



OUTRIGGER
LAGUNA PHUKET BEACH RESORT

DEMYSTIFYING THE BUDGET

By Romain Saada

Discussion Topics

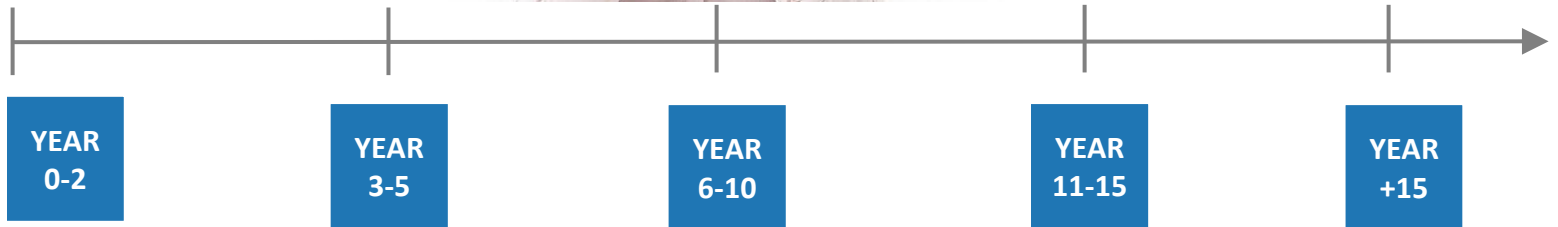
- **WHAT DO WE DREAM OF**
- **HOW DO WE GET TO OUR DREAM**
- **OUR DREAM = OWNERS DREAM**
- **PURPOSE OF BUDGETING**
- **BENEFITS**
- **BUDGET & REVENUE MANAGEMENT**
- **BUSINESS EVALUATION**
- **QUESTIONS / ANSWERS**





WHAT WE ALL DREAM OF

responsibility ethic communication
plan experience management strategy achievement
coaching goal relationship knowledge
skill Development idea leadership
work growth Career trust education potential
performance motivation connection
inspiration contribution
training vision



