

PEARSON NEW INTERNATIONAL EDITION



Foundations of Lodging Management
David K. Hayes Jack D. Ninemeier
Allisha A. Miller
Second Edition

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PEARSON®

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GLOSSARY

À la carte A menu that lists its dishes separately and individually priced.

Abandoned Property Items the owner has intentionally left behind. Common examples include newspapers, magazines, foods and beverages.

Accountability An obligation created when a person is delegated duties/responsibilities by higher levels of management.

Accounts Payable (AP) The sum total of all invoices owed by the hotel to its vendors for credit purchases made by the hotel. Also called “AP.”

Accounts Receivable (AR) Money owed to the hotel because of sales made on credit. Sometimes referred to as “AR.”

Accounts Receivable Aging A process for determining the average length of time money is owed to a hotel because of a credit sale.

Accrual Accounting System An accounting system that matches expenses incurred with revenues generated. In an accrual system, revenue is considered to be earned when products/services are provided (not when money paid for them is received); expenses are incurred when products, labor, and other costs are expended to generate revenue (not when the expenses are paid).

Advertising Information about a hotel that the hotel pays a fee to distribute.

Agitation (washing machine) Movement of the washing machine resulting in friction as fabrics rub against each other.

Air Handler The fans and mechanical systems required to move air through ducts and to vents.

Allowances and Adjustments Reductions in sales revenue credited to guests because of errors in properly recording sales or to satisfy a guest who has experienced property shortcomings.

Amenities Hotel products and services designed to attract guests. Examples include Internet access and copying services, in-room hair dryers, irons, ironing boards, and microwave ovens, as well as indoor pools, exercise rooms, and in-room movies.

Appreciation The increase, over time, in the value of an asset. The amount of the increased value is not taxed unless the asset changes hands (is sold).

Asian American Hotel Owners Association (AAHOA) Association of hotel owners who, through an exchange of ideas, seek to promote professionalism and excellence in hotel ownership.

Asset The resources owned by an organization. These include cash, accounts receivable, inventories, goodwill, furniture, fixtures, equipment, buildings, and real estate.

Atrium A large, open central space used by some hotels for registration, lobby, retail sales, and food services, among other purposes.

Attrition The difference between the original request of group rooms and the actual pickup of a group. For example, a group might reserve 100 rooms but actually use only 50 rooms. Because the room rate quoted to the group was based upon the revenue generated from the 100 rooms, the hotel’s standard group contract may require, in such a case, that the group pay a penalty for

its failure to purchase the number of rooms it originally agreed to purchase.

At-will employment The employment relationship that exists when employers can hire any employee they choose and dismiss an employee with or without cause at any time. Employees can also elect to work for the employer or to terminate the relationship anytime they desire to do so.

Audit An independent verification of financial records.

Authority The power or right to direct the activities of others and to enforce compliance.

Authorize To validate or confirm. When used in reference to a credit card offered by a guest at the time of check-in, the term “authorize” refers to the office agent’s validation of the card. A hotel’s front office validation means: (A) The card is being used legally. (B) The card has sufficient credit remaining to pay for the guest’s estimated charges. (C) A hold for a dollar amount determined by front office policy has been placed on the card to ensure the hotel’s payment.

Autocratic Leadership Style Leadership approach that emphasizes a “do it my way or else!” philosophy.

Average Daily Rate (ADR) The average (mean) selling price of all guest rooms in a hotel, city, or country for a specific period of time.

Back-up Generator Equipment used to make limited amounts of electricity onsite; utilized in times of power failure or when the hotel experiences low supply from the usual provider of electricity.

Back-up System Redundant hardware and/or software operated in parallel to the system it serves. Used in times of failure or power outages, such systems are often operated on batteries. For example, a back-up system to the hotel’s PMS would enable continued operation even in the event of a power failure.

Ballast The device in an electric discharge lamp that starts, stops, and controls the electrical current to the light.

Banquet A food event held in a hotel’s privately reserved function room.

Banquet Event Order (BEO) A form used by sales and food service personnel to detail all the requirements for a banquet event. Information provided by the client is summarized on the form, and it becomes the basis for the formal contract between the client and the hotel.

Bed and Breakfast Inns Very small properties (one to several guest rooms) owned or managed by persons living onsite; these businesses typically offer one meal a day; also called B&B.

Benchmark The search for best practices and an understanding about how they are achieved in efforts to determine how well a hospitality organization is doing.

Bid An offer by a hotel to supply sleeping rooms, meeting space, food and beverages, or other services to a potential client at a stated price. If the bid is accepted, the hotel will issue the client a contract detailing the agreement made between the hotel and the client.

Biohazard Waste Bag A specially marked plastic bag used in hotels. Laundry items that are stained with blood or bodily fluids

and thus need special handling are put into these bags for transport to the OPL.

Black-out Date Specific day(s) when the hotel is sold out and/or is not accepting normal reservations.

Block Rooms reserved exclusively for members of a specific group. Used as in, "We need to create a block of 50 rooms for May 10th and 11th for the Society of Antique Furniture Appraisers."

Blood-borne Pathogen Any microorganism or virus that is carried by blood and that can cause a disease.

Body Language The concept that one communicates by the way one's arms, hands, and/or legs are positioned during a conversation or presentation.

Bonafide Occupational Qualification (BOQ) The skills and knowledge to perform a job that are necessary to safely and adequately perform all the tasks required by the job.

Bond(ing) Purchasing an insurance policy to protect against the possibility that an employee will steal.

Booking A confirmed sale, such as a reservation (individual or group) or an event. Used as in: "What is the current level of group bookings for the month?" or "How many out-of-state tour buses did Monica book last month?"

Brand The name of a specific hotel group. For example, Holiday Inn and Comfort Inn are two different brands. Additional examples of brands include Hyatt, Hampton Inn, Super 8, and Radisson.

Brand Standard A hotel service or feature that must be offered by any property entering or remaining in a specific hotel brand. Used, for example, in: "The franchisor has determined that free wireless internet access in all guest rooms will become a new brand standard effective on January 1st, next year."

Bureaucratic Leadership Style Leadership approach that emphasizes a "do it by the book" philosophy.

Buy-out An arrangement in which both parties to a contract agree to end the contract early as a result of one party paying the other the agreed-upon financial compensation.

Calibration The adjustment of equipment to maximize its effectiveness and operational efficiency.

Call Accounting The system used by a hotel to document and charge guests for the use of their in-room telephones.

Call Brand Beverages High-priced and higher-quality alcoholic beverages sold by name (such as Johnnie Walker Gold Scotch) rather than by type of liquor (scotch) only.

Camps/Parks Lodges Sleeping facilities in national, state, or other parks and recreational areas that accommodate visitors to these areas.

Cancellation Number A series of numbers and/or letters that serve to identify the cancellation of a specific hotel reservation.

Capital Expenditures The purchase of equipment, land, buildings, or other assets necessary for the operation of a hotel.

Career Fair Trade show-type events which allow prospective job applicants to meet recruiters representing multiple employers in one location during a specified time period.

Career ladder A plan that projects successively more responsible positions within an organization or an industry. Career ladders allow one to plan and schedule developmental activities necessary to assume more responsible positions.

Case Goods Non-upholstered furniture such as guest room dressers, tables, end tables, desks and the like.

Cash Accounting System An accounting system that considers revenue to be earned when it is received and expenses to be incurred when they are paid.

