

Module 23: Finance and Revenue Management for Hospitality Managers

Stage				3			
Semester				2			
Module Title				Finance and Revenue Management for Hospitality Managers			
Module Number/Reference				BAIHH - RMHM			
Module Status				Mandatory			
Module NFQ level				8			
Pre-Requisite Module Titles				No			
Co-Requisite Module Titles				No			
Capstone Module?				No			
List of Module Teaching Personnel							
Contact Hours				Non-contact Hours			Total Effort (hours)
70				130			200
Lecture	Practical	Tutorial	Seminar	Assignment	Placement	Independent Work	
54		16		50		80	200
Allocation of Marks (Within the Module)							
	Continuous Assessment	Project	Practical	Final Examination	Total		
Percentage Contribution	40%			60%	100%		

Intended Module Learning Outcomes

On successful completion of this module, the learner will be able to:

1. Describe the financial environment within which organisations must operate, the financial objectives of various types of organisations and the requirements of various stakeholders
2. Explain alternative sources of finance, their suitability in particular circumstances and the function of capital markets
3. Assess the factors affecting investment decisions and opportunities presented to an organisation
4. Demonstrate a sense of judgement in managing working capital
5. Analyse a company's performance and make appropriate recommendations.
6. Apply economic theory to optimise revenue and evaluate the most appropriate strategy for a hospitality manager to employ in order to optimise revenue.
7. Differentiate between revenue maximisation and profit maximisation
8. Ensure international revenue management practices are informed by reading and research at the forefront of the tourism and hospitality field

Module Objectives

This module introduces Financial Management and its application in practice. The module focuses on the critical elements of financial decision making for organisations, including investment decisions, sources of finance, management of working capital and performance appraisal.

The emphasis is on the practical application of theory to the leisure environment so that graduates can draw on their academic studies to inform their own practice.

The objectives are to:

- Provide learners with an in-depth understanding of the link between company decision-making and the operation of capital markets
- Ensure learners understand and appreciate the strong linkages between finance and globalisation
- Demonstrate the importance of working capital management and the tools to manage it
- Help the learner explore the financial environment in which firms and managers must operate.

Module Curriculum

Objectives of Financial Management

- The relationship between Financial Management and Financial and Management Accounting
- Identify and describe the financial objectives of organisations
- Identify the various stakeholders and their objectives
- Examine Agency Theory and the ways to achieve shareholder objectives
- Financial objectives in Not-For-Profit organisations

Investment Appraisal

- An appreciation of the various evaluation techniques:
 - Payback Period
 - Accounting Rate of Return
 - Net Present Value
 - Internal Rate of Return
- Understanding Discounted Cash Flow
- Identifying relevant Cash Flows
- Impact of taxation

Management of Working Capital

- Understanding the Working Capital Cycle
- Funding of Working Capital
- Problems of Overtrading
- Cash Management, including Cash Budgets
- Sources of short-term finance
- Management of Receivables – credit evaluation, setting credit policy, offering discounts, systems and techniques to control receivables, factoring, invoice discounting
- Management of Payables – important source of finance, impact of discounts offered

- Management of Inventories – use of various models e.g. Economic Order Quantity (EOQ) and Just-in-Time (JIT). Evaluate impact of discounts offered for bulk-buying.

Sources of Finance

- Understanding the impact of Share Capital and Loan Capital on the organisation
- Identifying various providers of finance
- Appreciating the features of the various instruments and their suitability to the organisation
- Leasing – operating and finance leases; sale and leaseback; lease or buy decisions
- Bank Finance
- Venture Capital/Business Angels
- Government sources of finance

Performance Appraisal

- Analysis of the performance of an organisation
- Understand the key ratios (profitability, liquidity, efficiency, gearing and investor) which are used in the evaluation of a company's performance
- Interpret the results and make recommendations for improvement

Introduction to Revenue Management

- The purpose of revenue management
- The linkage between revenue management and financial management
- Strategic pricing
- Applications to the hospitality industry

Revenue Management for the Hospitality Industry

- Forecasting demand
- Inventory control and price management
- Distribution channel management
- Revenue management for food and beverage services
- Evaluation of revenue management efforts
- Ten principles of revenue management
- Applications to the hospitality industry

Revenue Management in Action

- Specialised applications of revenue management
- Building better business

Reading lists and other learning materials

Van Horne, J., Wachowicz, J.M. (2008) *Fundamentals of Financial Management 13th edition*. Financial Times/ Prentice Hall

Watson, D., Head, A. (2006) *Corporate Finance: Principles and Practice 4th edition*. Financial Times/ Prentice Hall

Hayes, D.K & Miller, A. (2011) *Revenue Management for the Hospitality Industry*, John Wiley & Sons. [Core Text]

Bodea, T. & Ferguson, M. (2012) *Segmentation, Revenue Management and Pricing Analytics*, Routledge

Forgacs, G., Eaton, T. J & Buckhiester, B, E. (2010) *Revenue Management: Maximizing Revenue in Hospitality Operations*, Educational Institute of the American Hotel & Lodging

Irene, C.L. Ng, (2009) *The Pricing and Revenue Management of Services A strategic approach* Routledge

Kimberly A. Tranter, K, A., Stuart-Hill, T and Parker, J. (2009) *Introduction to Revenue Management for the Hospitality Industry: Principles and Practices for the Real World*, Prentice Hall.

Rouse. McGuire, and W. Harrison, J. (2011) *Revenue Management for service organizations* businessexpertpress.com

Financial press and financial pages of daily papers: Irish Times, Irish Independent, Financial Times, Sunday Times, Sunday Business Post

Useful websites:

www.ft.com - Financial Times

www.wsj.com - The Wall Street Journal Online

www.investmentinternational.com - Investment International

Module Learning Environment

The module is taught in a traditional classroom setting for lectures and tutorials. An atmosphere of collaboration and interactivity is actively encouraged using various activities such as the jigsaw method and learner led sessions.

At commencement of the course learners are provided with a detailed course manual and a learner handbook, incorporating the module descriptor, learning outcomes and assignment briefs.

Module Teaching and Learning Strategy

The module is delivered by means of formal and participative lectures supported by the use of case studies, reflecting the importance of finance in practical situations.

Tutorials are also used to discuss financial and revenue management topics in greater depth and past examination papers with suggested solutions are introduced.

Learners are expected to undertake significant reading and preparation before classes.

Module Assessment Strategy

Class work and directed assignments are allocated on a regular basis. Learners are required to complete the necessary assignments throughout the module. Learners are advised how to undertake the assignments both in terms of the research and the presentation involved.

Assignments account for 40% of the course marks. The remaining 60% is reserved for a closed book examination on module completion.