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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Hospitality and Tourism |
| **Course Name** | Hotel Management |
| **Lesson/Unit Title** | Show Me the Money! Budgeting and Forecasting Revenue |
| **TEKS Student Expectations** | **130.259. (c) Knowledge and Skills**  (3) The student solves problems independently and in teams using critical thinking, innovation, and creativity. The student is expected to:  (C) interpret and use industry standards for principles of budgeting and forecasting to maximize profit and growth |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Students will:**   * Understand the revenue management concept * Describe the responsibilities of the revenue manager * Know how to use principles of budgeting and forecasting to maximize profit * Understand the factors that influence revenue management * Calculate various numerical concepts to better understand forecasting and revenue management |
| **Rationale** | Today’s world is very competitive and most hotels have to manage their business very closely in order to make it a success. Part of that management is predicting the revenue and costs for the hotel. Today we will examine the importance of maximizing profit by forecasting and managing revenue. We will prepare a simple revenue forecast for an imaginary hotel. |
| **Duration of Lesson** | Three 45-minute lessons |
| **Word Wall/Key Vocabulary**  *(ELPS c1a, c, f; c2b; c3a, b, d; c4c; c5b) PDAS II (5)* | **ADR or Average Daily Rate:** The average of all the room rates together that have been sold for one night  **Budget:** A guideline for spending money  **Demand:** The total amount of a good or service consumers want to purchase at a given price  **Forecasting:** Predicting the number of guests who will stay at the hotel  **LOS or Length of Stay:** The number of nights an individual uses their room  **Supply:** The total amount of goods or services available for sale. For example, the number of rooms a hotel has available  **Occupancy rate:** A ratio of guest rooms sold to guest rooms available. For example, an occupancy rate of 60% means that 60% of the hotel’s available rooms have been sold for the time period |
| **Materials/Specialized Equipment Needed** | **Equipment:**   * Computer with projector for PowerPoint presentation * Computers with Internet access (Be sure to follow district guidelines for internet access) * Light projector (Elmo) * Presenter remote   **Materials:**   * Calculators * Play money * Samples of hotel: (if available)   + - Budgets     - Forecasts for number of guests     - Profit and loss statements     - Staff work schedules     - Copies of handouts   **PowerPoint:**   * Show Me the Money! Budgeting and Forecasting Revenues   **Technology:**   * TEDx Talk:   + The Infinite Hotel Paradox – Jeff Dekofsky  The Infinite Hotel, a thought experiment created by German mathematician David Hilbert, is a hotel with an infinite number of rooms. Easy to comprehend, right? Wrong. What if it’s completely booked but one person wants to check in? What about 40? Or an infinitely full bus of people? Jeff Dekofsky solves these heady lodging issues using Hilbert’s paradox.<http://ed.ted.com/lessons/the-infinite-hotel-paradox-jeff-dekofsky>   **Graphic Organizers:**   * KWL Chart – Show Me the Money! * Show Me the Money! Notes * Show Me the Money! Notes (Key)   **Handouts:**   * Quarter revenue forecast * Quarter revenue forecast (key) * Quarter revenue forecast instructions * Room revenue forecast * Room revenue forecast (key) * Show me the money! Quiz * Show me the money! Quiz (key) * KWL-chart-show-me-the-money * Quarter-revenue-forecast-key * Quarter-revenue-forecast-instructions * Quarter-revenue-forecast * Room-revenue-forecast-key * Room-revenue-forecast * Show-me-the-money-notes-key * Show-me-the-money-notes * Show-me-the-money-quiz-key   Show-me-the-money-quiz |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | **Before class begins:**  Display as many materials as you have available in the front of the classroom so that students see them as they enter (see Materials or Specialized Equipment Needed tab).   Begin the lesson by asking students the following questions:  Imagine yourself opening a 100-room hotel.   * How would you know how many employees to hire? * How would you know how much food to order if there was a restaurant included? * Would you know how much promotion and advertising you can afford? * How many rooms will you be able to fill each night?   Today we will examine the importance of maximizing profit by forecasting and managing revenue.  Distribute the graphic organizer KWL – Show Me the Money**!** and have students fill out the first two boxes of the chart. Ask students to write down what they already know about housekeeping and leadership from their personal experiences. The last box will be completed during lesson closure. |
| **Direct Instruction \*** | Review lesson objectives, terms, and definitions.  Distribute Show Me the Money! Notes. Students will be expected to take notes during the slide presentation.  Introduce the PowerPoint Show Me the Money! Budgeting and Forecasting Revenues and begin discussion with students.  Budgeting is an important key to hotel businesses to keep expenses at a minimum, plan for emergencies, and hopefully make a profit. By forecasting the number of guests at their hotels, they can plan accordingly.  Announce to students that there will be a quiz at the end of the lesson.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * highlight materials for emphasis * provide students with vocabulary list with definitions prior to lesson * work with a peer tutor * use study guides * provide printed PowerPoint Show Me the Money! Presentation Notes for assistance with note-taking |
