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The Operating Budgets of Hotel Companies

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Abstract

Drafting the global company budget, consisting of the balance sheet, economic, and financial budgets, presupposes the analytical, correct, understandable and truthful drafting of the hotel's operating budgets. The global corporate budget represents the compacting of the various operational budgets that concern the different business sectors of a hotel. Each operating budget is distinguished by characteristics that are not found in other operating budgets of the same structure; precisely for this reason, in this article, we will carry out an analytical analysis of the operative budgets, knowing that these documents represent the founding basis for correct, understandable and informative drafting of a global company budget, which means the fundamental document for short term company planning.

Key words: operating budgets of hotel companies, global budget in hotel companies, interrelation between operating budgets and global budget in hotel companies

1) Operating budgets and the asset, economic and financial budget of hotel enterprises: introductory considerations.

2) The Room Division budget

About the preparation of the so-called operating budgets, the first problem that arises for those who must draw up these documents concerns the identification of the management variable on which any other accounting value depends.

There is a widespread opinion that, necessarily, in all companies, the "driving" value is represented by the sales volume of the products placed on the market by the company. This, however, does not always correspond to reality. If, in fact, in the company, the critical area is not that of marketing but that of production (e.g. shipbuilding, construction companies, etc.), the document from which the budgeting process begins will be, not the sales budget, but the cost budget.

The hotel company belongs to the category of companies in which the marketing of the "hospitality" product is undoubtedly the critical area on which it is necessary to focus the attention of managers. Sales are therefore the element from which all other income values are programmed.

Unlike manufacturing companies, where operating budgets are generally divided into marketing budgets, production costs and other expenses, in the hotel sector, these documents reflect the aggregate of positive and negative income values relating to specific areas of corporate responsibility. In other words, the accounting data that are the subject of attention are not divided according to whether they are positive (sales budget) or negative (cost budget) income components, but instead they are broken down according to the area to which revenues can primarily be referred and costs allocated.

In order that these documents, on the one hand, can be used for information and decision-making purposes and, on the other hand, are free from any individual allocation of fixed costs typical to several departments, it is advisable to highlight only those costs directly related to the area under consideration.

In the budgets, therefore, revenues and specific costs are contrasted with specific costs. If the area under consideration does not give rise to positive income elements (e.g. human resources department), only costs relating specifically to this section are highlighted in the table.

In the hotel business, the Room Division budget is particularly important because, on the one hand, it summarizes the company's core business and, on the other hand, it identifies the positive income element - i.e. the volume of sales - on which, directly or indirectly, any other book value indicated in the various operating budgets, i.e. the volume of room sales, depends. The saturation level of the rooms, in fact, has a substantial impact on the revenues and, consequently, on the costs of most company departments such as the Food & Beverage sector (as the consumption of breakfast, dinner and lunches by guests is usually directly connected to the trend of customer attendance); the sectors of sports activities, health clubs, human resources, tennis, administration, investment & repair department, etc. (as the costs and revenues connected to these sections are a direct consequence of the level of room occupancy), etc.).

The Room Division budget, and in particular the determination of the volume of room sales, therefore assumes a role of primary importance, since any programming error made at the time of drafting this document, inexorably, is reflected on all other company budgets, including of course the financial one.

The determination of the volume of sales - hopefully, identified for limited infra-annual periods as the planning of this value directly referring to a year would be an unavoidable and unacceptable approximation - presupposes the identification of
1) sales volume of rooms expressed in physical-quantitative terms;
2) sales prices.

The programming of the sales volume of rooms expressed in physical-quantitative terms requires managers to identif:

- the maximum occupancy capacity of the hotel;
- the number of rooms that can be serviced and repaired during the year;
- the number of rooms which, presumably, can be occupied for a fee, which presupposes the prior identification of the rooms which, although occupied, are not likely to be charged to the customer (e.g. stay of tour operators or travel agency employees staying at the hotel to conclude contracts, etc.);
- the distribution of the rooms being planned among the various categories of customers who, it is assumed, will benefit from hotel services. This determination, since the various categories of customers are subject to very different contractual conditions, seems essential if the planned number of rooms sold is to be transformed into a volume of turnover expressed in quantitative-monetary terms. Customers are generally distinguished according to the following categories:

- top rank';
- sent by agencies and tour operators whose payment conditions are subject to exclusive agreements;
- business and sent by companies;
- occasional individuals;
- belonging to occasional groups;
- conventionists and members of Congress.

A further fact that managers are called to plan concerns the division of customers into single, double, triple and suites. This determination, even if it represents an element whose programming is characterized by a high degree of randomness, is necessary both to identify the planned global turnover and to make possible the determination of costs specifically related to the Room Division. As far as variable costs are concerned, it should be noted that variable costs (e.g. cost of the variable labour., amenities, laundry, etc.) vary as the type of room changes, but not directly proportional to the number of beds contained in the room. The variable cost of a double room is not exactly double the cost of a single room because the cost of laundry, room cleaning, etc., is not directly proportional to the number of guests the room can accommodate. The laundry cost of a double bed sheet is never exactly double the cost charged to the hotel for a single bed sheet; the time needed to clean a single room is never exactly half of the time scheduled for cleaning a double room, etc.. The identification of the type of rooms to be placed on the market is, therefore, an essential element of information so that the determination of costs regarding the Room Division is sufficiently reliable and significant.

