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Forecasting and Budgeting 101

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Forecasting and Budgeting 101

Budgeting and Forecasting are missions critical for business functions within the hospitality industry. Utilizing Profitsage to assist you with these missions will hopefully help aid in this process for our clients. The Budgeting and Forecasting functionality within Profitsage is the same. This article will focus on introducing our clients to basic terminology, screens, and navigation during the budgeting and forecasting process.

Basic Forecasting and budgeting Terminology

Below is some basic budgeting and forecasting terminology. Some of the items are specific to ProfitSage and some are common hospitality terms.

Stat - A room sold, a F&B cover, or a labor hour

Rate - ADR, Average Check, or Average wage

Amt - Dollar amount budgeted or forecasted for each individual GL

OCC - Occupancy

RevPAR - Revenue per available room

CPOR - Cost per occupied room

HPOR - Hours per occupied room

FTE - Full time equivalent

Units and Ratios

Unit - A number used to drive the ratio in ProfitSage to create a numeric result. Common ProfitSage units are occupied rooms, total rooms revenue, total F&B labor.

Ratio - an area in Profitsage forecasting and budgeting that allows the user to enter an amount to be used in conjunction with the unit assigned to the GL you are working with. The ratio can expect different items based on what unit is associated with that line.

Examples of Units and Ratio's:

To calculate CPOR

Unit = total occupied rooms

Ratio - dollar amount budgeted or forecast per occupied rooms. (\$1.50)

To calculate commissions

Unit - total group room revenue

Ratio - percentage you spend on group commissions (.02)

Budget - April, 2013 - Month - Rooms - Cost/Expense Accounts vs Actuals/Debs							
Rms = 6,801 ADR = \$126.63 Occ = 81.0% RevPAR = \$102.52		Budget <<< Apr, 2013 >>>			Actuals/Debs Apr, 2013		Remaining To Be Apr, 2013
Actions	Name	Units	Ratio	Amt	Amt		Amt
Months	BONUS	94,149	0.0000	0	100		-100
Months	HOLIDAY PAY	94,149	0.0000	0	0		0
Months	UNION BENEFITS	94,149	0.0000	0	0		0
Months	VACATION PAY	94,149	0.0352	3,314	176		3,138
Months	SICK PAY	94,149	0.0092	866	908		-42
Months	ALLOCATED PTEB	94,149	0.0822	7,739	6,718		1,021
Months	PAYROLL TAXES	94,149	0.1199	11,288	4,501		6,788
Months	WORKMEN'S COMP	94,149	0.0315	2,966	997		1,968
Months	EMPLOYEE MEALS	94,149	0.0258	2,429	0		2,429
Months	TOTAL ROOMS PTEB	0	0.0000	28,602	13,400		15,203
Months	CLEANING SUPPLIES	6,801	0.1048	713	495		218
Months	COMPLIMENTARY ITEMS	6,801	0.1500	1,020	9		902
Months	COMPUTER HARDWARE MAINTENANCE	861,205	0.0066	5,654	0		5,684
Months	COMPUTER SOFTWARE SUPPORT	0	0.0000	0	0		488
Months	CONTRACT CLEANING	0	0.0000	0	0		0
Months	DRY CLEANING IN ROOM	6,801	0.0000	0	0		0
Months	FOOD DELIVERY EXPENSE	6,801	0.0000	0	0		0
Months	GUEST RELATIONS - V	6,801	0.0000	0	0		0
Months	GUEST RELATIONS	6,801	0.5570	3,788	0		3,631
Months	GUEST TRANSPORTATION	6,801	0.4206	2,861	7,652		-4,791
Months	GUEST SUPPLIES - IN ROOM	6,801	0.4589	3,121	5,011		-1,890
Months	GUEST SUPPLIES - CHAIR	6,801	0.8362	5,687	3,189		2,498
Months	LAUNDRY SERVICES - C	6,801	0.0000	0	0		0
Months	LAUNDRY SUPPLIES	6,801	0.2205	1,500	2,214		-714
Months	LAUNDRY CREDIT	0	0.0000	-8,045	0		-8,045
Months	LINENS	6,801	0.3060	2,081	1,720		361
Months	MEETING ROOM SUPPLIES	0	0.0000	0	0		0
Months	FREE TO GUEST - CABLE TV	0	0.0000	4,049	4,071		-22
Months	FREE TO GUEST - INTERNET	0	0.0000	0	0		0
Months	FREE TO GUEST BUS CENTER	0	0.0000	90	478		-388
Months	FLOWERS & DECORATIONS	0	0.0000	0	0		0

