Owner Functionality

Title: Dated Rack Income Posting

Path: *Owner Management* → *Owner Posting Tools* → *Dated Rack Income Posting*

Purpose: This powerful utility is used to generate room revenue to compensate for a discrepancy between actual posted INCOME and a user-specified percentage of the applicable (R)ack value (as configured in Rack Rate Value Setup [I,X,I or F,B,R].)

- Start by entering the beginning and ending dates of the period to be addressed
- Select one or more multi-properties, if so enabled (or <blank> for all)
- Select Owner Contracts based on one or more Owner Charge Codes (required)
- Enter one or more Market Segments to identify the Reservations to be considered during the calculations. Up to six sets of Market Segments can be entered.
    - For each set of Segments (up to six per set) enter the percentage of the applicable Rack value to be used for comparison
- Enter the Transaction Code with which to post the generated revenue (default is INCOME but it is recommended that a separate code be used).
- Select the sub-folio to which the newly generated revenue is to be posted (most commonly the "1").

Optional Prompts:
- Enter the Transaction Code with which to post a concomitant debit value
- Select the sub-folio to which the debit is to be posted

Best Practice: This utility can serve multiple purposes -
- When used as described above, the utility is most commonly supporting rental operations in which the property has guaranteed the Owner a minimum nightly room rate when his unit is occupied.
    - Sometimes, this guarantee may be limited to specific Market Segments (e.g. Group rates will never be below $###.)
    - Note that the Rack Value entries may be used for other purposes within ^{SMS}|Host and are not exclusively utilized by this utility.
    - When Rack Value is used exclusively for this purpose, most properties find it easiest to enter the full, guaranteed rate in the Rack Rate Value Setup and run this utility at 100% of Rack.

- An equally valid use of this utility is as a method for managing an alternative to Comp Allotments. Keeping track of comps (e.g. 3 nights per year in each unit) is usually a thankless job – Marketing want to use the best units repeatedly while Owners resent any use at all. Depending upon the per unit allotment, the number of nights needed for a given reservation may require moving the Guest mid-stay. Lastly, there isn't a good mechanism for properly allocating comps between units (though the recently added off-menu report Market Segments by Unit does make monitoring usage much easier.)

The Dated Rack Income Posting utility offers an excellent alternative to this conundrum and can turn this into a win-win-win situation. Consider the following scenario:

1. A property can eliminate Comp Allotments from their rental contract and, at the same time, guarantee Owners that they will receive room revenue for every night of occupancy – no more comps – and that value would then be configured as the Rack Rate amount. Properties use different methods for arriving at this value but some variation of ADR (by room type, by Rental Program, by multi-property, by resort) is most common. Remember, too, that the Rack Rate can vary by date range, though that will require additional effort to configure and maintain.
2. The property is now in a position to place comp nights when and where they need to.
3. At the end of a period (e.g. the month), the Dated Rack Income Posting utility is run to generate the missing comp room revenue to the appropriate unit Owners. (It is strongly recommended that a separate Transaction Code be used (e.g. CMPINC) to distinguish this from system generated INCOME.)
4. The property might now want to run the Auto-Post Owner Charges utility to recover House Commission from the newly posted revenue. Alternatively, they might have generated it at an appropriate net percentage of the Rack Value to begin with or even have established the Rack Value as the net amount itself.

Up to this point, the net payout to Owners for the Comp Revenue would be considered as a Marketing expense to the property. However, this utility has one more alternative to offer:

- By turning on the Pooling feature in ^{SMS}|Host, the "P" folio is activated. For the purposes of this explanation, this will be the only use of pooling distribution. (Note, this does not violate any state prohibitions against revenue pooling.)
- Continuing from step 3 above, the two Optional Prompts now come into play. At the same time the revenue posting code is identified, an

expense code (e.g. CMPEXP) would be entered and directed to post to the P folio. This will have the effect of creating an offset debit transaction (on the Owner's P) for each credit generated (on the Owner's 1).

- The property now turns to the <u>Owner Pooling Distribution</u> program (I,X,C) to allocate the total Comp expense as a Marketing charge across the total Owner community. This program offers a number of options for managing that distribution:
  - The basis for calculating each Owner's portion may be based on the number of nights their unit was rented during the period, the number of nights it was available, the amount of INCOME they received or even the net value of one or more selected transaction codes.
  - In each case, the allocation is calculated as the ratio of each participant's nights or value, as chosen above, to the total of all participants within the calculation.
  - Participation can be extended to All Owners, Owners within one or more Multi-Properties, Owners within a single Rental Program or, most commonly, Owners sharing the same Unit Type.

Under this second scenario, the property's Comp program has become a self-funding Marketing campaign:
- Marketing (and Group Sales) wins because they can comfortably use Comps as the valuable tool they are for promotional trades, earned group benefits, fam trips and other commercial advertising purposes where and when needed. They are no longer forced to forgo full utilization of the property's allotment because of sub-optimal or inappropriate inventory.
- Property Operations wins because it is no longer necessary to manage the distribution of Comp nights between units.
- Owner's win because they no longer need be concerned about "lost" revenue. Additionally, the new Marketing expense is distributed across a large number of Contracts resulting in small and equitable portions.