The programming of the type of rooms to be sold (single, double, triple, etc.) is also useful for cost control purposes. In fact, as we will see in the following pages, the analysis of the costs incurred and the in-depth analysis of the adequacy of the final costs with respect to the programmed data require the exact identification of the category to which both the rooms actually placed on the market and the rooms that the managers had planned to sell belong. The ex-ante - and subsequently ex-post - determination of the type of rooms to be sold is, therefore, a necessary step so that management control in the hotel sector is not an educational exercise, but a tool to improve the efficiency and effectiveness of business management.

In the previous pages we have highlighted how, in general, the planning within hotel companies requires the execution of in-depth analyses concerning the economic state of the country of the company, the situation in which the main competitors operate, etc.. These cognitive elements, if all in all in the budgeting process, are of considerable importance, at the time of determining the volume of planned sales represent, without doubt, the most important information data. The volume of sales of rooms directly related to these elements with the consequence that, the lack or incorrect knowledge of such information, gives rise to a budgeting process that has been flawed from the very beginning.

The determination expressed in quantitative-monetary terms of the volume of sales of rooms requires further identification of the range of prices applicable to customers, naturally distinguishing between low, medium and high season and assuming the variegation of prices of single, double, triple and suites.

The need highlighted above to quantitatively program the number of rooms that can be sold to the single categories of customers (individuals, groups, conventional, occasional individuals, conventionists, members of Congress, etc.) is rooted in the consideration that differentiated rates are applied to these subjects.

The prior determination of the applicable prices is, therefore, a necessary step for the budget Room Division can be prepared. In this regard, we believe it is appropriate to emphasize that these values must be programmed taking care to consider what is believed to be achievable in the company reality and not what simply represents an unreachable goal. We intend to refer to the fact that, frequently, the sale prices of the rooms displayed to the public represent, more than the prices usually implemented by the hotel, the maximum limit of the same. Bargaining on price represents an increasingly widespread practice within the hotel industry, even, or perhaps above all, of a high category.

The identifiable discrepancy between "real" and "advertised" prices makes it essential to underline that the object of interest in the planning process must be the former and not the latter. The drafting of the Room Division budget must, therefore, omit data that, directly or indirectly, are fixed to influence the "corporate image" (advertising particularly high prices may be part of a strategy of direct sales to top-rank market segments). Instead, on the contrary, it is necessary to consider the values that reflect what is expected to happen.

The summary of the values considered so far makes it possible to identify, in quantitative-monetary terms, the planned sales volume in the various months of the year.

This value must be contrasted with the total costs directly related to the Room Division. In order to highlight the contribution margin associated with this sector, it is appropriate to indicate, separately, the variable costs from the department-specific fixed costs.
The determination of total variable costs presupposes the planning of:

1) physical unitary standard of the production factor analyzed, broken down by single room, double room, triple room and suites;
2) standard price of the same factor.

The physical unitary physical standard represents the amount of production factor necessary for a room/suites to be sold (e.g. time needed to clean a room, no. of amenities that can be placed in each room, etc.). The determination of this value may be as follows:

- ideal hypothesis and therefore difficult to achieve in the reality of the company,
- values that can be achieved with a certain degree of commitment,
- and finally, data that can be reached without any commitment.

The choice should fall on the second category of values because the ideal data would be perceived as unattainable, with severe consequences at the motivational level, while the data achievable without any commitment would have no impact in terms of improving business efficiency.

As we have already had to point out, the unitary physical standard presents some differences when the focus is on single, double, triple and suites. It is therefore clear that such a determination should include a range of standards specifically related to each category of rooms in the hotel. The standard price, on the other hand, represents the unit cost price that the company has planned to bear in order to acquire a unit of production factor (e.g. hourly rate of the M.O.D., the unit price of amenities, etc.). The product between the physical unitary standard, the standard unitary price and the sales volume, provides the total of the programmed variable costs.

Finally, to draw up the Room Division budget, it is necessary to highlight the fixed costs of the department, such as the cost of indirect personnel (first and second housekeepers and floor managers), structural costs (e.g. depreciation of furniture, specific equipment, etc.), costs relating to floral or other decorations not related to the use of the room (e.g. floral or other decorations placed on the corridors), etc..

As we have already noted on the previous pages, fixed costs represent the harmful income elements that are predominant in the hotel industry. The amount of these values exceeds by far the total variable costs, with the consequence that reaching room saturation becomes an essential element for the company to continue to operate in the market.

3) The Food & Beverage budget

The budget of the Food & Beverage department is a composite document whose compilation requires the prior preparation of three separate prospectuses:

1) budget of the restaurant service;
2) budget of the bar service;
3) budget of the minibar service.

RESTAURANT SERVICE BUDGET

The determination of the programmed values that must be included in the budget for the restaurant represents a very complex operation because, in this specific sector, the identification of both sales and variable raw material costs (from now on Materials cost) related to the consumption of products and beverages seems difficult to quantify. It is not possible to include in the budget, in a rational and precise way, the programmed values regarding the various and differentiated dishes that the hotel could place on the market in the period considered. Such an identification would probably represent, in fact, only a merely academic exercise since, in reality, it is impossible to program, in a logical way, the exact quantity of the single dishes that the customers are supposed to choose. Such a calculation - whose development would allow, in theory, the exact determination of both the revenue and the cost of the product sold - is not usefully applicable during programming.

Consequently, about both the revenue and the cost of raw material contained in the product sold, weighted average values must be determined.