FUEL SALES ■ INSPIRE MARKETING ■ OPTIMIZE REVENUE

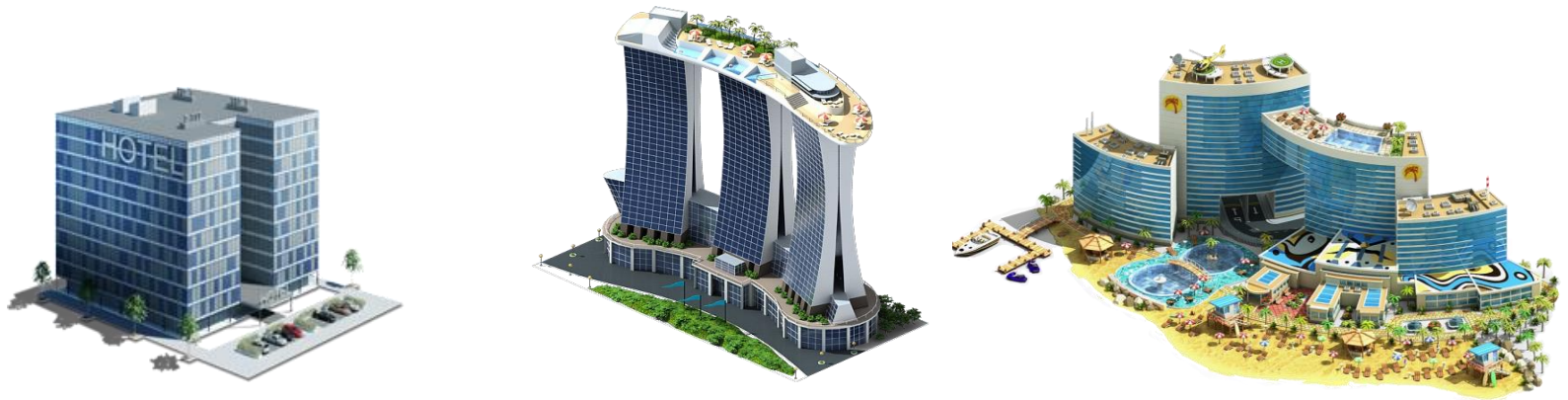




PICTURE THE DREAM HOW DO YOU GET THERE



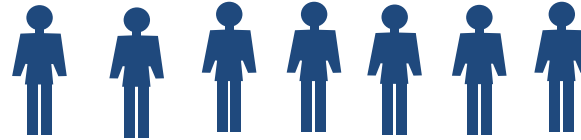
OWNERS / INVESTORS DREAM OF GROWING THEIR HOTEL PORTFOLIO



HOW?



THE BUDGET



OWNERS / INVESTORS



MINIMUM: 6-8 WEEK PROCESS

BUDGET ELABORATION

- **A Budget should be ambitious but realistic.**
- **List three to five goals that you hope to achieve during the period. For example:**
 - **Increase room revenues by 10%**
 - **Decrease commission costs as a percentage of revenue by 3 points.**
 - **Reduce overbooking of lead in category and increase revenue during shoulder season**
- **Next, figure out how you will achieve it.**
- **How can you generate more revenue?**
- **Will you need more sales managers?**



BUDGET SAMPLE

Hotel Azuri
Inventory 200
Days 365

Market Segments	Room Nights			% Mix			ADR			Room Revenue		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Direct Non Contracted	5,000	6,500	8,500	11%	15%	16%	7,833	7,064	5,588	39,163,224	45,915,095	47,500,000
OTA / B2C Contracted	7,500	15,000	13,000	17%	35%	24%	8,177	5,635	7,269	61,327,121	84,531,428	94,500,000
Wholesale	19,000	13,000	17,000	44%	30%	32%	4,425	6,540	5,262	84,067,337	85,016,562	89,456,000
Local DMC	7,000	4,500	5,900	16%	10%	11%	3,509	6,569	5,290	24,560,000	29,560,000	31,210,000
Groups	5,000	4,000	9,000	11%	9%	17%	4,035	4,827	3,879	20,177,413	19,308,962	34,912,679
Complimentary	250	300	500	1%	1%	1%	0	0	0	0	0	0
Total	43,500	43,000	53,400	100%	100%	100%	5,271	6,147	5,573	229,295,096	264,332,048	297,578,679
Total Incl Comp	43,750	43,300	53,900				5,241	6,105	5,521	229,295,096	264,332,048	297,578,679
Paid Occupancy	60%	59%	73%									
Total Occupancy	60%	59%	74%									

