aware of the discount rate and may be willing to use whatever credit card the front desk clerk requests.

Processing a credit card in an automated hotel follows

a standard procedure. The objectives of the procedure include accurate recording of the amounts of charges and tax, name (address and phone number of cardholder are optional), verification of the credit-card dollar limit, and capture of fraudulent credit cards. The procedure might include the following steps:

1. Note the credit-card expiration date.
2. Enter the approval of the amount of the charge on the PMS checkout screen.
3. Verify the credit limit available by using the credit-card validator.
4. Allow the guest to review folio and sign.
5. Check the guest signature on the folio against the signature on the card.
6. Give the card and the guest copy of the folio to the guest.

Once the procedure has been developed, it must be followed to the letter, without exception. The fraudulent use of credit cards takes a great toll on the profits of the hotel. An incentive system for cashiers and front desk clerks can be built into the procedure for processing credit cards to encourage the capture of fraudulent cards. The small monetary reward is nominal compared to the cost of a hotel bill that may never be recovered. However, it is important to note that hotels should develop a procedure for retrieval of fraudulent credit cards. Safety of front desk staff is extremely important in this procedure.

### Bill-to-Account (Direct Billing)

Hotel guests, both corporate representatives and private guests, may also use the **bill-to-account**, a preauthorized account that allows guests to have their charges processed on a regular billing cycle without the use of a credit card (sometimes referred to as “direct billing”) to settle an account. Direct billing requires prior approval of the credit limit of an organization (corporate representatives) or an individual (private guest). Usually the corporation requesting direct billing will complete an application for credit approval. The controller in the lodging establishment will then perform a credit check to determine a credit rating and a credit limit. This **house limit** of credit, a credit limit set by an individual hotel, can vary, depending on the amount of projected charges and the length of time allowed for charges to be paid. The credit rating of the corporation in question will play a large part in assigning a credit limit.

The application usually will list people who are authorized to use the account as well as authorized positions within the corporation. Identification cards with an authorization number are issued by the hotel. It is the responsibility of the corporation applying for credit to monitor the authorized use of the credit. The cashier must verify identification of the corporate guest.

The bill-to-account option should be reviewed with an eye toward cost-effectiveness. Although the hotel will not have to pay a 3–8 percent discount rate to the credit-card

agency, the cost incurred by the controller's office (credit checks, billing, postage, collection of bad debts) must be considered. The question of cash flow—almost immediate payment from the credit-card agency versus a four- to eight-week waiting period for corporate accounts—should also be considered. The marketing implications of direct billing also deserve attention. The status conferred by this option may be very desirable to corporate representatives and private guests.

The following procedure is used to process a bill-to-account payment:

1. Request corporate or personal identification.
2. Check to be sure the individual is authorized by the account holder to bill to the account.
3. Note any credit limit per employee.
4. Note any red flags on the credit file due to nonpayment of bills.
5. Note authorized signature.
6. Enter charges into the point-of-sale terminal along with bill-to-account identification. Once this information is entered into the POS, it becomes entered into an electronic folio in the city ledger of PMS.

## Cash and Personal Checks

When guests indicate during registration that they will pay their bills with cash or a personal check, the front desk clerk should immediately be on the alert. Such a guest may very well charge everything during his or her stay (perhaps only one day in length) at the hotel and then exit without paying. Consequently, most hotels require cash in advance from guests who choose this method of payment, since the guest has not established any credit rating with the hotel. In addition, close monitoring by the night auditor and front desk clerks of the guest's charge activity is in order. Such guests will not be allowed charge privileges at other departments in the hotel. In properties with a PMS, the guest name and room number will be entered to block charges at point-of-sale areas. In a hotel without food and beverage, gift shop, and health club POS terminals, the front office will have to alert those departments that this guest has not been extended charge privileges.

To process a cash payment, the following procedure can be used:

1. Check the daily currency conversion rate when converting foreign into national currency. Take time to ensure that math is accurate.
2. Retain the amount tendered outside the cash drawer until the transaction is completed.
3. Maintain an orderly cash drawer, with bills separated by denomination.
4. Develop an orderly procedure to make change from the amount tendered.

5. Count the change out loud when giving it to the guest.
6. Perform only one procedure at a time. Refuse to make change for another bill of a different denomination if a previous transaction has not been completed.
7. Issue a receipt for the transaction.