The calculation of a weighted average revenue value, referring to both Food and Beverage, and the identification of a weighted average cost of raw material, also referring to both Food and Beverage, requires knowledge:

- the selling price of the individual categories of dishes and beverages covered,
- the cost of the raw material that can be used so that the various products can be placed on the market (this value is easily identified by considering for Food the quantity and price-cost of the ingredients needed for each dish and, for Beverage, the cost of the product that we intend to place on the market),
- Moreover, finally, the probability that the various products, both Food and Beverage, are chosen by customers, naturally based on appropriate "targeted advice" from the maitre deriving from knowledge of the ability to contribute to the coverage of fixed costs related to individual dishes and drinks.

About the identification of these weighted values, however, it is necessary to point out that the determination of a single average revenue and a single average cost for all meals (breakfasts, lunches and dinners) and for all beverages that can be placed on the market would lead to insignificant values because the characteristics of breakfast, for example, are profoundly different from those of lunch and dinner. For this reason, the diversification of average values concerning the various meals must be considered not appropriate, but necessary.

For all the meals served in the hotel (breakfast, dinner and lunch) it is desirable to determine some (minimum three or four) "standard" menus about which it is necessary to calculate a specific average revenue with the corresponding average cost of raw materials.

Also, about breakfast, it is advisable to diversify the "menus" served as different categories of customers can be linked to different types of breakfast. Just think of examples of how the different geographical origin of guests can have a significant impact on people's eating habits. This causes the incurring of differentiated costs that must be taken into account when planning the company. As far as revenues are concerned, it is possible to identify a range of average revenues linked to each "menu" served as part of breakfasts only if a diversified price is linked to the various types of breakfast. If, on the other hand, during the planning phase, a single breakfast price had been chosen - regardless of the type of breakfast served - it is clear that, in the "breakfast" sector, a single average revenue would correspond to several standard average costs.

As far as lunch and dinner are concerned, regarding each meal, a range of at least three standard menus must be identified, each of which must be linked to an average revenue and an average cost of raw materials. For both lunch and dinner, a range of average revenues and costs for Beverage must also be planned, which will depend, of course, on the type of Beverage that is expected to be placed on the market. The programming of the latter must take place on the basis of the consideration, on the one hand, of the menus that are expected to be sold (since the consumption of certain foods is often linked to the contextual ordering of particular types of drinks), and, on the other hand, of the type of clientele that, according to forecasts, should attend the restaurant (since each category of client is linked to a certain income capacity, which, in turn, represents a variable that heavily influences the type of consumption of drinks). Naturally, these data are significantly influenced both by the geographical location of the hotel and the season to which the budget refers. It is certain that the consumption of mineral water, for example, is profoundly different in summer than in winter, and there are also differences when the focus is on a hotel located by the sea or in the high mountains.

Al fine di evitare pericolose approssimazioni, i valori medi ponderati verranno pertanto calcolati all’interno di ogni specifico menù considerato, con la conseguenza che:

As far as breakfast is concerned, there will always be more weighted average costs related to the raw material; whereas it is possible, or rather highly probable, that a single average revenue will be identified. It should also be pointed out that breakfast is the only meal in which there are no values for Beverage, since any drinks consumed at breakfast (e.g. juices) are considered as components of the cost of Food.

While, with reference to lunch and dinner, in order to arrive at the total calculation of the rival and the "material costs" it will be necessary to foresee, as far as Beverage is concerned, the average costs and revenues for each category of Beverage considered and the number of bottles expected to be sold for each type of product. About Food, on the other hand, it is necessary to determine the sales quantities of the individual "standard" menus and identify as many weighted average costs/revenues as the menus considered. The product between the sales volumes of the special menus and the corresponding weighted average costs will lead to the determination of total revenues and raw material costs regarding both dinner and lunch. The higher the number of "standard" menus considered, the more reliable and significant the budget will be. Naturally, the determination of the number of "standard" menus will have to be subject to the consideration of the cost/benefit gap resulting from this determination. The identification of too many menus would cancel out any benefit deriving from the determination of weighted average costs and revenues and would also reduce the probability of making reliable forecasts.

The differentiation of the lunch and dinner budgets must, of course, be maintained only if substantial differences can be identified between weighted average costs/revenues related to the two meals mentioned above. If the menus identified for lunch and dinner do not present substantial differences, it is clear that the drafting of differentiated budgets would give rise to redundant documents. In the hypothesis that no significant differences between lunch and dinner could be identified, the drafting of a single budget (dinner + lunch) should be considered, if not "mandatory", indeed a highly desirable operation.

In the event that, in the hotel in question, it is possible to use the Room Service in order to draw up the budget for the Food & Beverage sector, it is necessary to take a further step. It is entirely conceivable that between the menus that tend to be consumed in the restaurant and those consumed in the room, there are substantial differences in content that inevitably affect both costs and sales revenues.

If this corresponds to the managers' forecasts, it is necessary to determine specific weighted average costs and revenues for Room Service, while if there are no significant differences between Room Service and restaurant costs and revenues, it is clear that this further operation would be meaningless.

Also, in the Room Service area, it is appropriate to identify some programmed menus to which specific revenues and weighted average "material costs" can be linked. The considerations made concerning the determination of these average values regarding the restaurant can therefore also be transposed into Room Service.