Cash Bar A beverage service alternative where guests desiring beverages during a banquet function pay for them personally.

Casino A business operation that offers table and card games along with (usually) slot operations and other games of skill or chance and amenities that are marketed to customers seeking gaming activities and entertainment. Many casinos offer lodging accommodations for their visitors.

Catering The process of selling a banquet event.

Central Reservation System (CRS) The industry term for the computerized program used to record guest room reservations.

Centralized Accounting A financial management system that collects accounting data from individual hotels, and then combines and analyzes the data at a different (central) site.

Centralized Purchasing A purchasing system in which participating properties develop common purchase requirements and combine purchase quantities. Suppliers frequently lower the price per purchase unit (per pound or per gallon, for example) as the quantities of items to be purchased increase.

Certified Public Accountant (C.P.A.) An individual designated by the American Institute of Certified Public Accountants as competent in the field of accounting.

CFL Short for "Compact Fluorescent Light." An alternative light source that uses less energy and lasts longer than incandescent light.

Chain The hotels operated by a group of franchisees who have all franchised the same hotel brand name. Also called a "brand" or "flag."

Chained Recipe A recipe for an item such as a sauce that is itself an ingredient in another recipe (such as a pasta dish).

Chamber of Commerce An organization whose goal is the advancement of all business interests within a community or larger business region. Sometimes called "the chamber" for short.

Charter A form of transportation rented exclusively for a specific group of travelers. Planes and buses are often chartered for group travel.

Chief Engineer The employee responsible for the management of a hotel's maintenance department. Sometimes referred to as "maintenance chief."

City Ledger The set of accounts used to record charges to and payments from a hotel's nonregistered guests (e.g., food or beverage purchases made by a person who is not a registered guest of the hotel).

Claim (Insurance) A demand for compensation as the result of loss, injury, or damage.

Close (folio) To bring to zero the balance due on a hotel guest's folio.

Closed-Circuit Television (CCTV) A camera and monitor system that displays, in real time, the activity within the camera's field of vision. A CCTV consisting of several cameras and screens showing the camera's fields of vision may be monitored in a single location.

Code of Ethics A statement adopted by an organization that outlines policies developed to guide the making of ethical decisions.

Coding The process of assigning incurred costs to predetermined cost centers or categories.

Cold Calling Making telephone contact with or an in person sales visit to, a potential client without having previously set an appointment to do so.

Commodity A commonly available and most often unspecialized product.

Comp Short for “complimentary” or “no-charge” for products or services. Rooms, food, beverages, or other services may be given to guests by management if, in their opinion, the “comp” is in the best interests of the hotel.

Compensatory Damages A monetary amount intended to compensate injured parties for actual losses or damage they have incurred. This typically includes such items as medical bills and lost wages. Also known as “actual damages.”

Competitive Set The group of competing hotels to which an individual hotel’s operating performance is compared. Sometimes referred to as a “Comp Set.”

Conference Center A specialized hospitality operation specifically designed for and dedicated to the needs of small- and medium-sized meetings of 20 to 100 people.

Confirmation Number A series of numbers and/or letters that serve to identify a specific hotel reservation.

Consortia Groups of hotel service buyers organized for the purpose of reducing their clients’ travel-related costs. A single such group is a consortium.

Contact Alarm A warning system that notifies (contacts) an external entity, such as the fire or police department, if the alarm is activated.

Continental Breakfast A simple breakfast consisting of fruit juice or fruit, coffee, and toast or a pastry.

Continuous Quality Improvement (CQI) Ongoing efforts within a hospitality operation to better meet (or exceed) guest expectations and to define ways to perform work with better, less costly, and faster methods.

Contract rate A fixed term room rate that is agreed to in advance and for the length of the contract agreement.

Contribution Margin The amount of revenue remaining from food revenue after the cost of the food used to generate the sale is paid for.

Controller The individual responsible for recording, classifying, and summarizing a hotel’s business transactions. In some hotels, this position is referred to as the comptroller.

Controlling The process of comparing actual results to planned results and taking corrective action as needed.

Convenience Food Food or beverage products that have some labor “built in” that otherwise would have to be added onsite. For example, a minestrone soup may be purchased pre-made in a frozen or canned form.

Convention and Visitors Bureau (CVB) An organization, generally funded by taxes levied on overnight hotel guests, which seeks to increase the number of visitors to the area it represents. Also called the “CVB” for short.

Convention Hotel A lodging property with extensive and flexible meeting and exhibition spaces that markets to associations,

corporations, and other groups bringing people together for meetings.

Conversion The changing of a hotel from one brand to another. Also known as “re-flagging.”

Corkage Fee A charge assessed when a guest brings a bottle (e.g., of a special wine) to the hotel for consumption at a banquet function or in the hotel’s dining room.

Corporate Rate The special rate a hotel charges to its typical business traveler. For example, a rate that is 5–20 percent below the hotel’s rack rate might be designated as the hotel’s corporate rate.

Cost Per Occupied Room (CPOR) Total costs incurred for an item or area, divided by the number of rooms occupied in the hotel for the time period examined.

Cross-Cultural Adaptability The extent to which a person can adjust (adapt) to another culture.

Cross-Functional Teams A group of employees from each department within the hospitality operation who work together to resolve operating problems.

Cruise Ship A passenger vessel designed to provide leisure experiences for people on vacation at sea.

Culture Shock The feeling of disorientation, confusion, and changes in emotions created when one visits or lives in a different culture.

Curb Appeal The initial visual impression the hotel’s parking areas, grounds, and external buildings create for an arriving guest.

Damages The actual amount of losses or costs incurred due to the wrongful act of a liable party.

Decentralized Accounting A financial management system that collects accounting data from an individual hotel site and combines and analyzes it at the same site.

Deep Cleaning Intensive cleaning of a guest room. Typically includes thorough cleaning of such items as drapes, lamp shades, carpets, furniture, and walls. Regularly scheduled deep cleaning of guest rooms is one mark of an effective housekeeping department.

Delivery Invoice A statement from the supplier that accompanies product delivery and provides information to establish the amount of money due to the supplier. This information includes name of product, quantity, and price, and must be signed by a hotel representative to confirm that the products were delivered.

Deluxe Hot Breakfast A breakfast with hot food choices offered by a limited-service hotel.

Demand Generator An organization, entity, or location that creates a significant need for hotel services. Examples in a community include large businesses, tourist sites, sports teams, educational facilities, and manufacturing plants.

Democratic Leadership Style Leadership approach that emphasizes a “let’s work together and determine the best way to do it” philosophy.

Demographic Factors Characteristics such as age, marital status, gender, ethnicity, and occupation that help to describe or classify a person as a member of a group.

Depreciation The reduction in the value of an asset as it wears out. This non-cash expense is often termed a “tax write-off” because the decline in the value of the asset is tax deductible.

Depressed Market A hotel market area where occupancy rates and/or ADRs are significantly below their historical levels.

Direct Bill A financial arrangement whereby a guest is allowed to purchase hotel services and products on credit terms.

Direct Mail The process of sending an advertisement to clients by U.S. mail service. The total cost of a direct mail piece includes the expenditures for the advertisement's design, printing, and mailing.

Direct Report An employee over whom a supervisor has immediate authority. For example, a sous chef is a direct report of the executive chef.

Directing The process of supervising staff members in the workplace.