Growth 15% 13%



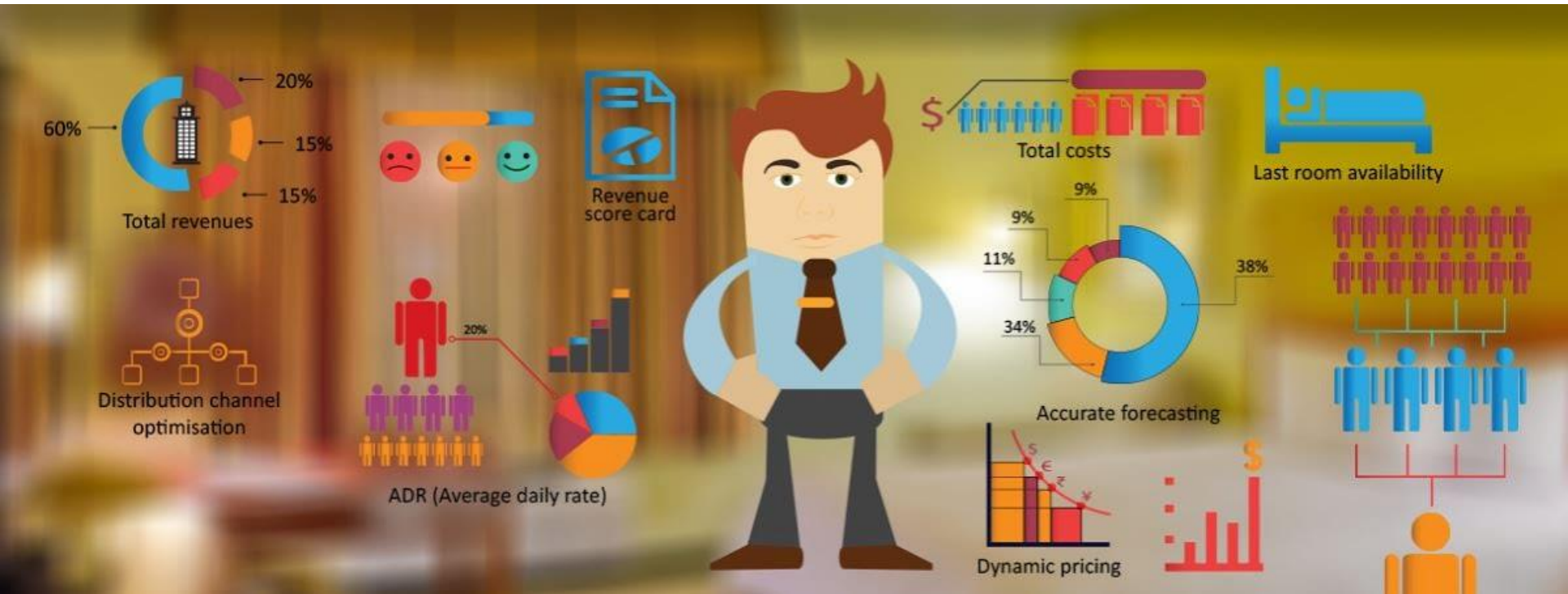
PURPOSE OF BUDGET

- **To control resources (hotel rooms, restaurant seats, treatment rooms).**
- **To communicate plans to management team.**
- **To motivate managers to strive to achieve budget goals.**
- **To establish agreed Key Performance Indicators (K.P.I) and action plan by department**
- **To evaluate the performance of managers.**
- **To provide visibility into the company's performance.**
- **For accountability.**

BENEFITS OF BUDGET

- **Think ahead**
- **Specific targets and priorities**
- **Determine resources to achieve targets**
- **Promote accountability for performance**





BUDGET & REVENUE MANAGEMENT

CHALLENGES WITH BUDGETING

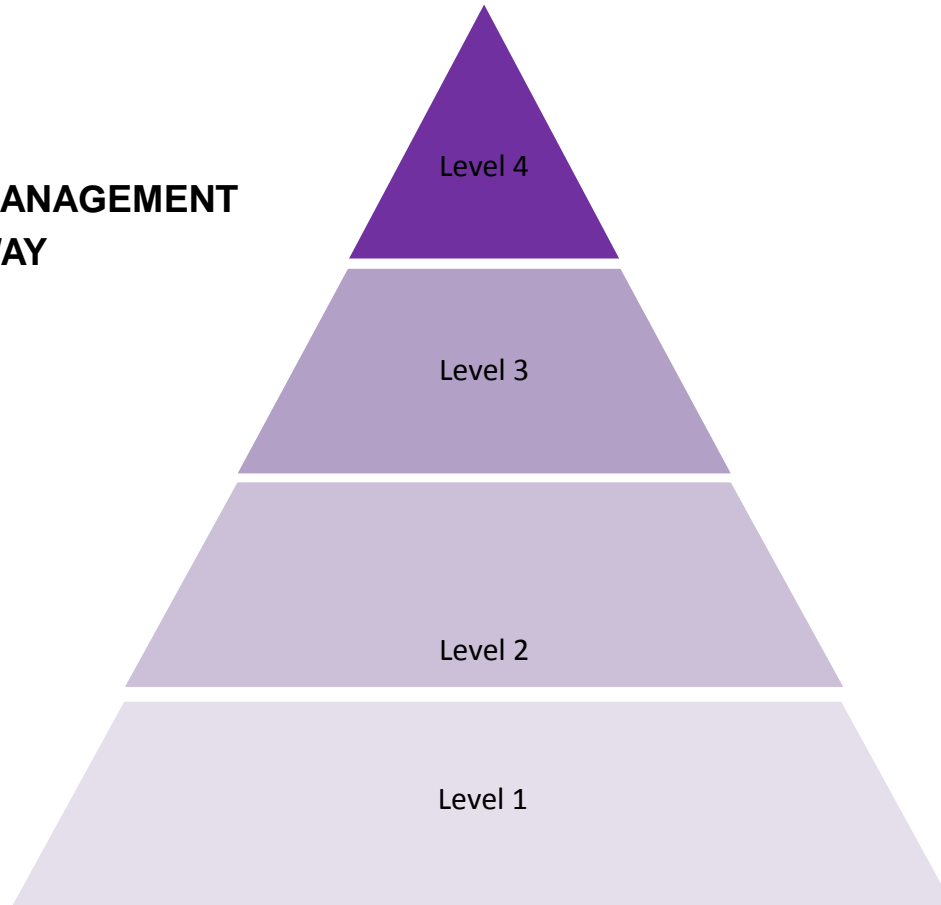
- **Collect historical information and analyse them**
- **Anticipate future events outside your control**
- **Working collaboratively with other teams to understand the impact of your activities and actions on theirs**