If both the restaurant and the Room Service were present in the hotel business and it was considered appropriate to identify different weighted average costs/revenues within the two areas, the values to be planned should be as follows:

- the programmed menu mix according to the number of customers and expected flows;
- the weighted average costs for each menu sold in a restaurant (with a separate indication of food and beverage values);
- weighted average prices for each menu sold in a restaurant (with a separate indication of food and beverage values);
- the number of seats consumed through the Room Service, broken down by "standard" menu;
- the weighted average costs of the menus consumed by customers through the Room Service, broken down by standard menu (with a separate indication of food and beverage values);
- weighted average prices for each menu sold through the Room Service (with a separate indication of food and beverage values).

In order to simplify the preparation of the Food & Beverage budget, in some business realities, erroneously, we opt for the determination, not of the average cost of raw materials for each category of meals (breakfasts, lunches and dinners), further differentiated by "standard" menus, but of a single average percentage value (calculated concerning the sales price) that derives from a percentage weighting of the average costs of the three categories of meals indicated above. In other words, only one percentage is shown in the budget - which can be related to sales revenues - which essentially represents the variable unit cost of raw material in percentage terms of a sui-generis meal, regardless of whether the actual meal referred to as breakfast, lunch or dinner.

In hotels where these percentages are applied, there are generally two different values for Food and Beverage.

Such a methodology represents an unacceptable simplification concerning reality since it is impossible that, regarding all meals, an average cost of undifferentiated raw material can be identified. The simplification is, therefore, double:

- Firstly, three meals are considered artificially equal, which, due to their intrinsic characteristics, have deep dyscrasies;
- secondly, it does not take into account the fact that, within every single meal, customers can opt for differentiated menus which cause an ineliminable diversification of the amount of costs incurred.

There is no need to go into further detail to understand how such simplifications can lead to insignificant and, therefore, misleading results. It is, therefore, desirable that such procedures should be abandoned. Their application gives rise to the drafting of budgets which, being imprecise and unreliable, can certainly not play the role of valid instruments of guidance and support for managers, an essential condition for management control to reach its full potential.

The values that can be deduced from ~~Table 3~~ allow identification:

A) total revenues from the sale of meals and beverages;
B) the total variable costs of raw materials attributable to the product placed on the market.

The difference between A and B has a significance that must not be subject to misinterpretation. The algebraic sum between A and B, in fact, provides an extremely gross income measure. In this calculation, all the other variable costs (e.g. laundry cost, commissions, possible rental cost of linen, energy, detergents, etc.), semi-variable costs and fixed costs specific to this sector (e.g. kitchen staff cost, room staff cost, depreciation of furniture, furnishings and equipment, floral decoration cost, etc.) have not been considered.

The value resulting from the difference between A and B, therefore, provides an extremely limited measure of the profitability resulting from the sale of the various meals. In fact, this profitability represents an even grosser value than the first level contribution margin since, in order to obtain this figure, it is necessary to consider all variable costs and not only those represented by the consumption of raw materials.

After having calculated the total revenues and costs of raw materials, it is, therefore, necessary to identify all other costs that can be directly allocated to the "restaurant" sector.

In order that the analysis of the causes of any valid deviations between objectives and final figures can be carried out as efficiently as possible, it is necessary to distinguish the costs related to the restaurant room from the costs specifically related to the kitchen as this is an essential prerequisite for the control of these costs.

MINIBAR SERVICE BUDGET

As far as the Minibar service is concerned, the determination of the programmed values to be included in the budget certainly does not present the difficulties that are found in the restaurant sector.

About the minibar, the programming involves, in fact, an extremely limited number of goods because the content of the small refrigerators in the rooms has always been characterized by a limited number of products offered.

The determination of sales will have to be established bearing in mind, among other things, the degree of occupancy of the rooms highlighted in the Room Division budget as this represents a variable that significantly influences the aggregate we are interested.

With regard to this problem, it should be noted that there is a widespread opinion that it is difficult or even impossible for company management to intervene in the consumption of the products contained in the mini-bar. This is not true because such consumption can be significantly influenced by ensuring a constant renewal service of the goods and by supplying the mini-bar with a mix that takes into account the needs of the guests. If, in fact, the customer can find products in the mini-bar that meet his or her taste and meet his or her needs (business customers, families, etc.), it is highly likely that at least one consumption will take place. This is not the case if the contents of the refrigerator do not meet the guest's wishes.

On the basis of these considerations, it can be said that, even with regard to the mini-bar, consumption data extrapolated from the past have limited value. In fact, these values must be corrected, taking into account the forecasts concerning the incisiveness of the sales policy that the management intends to implement.

Within the mini-bar budget, the determination of weighted average revenues and costs is not considered necessary because the identification of the positive and negative income components related to this section does not present the degree of the complexity characterizing the restaurant. It will, therefore, be necessary to carry out a sales planning of the individual products contained in the minibar. Fixing the sales price will make it possible to determine the volume, expressed in quantitative-monetary terms, of sales attributable to the sector under consideration.

Determining the cost of the goods sold is also not particularly difficult as the range of products on offer is always very limited.

In order for the minibar budget to be complete, it is considered appropriate also to indicate the fixed cost represented by the depreciation of refrigerators. Failure to indicate this cost would have two unacceptable consequences:

- the budget would not be complete;
- the value of the depreciation would probably be incorrectly indicated in other budgets. This cannot be considered correct because the cost relating to the depreciation of refrigerators must be highlighted in the same document in which the costs and revenues relating to the service in question are recorded.