Most lodging properties simply do not accept personal checks; there is too great an opportunity for fraud. This policy often comes as a surprise to guests, who may protest that this is the only means of payment they have. However, there are commercial check authorization companies that a hotel can employ and credit-card companies that will guarantee a guest's personal check.

The procedure for processing personal checks is as follows:

1. Request a personal check-cashing card.
2. Refer to the list of persons who are *not* allowed to present checks as legal tender.
3. Compare the written amount of the check with the figures to be sure they match.
4. Note low-numbered checks. Low numbers may indicate a newly opened, unestablished account, and the check will require a supervisor's approval.
5. Request identification (a valid driver's license and a major credit card) and record the numbers on the back of the check. Compare the name and address imprinted on the check with a valid driver's license.
6. Compare the signature on the check with the requested identification.
7. Validate the amount of the check and the credit rating of the guest with a commercial check authorization company or credit-card company.

## Traveler's Checks

**Traveler's checks** are prepaid checks that have been issued by a bank or financial organization; they have been an acceptable form of legal tender for many years. These checks are a welcome method of payment in the lodging industry. Traveler's checks are processed like cash. Proof of credit has already been established, and there is no payment of a percentage of the sale to a credit-card agency by the hotel, as the guest has paid a percentage of the face amount of the traveler's check to the issuing agency. However, checking proof of identification (a valid driver's license or major credit card) should be a standard traveler's check-cashing policy. The guest should sign the traveler's check in the cashier's presence, and that signature should be compared with the signature already on the check. The list of traveler's check numbers that are not acceptable, supplied regularly by the check-issuing agency, must be consulted to ensure that the checks are valid.

## Debit Cards

**Debit cards** or check cards are embossed plastic cards with a magnetic strip on the reverse side that authorize direct transfer of funds from a customer's bank account to the commercial organization's bank account for purchase of goods and services. Some examples of debit cards are MAC, NYCE, MOST, and PLUS. These are similar to credit cards in that they guarantee creditworthiness, against which the hotel charges the bill; however, the payment is deducted directly and immediately from the guest's personal savings or checking account and transferred to the hotel's account rather than being billed to the guest on a monthly basis. Debit cards continue to gain in popularity as the use of credit cards becomes more costly to the guest. However, the concept of **float**, the delay in payment after using a credit card, may remain a more attractive benefit for some guests. Some debit cards have a credit-card logo embossed on the plastic card, which indicates they are acceptable at places that accept that particular credit card and are processed through a credit-card financial organization. Debit cards are processed similarly to credit cards.

To process a debit-card payment, the following procedure is used:

1. Insert debit card into validation machine.
2. Have guest enter personal identification number.
3. Process debit-card voucher as a cash payment on the guest folio.

## Assisting the Guest with Method of Payment

Guests may experience a situation in which they are short on cash or are otherwise unable to pay their bill due to an expensive emergency, overextension of credit-card limits, or theft. When these situations occur, the front desk clerk or cashier will want to be ready to offer the following services.

### Money Wire

Western Union provides **money wire**, an electronic message that authorizes money from one person to be issued to another person; this service has been available to travelers for many years, with a fee charged by Western Union. This convenient service should be well established as an option for a guest. The front office manager should develop and communicate a procedure that includes the phone number and address of the nearest money wire center.

### Travelers Aid Society

The Travelers Aid Society was founded for the purpose of aiding the truly down-and-out traveler beset by an unexpected emergency in an unfamiliar city. The phone number

and address of this organization must also be established and communicated to the front office staff as an option of payment.

## Auto Clubs

The auto clubs—AAA (American Automobile Association) being the best known—and private gasoline companies offer their members immediate cash advances in case of an emergency. Again, a listing of phone numbers of auto clubs for guest use not only helps the guest but ensures the lodging establishment that it will be paid.

The method of payment in the end can affect your bottom line. The “preapproval” criterion for credit-card and debit-card holders is an important requirement when a hotel is extending credit to a guest from check-in to checkout. The discount rate charged by the issuing agency, which takes a percentage of the gross charges, affects the income statement as well. It is also important, however, to show concern for the guest whose luck has taken a turn for the worse (serious accident, theft, unexpected illness, etc.). The front office should be equipped to offer information on alternatives such as auto clubs and money wires, which can be perceived as a display of genuine hospitality.

