

Unit 4: The Hospitality Business Toolkit

Unit code	Y/616/1791
Unit type	Core
Unit level	4
Credit value	15

Introduction

Everyone needs to understand the business – not just their own part of it but how all the different aspects link together. The actions of a hospitality manager can have an impact on other areas, and their actions can affect interrelationships with those departments, so students will need to understand all this and be able to take effective, informed decisions.

Many hospitality managers are at ease with the customer service side of the hospitality business, but are less comfortable diving into the financial side of things. Yet to be a successful hospitality manager, you must know how to control your department or property's finances responsibly and effectively. Every business requires its future leaders to have a level of understanding of key factors to drive both profitability and brand success. Using tools such as human capital, planning to recruit and retain the best staff, to interpreting and applying financial key indicators to drive profitability or gain market share.

This unit is designed to provide students with key skills for becoming competent managers in a hospitality environment. Allowing them to understand key principles with regard to key performance indicators both financial and non-financial.

This unit aims to give students the opportunity to develop their business acumen, covering a number of different business activities applied within the hospitality industry context. These include forecasting and budgeting, interpreting financial statements, recruitment and retention of staff, effective communication and dealing with legislation and regulation.

Learning Outcomes

By the end of this unit students will be able to:

1. Investigate how to manage finance and record transactions to minimise costs responsibly within the hospitality sector
2. Assess how to manage the Human Resources (HR) life cycle within the context of HR strategy
3. Illustrate the potential impact of the legal and ethical considerations on a hospitality business
4. Explain the importance of coordinating and integrating various functions of departments within the hospitality sector.

Essential Content

LO1 Investigate how to manage finance and record transactions to minimise costs responsibly within the hospitality sector

Business transactions:

Different types of business transactions (sales, purchases, receipts and payments) and regulations that apply to financial accounting

Methods to measure financial performance; use of Key Performance Indicators (KPIs), cost-to-profit ratios and Return on Investment (ROI)

Profit and Loss Statements:

Double entry recording in sales, purchases, cash disbursement and cash receipt journals before posting to the ledger accounts

Effective recording of debits and credits

Manual and computer software and systems for recording financial data and information

The trial balance and its role in the identification and rectification of errors;
The components of a trial balance

Use of budgets for planning and control:

Income streams, fixed costs and variable costs

Methods of forecasting to set realistic profit margin targets

Pricing strategies and setting realistic targets

Control of resource allocation:

Stock taking

Inventory costings

Systems of waste management

Flagging cost control issues and progress in terms of targets and expectations

LO2 Assess how to manage the Human Resources life cycle within the context of HR strategy

The HR life cycle:

The concept of the HR/employee life cycle and HR solutions for ensuring effective management of key stages of the HR life cycle: recruitment and selection, onboarding and orientation, exit and transition

Different recruitment/interview methods

Performance management, training and development, succession planning and maintaining employee motivation to retain staff

Managing a multicultural and international team
Promoting equality and diversity
Key HR legislation considerations in relation to the HR life cycle

L03 Illustrate the potential impact of the legal and ethical considerations on a hospitality business

Legislation and legal responsibilities:

The relationship between regulations, legislation and standards
The implications and impacts of various legislation including environmental legislation, food safety legislation, alcohol licensing and consumer legislation
Legislation on data protection and confidentiality
Rules and regulations relating to cyber security
Employee legislation: equal opportunities, anti-discrimination, safeguarding

Ethical Considerations:

Business ethics
Corporate Social Responsibility

Employment law and its impacts on business decisions and contracts:

How employment law is defined
Application of law in cases of maladministration or breaches of contract

L04 Explain the importance of coordinating and integrating various functions of departments within the hospitality sector

Effective articulation of business mission, goals and values

Different types of communication methods and reporting hierarchies
Delegating authority and responsibilities
Monitoring of processes between functions/departments in line with organisational objective
The importance of effective partnerships throughout the value chain