There are many more examples of ways to use unit and ratio's in Profitsage. The units are set up and assigned to your GL's in each individual hotel's customized accounts screen in their admin section. The customized accounts screen should be reviewed periodically to make ensure the correct lines are being used as units.

Budgeting and Forecasting notes:

1. Budget and Forecasting views are very flexible. Learning to navigate these views from the Forecasting and Budgeting screens will make the user more effective. The budgeting and forecasting screens will always default to the rooms department first.

Test Property									
Site Reports	Daily	FC / Budget	Accounting	ProfitPlan	Profit	All Dept Accounts	Revenue Accounts	Labor Accounts	Cost/Expense Accounts
Budget - Feb, 2013 - Month - ROOM - Revenue Accounts vs Actuals/Debs						Type of account			
Rms = 7,417 ADR = \$104.27 Occ = 71.4% RevPAR = \$80.65						<<< Feb, 2013 >>>			
Forecast	CO	NT	0.0000	0	0.00	0	25	102.64	566
Budget	CO	Day	0.0000	500	90.00	45,000	0	0.00	0,000
Days Months	RA	Days	0.0000	100	0.00	0	0.00	0.00	0,000
Days Months	CO	Day by Day	0.0000	100	0.00	0	0.00	0.00	0,000
Days Months	BR	Month	0.0000	500	0.00	0	0.00	0.00	0,000
Days Months	LO	12 Months	0.0000	500	0.00	0	0.00	0.00	45,000
Days Months	NA	Plan	0.0000	500	90.00	45,000	0	0.00	45,000
Days Months	AA		0.0000	0	0.00	0	0.00	0.00	0
Days Months	3RD PARTY INTERNET		0.0000	0	90.00	90,000	0	0.00	90,000
Days Months	INTERNET OPAQUE		0.0000	0	90.00	45,000	0	0.00	45,000
Days Months	AIRLINE DISTRESSED		0.0000	0	0.00	0	0.00	0.00	0
Days Months	CONSORTIA		0.0000	0	0.00	0	0.00	0.00	0
Days Months	CONTRACT 1		0.0000	0	0.00	0	0.00	0.00	0
Days Months	CONTRACT 2		0.0000	0	0.00	0	0.00	0.00	0
Days Months	FIT/DISCOUNTS		0.0000	0	0.00	0	0.00	0.00	0
Days Months	BRAND LOYALTY REWA		0.0000	0	0.00	0	0.00	0.00	0
Days Months	PACKAGES		0.0000	0	90.00	4,230	0	0.00	4,230
Months	TOTAL ROOM TRANSIT		0.0000	3,400	337,230	25	102.64	0	334,664
Days Months	GROUP CORPORATE		0.0000	0	0.00	0	0.00	0.00	0
Days Months	GROUP MEDICAL		0.0000	0	0.00	0	0.00	0.00	0
Days Months	GROUP SMERF		0.0000	400	120.00	48,000	0	0.00	48,000
Days Months	GROUP TOUR/TRAVEL		0.0000	500	120.00	60,000	0	0.00	60,000
Days Months	GROUP GOVERNMENT		0.0000	500	120.00	60,000	0	0.00	60,000
Days Months	GROUP ENTERTAINMENT		0.0000	0	0.00	0	0.00	0.00	0
Days Months	GROUP SPORTS		0.0000	0	0.00	0	0.00	0.00	0
Days Months	GROUP ASSOCIATION		0.0000	500	120.00	60,000	0	0.00	60,000
Days Months	GROUP IN-HOUSE		0.0000	500	120.00	60,000	0	0.00	60,000
Days Months	GROUP OTHER		0.0000	1,000	120.00	120,000	0	0.00	120,000
Months	TOTAL ROOM GROUP		0.0000	3,400	120.00	408,000	0	0.00	408,000