## International Currency Exchange

When an international guest presents a credit card for payment at checkout, the credit-card-issuing agency will process the payment according to the current exchange rate between countries. If a guest wants to pay in his or her national currency, the cashier will have to compute the exchange. The daily international exchange rate can be found by calling a bank or other financial institution or reviewing the international exchange rates published in the *Wall Street Journal* in the Currency Trading section. Exchange rates for the U.S. dollar, pound, euro, peso, yen, and Canadian dollar are listed.

On January 1, 1999, the euro became the accepted currency for the following 11 member states of the European Community: Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, and Finland. In January 2001, Greece adopted the euro, and in January 2002, euro coins and bills were introduced. Also, the euro will provide ease in traveling throughout Europe, since a traveler will not have to exchange currency at each participating country.

The goal in computing the exchange is to determine how much of the international visitor’s national currency is required to pay the bill in our country. With that goal in mind, here is a simple procedure to follow. If a Canadian guest at a U.S. hotel wants to pay a \$500.00 hotel bill in Canadian dollars with an exchange rate of \$0.80 Canadian to \$1.00, then the cashier would use the following formula to compute the exchange of Canadian dollars for U.S. dollars:

$$\frac{\text{U.S. } \$500.00}{\text{U.S. } \$0.80} = 625.00 \text{ Canadian dollars required to pay the bill at a U.S. hotel}$$

## FRONTLINE REALITIES



**A** guest from Europe has changed her mind about using a credit card to pay the outstanding folio balance and wants to pay with English pounds. How would you proceed?

If an English guest at a U.S. hotel wants to pay a \$500.00 hotel bill in pounds with an exchange rate of £1 to U.S. \$2.00, then the cashier would use the following formula to compute the exchange of English pounds for U.S. dollars:

$$\frac{\$500.00 \text{ U.S.}}{\$2.00 \text{ U.S.}} = 250 \text{ English pounds required to pay the bill at a U.S. hotel}$$

It is important to consider the “float” time of the international currency collected and presented to a bank for deposit in a hotel’s account; that is, it will take several days or weeks before the currency is credited to the hotel’s account. Also, a different rate of exchange may be in effect at the time of the currency exchange transaction. For example, a U.S. hotel may deposit 10,000 English pounds from an English tour group thinking it will receive U.S. \$20,000.00 (2.00 U.S. dollars for each English pound), but three weeks later, when the transaction occurs, the exchange rate may be U.S. \$1.90 for 1 English pound. In this case, the U.S. hotel would receive approximately U.S. \$19,000.00 ( $10,000 \times 1.9 = 19,000.00$ ) instead of the U.S. \$20,000.00 originally computed at the time of deposit. To compensate for this, the hotel must consider adding a surcharge to the rate used that day as well as a transaction fee charge by banks. For example, in the case in which a U.S. hotel anticipates receiving U.S. \$20,000.00 for a deposit of 10,000 English pounds based on a current exchange rate of 1 English pound for each U.S. \$2.00, it may be better for the hotel to use 1 English pound for each U.S. \$1.90 to cover a volatile exchange rate and a banking fee. The U.S. hotel would collect £10,526 ( $\text{U.S. } \$20,000.00 \div 1.90 = (\text{£}10,526)$ ) at the time of checkout to compensate for the float time of the international currency.

## Obtaining Future Reservations

Checkout, the last contact point with the guest, provides the best opportunity for securing additional reservations. It is at this time that the cashier or front desk clerk can best assist the marketing and sales department. The front office manager should develop a standard procedure for the front office staff to follow, which may include these steps:

1. At the beginning of the checkout procedure, inquire about the guest’s stay. Maintain good eye contact and listen very closely.

2. Ask if the guest will be returning to this area in the near future or if he or she will need a reservation for a property in the hotel's chain or referral group. If so, ask whether he or she would like to make a reservation for that visit. Because all the guest data are already on file, a confirmation of the reservation can be sent at a later time. If the guest is in a hurry, the reservation staff can follow up later. Your role is to plant the seed for a future sale as well as to accommodate a guest.
3. Continue to check out the guest. Again, make eye contact. If the guest has not responded positively to the first inquiry, offer a departure brochure or directory that includes information about making additional reservations at the hotel's property or those properties within the chain or referral group.
4. Bid the guest farewell.
5. Report to the shift supervisor any negative comments from the guest concerning his or her stay.
6. Process any future reservations or alert the reservation clerk to these requests.

