

Simple Steps To Reduce Minibar Denials

Minibar denials consist of two components. Firstly there are walkouts whereby guests partially or completely deny they used minibar. Secondly there are inaccuracies in posting minibar to guest accounts whereby the wrong guest is charged and subsequently deny the charge when they check out.

Improving Operations

Recent experiences with some clients have revealed a few reasons denials figures can become inflated.

Firstly DND's can contribute significantly to denials and revenue. If a room is DND'd and cannot be checked, revenue is lost and will not be recovered. In addition, if the room cannot be restocked before the new guest checks in, minibar staff will check it the next day, find a shortfall in stock and charge the new guest who will deny the charge when checking out, thereby inflating the denials figures. It's important a hotel rechecks DND's and makes an effort to minimise them otherwise this double whammy will occur.

Another way to reduce denials is to use a firm approach with guests who have checked out and denied. If a denial is excessive, night audit should charge the guest the same day they checked out instead of doing it a few days later. The faster the guest is charged the more relevant the charge will be in the guest's eyes, and the less likely they are to contact the hotel and re-deny. Some properties take a more customer friendly approach and contact the guest by letter, asking them to confirm the denied amount before they charge them. This encourages the guest to re-deny. Consequently the property loses revenue. It's much better to charge first, then contact the guest advising it has been done.

Denials can be further reduced by checking due out rooms that are still occupied before all other rooms are checked or replenished. To make the operation as fast as possible, don't waste time restocking them - just check and post them as quickly as possible. With Minibarmaster Wireless, postings will reach the guest accounts virtually instantly, thus minimising the possibility the guest will depart and deny. In addition the Minibarmaster handheld displays the due out rooms still occupied, thus making it easy to identify and check them quickly.

Every property has a writeoff value whereby denials higher than this figure are late charged. The figure should be reduced as low as possible to reduce the writeoffs, however the limitation is the administrative cost which negates the recovered amount. One way to reduce this cost is to automate the process of advising guests they have been charged, by doing so through an email rather than a letter. Front office staff should ask all guests for their email address when checking in, to facilitate this process. Guests should be late charged the same day they check out, but if a letter needs to be sent, do so using mail merge software and do it once or twice a week rather

than every day to maximise efficiency and reduce administrative costs.

Correctly Accounting For Denials

If a guest is late charged for minibar usage, it should be removed from the denials account by being reversed off or moving it back into the guest folio. Some properties do not do this and hence do not keep an accurate account of their denials making the figures appear a lot worse than they really are.

There are two ways to measure denials. Firstly a property can measure the lost revenue and divide by the total expected revenue (call this method A). Alternatively, the property can measure the lost cost of goods and divide by the total expected revenue (method B). The total expected revenue is the revenue that should be obtained is there were no denials (wouldn't that be great). As can be imagined, the difference between "lost revenue" and "cost of goods" is dramatically different hence the percentage figures for A and B are quite different. A good property should be able to reduce A to 15%-20% and B to 5%-7% without an automated system such as Minibarmaster. If however an automated system is utilised, it will be possible to further reduce them by 5% off A and 1%-2% off B.

New Address

We have recently moved to a bigger and better premises. Our new address and telephone number is shown at the bottom of this newsletter.

What Is Minibarmaster?

Minibarmaster it is a specialised minibar solution using handheld PDAs for hotel staff to record minibar sales as they check rooms. The charges are recorded on the PDA and posted wirelessly to the guest accounts in the PMS from the floors virtually instantly. In addition, because the system uses the mobile phone network as the wireless medium the hotel does not need to invest in any wireless infrastructure. The system will also calculate denials, and includes reports for finding expired products in rooms, calculating staff productivity, DNDs, sales and other reports. It eliminates the need for pen and paper based recording and dramatically improves speed of checking and the speed of posting thus resulting in savings in wages and reduced denials. In addition Minibarmaster was fully developed locally for the Australian and New Zealand market places.

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