BAR SERVICE BUDGET

Unlike the Minibar service, the drafting of the budget of the Bar inside the hotel is more problematic. Also, as far as the Bar is concerned, the budget should highlight, separately, revenues, variable costs and individual fixed costs in order to explicitly highlight the first and second level contribution margin.

Although the problematic nature of the determination of these values is lower than for example the Room Division or the restaurant, there is no doubt that, as in any planning process, there is an obstacle represented by the fact that future events, only in part, can be dominated by our will. Even the programming of bar revenue cannot escape this rule.

When the sales mix and, consequently, the planned revenues are determined, the identification of the corresponding variable costs - identified mainly by the price-cost of the drinks consumed - should not pose serious problems since, knowing the type of product to be sold, the identification of the cost of these products does not seem particularly complicated.

As far as individual fixed costs and semi-variable costs are concerned, the Bar's budget should indicate the cost of personnel (as this component, since there is no direct connection between input and output, can never be considered variable), the depreciation of the equipment used and, finally, the depreciation of the furniture making up the Bar itself.

With the drafting of the budget for the bar service, we have completed the review of the "partial" documents whose overall analysis provides information on the performance of the entire Food & Beverage sector. Managers often feel the need to obtain a summary document that highlights the income trend of the entire Food & Beverage department. About this, it must be pointed out that there may be costs that, although related to the entire F&B sector, are not attributable to the restaurant, the bar or the minibar. Think, for example, of the cost of the F&B department's management staff, F&.B. director's assistance staff, etc. These costs must, of course, be included in the overall F&B budget, even though they have not been included in the above mentioned partial schedules..

4) The MOD (Minor operating department) budget

The budgets of the smaller departments vary according to the activities carried out by the hotel for the benefit of its guests. The most current MOD budgets are:
1) golf budget
2) budget for other sporting and aesthetic activities
3) health club budget
4) budget for other operating departments

If the hotel carries out other minor activities for the benefit of its guests, it is possible to identify forecast documents regarding these activities. - In most cases, however, the income data of other possible activities are included in the residual budget identified above as the "budget of the other operating departments".

The main characteristics of the MOD budgets identified above are indicated below.

Golf budget

Golf is, unlike other sports such as tennis, swimming, etc., a sport that, for a hotel, can be a partially distinct business from the traditional core business of selling hospitality.

While the customer using the tennis court or the swimming pool considers these services as accessory products compared to the leading hotel service, the customer interested in golf often "reverses" the role of the services offered by the company. This person sees the hotel business not so much as a place of "hospitality" but as a real sports centre characterised by the presence of "accessory" services such as catering and hospitality.

The measure also demonstrates the importance that this activity can carry out in the hotel sector, generally very considerable, of the movement of money - in terms of both negative and positive income components - connected to the carrying out of this activity.

In fact, while the management of other sporting activities does not generate income or contributes very little to the hotel's total income, income from the management of golf courses may represent a significant item in the hotel's overall budget.

Even about the costs associated with this activity, the amount of these harmful income components is frequently high because it is a usual practice of the sport in question (e.g. running costs relating to golf cars, the cost of repairing these machines, etc.) and the maintenance of the lawn gives rise to non-negligible costs.

Golf, therefore, plays a fundamental role in hotel businesses characterised by the management of the sport, as it can implicitly transform itself from a first pole attracting customers into a driving force for the entire management, thus integrating, if not replacing, what is traditionally the core business of a hotel.

The management of a golf club can also have a positive influence on the overall hotel management by transforming traditional hotel services from products primarily intended for club members to services that promote the social life of club members. In this respect, the management of the golf club is aimed, among other things, at attracting customers who are not particularly interested in the hospitality offered by the hotel in question, but who are friends or acquaintances of club members. Consequently, golf could be a driving force in these realities, especially in the management of the Food & Beverage department, as the services most in demand by these customers are precisely those provided by the sector in question (in particular catering and bar services).

Golf, if managed in a managerial way, can, therefore, undergo three transformations***:***

- Initially, as part of a hotel business, the golf club can be set up as a pole attracting new customers;
- in a second phase, golf can become a significant part of the company's core business;
- in the "maturity" phase of the product, the management of the club can perform a twofold task: on the one hand, it can represent an integral part of the company's core business, while on the other it can, returning to its "origin", play the role of a pole attracting new customers.

From these brief considerations, it is easy to understand how golf, if managed carefully, can become an im.

The budget for other sports and aesthetic activities

If within the hotel business, sports activities other than golf, such as tennis, swimming, horseback riding, sailing, windsurfing, etc., are managed for the benefit of customers, it is necessary to draw up a budget to accommodate the planned data relating specifically to this business sector.

Since the management of these activities is generally not an integral part of the company's core business, unlike for example golf, which therefore continues to be identified with hospitality, it is not considered appropriate to draw up as many budgets as there are sports that the customer can practice within the hotel. Naturally, this rule must be broken if a particular sport takes on a decisive role in the management of the company, in which case the identification of a centre manager is highly likely. In the event of such an assumption, therefore, the budget for "other sports activities" will be accompanied by a specific budget for the activity to be subjected to a more in-depth analysis.