This standard procedure should be part of the desk clerk's training program. As with other sales efforts at the front office, selling additional reservations at checkout should be rewarded through an employee incentive program. This procedure gives the front office personnel a basic structure to use in pitching the sale and accommodating the guest. The employee still has the opportunity to adapt the pitch using his or her own style.

## Filing Documents

The paperwork documenting the day's transactions must be in place when the night auditor's shift begins. Guest folios, transfers, paid-out slips, and the like must be filed according to a standard system. This may seem like a simple task, but at a busy front desk, with many checkouts and check-ins, it is easy to misplace documents. Care must be taken to provide the night auditor with all the necessary proof of origination of charges and trail of payment options.

## Relaying Guest Departures to Other Departments

It is essential that other departments be notified after a guest has checked out to ensure smooth operation of the hotel. The PMS allows the front desk clerk and the housekeeping employees to inform one another of guest departures, stayovers, room availability status, and other occupancy details as they occur. As mentioned earlier in the text, once the

electronic folio is cleared from active memory after checkout, the guest departure will be indicated on all other modules of the system. The front desk clerk does not have to telephone the housekeeper to say that room 203 is vacant; the housekeeper need not spend hours reporting room availability status to the front desk clerks. Backup phone calls are still made for situations for which current information is needed from the maintenance department. The maid or houseman can inform the front desk clerk electronically of room availability status.

In addition to informing the food and beverage department of guests who have checked out, other departments where guests can incur charges must be notified as well to prevent acceptance of unauthorized guest charges. Other departments, such as gift shops, recreational activity centers, and valet service, will also be notified so that a guest who has already checked out will no longer be able to charge a closed account. A system for notifying other departments, perhaps not interfaced in the PMS, of guest checkouts should be a basic operating procedure of the front office.

The entire communication system between the front office and other departments is further enhanced by employees who care about doing their jobs right. Desk clerks will want to ensure that rooms showing a ready-to-be-occupied status are indeed available. Housekeeping personnel must report when rooms are ready to be occupied. Careful screening of job candidates and proper training, which includes an explanation of the importance of maintaining communication with other departments, are vital to smooth operations. When everyone works together, the guest is satisfied, the lodging establishment receives a fair return on its investment, and the employee's career opportunities are enhanced.

## Removing Guest Information from the System

In hotels with a PMS, removing guest information requires closing the electronic folio. This deletes the guest name and room number from the electronic guest database and the call-accounting system. This data is stored for future processing by the accounting office (see the following section) as well as the marketing and sales department for developing guest histories (discussed later in the chapter).

## Transfer of Guest Accounts to the Back Office

Some methods of payment require transferring folio balances to the back office for further processing. Credit-card payments will be processed and added to the master credit-card account according to type (such as Visa or JCB). The controller maintains this account as accounts receivable. Bill-to-account charges must also be transferred to the back office accounts receivable. The controller will process the account according to standard

operating procedures, which are handled electronically in a property management system. The back office transfer option enables the controller or front office staff to transfer accounts that require special handling or adjustments.

## Checkout Reports Available with a Property Management System

The front office manager will want to review and analyze various data produced during checkout. Most of this information is financial. The data can be grouped into categories as the front office manager desires: method of payment and the respective amounts, total room sales, total room count, and total room sales by type are some sorting options. Room status and occupancy availability can also be tracked. The number of guests who actually checked out versus the number who should have checked out can also be compared. An analysis of guests who understayed or overstayed their reservations can be made. The reports option of the checkout module in the PMS allows the front office manager, director of marketing and sales, controller, and other department heads to review these statistics. Figures 9-3, 9-4, 9-5, and 9-6 are examples of the reports available from this module.

## Guest Histories

**Guest histories** are marketing analyses of guests' geographic and demographic information that also provide information about guest activities while staying at the hotel. This

Figure 9-3. Method of payment report option of a PMS.

2/15 Method of Payment		
Type	Gross	Net
V	\$ 456.98	\$ 431.56
MC/	598.01	565.20
JCB	4,125.73	3,202.11
Direct bill	105.34	105.34
Cash	395.91	395.91
TOTALS	\$5,681.97	\$4,700.12

Figure 9-4. Room sales report option of a PMS.