Director of Sales and Marketing (DOSM) The person responsible for leading a hotel's marketing efforts. Job title variations include DOS (director of sales) and DOM (director of marketing).

Discipline Corrective actions designed to encourage employees to follow established policies, rules, and regulations.

Distance Learning Courses Formal education (training) programs that are available to students or trainees in remote locations.

Diversity The range of differences in attitudes, values, and behaviors of employees relative to gender, race, age, ethnicity, physical ability, and other personal characteristics.

Drop In A potential buyer of a significant number of rooms or hotel services who arrives at the hotel without an appointment.

Duct A passageway, usually built of sheet metal that allows fresh, cold, or warm air to be directed to various parts of a building.

Electric Discharge Lamp A lamp in which light is generated by passing electrical current through a space filled with a special combination of gases. Examples include fluorescent, mercury vapor, metal halide, and sodium.

Embezzlement The theft of a company's financial assets by an employee.

Emergency Maintenance Maintenance activities performed in response to an urgent situation.

Emergency Plan A document describing a hotel's predetermined, intended response to a safety/security threat it may encounter.

Employee handbook Written policies and procedures related to employment at the hotel; sometimes called an "employee manual."

Employee-to-Guest Ratio The number of employees relative to the number of guests. In the lodging industry, this is typically expressed in terms of employees per room; a 500-room luxury, full-service property may have 500 employees: a 1:1 employee-to-guest ratio. A 100-room limited-service property may have 25 employees: a 1:4 employee-to-guest ratio.

Employer of Choice The concept that the hospitality operation is a preferred place of employment in the community for applicants who have alternative employment opportunities.

Empowerment The act of granting authority to employees to make key decisions within their areas of responsibility.

Energy Management Specific engineering, maintenance, and facility-design policies and activities intended to control and reduce energy usage.

Engineering Designing and operating a building to ensure a safe and comfortable atmosphere.

Entrepreneur A person who assumes the risk of owning and operating a business in exchange for the financial and other rewards it may produce.

Entry-level Employees Staff members working in positions that require little previous experience and who do not direct the work of other staff members. Sometimes called "hourly" employees.

Ethics A person's beliefs about what is right or wrong.

Exchange Rate The rate at which the money of one country is traded (exchanged) for the money of another country.

Executive Housekeeper The individual responsible for the management and operation of a hotel's housekeeping department.

Expatriate A citizen of one country who is employed in another country. Example: a United States citizen working in Asia would be considered an expatriate by his/her Asian counterparts.

Extended-Stay Hotel A moderately priced, limited-service hotel marketing to guests desiring accommodation for extended time periods (generally one week or longer).

External recruiting Tactics designed to attract persons who are not current hotel employees for vacant positions at a property.

Federal Trade Commission (FTC) Government agency that enforces federal antitrust and consumer protection laws. It also seeks to ensure that the nation's business markets function competitively and are free of undue restrictions caused by acts or practices that are unfair or deceptive.

FF&E The furniture, fixtures, and equipment used by a hotel to service its guests.

FF&E Reserve Funds set aside by ownership today for the future "furniture, fixture, and equipment" replacement needs of a hotel.

Financial Statements Financial summaries of a hotel's accounting information. Also called the hotel's "financials."

Finger Foods Small sandwiches, salty snacks, sliced vegetables, cubed cheese and other foods that do not require flatware or other service items for guest consumption.

First-tier Management companies that operate hotels for owners using the management company's trade name as the hotel brand. Hyatt, Hilton, and Sheraton are examples.

Fiscal Quarter Any three-month period within the 12-month period that makes up a company's operating year. For example, January, February, and March would make up the first fiscal quarter of an operating year that began on January 1st and ended on December 31st.

Fixed Charges The expenses incurred in the purchase and occupation of the hotel. These include rent, property taxes, insurance, interest, and depreciation and amortization.

Flambé A cooking procedure in which alcohol (ethanol) is added to a hot pan to create a burst of flames.

Folio Detailed list of a hotel guest's room charges as well as other charges authorized by the guest or legally imposed by the hotel.

FOM The hotel industry term for a front office manager.

Food Cost per Guest (Limited-Service Hotels) The average amount expended for breakfast for each guest served. Food Cost per Guest is calculated as: Total Breakfast Food Cost (÷) Number of Guests Served = Food Cost Per Guest

Foot-candle A measure of illumination. One foot-candle equals one lumen per square foot.

Forecast (revenue) An estimate of the rooms revenue to be achieved on specific future dates.

Forecast (rooms) An estimate of the number and type of rooms to be sold on specific future dates. Also referred to as a "demand" forecast or "occupancy" forecast.

Franchise An arrangement whereby one party (the franchisor) allows another party to use its logo, brand name, systems, and resources in exchange for a fee.

Franchise Agreement A legal contract between a hotel's owners (the franchisee) and the brand managers (the franchisor) that describes the duties and responsibilities of each in the franchise relationship.

Franchise Offering circular (FOC) Franchise disclosure document prepared by a franchisor and registered and filed with the state governmental agency responsible for administering franchise relationships.

Franchise Service Director (FSD) The representative of a franchise brand who interacts directly with a hotel franchisee. Different brands may title this important position somewhat differently, but each will have a comparable position.

Franchisee An individual or company that buys, under specific terms and conditions, the right to use a brand name for a fixed period of time and at an agreed-upon price.

Franchisor An organization that manages a brand and sells the right to use the brand name.

Fraud The intentional use of deceit, trickery, or other dishonest methods to take another's money or property.

Frequent Guest Program A promotional effort administered by a hotel brand that rewards travelers every time they choose to stay at the brand's affiliated hotels. Typical rewards include free-night stays, room upgrades, and complimentary hotel services.

Front Desk The area within the hotel used for guest registration and payment.

Front Office The department within the hotel responsible for guest reservations, registration, service, and payment.

Full-Service Hotel A lodging facility that offers complete food and beverage services.

Function Room A designated hotel space that can accommodate different types of special events.

General Manager (GM) The traditional title of the individual at a hotel property who is responsible for final decision-making regarding property-specific operating policies and procedures. Also, the leader of the hotel's management team.

Generally Accepted Accounting Principles (GAAP) Techniques, methods, and procedures utilized by all accountants in the preparation of financial statements.

GFI Outlet Short for "Ground Fault Interrupter" outlet. This special electrical outlet is designed to interrupt power (by "tripping" or "blowing") before significant damage can be done to a building's wiring system. These outlets are most commonly installed in the bathroom or vanity areas of a hotel room, where high-voltage usage (such as high wattage hairdryers) or high moisture levels can cause electrical power interruptions.

Global Distribution System (GDS) Commonly referred to as the GDS, this computer system connects travel professionals worldwide for the purpose of reserving hotel rooms for their clients.

GOPPAR The amount of profit made from room sales divided by the number of rooms available to sell.

Gross Operating Profit (GOP) The amount of revenue generated in a defined time period minus its management controllable expenses for that same period.

Group Contract A legal document used to summarize the agreement between a hotel and its group client.

Group Master (reservation): The reservation information related to creating a group block, including information such as rates to be paid, cut-off dates, and the group's contact person as well as other information specific to that group.

Group Rate Special discounted room rates given to customers who agree to buy a large number of room nights for their group. In smaller hotels, any customer buying 10 or more room nights would likely qualify for a group rate. In larger hotels, the number of rooms required to qualify can vary to a greater number.