In conclusion, it should be stressed that in many hotels, sports activities are often integrated by the presence of Health Clubs, which allow customers to enjoy a wide range of aesthetic-care services. The management of these centres can be done in two ways:

1) the Health Club represents an accessory service that the hotel provides to customers in order to make the hospitality offered complete and entirely satisfactory. This management generally complements the performance of other sports activities without taking on particular importance within the hotel structure. If the Health Club has such characteristics, the beauty-care centre is usually small;

2) in some hotels; on the other hand, the Health Club assumes decidedly strategic importance. In this case, the hotel, from a hospitality dispenser centre, turns into what is now commonly identified as a Beauty Farm. In this reality, the hotel's distinguishing feature is not the restaurant service and room service, but rather the medical-aesthetic centre that makes up the Health Club. The traditional mission of the hotel business is, in such cases, radically changed. Customers benefit from the services offered by the structure with the primary objective not to satisfy a need for hospitality, but to achieve a better level of psycho-physical well-being.

The different position within the Health Club's core business causes significant consequences at a strategic-managerial and educational level. If the Health Club plays a "key" strategic role in the company management - as it is part of a real Beauty Farm - the hotel business loses the connotation of a company dedicated to hospitality and acquires the characteristics of a curative-medical-aesthetic centre. If this hypothesis occurs, the placement on the market of the "hospitality" service cannot be separated from the implementation of the therapeutic activities as such management (medical/aesthetic and hospitality) are characterized by ineliminable interconnections in all their aspects, both procedural and accounting. This prevents the preparation of a specific budget for the "Health Club" since this centre is identified with the company considered as a whole and in its entirety.

Therefore, if the hotel business is a real Beauty Farm, the budget represents an "integrated" document aimed at providing information on the performance of "two" activities (classic hotel and medical-healthcare) which, losing any element of individuality, have become a new "unique" business whose characteristics prevent the results of the two areas from being separated, both from a management and accounting point of view.

If, on the other hand, the hotel business does not fall within the so-called Beauty Farm, the Health Club is only managed with the aim of providing customers with some aesthetic curative services in addition to all the other accessory services available to guests. In this case, the drafting of a specific budget for this area appears justified only when the Club assumes an economically important role in the management of the business. If, on the other hand, the activity carried out by this centre is not of particular importance, the planned costs and revenues relating to the Health Club may be included in the budget for "other sporting and aesthetic activities" without this being considered a distorting element of the information message contained in this prospectus.

Also in this case, as in the budget for golf, it was considered appropriate to indicate the costs and revenues "monthly" while knowing that, for some revenues (e.g. membership fees) the placement in particular months makes the partial result expressed by the contribution margin of some months perhaps not very significant. However, this is only an element that must be taken into account when interpreting the values expressed in the budget. It is not considered that such considerations can prevent, from a theoretical point of view, the indication of costs/revenues in the months in question. This conclusion is also reinforced by the fact that, as in the case of golf, these data are also necessary in order for the financial budget to be drawn up. For these reasons, while underlining how the data of the budget under consideration have peculiar characteristics that perhaps interpret the income results recorded in the prospectus more complex compared, for example, to what happens in the R.D. or the F&B sector, it is considered advisable to draw up a scheme that provides for the timing of both costs and revenues.

The *Health Club Budget*

As far as the Health Club budget is concerned, it has already been pointed out that the drafting of such a document is of considerable importance only if the beauty-care centre present in the hotel is a management element that should be specifically monitored. If, on the contrary, in the hotel structure, the Health Club. Is small in size, characterized by a limited number of services available to customers, not particularly publicized, the drafting of a document to highlight only the planned costs and revenues related to this centre seems a decidedly oversized effort compared to the information-management advantages obtainable from the consultation of such a document. If this hypothesis occurs, it is advisable to include the positive and negative income components regarding the beauty and medical centre in a document in which the planned values regarding what we have previously defined as "other sporting and aesthetic activities" are also collected.

In essence, therefore, the separate recording in a budget of the income components relating to the beauty and medical centre becomes necessary only when the Health Club represents a centre which - due to the size of the activity carried out or the strategic importance attributed to it - should be individually monitored.

The budget of the other operational departments

Within the hotel business, the traditional services directly related to the company's mission (services directly related to the Food & Beverage Department and the Room Division Department) are generally supplemented by a series of "accessory" services to make guests' stay more comfortable. These services have a massive impact on the concept of "quality" of the overall product offered to the customer because the presence in the hotel of such complementary services such as telephone in the room, customer laundry, dry cleaning, garage, hairdresser, sale of various types of products (e.g. personal hygiene products, gifts, etc.), secretarial service, etc., often represents one of the discriminating elements in the category of the hotel itself.

Concerning these operational departments, there are two possible management hypotheses:

1) the so-called minor departments are managed as income-generating centres, within which the need is felt to monitor the actual performance of each sector. When this hypothesis occurs, generally, the departments are sufficiently large, as is usually also high the amount of revenues and costs related to the sector under consideration. If the "minor" operating departments are structured as for profit centres, it is highly probable that they will be staffed by personnel directly related to each centre because the management of these departments requires the presence of specialized personnel or, in any case, personnel exclusively dedicated to a specific activity;

2) the departments indicated above are necessarily spending centres, i.e. centres whose management is implemented not to achieve a profit but to integrate the overall service offered to the customer. In this hypothesis, revenues generally have a decidedly limited weight compared to costs and the amount of these income elements - both positive and negative - is, in global terms, extremely limited. Often, when departments are structured as spending centres rather than profit centres, also because of their small size, they are characterized by the presence of "jolly" staff, i.e. employees who, at the same time, carry out various activities relating to the various minor centres considered above.

The two management alternatives illustrated above (alternatives 1 and 2) require, at the reporting level, the drafting of differentiated documents.