9/22 Room Sales				
Type	Occupied	Available	Sales	Guests
K	35	37	\$2,698.12	42
KK	50	50	2,965.09	65
KS	10	15	1,000.54	11
DD	45	50	2,258.36	68
TOTALS	140	152	\$8,922.11	186

analysis is simplified by the use of a PMS. The guest history option of the checkout module assists the front office manager in preparing reports of such data for the director of marketing and sales. The particulars of guest histories can also be obtained from registration cards and the reservation system.

The most useful part of the marketing data is the **zip or postal code**, an individual local postal designation assigned by a country. It provides the person who is developing marketing strategies with geographic indicators of populations who have tried the products and services of a particular lodging establishment. This geographic information can be matched with communications media, such as Web site, radio, television, and newspapers, that are available in that area and with demographic (age, sex, income, occupation, marital status, etc.) and psychographic (lifestyle) data. Matching, web site, radio stations, television stations, and newspapers to a group that constitutes the hotel's prime

Figure 9-5. Room status report option of a PMS.

11/1 2:19 P.M. Room Status			
DD	K	KK	KS
104 OCC	101 ON CHG	201 ON CHG	108 ON CHG
204 READY	102 ON CHG	202 ON CHG	109 READY
209 READY	103 ON CHG	203 OOO	205 READY
210 ON CHG	105 READY	206 READY	208 READY
211 ON CHG	106 OUT OF ORDR	207 READY	301 OCC
304 ON CHG	107 ON CHG	303 OCC	308 READY
309 READY	302 OCC	307 OCC	
310 READY	305 OUT OF ORDR		
311 READY	306 ON CHG		

Figure 9-6. *Understay reservation report option of a PMS.*

	Week beginning: 2/01				
	2/1	2/2	2/3	2/4	2/5
No. reservations	125	54	10	5	2
No. completed	125	50	7	3	1
Variation	0	4	3	2	1
Lost revenue	0	\$480	\$630	\$480	\$300
<b>TOTAL LOST SALES:</b>	<b>\$1,890</b>				

market as well as developing well-structured direct-mail campaigns can be a very profitable marketing strategy. Defining the market for continued business is part of a sound business plan.

The front office manager who reviews the registration cards and reservation cards for group affiliations will find potential data for development of potential guests by the marketing and sales department. Follow-up by the marketing and sales department to various representatives of organizations that have stayed in the hotel may lead to the booking of future conventions and conferences.

The constant demand for meeting facilities does not just happen. Corporate clients that book facility space want to be assured that all details will be handled professionally. Trust in a hotel begins with the hotel's establishing a good track record in handling the small details of hospitality—efficiency in processing reservations, registrations, checkout procedures, and in the maintenance of clean and attractive facilities. This trust (along with a good room rate and adequate meeting space) increases room sales to small conferences.

The guest history will also provide information about the method of advertising that helped to secure the reservation and registration (Figure 9-7). If guest histories reveal that a large number of reservations originated with a particular travel or tour agency, then the marketing and sales department will want to maintain a strong relationship with that agency and to develop relationships with other agencies within that particular point of origin as well. **FAM (familiarization) tours**—complimentary visits sponsored by the lodging property that host representatives of travel organizations, bus associations, social and nonprofit organizations, and local corporate traffic managers—can produce an increase in future room revenue. During these tours, representatives can see firsthand what the property has to offer.

A lodging property that has a 70 percent corporate client market might also want to review who makes the reservations for these business professionals at the corporate client's office. The administrative assistant, traffic manager, or executive secretary is probably the person who makes the reservation. If this is the case, the lodging establishment

**Figure 9-7.** *Referral sources analysis option of a PMS.*

1/1–6/30 Guest History Analysis of Method of Referral		
Method	No.	%
Direct mail	300	19
Billboard	121	8
Reservation system	420	26
Local referral	89	5
Car radio	35	2
Newspaper	35	2
Web site	600	38

should put in place a program that encourages these people to call it. Incentive programs that reward those who make a certain number of reservations over a specified time period are an example.

Walk-in guests can also provide valuable marketing data. If guests indicate that “the billboard on Route 777N” was the means by which they learned about your hotel, you will have an idea about the cost-effectiveness of this type of advertising. If guests are being referred by the local gasoline station or convenience store, consider providing brochures and other information to these businesses. Perhaps complimentary dinners or escape weekends for the personnel would be effective.

Data from the guest histories concerning frequency of visits will also reveal some areas for follow-up (Figure 9-8). The frequent guest, defined as a person who stays at the establishment more than a specified number of times per month or year, might be offered a free accommodation as either a business or a personal guest. This person and his or her company should be entered into the database for follow-up with advertising promotions designed to attract that market segment.