Guarantee A contractual agreement about the number of meals to be provided at a banquet event. The event's sponsor agrees to pay for the number of guests served or the guarantee, whichever is greater.

Guest Check Average The average amount spent by a guest for a room service or dining room order. The formula for calculating Guest Check Average is: Total Revenue ÷ Total Number of Guests Served = Guest Check Average.

Guest History Information related to the past stay(s) of one guest

Guest Ledger The set of accounts used to record charges to, and payments from, a hotel's registered guests. Also called a "front office ledger" or "rooms ledger."

Guided Tour A group tour package that includes the services of one or more tour guides.

Head Table Special seating at a banquet event reserved for designated guests.

Health hazard Aspects of the workplace that can lead to a decline in an employee's health. Examples include stressful working conditions and exposure to toxic chemicals.

Historical Data Information related to the stays of past guests. Collectively, this information details the history of all past hotel guests.

Hospitality industry Organizations that provide lodging accommodations and food services for people when they are away from home.

Hospitality Suite A guest room rented by a supplier/vendor, usually during a convention/conference, to provide complimentary food and/or beverages to invited guests.

Hosted Bar A beverage service alternative in which the host of a function pays for beverages during all or part of the banquet event. Also known as an "open bar."

Hosted Event Functions that are complimentary for invited guests; costs are borne by the event's sponsor. A hosted bar may offer free beverages to wedding party guests, and a corporate sponsor may pay for a hosted reception in a hospitality suite.

Hotel An establishment that provides sleeping rooms as well as various services to the traveling public.

Hotel Shuttle A vehicle used by a hotel to transport guests to and from such destinations as airports, restaurants, and shopping.

Hotelier The owner/manager of one or more hotels.

House Brand Beverages Alcoholic beverages sold by type (scotch) rather than by brand that are served when a call or premium brand beverage is not requested; also called "speed-rail," "well," or "pour brand."

House Count An estimate of the number of actual guests staying in a hotel on a given day.

Houseperson Housekeeping employee responsible for assisting room attendants with their work.

Hub Typically, a big-city airport within a short driving distance of a very large population center. These mega-airports are used to economically connect travelers with flights to their desired departure and arrival cities.

Human resources (department) The functional area in a hotel with the responsibility to assist managers in other departments with human resources concerns, including recruitment, selection, orientation, training, compensation, legal, safety and health, and a wide range of other specialized tasks. Also known as “HR.”

HVAC Industry shorthand term for “heating, ventilating, and air-conditioning.”

Incandescent Lamp A lamp in which a filament inside the lamp’s bulb is heated by electrical current to produce light.

Incident Report A document prepared to record the details of an accident, injury, or disturbance and the hotel’s response to it.

Inclusive A single price that includes all charges.

Ingredients Individual components of a food or beverage recipe.

Inspector (Inspectress) Employee responsible for physically checking the room status of guest rooms and performing other tasks as assigned by the executive housekeeper.

Insurer The entity providing insurance coverage to a business.

Interdisciplinary Between disciplines—involving several domains of knowledge; for example, basic business principles can be applied in organizations in all industries.

Interface The process in which one data-generating system automatically shares all or part of its information with another system.

Internal Alarm A warning system that notifies an area within the hotel if the alarm is activated.

Internal recruiting Tactics to identify and attract staff members who are currently employed at the hotel for vacancies that represent promotions or transfers to other positions.

Intrapreneur A person employed by an organization whose compensation is based, at least in part, upon the financial success of the unit for which he/she has responsibility.

Issuing The process of moving stored products to the place of production.

Job description A list of tasks that an employee working in a specific position must be able to effectively perform.

Job Enlargement The act of including additional tasks/assignments in one’s position to provide more opportunities to learn how the position relates to others.

Job Rotation A systematic plan to move employees into different positions so that they acquire the knowledge/skills required to be effective in these positions.

Job specification A list of personal qualities or characteristic necessary for successful job performance.

Job Task An activity that an employee working in a specific position must know how and be able to do. For example, a front office agent in a hotel must be able to properly check-in an arriving guest.

Keycard The electromagnetic card used in a recodable locking system.

Laissez-faire Leadership Style Leadership approach that emphasizes a “do it the way you feel it can best be done” approach.

Last-call Notice given to guests that service will end at a specified time. For example, guests in a hotel bar may be notified 20 minutes before closing time that last drink orders must be placed, and guests in a lobby breakfast service may be informed that service will end in 10 minutes.

Laundry Par Levels The amount of laundry in use, in process, and in storage.

Lead Information about a transient or group rooms prospect who is likely to buy products and services from the hotel.

Leadership Accomplishing goals by working with others while, at the same time, gaining their respect, loyalty, competence, and enthusiastic cooperation.

LEED Short for “Leadership in Energy and Environmental Design.” LEED promotes practical and measurable green building design, construction, operations and maintenance solutions.

Liable Legally bound to compensate for injury or loss.

Licensing Formal authorization to practice a profession that is granted by a governmental agency.

Limited-Service Hotel A lodging facility that offers no, or very restricted, food and beverage services. Also known as a “select service hotel.”

Line of Authority A direct superior-subordinate relationship in which one person (the superior) is completely responsible for directing and exercising control over the actions of another (the subordinate).

Line-Level Employees whose jobs are non-supervisory. These are typically positions where the employee is paid a per-hour wage (not a salary) and performs a recurring and specific task for the hotel. Sometimes referred to as an “hourly” employee.

Linen Generic term for the guest room sheets and pillowcases (and food and beverage department tablecloths and napkins) washed and dried in the laundry area.

Line-up (training) A brief informational training session held before the work shift begins.

Link Short for *Hyperlink*. A relationship between two Web sites. If a Web site chooses to link itself with another Web site, the link, when activated, will direct the user to the linked Web page. An external link leads to a Web page other than the current one; an internal link leads to another section of the current Web site.

Lobby Food Services Food services offered in a limited-service hotel’s atrium or lobby area.

Lodging Industry All the businesses that provide overnight accommodations for guests.

Long-Range Goals Goals that are to be achieved over an extended period (usually longer than one year). Sometimes called “long-term goals.”

Lost Property Items the owner has unintentionally left behind and then forgotten. Common examples include robes, slippers, hairdryers, and cosmetics.

Maintenance The activities required to keep a building and its contents in good repair. Also, the department or area of a hotel responsible for these activities.

Maintenance Chief The employee responsible for the management of a hotel’s maintenance department. Sometimes referred to as “chief engineer.”

Make or Buy Analysis The process of considering quality, costs, and other factors in scratch production and convenience food alternatives to determine which form is best for the operation.

Malcolm-Baldrige National Quality Award Award granted to U.S. businesses that demonstrate successful quality-related strategies relating to leadership, information/analysis, strategic planning, human resource development/management, process management, business results, and customer focus/satisfaction.

Management The coordination of individual efforts to achieve established goals.

Management Company An organization that operates a hotel for a fee. Sometimes called a “contract company.”

Management Contract An agreement between a hotel’s owners and a hotel management company under which, for a fee, the management company operates the hotel. Also sometimes called a “management agreement,” or an “operating agreement.”

Manager A staff member who directs the work of supervisors.

Manager on Duty (MOD) The individual on the hotel property responsible for making any managerial decisions required during the period he or she is MOD.