If the centres are modest in size - from both the personnel involved and the economic-financial impact compared to the overall positive and negative components of the company's income - and, at the same time, they are managed primarily as spending centres, it is not considered appropriate to draw up as many budgets as the sectors under consideration. A single synthetic budget to highlight the overall economic impact of the various minor departments seems, from an information-management point of view, more than sufficient. In this case, therefore, the prospectus relating to these sectors will be unique and will highlight, in a global manner, the planned data concerning all the so-called "other company departments".

If, on the other hand, all or some of the sectors illustrated above were managed as profit centres and, at the same time, had a significant impact on the overall management of the company, it is considered appropriate to draw up as many budgets as there are centres with similar characteristics. If, for example, only one "minor" sector were so organized, while the other departments were structured as pure spending centres, it is desirable to draw up a specific budget for the "profit centre" sector and a overall summary budget for all the other sections.

***5)* The budget for rents, concessions, commissions and other revenues**

The budget "rents, commissions, concessions and other income" is a document summarizing the planned data concerning the project:

- the active rents (net of any directly related taxes) on which the hotel can rely (e.g. active rents for showcases located in the lobby)
- revenue from concession rights (net of taxes directly linked to those rights) which the undertaking has attributed to third parties about specific services which, although offered within the hotel, are not managed directly by the hotel (e.g. restaurant service concession)
- revenues earned in the form of commissions attributed by third parties to the hotel (net of taxes directly related to such revenues)
- Moreover, finally, other income that does not fall within any income category shown in this or previous budgets.

The drafting of a budget explicitly relating to these items has its origins in three considerations related respectively to the relevance of these items to the typical hotel business, their amount and the financial content of the responsibilities assigned to managers:

1) First of all, these income components represent values characterizing the performance of the typical hotel business. For example, the rents receivable from the sale over time of spaces used as showcases. This income represents a typical income from hotel management. This does not mean that the revenue connected to such contracts must necessarily be of a high amount. However, there is no doubt that, regardless of the amount paid to the hotel, the rental of such spaces represents a characteristic value of the hotel business.

The renting of space for club meetings, offices or shops is also a typical income for a hotel, especially if it is large and of a high category.

Hotel companies can also count on revenues from concessions which, translating the definition given by the U.S.A.H., could be defined as follows: "This accounts should be edited with the revenue received from others for the privilege of operating departments which might be operated by the hotel itself as".

It would therefore not be conceivable to include them directly in the master budget of the company (for example happens for values such as taxes, financial charges, etc.) without prior analysis and specification that only the drafting of a budget can guarantee.

2) Secondly, these values may also be marked by sufficiently high amounts. This is the case, for example, where a large, high-category hotel is licensed to operate a shop. The amount of money obtained from such a contract may represent a sufficiently large sum, the amount of which, added to the income from rents and commissions, may justify the drawing up of a specific budget for such items.

The drawing up of the budget which is the object of our interest can also be useful as it represents an element in which - in the item other income - income components can be collected which, although residual, are, in the opinion of the person drawing up the budget, worthy of being specifically highlighted.

3) Thirdly, the separate recognition of these elements can develop an essential informative value since, often, the items we are interested in are connected with responsibilities characterized by high financial content. In such cases, the preparation of a budget specifically concerning the income elements illustrated above becomes not appropriate, but necessary.

The collection of income deriving from rents of space or concessions of various types poses the problem of the management of such liquidity; a problem which, of course, becomes all the more important, the higher the amounts collected. The existence of such a responsibility requires that these items be the object of particular attention; a circumstance that can only occur if the elements considered above are analytically recorded in a specific document.

It is clear that these considerations further reinforce the belief that the above items should be recognized separately from any other item.

The Uniform System of Accounts for Hotels provides that this document should include, in addition to the items indicated above, also values included in the financial management, such as interest income. This indication, while on the one hand, completes the informative capacity of the prospectus as, in this way, all revenues have been reported in the partial budgets, on the other hand, it makes the content of the document heavier with elements that, generally, are only taken into consideration at the time the overall company budget is drawn up. The U.S.A.H. also conducts this line of action with regard to costs. The Uniform System, in fact, provides for the drafting of schedules regarding taxes and duties, financial charges, etc..

We do not believe that, when drawing up the budget, it is necessary to include in the operating budgets all the values that, at a later date, will constitute the financial budget and the global business budget. In this regard, we can also point out that the indication of items such as income taxes in partial budgets presupposes the drawing up of the financial budget and the master budget of the company; otherwise it is not possible to see how it would be possible to identify the taxable income and, consequently, the income taxes, without a prior determination of the financial charges which, in turn, requires the identification of the amount of the financial needs to be covered.

The preparation of specific statements indicating values such as interest, taxes, occasional revenues/costs does not, therefore, agree with us because of such documents:

- on the information side, they are useless because they derive from a pure extrapolation of values expressed in the master budget.
- Moreover, on the other hand, they contain elements (in particular, we refer to extraordinary and occasional book values) which, if they are indispensable for the preparation of a correct overall budget, do not appear to be the subject of specific partial budgets.

6) The marketing budget

The drafting of a budget explicitly concerning the "marketing" sector stems from the need to focus attention on a segment of company policy which, often, especially in the hotel sector, has been the subject of much too limited interest on the part of both managers and general management.