| **Guided Practice \*** | Distribute handout Quarter Revenue Forecast.  Using a light projector, explain how to forecast revenue for the Stratton Hotel. Use the handout Quarter Revenue Forecast Instructions to explain how to figure the calculations.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * check for understanding * extended time for assignment * work with a peer tutor |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | Distribute Room Revenue Daily Forecast handout. Students will work independently to complete the worksheet and answer the questions.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * reduce assignment * extended time for assignment * work with a peer tutor |
| **Lesson Closure** | Review lesson objectives, terms, and definitions.  Students complete the last column on their KWL – Show Me the Money organizer. Review answers with your students.  Remind students of the quiz at the end of the lesson. |
| **Summative/End of Lesson Assessment \*** | Student worksheets will be assessed with the Room Revenue Daily Forecast (Key).  Administer and assess Show Me the Money! Quiz.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * reduce assignment * extended time for assignment * work with a peer tutor |
| **References/Resources/**  **Teacher Preparation** | **Textbooks:**   * Reynolds, J. S. (2010). *Hospitality services: Food & lodging.* Tinley Park, IL: Goodheart-Willcox Company. * Hayes, D. K. and Ninemeier, J. D. (2007). *Hotel Operations Management, Second Edition.* Upper Saddle River, New Jersey: Pearson Education, Inc |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** | * Use “word wall” for vocabulary words * Work with a peer tutor * Peer to read materials * Highlighted materials for emphasis * Shortened simplified instructions |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** | Encourage students to read more about forecasting, budgeting, and managing revenue and costs.   * Hospitality Net  A website to bring you hotel industry late breaking news, articles, newsletters, market reports, and job openings around the world.<http://www.hospitalitynet.org/index.html>   Encourage students to connect reading and their life experiences or prior knowledge. |
| **Quotes** | I never dreamed about success. I worked for it. **-Estee Lauder**  Success is neither magical nor mysterious. Success is the natural consequence of consistently applying the basic fundamentals. **-Jim Rohn**  There is no such thing as high returns without risk. **-Gerry Schwartz**  It is better to aim at perfection and miss it than to aim at imperfection and hit it. **-Thomas Watson** |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** | **Journal Entries:**   * When someone says “revenue” I immediately think … * The 5 best ways to increase occupancy rate would be … * I like (or dislike) working with numbers because …   **Writing Strategy:**  RAFT (Role/Audience/Format/Topic) writing strategy:   * Role: student * Audience: revenue manager or general manager in a local hotel * Format: letter asking the revenue manager about their responsibilities in the hotel, how difficult it is to increase the ADR, and how they manage to increase the ADR * Topic: career investigation |
| **Communication**  **90 Second Speech Topics** | * I think being a revenue manager is exciting because … * I think budgets are important because … * Items that should be included on a budget are … |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) | Allow students to make a six-month budget for themselves. They will have to forecast how much money they will need for:   * Cell phone * Clothing * Emergencies * Entertainment * Necessities * Prom   Then students should list their revenue for six months from part-time employment, gifts, and allowances.  Ask students if they had enough money to cover their expenses. If they did not, how did they plan to cover their costs?  **TED Talk:**  TED-Ed’s commitment to creating lessons worth sharing is an extension of TED’s mission of spreading great ideas. This allows users to take any useful educational video, not just TED’s, and easily create a customized lesson around the video.  The video below is related to this lesson. Allow students to view the video and lead a discussion concerning the TED Talk.   * The Infinite Hotel Paradox – Jeff Dekofsky  The Infinite Hotel, a thought experiment created by German mathematician David Hilbert, is a hotel with an infinite number of rooms. Easy to comprehend, right? Wrong. What if it’s completely booked but one person wants to check in? What about 40? Or an infinitely full bus of people? Jeff Dekofsky solves these heady lodging issues using Hilbert’s paradox.<http://ed.ted.com/lessons/the-infinite-hotel-paradox-jeff-dekofsky> |
| **Family/Community Connection** | Ask a revenue manager or general manager from a local hotel to speak to the class on how they manage the revenue for their hotel.  Arrange a field trip to a local hotel and ask for a demonstration of their revenue management software. |
| **CTSO connection(s)** | **Family, Career, Community Leaders of America (FCCLA)**  <http://www.texasfccla.org>   * Star Event:   + Hospitality, Tourism, and Recreation is an individual or team event that recognizes participants who demonstrate their knowledge of the hospitality, tourism, and recreation industries and ability to translate their knowledge into a hypothetical or real business.   This lesson is preparation for the Hospitality Leadership Enhancement Opportunity (LEO) test. |
| **Service Learning Projects** | True service learning is developed with student voice about concerns and needs. As the students are learning and researching this topic, ask them to think about ways they can maximize their learning to benefit others.  Ask students how they will use what they have learned about revenue management, forecasting and budgeting. Brainstorm with your students for a service project pertaining to this lesson.  Example:  Students can research best practices for personal budgeting and put together a seminar for other students on how to live on a small budget. |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)