Manager’s Daily (FOMS) A summary of a hotel’s daily revenue generation that can include additional operating data as requested by the property’s general manager.

Manager’s Daily (sales report) A re-cap of the previous day’s rooms, food and beverage, and other sales. The manager’s daily may include additional hotel operating statistics as requested by the hotel’s general manager. Sometimes referred to simply as the “daily.”

Manager’s Reception A time, usually during the late afternoon/early evening, when complimentary foods and beverages are offered to guests of limited-service properties.

Market The potential customers for a business’s products and services.

Market Share The percentage of a total market (typically measured in dollars spent) captured by a property. For example, a hotel generating \$200,000 in guest room rental in a market where travelers spend \$1,000,000 per year would have a 20 percent market share ($\$200,000/\$1,000,000 = 20\%$).

Marketing Activities directly related to increasing a potential guest’s awareness of a hotel.

Marketing Plan A calendar of specific activities designed to meet the hotel’s revenue goals.

Mark-up A fee added to a supplier’s charges that the hotel bills a guest or group to compensate for value added by the hotel.

Material Safety Data Sheets (MSDS) Written statements describing the potential hazards of, and best ways to handle, chemicals or toxic substances. An MSDS is provided to the buyer by the manufacturer of the chemical or toxic substance used by the hotel and must be posted and made available in a place where it is easily accessible to those who will actually handle the product.

Meeting Planner A professional employed by a group to negotiate the group’s contract with a hotel.

Mentor To serve as a personal teacher. Also known as a guide or coach.

Menu Planning The process of determining which food and beverage items will most please the guests while meeting established cost objectives.

Minimum wage The lowest amount of compensation that an employer may pay to an employee covered by the FLSA or applicable state law. Most hotel employees are covered by minimum

wage provisions; however, exceptions can include youthful employees being paid a training wage for the first 90 days of employment and tipped employees (if reported tips plus wages received at least equal the minimum wage).

Minutes Per Room (guest room cleaning) The average number of minutes required to clean a guest room.

Mislaid Property Items the owner has unintentionally left behind. Common examples include laptop computers, jewelry, and clothing.

Mission Statement A planning tool that broadly identifies what a hospitality operation would like to accomplish and how it will accomplish it.

Moments of Truth Any (and every) time a guest has an opportunity to form an impression about the hospitality organization. Moments of truth can be positive or negative.

Motivation An internal force that drives employees to do something to reach a goal.

National Culture The values or attitudes shared by citizens of a specific country that impact their behavior and shape their beliefs about what is important.

Negotiated rate An agreed upon rate that is offered by a hotel but is subject to room availability. Also referred to as a volume rate or volume discount rate.

Networking The development of personal relationships for a business-related purpose. For example, an area’s chamber of commerce–sponsored breakfast open to all community business leaders interested in improving local traffic conditions would be a networking opportunity for a member of a hotel’s sales team.

Night Audit The process of reviewing for accuracy and completeness the accounting transactions from one day to conclude, or “close,” that day’s sales information in preparation for recording the transactions of the next day

Night Auditor The individual who performs the daily review of all the financial transactions with hotel guests recorded by the front office

No-show A guest who makes a room reservation but fails to cancel it or does not arrive at the hotel on the date of the confirmed reservation. (See Figure 6.2)

Occupancy Rate The ratio of guest rooms sold (or given away) to the number of guest rooms available for sale in a given time period and expressed as a percentage.

Occupational Safety and Health Administration (OSHA) A federal agency established in 1970 and that is responsible for developing and enforcing regulations to help ensure safe and healthful working conditions.

On-line Travel Agent (OTA) An organization that provides travel booking services on the Internet.

On-premise laundry (OPL) The area within the hotel where the cleaning of fabrics takes place.

Organizational Chart A visual portrayal of the jobs and positions of authority within an organization.

Organizing Actions designed to bring together and arrange the resources of a group to help it achieve its goals.

Orientation The process of providing basic information about the hotel which must be known by all of its employees.

Outsource To obtain labor or parts from an outside provider. Typically done to reduce costs or obtain specialized expertise.

Over A situation in which a cashier has more money in the cash drawer than the official sales records plus shift bank indicate. Thus, a cashier with \$10 more in the cash drawer than the sales record plus shift bank is said to be \$10 over.

Overbook(ed) A situation in which the hotel has more confirmed guest reservations than it has rooms available to lodge those guests. Sometimes referred to as “oversold.”

Overtime The number of hours of work after which an employee must receive a pay premium (generally one and one-half times the normal hourly rate).

Owner/Operator A hotel investor who also manages (operates) the hotel.

Ozone System (laundry) A method of processing laundry that utilizes ozonated cold water rather than hot water to clean and sanitize laundry items.

Package A group of travel services, such as hotel rooms, meals, and airfare, sold for one price. For example, a Valentine’s Day Getaway package to Las Vegas suggested by a travel agent might include airfare, lodging, meals, and show tickets for two people at an all-inclusive price.

Par Inventory System A system of managing purchasing and inventory levels based upon the requirement that a specified quantity of product be available in inventory. For example, if a par for five cases of disposable coffee cups is established, the quantity necessary to bring the inventory level back to five cases is ordered whenever coffee cups are purchased.

Participative Management A leadership style that emphasizes seeking out and considering group input before making decisions that affect the group.

PBX Short for “Private Branch Exchange.” The system within the hotel used to process incoming, internal, and outgoing telephone calls.

Per Diem A daily, fixed amount paid for a traveler’s expenses. Established by companies, government agencies, or other entities, the per diem amount for a traveler will be based upon the costs associated with the area to which the individual travels. For example, the per diem for food and lodging for a traveler spending the night in New York City will be higher than for a traveler spending the night in a less expensive area of the country.

Performance appraisal A periodic formal evaluation of an employee’s job performance, including a discussion of professional development goals; also called “performance evaluation.”

Pickup The actual number of rooms purchased by a client in a specific time period. Used as in: “What was the Florida Furniture Society’s total room pick-up last week?”

Pilferage Stealing small quantities of something over a period of time; for example, a thief might steal one bottle from a case of liquor.

Pilot Light A small permanent flame used to ignite gas at a burner.

Place Setting The arrangement of plates, glasses, knives, forks, and spoons (flatware), and other service items on a dining table for one guest.

Planning The process of considering the future and establishing goals for an organization.

PM (Preventive Maintenance) Program A specific inspection and activities schedule designed to minimize maintenance-related costs and to prolong the life of equipment by preventing small problems before they become larger ones.

PM Checklist A tool developed to identify all the critical areas that should be inspected during a PM review of a room, area, or piece of equipment.

Point-of-Sale (POS) system A computer system that maintains a record of guests’ food and beverage purchases and payments.

POM Short for “property operation and maintenance.” The term is taken from the Uniform System of Accounts for Hotels and refers to the segment of the income statement that details the costs of operating the maintenance department.

Post To enter a guest’s charges into the PMS to create a permanent record of the sale. Used as in “Please post this meeting room charge to Mr. Walker’s folio.”

Premium Brand Beverages Highest-priced and highest-quality beverages generally available, such as “Johnnie Walker Scotch.” Also referred to as “super call.”

Premiums The fees paid for insurance.

Pre-paid Expense Expenditures made for items prior to the accounting period in which the items’ actual expense is incurred.

Preventive Maintenance Maintenance activities designed to minimize maintenance costs and prolong the life of equipment.