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
<p>LO1 Investigate how to manage finance and record transactions to minimise costs responsibly within the hospitality sector</p>		<p>D1 Record correctly transactions and produce an accurate trial balance by completing the balance off ledger accounts, checking that each transaction is recorded in line with accepted accounting principles</p>
<p>P1 Investigate the principles of managing and monitoring financial performance</p> <p>P2 Apply the double entry book-keeping system of debits and credits to record sales and purchases transactions in a general ledger</p> <p>P3 Produce a basic trial balance applying the use of the balance off rule to complete the ledger</p>	<p>M1 Analyse sales and purchase transactions to compile a trial balance using double entry book-keeping appropriately and effectively</p>	
<p>LO2 Assess how to manage the Human Resources life cycle within the context of HR strategy</p>		
<p>P4 Review the different stages of the HR life cycle applied to a specific hospitality job role and their importance for retaining and developing talent</p> <p>P5 Develop a performance management plan for a specific hospitality job role applying techniques to resolve both negative behaviour and overcome issues of staff retention</p>	<p>M2 Evaluate the importance of the HR life cycle in relation to strategic talent management and overcoming issues of staff retention</p>	<p>D2 Make valid judgements and recommendations on how HR processes and documents can be improved for effective talent planning throughout the HR life cycle</p>
<p>LO3 Illustrate the potential impact of legal and ethical considerations on a hospitality business</p>		<p>D3 Critically reflect on the potential impacts of regulations, legislation and ethical principles upon decision-making in a hospitality organisation, providing specific examples</p>
<p>P6 Identify specific legislation that a hospitality organisation has to comply and adhere to</p> <p>P7 Using specific examples illustrate how company, employment and contract law has a potential impact upon business decision-making in the hospitality industry</p>	<p>M3 Examine the potential implications of regulations, legislation and standards upon decision-making in a hospitality organisation, providing specific examples</p>	

Pass	Merit	Distinction
<p>LO4 Explain the importance of coordinating and integrating various functions of departments within the hospitality sector</p>		
<p>P8 Explore how different functional roles within the hospitality sector interrelate</p> <p>P9 Explain the different methods of communication, co-ordination and monitoring applied within a specific department of a hospitality organisation to strengthen the value chain</p>	<p>M4 Analyse how different methods of communication, co-ordination and monitoring within a specific department of a hospitality organisation achieves organisational objectives and strengthens the value chain</p>	

Recommended resources

Textbooks

ARMSTRONG, M. and TAYLOR, S. (2014) *Armstrong's Handbook of Human Resource Management Practice*. 13th ed. London: Kogan Page.

BURGESS, C. (2014) *Essential Financial Techniques for Hospitality Managers – a practical approach*. 2nd ed. Oxford: Goodfellow Publishers

BURGESS, C. (2015) *Hotel Middle Managers and Corporate Entrepreneurship*. In: Altinay, L. and Brookes, M. (eds.) *Entrepreneurship in Hospitality and Tourism*. Oxford: Goodfellow Publishers.

HORNER, S. (2017) *Talent Management in Hospitality and Tourism*. Oxford: Goodfellow Publishers.

HORNGREN, C., SUNDEN, G., STRATTON, W., BURGSTALLER, D. and SCHATZBERG, J. (2013) *Introduction to Management Accounting*. Global ed. Harlow: Pearson.

Websites

www.bighospitality.co.uk	Big Hospitality Legislation (General Reference)
www.cipd.co.uk	CIPD Chartered Institute of Personnel and Development (General Reference)
www.food.gov.uk	Food Standards Agency (General Reference)
www.hospa.org	HOSPA Hospitality, Finance, Revenue and IT professionals (General Reference)

Links

This unit links to the following related units:

Unit 5: Leadership and Management

for Service Industries Unit 14:

Management Accounting

Unit 16: Human Resource Management

Unit 44: Strategic Human Resource Management