2. The user can navigate to different entry options on the left side of the screen under "Actions"

Print Excel

Forecast - Period 2, 2016 - Month - ROOMS - Revenue Accounts vs Actuals/Defs													
Rms = 954 ADR = \$109.25 Occ = 27.4% RevPAR = \$29.95		Forecast <<< Feb, 2016 >>>					Actuals/Defs Period 2, 2016			Remaining To Be Feb, 2016			
Actions	Name	Units	Ratio	Stat	Rate	Amt	Qty	Rate	Amt	Qty	Rate	Amt	
Days Months	ROOM SALES - TRANSIENT BAR	0	0.0000	298	114.03	33,980	11	129.00	1,419	287	113.45	32,561	
Days Months	ROOM SALES - TRANSIENT CNR/CONSORTIA	0	0.0000	122	117.93	14,388	0	0.00	0	122	117.93	14,388	
Days Months	ROOM SALES - TRANSIENT LNR	0	0.0000	101	109.00	11,009	0	0.00	0	101	109.00	11,009	
Days Months	ROOM SALES - TRANSIENT GOVT	0	0.0000	15	92.00	1,380	8	80.00	640	7	105.71	740	
Days Months	ROOM SALES - TRANSIENT DISC	0	0.0000	107	108.44	11,603	30	92.56	2,777	77	114.62	8,826	
Days Months	ROOM SALES - TRANSIENT EMP.FREQ GUEST	0	0.0000	33	38.00	1,254	0	0.00	0	33	38.00	1,254	
Days Months	ROOM SALES - TRANSIENT INTERNET	0	0.0000	111	109.72	12,179	2	84.15	168	109	110.19	12,011	
Months	NET ADJUSTMENT - ROOM TRANSIENT	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM TRANSIENT	0	0.0000	787	109.01	85,793	51	98.12	5,004	736	109.77	80,789	
Days Months	ROOM SALES - CORPORATE GROUP	0	0.0000	167	110.37	18,431	64	119.00	7,616	103	105.00	10,815	
Days Months	ROOM SALES - SMERF	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - TOUR AND TRAVEL	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - ASSOCIATION GROUP	0	0.0000	0	0.00	0	108	105.00	11,340	-108	105.00	-11,340	
Months	NET ADJUSTMENT - ROOM GROUP	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM GROUP	0	0.0000	167	110.37	18,431	172	110.21	18,956	-5	105.00	-525	
Days Months	ROOM SALES - PERMANENT	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ALLOWANCES & REBATES	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - OTHER	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM OTHER	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOMS	0	0.0000	954	109.25	104,224	223	107.44	23,960	731	109.80	80,264	
Days Months	COMP ROOMS	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOMS W/COMPS	0	0.0000	954	109.25	104,224	223	107.44	23,960	731	109.80	80,264	
Months	TOTAL ROOM REVENUE	0	0.0000	954	109.25	104,224	223	107.44	23,960	731	109.80	80,264	

3. The Occupied rooms, ADR, OCC, and RevPAR will always be displayed in the upper left corner of the forecasting and budgeting screens. This is displayed on all entry screens - revenues, expenses, and labor.

