

## **Chapter – 4 Control System at Front Office**

4.1 Introduction to Controls

4.2 Importance of Controls

4.3 Verification

4.4 Computerized Control Systems

4.5 Occupancy and Revenue Reports

4.6 Other Statistics

**What is Controlling?** Controlling is the last step of the management process but plays a crucial role without which the whole management process is incomplete. It can define as a function through which the actual and desired output are measuring. All organizations, business or non-business, face the necessity of coping with, problems of control.

The Controlling Function Involves Following Activities;

- Bringing actual results nearer to the desired results.
- Improving the performance level of all activities being performed.
- Regulating the use of all the resources for achieving planned objectives and goals.
- The regulating working behavior of employees for maintaining order and discipline.
- Checking distortions and deviations taking place in occurs in conformity the system to make it more cost-effective.

### **Introduction to Controls and its Importance:**

The importance of Controls is accepted by everyone. There is no point in having a well designed, beautifully furnished establishment with highly trained and motivated staff if it fails to each its objectives.

The control process involves:

1. Establishing targets
2. Monitoring performance in order to see whether these targets are being attained
3. Taking corrective action wherever necessary

The control of Front Office operations is only one aspect of general management control which covers all the hotel's operations.

The completion of various kinds of reports is an important part of the Control process. Two essential pieces of information are:

- The number of rooms let
- The amount of revenue earned

Due to the special nature of hotel business, Speedy and accurate accounting and billing is essential. The guests come from different geographies, hence it is difficult to correct errors after they have left. This makes the process of Control even more crucial.

### **Importance of Controlling:**

The significance of the controlling function in an organisation is as follows:

#### 1. Accomplishing Organisational Goals:

Controlling helps in comparing the actual performance with the predetermined standards, finding out deviation and taking corrective measures to ensure that the activities are performed according to plans. Thus, it helps in achieving organisational goals.

#### 2. Judging Accuracy of Standards:

An efficient control system helps in judging the accuracy of standards. It further helps in reviewing & revising the standards according to the changes in the organisation and the environment.

#### 3. Making Efficient Use of Resources:

Controlling checks the working of employees at each and every stage of operations. Hence, it ensures effective and efficient use of all resources in an organisation with minimum wastage or spoilage.

#### 4. Improving Employee Motivation:

Employees know the standards against which their performance will be judged.

Systematic evaluation of performance and consequent rewards in the form of increment, bonus, promotion etc. motivate the employees to put in their best efforts.

#### 5. Ensuring Order and Discipline:

Controlling ensures a close check on the activities of the employees. Hence, it helps in reducing the dishonest behaviour of the employees and in creating order and discipline in an organization.

#### 6. Facilitating Coordination in Action:

Controlling helps in providing a common direction to the all the activities of different departments and efforts of individuals for attaining the organizational objectives.

### **Verification:**

Control involves records, however the information that they contain should be accurate. Records can be incorrect for two reasons:

1. Staff often make silly, careless errors. They may post a meal voucher to the wrong account, for instance or simply neglect to post it at all
2. Employees may deliberately falsify records in order to cover up some form of wrongdoing

Verification is based as far as possible on the comparison of records which have been produced independently. This usually catches any careless, unintentional errors. It also helps to reduce any deliberate falsification. This comparison process is called the 'internal audit triangle'.

The first part of the so called triangle is the comparison of reception's record of rooms let with the housekeeping's report. A housekeeper's report is produced independently of front office. This report has to be checked against the room rack or computerized room status display.

There are mainly 3 types of discrepancies:

1. The rack shows 'occupied' but the housekeeper's report shows 'vacant'
2. The rack shows 'vacant' but the housekeeper's report says 'occupied'
3. There are differences regarding the number of people who are staying in the room

The second side of the internal audit triangle is the checking of the financial records. The cash must be checked against the records.

### **Computerized Control Systems:**

A computerized system is used in most hotels today. The biggest advantage of a computerized system is that it reduces the need to duplicate entries, thus eliminating many common types of errors.

The fact that the computer will always be 'in balance' leads to a complacent assumptions that those balances are necessarily correct, which may not be so. If room rates have been entered incorrectly or charges posted to the wrong accounts, then the final bills will be just as wrong as if they had been done by hand.

It is therefore necessary to check computerized records in the same way as manual records. There are 4 steps in the process:

1. The records must still undergo verification processes like comparing room rack printouts with housekeeper's report and checking cash balancing physically
2. The records also need to go through the night audit process. It should also be possible to print out a complete record of all transactions posted during the day the providing the necessary 'audit trail'
3. After completion of the night audit process, the computer will probably have to be 'reset'. It is essential to have a back up of all the files.

4. Preparing reports summarizing the day's activities. With a good PMS, pressing an appropriate key or keys can produce various reports like

- Arrival List
- Departure List
- VIP Guest List
- Group Tour List
- Chance Guest List
- Regular Guest List
- Cancellation Report
- No show report
- Room Availability
- Revenue Report
- Credit Limit Report

All the above formats will be discussed during practical.