The guest history is also useful in determining the types of rooms requested. Are rooms with two double beds being requested more often than rooms with one king-size bed? Are rooms designated as nonsmoking being requested more often than rooms designated as smoking? Are suites with cooking facilities being requested by corporate clients for long-term guests? Such hard, quantifiable data are what hotel owners use to make construction and purchasing decisions.

Reviewing room rates can also assist the controller and director of marketing and sales in forecasting profit-and-loss statements. The frequency with which certain price categories of rooms are rented will indicate the price sensitivity of certain market segments. If price sensitivity is an indicator of room occupancy, then marketing programs that maximize profits in that area must be implemented.

Examining occupancy patterns will help the front office manager to schedule person-

Figure 9-8. Corporate guest data option of a PMS.

1/1–1/31 Guest History—Corporate Guest Frequency		
Corporate Guest	Frequency	No. Rooms
Anderson Corp.	1/4	10
Anderson Corp.	1/7	2
Anderson Corp.	1/15	5
Dentson Co.	1/5	9
Dentson Co.	1/23	1
Hartson College	1/4	16
Montgomery House	1/20	7
Norris Insurance Co.	1/14	50
Norris Insurance Co.	1/15	65
Norris Insurance Co.	1/16	10
Olson Bakery	1/18	10
VIP Corp.	1/2	10
VIP Corp.	1/9	10
VIP Corp.	1/25	14
VIP Corp.	1/26	17
VIP Corp.	1/28	5
VIP Corp.	1/30	23

## INTERNATIONAL HIGHLIGHTS



Hotels that provide service to international visitors must prepare front desk staff to deal with various languages, cultures, money exchanges, and the like. The U.S. Department of Commerce, with the support of DRI-WEFA, a global insight company with products and services that include data and software, economic and industry analysis, and consulting made the following predictions for total visitors from various countries by 2004: visitors from Europe are expected to surpass 13 million; from Asia, almost 9.3 million; from South America, 3.6 million; from the Caribbean, 1.5 million; and from Central America, nearly 1 million.<sup>1</sup>

The implications of this report are that students who are preparing for a career in the hotel industry must become familiar with the needs of international visitors during checkout. Studying foreign languages, common cultural concerns, and differences in legal tender will help students become valuable members of the hotel team. A hotel employee who can assist an international guest in understanding the guest folio and determining the rates of currency exchange will greatly improve the chances that this guest will return.

nel. In selected corporate-market properties, the hotel may be full from Sunday through Thursday nights but be nearly empty on Friday and Saturday. A lodging establishment with a large volume of tourist business on weekends will experience just the opposite. The front office manager will want to schedule staff accordingly.

The guest history of the PMS checkout module gives the front office manager a sophisticated method of drawing upon these data from a database of reservations and registrations. It is easy to group marketing patterns. The concepts already discussed will help in developing the data that are readily available.

## Solution to Opening Dilemma

The following list of questions to ask the vendor may help to justify the purchase of the guest history PMS:

- Does this module allow us to track registrations by zip code?
- Can we match zip code and media indicated upon registration, such as radio, television, newspaper, billboard, web site, and direct mail?
- Can we print a list of guest business affiliations?
- Can we print a list of persons who initiate the reservations for corporate clients?
- Are we able to track frequency of individual guest reservations?
- Is there a means of showing how many times our suites are rented versus how many times our standard deluxe rooms are rented?
- Can that list of suite and standard deluxe room rentals be sorted by groups, such as corporate, tourist, government, or commercial?
- Can we track the number of denials we have had to issue because a certain type of room was not available?
- Does this module show our occupancy patterns by week, month, and year?

## Chapter Recap

This chapter introduced the concepts and procedures required to organize and operate a guest checkout system in a hotel. The importance of communicating late charges to the front office and of notifying various point-of-sale areas about checkouts was discussed. The procedure for checking out a guest was reviewed, with attention given to sales and hospitality aspects of the procedure. The chapter emphasized the importance of communication among the housekeeping department, the food and beverage department, and the front office to strengthen service and to ensure the profitability of the lodging property. The guest history, from which guest data are grouped and analyzed, was presented as an important source of marketing feedback.