Forecast - Period 2, 2016 - Days - ROOMS - Revenue Accounts vs Actuals/Defs														Print Excel
		Rms = 1,983 ADR = \$117.69 Occ = 54.7% RevPAR = \$64.38			ROOM SALES - TRANSIENT BAR>>> Forecast <<< Feb, 2016 >>>			Actuals/Defs Period 2, 2016			Variance			
Actions	Date	Rms	Occ	ADR	Stat	Rate	Amt	Stat	Rate	Amt	Stat	Rate	Amt	
Day	Mon, Feb 1	83	66.4	125.59	20	146.55	2,931	20	146.55	2,931	0	0.00	0	
Day	Tue, Feb 2	85	68.0	131.46	21	149.22	3,134	21	149.22	3,134	0	0.00	0	
Day	Wed, Feb 3	79	63.2	127.46	20	148.58	2,972	20	148.58	2,972	0	0.00	0	
Day	Thu, Feb 4	61	48.8	117.73	20	113.84	2,277	20	113.84	2,277	0	0.00	0	
Day	Fri, Feb 5	32	25.6	102.47	7	125.28	877	7	125.28	877	0	0.00	0	
Day	Sat, Feb 6	77	61.6	105.49	18	125.11	2,252	18	125.11	2,252	0	0.00	0	
Day	Sun, Feb 7	40	32.0	100.72	6	130.66	784	6	130.66	784	0	0.00	0	
Day	Mon, Feb 8	71	56.8	121.28	8	163.46	1,308	8	163.46	1,308	0	0.00	0	
Day	Tue, Feb 9	85	68.0	123.72	16	151.61	2,426	16	151.61	2,426	0	0.00	0	
Day	Wed, Feb 10	91	72.8	127.54	25	153.03	3,826	25	153.03	3,826	0	0.00	0	
Day	Thu, Feb 11	49	39.2	105.26	13	122.07	1,587	13	122.07	1,587	0	0.00	0	
Day	Fri, Feb 12	44	35.2	88.99	14	110.00	1,540	14	110.00	1,540	0	0.00	0	
Day	Sat, Feb 13	65	52.0	94.57	19	116.89	2,221	19	116.89	2,221	0	0.00	0	
Day	Sun, Feb 14	50	40.0	113.54	18	120.66	2,172	18	120.66	2,172	0	0.00	0	
Day	Mon, Feb 15	78	62.4	119.10	26	123.06	3,200	26	123.06	3,200	0	0.00	0	
Day	Tue, Feb 16	110	88.0	131.58	22	147.23	3,239	22	147.23	3,239	0	0.00	0	
Day	Wed, Feb 17	82	65.6	124.46	20	133.25	2,665	13	135.31	1,759	7	-2.06	906	
Day	Thu, Feb 18	54	43.2	103.52	20	111.00	2,220	12	112.33	1,348	8	-1.33	872	
Day	Fri, Feb 19	35	28.0	84.71	10	101.00	1,010	5	101.00	505	5	0.00	505	
Day	Sat, Feb 20	36	28.8	83.36	10	99.00	990	5	99.00	495	5	0.00	495	
Day	Sun, Feb 21	50	40.0	116.62	10	127.30	1,273	6	127.33	764	4	-0.03	509	
Day	Mon, Feb 22	140	112.0	132.39	50	146.86	7,343	14	147.00	2,058	36	-0.14	5,285	
Day	Tue, Feb 23	111	88.8	127.32	22	145.36	3,198	15	145.13	2,177	7	0.23	1,021	
Day	Wed, Feb 24	91	72.8	125.35	10	148.00	1,480	11	148.27	1,631	-1	-0.27	-151	
Day	Thu, Feb 25	60	48.0	107.08	5	124.00	620	4	124.00	496	1	0.00	124	
Day	Fri, Feb 26	34	27.2	91.18	10	109.00	1,090	0	0.00	0	10	109.00	1,090	
Day	Sat, Feb 27	34	27.2	91.18	10	109.00	1,090	0	0.00	0	10	109.00	1,090	
Day	Sun, Feb 28	49	39.2	116.33	10	129.00	1,290	1	129.00	129	9	0.00	1,161	
Day	Mon, Feb 29	107	85.6	128.08	30	150.00	4,500	3	149.67	449	27	0.33	4,051	
Day	Feb, 2016	1,983	54.7	117.69	490	133.70	65,513	362	134.13	48,555	128	-0.43	16,958	

4. On the "Days" screens, the day by day breakdown of occupied rooms, Occ, and ADR will be displayed on the left hand side. If the user over budgets or over forecast any given day, the system will turn the OCC amount for that day red.