VIDEO CONCEPT

HOTEL SALES & HOTEL R.M SYNERGY (VIDEO)

**REVENUE MANAGEMENT
WAY**



Evaluation

- Talk face to face
- Ask questions / challenges

Details

- Client budget: THB 500,000
- Ancillary Revenues: F&B, Transportation
- Past vs. Future

Dates

- Hot / Cold period
- Event calendar
- Length of stay

Opportunity

- Overall value of business
- RM loves numbers
- New clients vs. existing ones

**TOGETHER OPTIMIZING WHAT THE CUSTOMER
WANTS WHICH IS PROFITABLE FOR BUSINESS.**

BUDGET EXERCISE



BUSINESS OPPORTUNITY EVALUATION

- It's July 10th, we are in Phuket Market
- Your business on the books for the month of July is 61% at an average rate of THB 2,800 average rate,
- Your budget for July is 69% with Room Revenue of THB 11,180,000
- Last year, you achieved in July: THB 11,440,000 with 71% occupancy
- You are the Director of Sales at Azuri Hotel (150 Rooms), and your General Manager is on travel, but requesting you to analyse some business.

- You sales team bring you an opportunity, and you aim to evaluate it:
- Option A) : New Group Request
 - 50 Rooms x 4 Nights @ THB 2,000 per night
- Option B):
 - 80 Rooms x 2 Nights @ THB 2,500 per night

- **Your General Manager asked you to evaluate the proposal and send him recommendation for:**
- **What will be the revised ADR for the month with Option A OR B?**
- **What will be the total room revenues with Option A OR B?**
- **Which business would you recommend?**



BUSINESS OPPORTUNITY EVALUATION...LET'S START

- You are provided a table where you need to calculate the following:
- **Step 1:**
 - Fill up the empty cell with appropriate figures
- **Inventory:** number of rooms available on a daily basis
- **Room Available:** number of fix inventory per day multiply by number of calendar days
- **Room Occupied:** number of rooms sold
- **Occupancy rate:** number of rooms sold divided by number of rooms available
- **ADR:** Average daily rate is equal to Room Revenues divided by Room Occupied
- **Option A & B:**
 - Calculate the room nights, room revenues and the ADR rate for each group
 - We are here to assist you
- **Step 2:**
 - Once you realized the potential revenues, you need to:
 - Calculate your on the book with option A
 - Separately calculate your on the book with option B

