

8: Budgeting for Housekeeping

This chapter will help you to:

- Understand the concept and purpose of budgeting.
- Learn about the different types of budgets based on different factors.
- Review the ways to ensure quality management in housekeeping, and controlling the standards.
- Learn about the ways to control expenses in housekeeping or budgetary control.

A budget is defined as a tool, guide, or a standard to control expenses. Budgeting is one of the most important planning activities of an Executive/Head Housekeeper. The front office department is mainly responsible for room sales and generating revenue. The housekeeping department forecasts the expenses required to generate the anticipated revenue. It is important that careful and efficient budgeting is done to control the operational expenses as well as to meet the financial goals of the hotel.

Budgeting is done normally for a period of one year and a head housekeeper investigates the past records (occupancy, staff salary, purchase of equipment etc) to prepare the budget. Although the budget is done yearly it can be broken down to into monthly budgets, and it can be adjusted if the need arises due to unforeseen circumstances.

Therefore, the aim of the department is to create a budget that is cost effective as well as robust enough to deal with any emergency in the future.

Purpose

The purpose of a budget is:

- To allow projection of revenue and expenses and thus efficiently plan people, material, and the finances.
- To foresee the financial plans of a hotel in future based on its organisational plan and performance.
- To compare the projected expenses to actual expenses.
- To plan for capital expenses, operational cost planning and short-term expenses etc.

Budget cycle

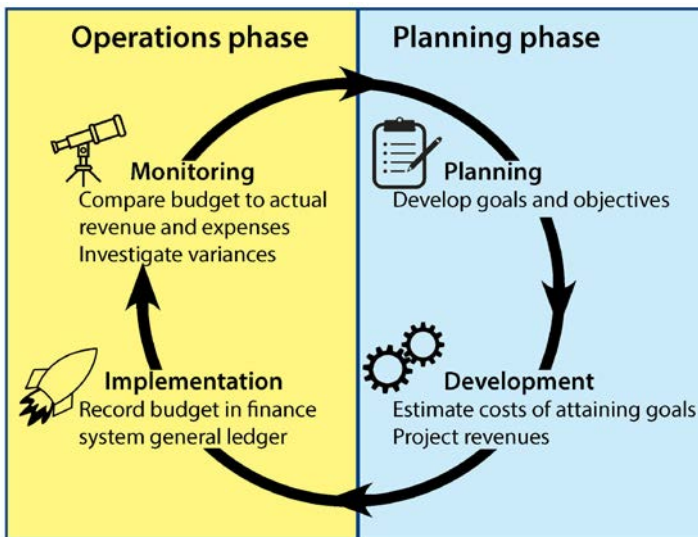


Figure 8.1: The budget cycle

The budget cycle involves two main phases: one is the **planning** phase and the other is the **operations** or controlling phase. It is a cycle because the figures and performance from each year feed into the next.

The **planning** phase has two stages.

- In the *planning* stage the overall goals and objectives of the department are set: What is it we want to achieve? What are the most important goals? What are our key constraints.
- In the *development* stage, costs and revenues are estimated, based on the past performance and on what is currently known about future costs and future business projections.