Forecast - Period 2, 2016 - Days - ROOMS - Revenue Accounts vs Actuals/Def's													Print Excel
		Rms = 1,983		ADR = \$117.69		ROOM SALES - TRANSIENT BAR>>>			Actuals/Def's			Variance	
		Occ = 54.7%		RevPAR = \$64.38		Forecast			Period 2, 2016				
						<<< Feb, 2016 >>>							
Actions	Date	Rms	Occ	ADR	Stat	Rate	Amt	Stat	Rate	Amt	Stat	Rate	Amt
Day	Mon, Feb 1	83	66.4	125.59	20	146.55	2,931	20	146.55	2,931	0	0.00	0
Day	Tue, Feb 2	85	68.0	131.46	21	149.22	3,134	21	149.22	3,134	0	0.00	0
Day	Wed, Feb 3	79	63.2	127.46	20	148.58	2,972	20	148.58	2,972	0	0.00	0
Day	Thu, Feb 4	61	48.8	117.73	20	113.84	2,277	20	113.84	2,277	0	0.00	0
Day	Fri, Feb 5	32	25.6	102.47	7	125.28	877	7	125.28	877	0	0.00	0
Day	Sat, Feb 6	77	61.6	105.49	18	125.11	2,252	18	125.11	2,252	0	0.00	0
Day	Sun, Feb 7	40	32.0	100.72	6	130.66	784	6	130.66	784	0	0.00	0
Day	Mon, Feb 8	71	56.8	121.28	8	163.46	1,308	8	163.46	1,308	0	0.00	0
Day	Tue, Feb 9	85	68.0	123.72	16	151.61	2,426	16	151.61	2,426	0	0.00	0
Day	Wed, Feb 10	91	72.8	127.54	25	153.03	3,826	25	153.03	3,826	0	0.00	0
Day	Thu, Feb 11	49	39.2	105.26	13	122.07	1,587	13	122.07	1,587	0	0.00	0
Day	Fri, Feb 12	44	35.2	88.99	14	110.00	1,540	14	110.00	1,540	0	0.00	0
Day	Sat, Feb 13	65	52.0	94.57	19	116.89	2,221	19	116.89	2,221	0	0.00	0
Day	Sun, Feb 14	50	40.0	113.54	18	120.66	2,172	18	120.66	2,172	0	0.00	0
Day	Mon, Feb 15	78	62.4	119.10	26	123.06	3,200	26	123.06	3,200	0	0.00	0
Day	Tue, Feb 16	110	88.0	131.58	22	147.23	3,239	22	147.23	3,239	0	0.00	0
Day	Wed, Feb 17	82	65.6	124.46	20	133.25	2,665	13	135.31	1,759	7	-2.06	906
Day	Thu, Feb 18	54	43.2	103.52	20	111.00	2,220	12	112.33	1,348	8	-1.33	872
Day	Fri, Feb 19	35	28.0	84.71	10	101.00	1,010	5	101.00	505	5	0.00	505
Day	Sat, Feb 20	36	28.8	83.36	10	99.00	990	5	99.00	495	5	0.00	495
Day	Sun, Feb 21	50	40.0	116.62	10	127.30	1,273	6	127.33	764	4	-0.03	509
Day	Mon, Feb 22	140	112.0	132.39	50	146.86	7,343	14	147.00	2,058	36	-0.14	5,285
Day	Tue, Feb 23	111	88.8	127.32	22	145.36	3,198	15	145.13	2,177	7	0.23	1,021
Day	Wed, Feb 24	91	72.8	125.35	10	148.00	1,480	11	148.27	1,631	-1	-0.27	-151
Day	Thu, Feb 25	60	48.0	117.08	5	124.00	620	4	124.00	496	1	0.00	124
Day	Fri, Feb 26	34	27.2	91.18	10	109.00	1,090	0	0.00	0	10	109.00	1,090
Day	Sat, Feb 27	34	27.2	91.18	10	109.00	1,090	0	0.00	0	10	109.00	1,090
Day	Sun, Feb 28	49	39.2	116.33	10	129.00	1,290	1	129.00	129	9	0.00	1,161
Day	Mon, Feb 29	107	85.6	128.08	30	150.00	4,500	3	149.67	449	27	0.33	4,051
Day	Feb, 2016	1,983	54.7	117.69	490	133.70	65,513	362	134.13	48,555	128	-0.43	16,958