BUSINESS OPPORTUNITY EVALUATION...LET'S START

- You are provided a table where you need to calculate the following:
- **Step 1:**
 - Fill up the empty cell with appropriate figures
- **Daily Inventory:** number of rooms available per day
- **Monthly Available:** number of fix inventory per day multiply by number of calendar days
- **Room Occupied:** number of rooms sold
- **Occupancy rate %:** (number of rooms sold divided by number of rooms available) x 100
- **ADR:** Average daily rate is equal to Room Revenues divided by Room Occupied
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BUSINESS OPPORTUNITY EVALUATION...STEP 1
BUSINESS OPPORTUNITY EVALUATION

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- You sales team bring you an opportunity, and you aim to evaluate it:

	Inventory	Room Available	Room Occupied	Occ%	ADR	Rm Rev.
Last Year	150	4,650	3,301	71%	3,465	THB 11,440,000
Budget	150	4,650	3,208	69%	3,485	THB 11,180,000
On The Book	150	4,650	2,836	61%	2,800	THB 7,942,200

BUSINESS OPPORTUNITY EVALUATION...STEP 2

Opportunity	Rooms	Nights	Total	ADR	Rm Rev.
Option A	50	4	200	2,000	THB 400,000
Option B	80	2	160	2,500	THB 400,000

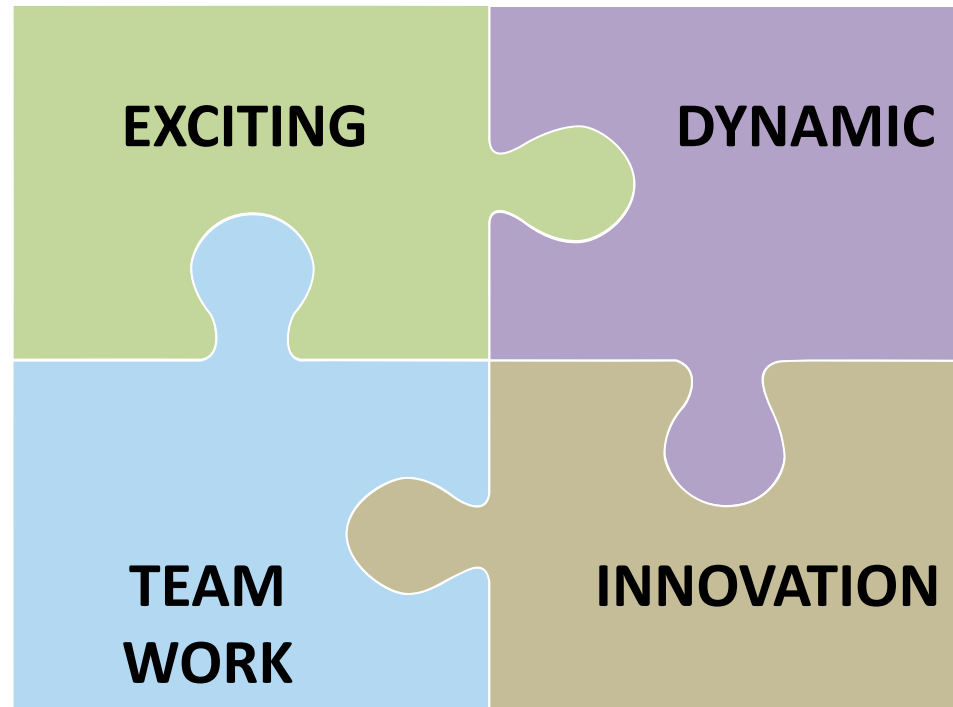
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BUSINESS OPPORTUNITY EVALUATION...SOLUTION

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 - Which business would you recommend?

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On The Book	150	4,650	2,836	61%	2,800	THB 7,942,200
Option A	150	4,650	3,036	65.2%	2,747	THB 8,342,200
On The Book	150	4,650	2,836	61%	2,800	THB 7,942,200
Option B	150	4,650	2,996	64.4%	2,784	THB 8,342,200

BUDGET SHOULD BE





QUESTIONS / ANSWERS

THANK YOU

감사합니다 Natick
Grazie Danke Ευχαριστίες Dalu
Thank You Köszönöm
Спасибо Dank Tack
谢谢 Merci Seé
Obrigado
ありがとう