Private Clubs Membership organizations not open to the public that exist for people enjoying common interests. Examples include country (golf) clubs, city clubs, university clubs, yacht clubs, and military clubs. Some private clubs offer sleeping rooms for members and guests.

Product Usage Report A report detailing the amount of an inventoried item used by a hotel in a specified time period (week, month, quarter, or year).

Production All of the cooking and preparation processes used to ready products for consumption.

Professional Development The process by which hoteliers continue to improve their knowledge and skills.

Professionals People working in an occupation that requires extensive knowledge and skills in a specialized body of knowledge.

Profit The money remaining after all the expenses of operating a business have been paid.

Profit and Loss statement (P&L) The P&L records total hotel revenues and expenses for a specific time period. Same as the statement of income and expense.

Progressive disciplinary program A carefully planned series of corrective actions, each increasing in its severity and designed to encourage employees to follow established policies, rules, and regulations.

Promote from Within The concept that a company offers higher-level positions to its existing employees before seeking external candidates when these positions must be filled.

Property Management System (PMS) The industry term for the computerized system used to record guest reservations, financial information and other data related to the operation of a hotel’s front office.

Public Space Areas within the hotel that can be freely accessed by guests and visitors. Examples include lobby areas, public restrooms, corridors, and stairwells.

Publicity Information about a hotel that is distributed by the media but for which the hotel does not pay a fee.

Punitive Damages A monetary amount assessed to punish liable parties and to serve as an example to the liable party as well as others not to commit the wrongful act in the future.

Quality The consistent delivery of products and services according to expected standards.

Quality Inspection Scores Sometimes called Quality Assurance (QA) scores, these scores are the result of annual (or more frequent) inspections conducted by a franchise company to ensure that franchisor-mandated standards are being met by the franchisee. In some cases, management companies or the property itself may also establish internal inspection systems. In general, however, it is the franchise company's quality inspection score that is used as a measure of the effectiveness of the general manager, the hotel's management team, and the owner's financial commitment to the property.

Rack Rate The price at which a hotel sells its rooms when no discounts of any kind are offered to the guest. Often shortened to "rack."

Reasonable Care A legal concept identifying the amount of care a reasonably prudent person would exercise in a specific situation.

Receiving (Foodservice) The point at which ownership of products being purchased transfers from the seller (supplier) to the hospitality operation.

Recodable Locking System A hotel guest room locking system designed so that when guests insert their "key" (typically an electromagnetic card, but increasingly a password) into the guest room locking device for the first time, the lock is immediately recoded, canceling entry authorization from the previous guest's key.

Recruitment Activities designed to attract qualified applicants for the hotel's vacant management and non-management positions.

Regional Manager The individual responsible for the operation of multiple hotels in a designated geographic area. In some companies, the person's title may be area or district manager.

Registration Acceptance for one to work within a profession that is (typically) granted by a nongovernmental agency such as an association.

Registration (Reg) Card A document that provides details such as guest's name, arrival date, rate to be paid, departure date, and other information related to the guest's stay. In conversation, most often shortened to "reg" card, as in: "Where is the signed Reg card for room 417?"

Reinforcement (training) Use of encouraging words and actions that re-emphasize the proper way to do a job task.

Repeat Business Guests who return to the property for additional visits after their first visit.

Replace as Needed A parts or equipment replacement plan that delays installing a new part until the original part fails or is near failure. For example, most chief engineers would use a replace-as-needed plan in the maintenance of refrigeration compressors or water pumps.

Repossession The taking back of a property by a seller or lender, usually in response to non-payment by the buyer.

Residential Education Programs Formal education (training) programs that are available to students or trainees at a specific geographic location.

Resort A full-service hotel with additional attractions that make it a primary destination for travelers.

Restoration Returning an older hotel building to its original, or better than original, condition.

Return On Investment (ROI) The percentage rate of financial return achieved on the money invested in a hotel property.

Revenue Management (RM) The process and procedures used to optimize RevPAR.

Revenue Manager An individual whose major task consists of forecasting room demand so that the hotel can maximize RevPAR. In larger hotels, this will be a full-time position. In a smaller, limited-service property, the general manager or front-office manager will have this responsibility.

Revenue Per Available Room (RevPAR) The average revenue generated by each guest room available during a specific time period. RevPAR combines the information from ADR and occupancy rate into a single measure.

Room Attendant Employee responsible for cleaning guest rooms. Also referred to as "housekeeper." Sometimes called "maids" by guests, but that term is *never* used by professional hoteliers.

Room Attendant Cart A wheeled cart that contains all of the items needed to properly and safely clean and restock a guest room. Also referred to as a "room attendant's cleaning cart or a housekeeping cart."

Room Mix The ratio of room types in a hotel. For example, the number of double-bedded rooms compared to king-bedded rooms, the number of smoking-permitted rooms to no-smoking rooms, or the number of suites compared to standard rooms.

Room Night The number of rooms used times the number of nights they are sold. For example, a guest who reserves two rooms for five nights each has made a reservation for 10 room nights (2 rooms \times 5 nights = 10 room nights).

Room Service The delivery of food and beverages to a hotel guest's sleeping room.

Room Status The up-to-date (actual) condition of each of the hotel's guest rooms (e.g., occupied, vacant, or dirty.)

Room Type Specific configurations of guest rooms. For example, king-sized bed vs. double-sized bed, or parlor suite vs. standard sleeping room. Commonly abbreviated (K for king, D for double bed, etc.), reserving of the proper room type is often as important to guests as whether the hotel, in fact, has a room available for them

Routine Maintenance Maintenance activities that must be performed on a continual (ongoing) basis.

Safety Protection of an individual's physical well-being and health.

Safety and Security Committee An interdepartmental task force consisting of hotel managers, supervisors, and hourly-paid employees responsible for monitoring and refining a hotel's safety and security efforts.

Safety hazard Conditions in the workplace that can cause immediate harm. Examples include unsafe equipment, accidents, and the improper use of chemicals.

Sales Activities directly related to a client's purchase (booking) of hotel rooms or services.

Sales and Marketing Committee The team of employees responsible for coordinating the hotel's sales and marketing efforts.

Sales Call A pre-arranged meeting held for the purpose of explaining and selling the hotel's products and services.

Scratch (food production) The use of basic ingredients to make items for sale. For example, a minestrone soup may be made onsite with fresh vegetables, meat, and other ingredients.

Seasonal Hotel A hotel whose revenue and expenditures vary greatly depending on the time (season) of the year. Examples include hotels near ski resorts, beaches, theme parks, certain tourist areas, sporting venues, and the like.

Second-tier Management companies that operate hotels for owners and do not use the management company name as part of the hotel name. American General Hospitality, Summit Hotel Management, and Winegardner and Hammons are examples.

Security Protection of an individual's or business's property or assets.

Selection The process of evaluating job applicants to determine who is most qualified for and likely to be successful in a vacant position.

Sell-out (1) A situation in which all available rooms are sold. A hotel, area, or entire city may, if demand is strong enough, sell out. (2) A period of time in which management must attempt to optimize ADR.

Server Station An area of the dining room where all tables and booths have been assigned to a specific server.

Service (Food and Beverage) The process of transferring food and beverage products from wait staff to the guests.

Service (Guest) The process of helping guests by addressing their wants and needs with respect and dignity and in a timely manner.