5. The column circled below is call the "comparison column". The user can change this column to many different options to compare their forecast and budget. If you hover over the actuals/Def area below, it turns yellow and you can click on it to navigate to other views.

Forecast - Period 2, 2016 - Month - ROOMS - Revenue Accounts vs Actuals/Def's													Print Excel
Rms = 954 ADR = \$109.25 Occ = 27.4% RevPAR = \$29.95		Forecast <<< Feb, 2016 >>>					Actuals/Def's Period 2, 2016			Remaining To Be Feb, 2016			
Actions	Name	Units	Ratio	Stat	Rate	Amt	Qty	R	Amt	Qty	Rate	Amt	
Days Months	ROOM SALES - TRANSIENT BAR	0	0.0000	298	114.03	33,980	11	129.00	1,419	287	113.45	32,561	
Days Months	ROOM SALES - TRANSIENT CNR/CONSORTIA	0	0.0000	122	117.93	14,388	0	0.00	0	122	117.93	14,388	
Days Months	ROOM SALES - TRANSIENT LNR	0	0.0000	101	109.00	11,009	0	0.00	0	101	109.00	11,009	
Days Months	ROOM SALES - TRANSIENT GOVT	0	0.0000	15	92.00	1,380	8	80.00	640	7	105.71	740	
Days Months	ROOM SALES - TRANSIENT DISC	0	0.0000	107	108.44	11,603	30	92.56	2,777	77	114.62	8,826	
Days Months	ROOM SALES - TRANSIENT EMP.FREQ GUEST	0	0.0000	33	38.00	1,254	0	0.00	0	33	38.00	1,254	
Days Months	ROOM SALES - TRANSIENT INTERNET	0	0.0000	111	109.72	12,180	2	84.15	168	109	110.19	12,011	
Months	NET ADJUSTMENT - ROOM TRANSIENT	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM TRANSIENT	0	0.0000	787	109.01	85,733	51	98.12	5,004	736	109.77	80,789	
Days Months	ROOM SALES - CORPORATE GROUP	0	0.0000	167	110.37	18,431	64	119.00	7,616	103	105.00	10,815	
Days Months	ROOM SALES - SMERF	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - TOUR AND TRAVEL	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - ASSOCIATION GROUP	0	0.0000	0	0.00	0	108	105.00	11,340	-108	105.00	-11,340	
Months	NET ADJUSTMENT - ROOM GROUP	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM GROUP	0	0.0000	167	110.37	18,431	172	110.21	18,956	-5	105.00	-525	
Days Months	ROOM SALES - PERMANENT	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ALLOWANCES & REBATES	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Days Months	ROOM SALES - OTHER	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOM OTHER	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOMS	0	0.0000	954	109.25	104,244	223	107.44	23,960	731	109.80	80,264	
Days Months	COMP ROOMS	0	0.0000	0	0.00	0	0	0.00	0	0	0.00	0	
Months	TOTAL ROOMS W/COMPS	0	0.0000	954	109.25	104,244	223	107.44	23,960	731	109.80	80,264	
Months	TOTAL ROOM REVENUE	0	0.0000	954	109.25	104,244	223	107.44	23,960	731	109.80	80,264	

See also: Budgeting and Forecasting - Comparison Column