## End of Chapter Questions

1. Why should a front office manager be concerned about compiling a guest's late charges? Give an example of losses that can result if late charges go unpaid.
2. Why should a front desk clerk ask a guest who is checking out about the quality of products and services? Who needs this information?
3. Why is the retrieval of a room key so important to the guest? To the hotel?
4. Do you feel a guest should review the guest folio during checkout? Why?
5. If you have used an in-room guest checkout system while you were a guest in a hotel, describe the procedure you followed. Do you feel it was a convenience or a novelty?
6. Discuss the various methods of payment available to the guest. Why does the hotel not consider these payment options financially equal?
7. Discuss the various types of credit cards. Explain their advantages to the guest and to the hotel.
8. What does bill-to-account mean? What are the hidden costs involved with this method of payment?
9. Why is cash not an eagerly sought method of payment?
10. What is a debit card? How does it differ from a credit card?
11. Summarize the procedures to follow when accepting credit cards, bill-to-accounts, cash, checks, and traveler's checks as methods of payment.
12. A guest wants to pay her account of U.S. \$439 in Canadian dollars. How would you proceed?
13. How do you feel about obtaining a reservation at the time of checkout? What steps would you suggest to a front office manager to secure future reservations?
14. Why will the night auditor want all paperwork in order before beginning the night audit?
15. Why must the front office communicate a guest's departure to the various point-of-sale areas not interfaced with a PMS?
16. What types of guest accounts would be transferred to the back office?
17. List the various reports that can be generated by the checkout procedure and explain how they can assist management.
18. Discuss the role of the guest history in developing strategies by the marketing and sales department.

### CASE STUDY 901

Margaret Chu, general manager of The Times Hotel, has received a phone call from the Service Feedback Agency, which she employs to provide feedback on customer service. The agent from this service said that 6 of 15 former guests indicated that there was a lengthy delay in checkout and that the holdup in service was due to a desk clerk who repeatedly had to call for the supervisor to clarify how to operate the PMS. On another point of service, none of the 15 former guests was asked to make a future reservation.

Ms. Chu calls Ana Chavarria, front office manager, into the office to discuss this report. Ana finds the service feedback report disturbing and promises

to rectify the matter. Later that day, she calls Vicente Ramirez, head cashier, into her office. She asks him to write a step-by-step procedure for checking out a guest, with particular attention to use of the PMS. She also calls Angelo DeSalo, head reservation agent, into her office and asks why no future reservations are being requested at the time of checkout. Angelo indicates that desk clerks are busy and they just don't have time to request another reservation.

What steps do you think Vicente Ramirez will include in the procedure for checking out a guest? What suggestions can you give Ana Chavarria to motivate her desk clerks to ask for an additional reservation at checkout?

### CASE STUDY 902

Margaret Chu, general manager of The Times Hotel, has returned from a meeting of the local hotel association. There was a presentation by the head of the state government agency on international tourism, who asked the attendees to support the state's efforts to secure international visitors to the area. He said that recent reports indicate that foreign visitors to the state will increase by 25 percent in the next two years. The economic impact of this tourism could mean more than \$100 million to the local economy.

Ms. Chu calls her hotel professor friend Monica

Blair at the local university and asks if Dr. Blair has a student or two who might want to take on a project of outlining concepts to use in preparing a front desk staff for international visitors. The students would work with Ana Chavarria, front office manager.

Prior to visiting Ms. Chavarria, the students are instructed to prepare an outline focusing on the question "What does the international guest need to know to have a successful visit to our town?"

Help these two students develop a list of questions to use in their meeting with Ana Chavarria.

## Software Simulation Exercise

Review Chapter 4, "Posting and Folio Management," of Kline and Sullivan's *Hotel Front Office Simulation: A Workbook and Software Package* (New York: John Wiley and Sons, © 2003) and work through the various concepts as presented in their chapter.

- Posting to a Folio Directly from the PMS
- Posting to a Folio via an Interface

- Correction to a Posting
- Transfer of a Posting
- Check-out
- Cashier End-of-Shift Reporting
- Chapter 4 Exercises

## Note

1. “[U.S.] Commerce Department Predicts Record-Setting Travel to U.S. This Year” (June 13, 2001), <http://tinet.ita.doc.gov/tinews/archive>.

## Key Words

bill-to-account

debit cards

euro

FAM (familiarization) tours

float

guest histories

house limit

in-room guest checkout

late charges

money wire

traveler’s checks

zip or postal code