Serving The process of moving prepared food or beverage items from production staff to service personnel.

Shift Bank The total amount of currency and coins in a cashier's drawer at the beginning of that cashier's work shift. Used as in: "Let's start the 3:00 p.m. shift at the front desk with a \$750 shift bank."

Shift report (front desk) A summary of all folio and other financial transactions completed at a hotel's front office during a pre-determined time period (typically 8 hours).

Short A situation in which a cashier has less money in the cash drawer than the official sales records plus shift bank indicate should be available. Thus, a cashier with \$10 less in the cash drawer than the sales record plus shift bank is said to be \$10 short.

Short-Range Goals Goals that are to be achieved in the very near future (usually less than one year). Sometimes called "short-term goals."

Signature Items Food or beverage products produced by a hospitality operation that are unique to the property and that the general public associates with it.

Sign-in/Sign-out Program A system in which employees taking responsibility for hotel assets (such as hand tools, power equipment, or keys to secured areas) must document their responsibility by placing their signature and the date on a form recording their possession (sign-out) and return (sign-in) of the item.

Sign-off To verify or approve accuracy of operational information. Used as in: "Ms. Larson, will you sign-off on last night's audit?"

Simulation (training) The imitation of a human activity designed to improve a trainees' ability to respond to the real activity. Examples include flight simulators (to train airline pilots),

medical emergency response simulators (to train physicians) and FOMS (to train hotel front office managers).

Site Tour A potential customer's physical visit to a hotel that is hosted by a member of the hotel's staff.

SMERF Short for "Social, Military, Educational, Religious, or Fraternal groups" and organizations.

Solvency The ability of a hotel to pay its debts as they come due.

Source Reduction Efforts by product manufacturers to design and ship products in a way that minimizes packaging waste resulting from the product's shipment to a hotel.

Standardized Recipes A written explanation about how a food or beverage item should be prepared. It lists the quantity of each ingredient, preparation techniques, portion size and other information production personnel need to ensure that the item is always prepared in the same way.

STAR Report Short for the "Smith Travel Accommodations Report." Produced by the Smith Travel Research (STR) company, this report is used to compare a hotel's sales results to those of its selected competitor.

Stay-over A guest who is *not* scheduled to check out of the hotel on the day his or her room status is assessed. That is, the guest will be staying at least one more day.

Stockout The condition that arises when a food/beverage item needed for production is not available onsite.

Subordinates Employees whose work is directly supervised or controlled by an individual of higher rank or position.

Suggestive Selling Information suggested by an order taker (in a room service operation) or by a server (in an à la carte dining operation) to encourage guests to purchase additional items or higher priced items they might otherwise not have ordered. This is commonly referred to as *up-selling*.

Supervisor A staff member who directs the work of line-level (non-supervisory) employees.

System-wide The term used to describe a characteristic of all hotels within a single brand. Used, for example, in: "Last year, the system-wide ADR for our brand was \$99.50."

Team A group of individuals who work together and set the goals of the group above their own.

Terry Generic term for the bath towels, bath mats, hand towels, and wash cloths washed and dried in the laundry area.

Theft Stealing all of something at one time; for example, a thief might steal a case of liquor.

Third Party Liability A legal concept that can hold the provider of alcoholic beverages responsible for the acts of those who have consumed the alcohol. Also referred to as "dram shop" legislation.

Threat Analysis A systematic procedure designed to identify and eliminate identifiable safety risks.

Timeshare A lodging property that sells its rooms to guests for use during a specific time period each year; also called vacation ownership property.

Total Replacement A parts or equipment replacement plan that involves installing new or substitute parts based on a predetermined schedule. For example, most chief engineers would use a total replacement approach to the maintenance of light bulbs in high-rise exterior highway signs.

Tour Operator A company or individual that plans and markets travel packages.

Tourist A person who travels for pleasure.

Track To maintain extensive information on a specific type of traveler. For example, a hotel may wish to track the ADR, rooms used, and arrival patterns of transient military travelers to learn more about this specific type of traveler.

Trade show An industry-specific event that allows suppliers to an industry to interact with, educate, and sell to individuals who are part of the industry; also called an exhibition.

Transient Individual guests who are not part of a group or tour booking. Transient guests can be further subdivided by traveler demographics to obtain more detailed information about the type of guest staying in the hotel (e.g., corporate, leisure, and government).

Travel Agent A professional who assists clients in planning and purchasing travel.

Turnover (employee) The replacement of employees needed in an organization or a position as other staff members leave.

Turnover Rate A measure of the proportion of a work force that is replaced during a designated time period (month, quarter, or year). It can be calculated as: $\text{Number of Employees Separated} \div \text{Number of Employees in the Workforce} = \text{Turnover Rate}$.

Upselling Tactics used to increase the hotel's average daily rate (ADR) by encouraging guests to reserve higher-priced rooms with better or more amenities than are provided with lower-priced rooms (e.g., view, complimentary breakfast and newspaper, increased square footage).

User Generated Content (UGC) site A Web site designed to host forums, blogs, or other reviewer submitted information allowing those seeking information to read the comments of other consumers prior to making their buying decisions. UGC sites are sometimes referred to as Web 2.0

Value The relationship between price paid and the quality of the products and services received.

Value (Foodservice) The guest's perception of the selling price of a menu item relative to the quality of the menu item, service, and dining experience received.

Value (Lodging Accommodations) The price paid to rent a room relative to the quality of the room and services received.

Vendors Those who sell products and services to hoteliers.

Walked A situation in which a guest with a reservation is relocated from the reserved hotel to another hotel because no room was available at the reserved hotel.

Walk-in A guest seeking a room who arrives at the hotel without an advance reservation.

Word of Mouth Advertising The favorable or unfavorable comments made when previous guests of a hospitality operation tell others about their experiences.

Work Order A form used to initiate and document a request for maintenance. Also referred to as a "maintenance request."

Workers' Compensation An insurance program designed to assist individuals who are victims of a work-related injury or illness.

Wow Factor The feeling guests have when they experience an unanticipated and positive "extra" as they interact with a hospitality operation.

Write-off A guest's direct bill that is considered uncollectible by management and as a result is subtracted from the hotel's accounts receivable total.

Zero Defects A goal of no guest-related complaints established when guest service processes are implemented.

Introduction to the Lodging Industry

Chapter Outline

The Early Lodging Industry

United States Lodging Industry: 1900–2010

Lodging Industry Segments

Measuring Hotel Performance

ADR

Occupancy

RevPAR

GOPPAR

Lodging and the Hospitality Industry

Lodging and the Travel and Tourism Industry

Leisure Travelers

Business Travelers

Partners in the Lodging Industry

Transportation Services

Travel Agents

Online Travel Agents

Tour Operators

Industry Trade Associations

Chapter Overview

The lodging industry has a long history. Travelers have always desired a safe and restful place to spend the night. Today, more and more people travel; and as a result, a large industry has developed to meet their diverse needs.

People travel for many reasons, including sight-seeing, vacations, business, and personal trips. Different types of lodging properties are available to meet the different needs of these travelers, and there are several approaches to classifying the wide range of hotel alternatives available. The most important of these classification systems are presented in this chapter.

It is also important to know how the lodging industry measures its success in meeting the needs of guests. In this chapter, you will learn about four different methods lodging industry professionals use to determine their effectiveness. These measures will help you better understand the types of concerns hoteliers have as they manage their properties and will provide you a preview of how they evaluate the performance of their staff and their hotels.

In this chapter, you will also learn that the lodging industry is considered part of the larger hospitality industry. Hospitality includes all of those businesses designed to offer lodging and food and beverage services to travelers and non-travelers alike.

You will also learn that the hospitality industry is part of the even larger travel and tourism industry. Travel and tourism includes all of those industries developed to serve those who travel for recreational, leisure, or business purposes. For example, people who travel must be transported to the places where they will stay. Thus, the travel and tourism industry includes the airline, bus, train, and rental car businesses whose employees work with their lodging counterparts to help make travel safe, fast, and easy.

Travel agents are an important part of the travel industry because they help people who need travel-planning assistance. Tour operators also have a significant impact on travelers. For example, they work with travel agents to offer attractive vacation packages that make it easy and cost-effective to travel.

Today, the emergence of the online travel agency (OTA) means increasing numbers of travelers reserve (book) their hotel rooms and other travel services online. In the final portion of this chapter, you will learn about these partners of the lodging industry as well as learn about the role of important trade associations that work to improve the lodging, hospitality, and travel and tourism industries.

Chapter Objectives

1. To describe how the lodging industry has developed over its long history.
2. To explain how individual hotel properties in the lodging industry are classified.
3. To explain how the lodging industry measures its success.
4. To describe how the lodging industry is related to the larger hospitality and travel and tourism industries.
5. To identify and explain the importance of industry trade associations.

THE EARLY LODGING INDUSTRY

The **lodging industry** consists of all the **hotels** and other businesses that provide overnight accommodations for guests. Many **hoteliers** also provide food, beverages, and even entertainment for the guests in their **market**.

LODGING LANGUAGE

Lodging industry: All the businesses that provide overnight accommodations for guests.

Hotel: An establishment that provides sleeping rooms as well as various services to the traveling public.

Hotelier: The owner/manager of one or more hotels.

Market: The potential customers for a business's products and services.

In the earliest days, people traveled for religious or business reasons. Inns could be found on the roads leading to religious shrines or temples as well as along significant trade routes. These establishments were often operated by families that offered travelers very basic food and shelter in their homes.

Sometimes they were operated by a church or other religious organization. As travel became more popular and less dangerous, people began to travel for more personal reasons, such as to see foreign lands or to experience foreign cultures.

In very popular travel locations, the lodging industry is usually large and well developed. Locations of this kind include areas near beaches, ski resorts, historic settings, or other tourist destinations and in cities with large populations. However, even rural settings and small communities that are less popular with **tourists** require a lodging industry large enough to meet the travel needs of people who visit for business, personal, or other reasons.

LODGING LANGUAGE

Tourist: A person who travels for pleasure.

UNITED STATES HOTEL INDUSTRY: 1900–2010

The lodging industry has changed since its early beginnings and will no doubt continue to do so. This is one reason why it is an exciting and vibrant industry. To understand the modern hotel industry, it is helpful to examine hotels in the United States because they are, in many cases, worldwide leaders. American lodging facilities have evolved to include a tradition of innovation and orientation to guest service that is well worth noting. Highlights of the growth of the hotel industry in the United States since 1900 are shown in Figure 1.



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The hotel industry is one of the nation's largest.

<p>1900 Fewer than 10,000 hotels 750,000 to 850,000 rooms</p>	<p>1900 A typical first-class hotel offers steam heat, gas burners, electric call bells, baths and toilet closets on all floors, billiard and sample rooms, barbershops, and carriage houses. 1904 New York City's St. Regis Hotel provides individually controlled heating and cooling units in each guest room. 1908 The Hotel Statler chain begins in Buffalo. All guest rooms have private baths, full-length mirrors, and telephones, serving as the model for hotel construction for the next 40 years.</p>
<p>1910 10,000 hotels 1 million rooms 300,000 employees Average size: 60–75 rooms</p>	<p>1910 Electricity is beginning to be installed in new hotels for cooking purposes, as well as for lighting. However, most hotels place candlesticks, new candles, and matches in every room—electric light bulb or not.</p>
<p>1920 Occupancy: 85% Hotel construction reaches an all-time high as rooms are added along the new state and federal highways</p>	<p>1920 Prohibition begins. 1922 The Treadway Company has some of the first management contracts on small college inns. 1925 The first roadside “motel” opens in San Luis Obispo, California, for \$2.50 a night. 1927 The Hotel Statler in Boston becomes the first hotel with radio reception; rooms are with individual headsets to receive broadcasts from a central control room. 1929 The Oakland Airport Hotel becomes the first of its kind in the country.</p>
<p>1930 Occupancy: 65% AHA's <i>Hotel Red Book</i> lists 20,000 hotels Typical hotel: 46 rooms Average room rate: \$5.60</p>	<p>1930 Four out of five hotels in the United States go into receivership. 1933 Due to the Great Depression, hotels post the lowest average occupancy rate on record (51%). Construction grinds to a halt. 1934 The Hotel Statler in Detroit is the first to have a central system to “air-condition” every public room.</p>
<p>1940 Occupancy: 64% Average room rate: \$3.21</p>	<p>1940 Air-conditioning and “air-cooling” become prevalent. 1945 Sheraton is the first hotel corporation to be listed on the New York Stock Exchange. 1946 Westin debuts first guest credit card. The first casino hotel, the Flamingo, debuts in Las Vegas. 1947 Westin establishes Hoteltype, the first hotel reservation system. New York City's Roosevelt Hotel installs television sets in all guest rooms. 1949 Hilton becomes the first international hotel chain with the opening of the Caribe Hilton in San Juan, Puerto Rico.</p>
<p>1950 Occupancy: 80% Typical hotel: 17 rooms Average room rate: \$5.91</p>	<p>1951 Hilton is the first chain to install television sets in all guest rooms. 1952 Kemmons Wilson opens his first Holiday Inn in Memphis, Tennessee. 1954 Howard Dearing Johnson initiates the first lodging franchise, a motor lodge in Savannah, Georgia. Conrad Hilton's purchase of the Statler Hotel Company for \$111 million is the largest real estate transaction in history. Mid-1950s Atlas Hotels develops the first in-room coffee concept. 1957 J.W. Marriott opens his first hotel, the Twin Bridge Marriott Motor Hotel, in Arlington, Virginia, and Jay Pritzker buys his first hotel, the Hyatt House, located outside the Los Angeles Airport. Hilton offers direct-dial telephone service. 1958 Sheraton introduces Reservation, the industry's first automated electronic reservation system, and the first toll-free reservation number.</p>
<p>1960 Occupancy: 67% \$3 billion in sales Total hotel rooms: 2,400,450 Typical hotel: 39 rooms, independent and locally owned Average room rate: \$9.99</p>	<p>Early 1960s Siegas introduces the first true minibar (a small refrigerator displaying products). 1964 Travelodge debuts wheelchair-accessible rooms. 1966 Inter-Continental introduces retractable drying lines in guest showers, business lounges, ice and vending machines in guest corridors, and street entrances to hotel restaurants. 1967 The Atlanta Hyatt Regency opens, featuring a 21-story atrium and changing the course of upscale hotel design. 1969 Westin is the first hotel chain to implement 24-hour room service.</p>

FIGURE 1 Highlights in the Modern History of the United States Hotel Industry Courtesy of Panda Professional Hospitality Education and Training