In the past, this "disinterest", or rather, limited interest, in marketing derived from the deep-rooted conviction that it was sufficient to locate the hotel in a strategic position - at both an attractive landscape and logistical level - to ensure that customers saturate the company's production capacity. Perhaps, in the past decades, this argument was characterized by a basis of truth because, for example, Italian hotels enjoyed a protected niche deriving only from the fact that the company was located in our country, in the past a privileged destination for tourists from all over the world. As time went by, this leading position eroded and, at the same time, the needs of tourists increased.

In this context, the implementation of targeted marketing policies becomes a strategic element of primary importance for the company's economic-financial performance to reach satisfactory levels.

Marketing activity can, of course, take on different connotations depending on the type of hotel on which interest is focused. Yes, however, it would be restrictive to think that in the sector we are focusing on, the marketing policy can be implemented through a simple advertising policy aimed at making the individual hotel known through, for example, advertisements in newspapers, commercials, road signs, distribution of brochures, etc..

While such advertising may be useful to raise awareness of the hotel structure and the services it offers in certain areas, it appears to be decidedly insufficient for the accommodation company to develop its image in a sufficiently large market segment. It is only natural that an individual hotel, even a large hotel, should carry out an advertising policy aimed at a broad audience, which is extremely costly. This means that even large hotel companies cannot implement such policies individually. These considerations have led to the need to set up associations and consortia whose task is to publicize the image not of a single hotel but the pool of companies participating in the association. Such dissemination can be implemented through, for example, participation in international trade fairs, advertising of particular tourist areas with specific characteristics (e.g. spa areas, bathing areas, mountain areas, art areas, etc.), etc.

The organization of such facilities causes each member to incur costs which, while not negligible, are generally more than compensated for by obtaining income from guests who have become aware of the hotel's existence through such organizations.

Moreover, the marketing policy of a hotel company wishing to make full use of its production capacity cannot disregard the implementation of a concerted action with other hotels aimed at providing pre-packaged 'packages' of services to potential customers. Offering, for example, in cooperation with other hotels, traditional hospitality services complemented by ancillary services such as excursions of various kinds, the possibility of participating in theatrical and cinema performances, etc., may enable otherwise unattainable income targets to be achieved.

The marketing activity of a hotel company, if the A.P.T. of the area is not sufficiently active, may also aim at the organization of local initiatives. Also, in this case, coordination between hotels becomes the winning element so that these operations can achieve positive income results.

Within a hotel business, therefore, marketing appears to be characterized by a peculiar characteristic that, in other companies, cannot be found. While, in fact, in manufacturing companies, the marketing activity is aimed at making known exclusively the products marketed by the company that carries out the advertising launch, in the hotel sector, a large part of the marketing costs may derive from the implementation of a policy-related, not so much to the development of the image of the individual hotel, but the advertising of a pool of hotels, variously constituted.

Of course, this does not mean in any way to affirm the futility of the marketing activity explicitly aimed at the dissemination of knowledge of the services offered by a particular hotel. Such activity is, in fact, indisputably relevant if the hotel wants to advertise an element that distinguishes it and differentiates it from other accommodation facilities. Think for example of the importance that the location, the kitchen, the possibility of using certain accessory services (e.g. secretarial services, sports activities, sauna, meeting rooms, conference rooms, etc.), the proximity of particular tourist attractions, etc., can have on the overall performance of the company. Such "peculiarities" should be widely publicized as they can, indirectly, create a real market niche.

However, this advertising effort must be complemented by forms of "image development" unknown until a few decades ago. It is in this context that the "coordinated" marketing activity is positioned among several hotels, an activity which, increasingly, assumes the role of a winning strategic element in the image development policy of a hotel company.

The importance of carrying out marketing activities, whatever their nature, suggests the opportunity to draw up a budget exclusively for this area. No revenue will appear in this prospectus because the positive components induced by this sector appear in the budgets of all the other company departments. The marketing sector will, therefore, be characterized only by the incurring of costs, whose characteristics mean that they can all be considered fixed.

Also the Uniform System of Accounts for Hotels foresees the possibility to draw up a document concerning this business sector. The U.S.A.H. requires, however, to indicate, among the marketing costs, also the negative income components related to reservations, obviously considering this activity directly interrelated with the marketing activity.

In the writer's opinion, however, the marketing budget should contain only and exclusively the costs directly related to this activity aimed at the sale of the product offered on the market by the hotel company. On the other hand, the costs relating to the reservation activity should be included in the "administrative and other company costs" budget, also in consideration of the fact that, often, the booking staff is part of the concierge and reception service, services whose costs are necessarily charged to the above-mentioned budget. For these reasons, we consider it desirable, also in order to avoid artificial separation of costs, to indicate in the marketing budget only the harmful income components attributable to the pure promotion and marketing of the hotel product

7) The budget for administrative and general costs

The last - last but not least - operating budget we consider is the budget for administrative and other business costs. The didactic choice to illustrate this budget only after having studied in depth all the other schedules related to the typical hotel management must not mislead about the actual relevance, both at the management level and the income and financial impact, of the values contained in the document of interest. The budget for administrative and other costs must include a set of accounting items that, due to their amount and their strategic and operational importance, can be considered anything but residual.

By way of example, we can mention the harmful income components concerning:

- administration and accounting;
- standard services such as concierge, reception, etc.;
- insurance;
- various administration costs (stationery, printed matter, postal, telephone, floral decorations and other common areas - e.g. hall - etc.);
- data processing costs;
- commissions;
- entertainment costs for guests;
- travel and entertainment costs;
- energy costs;
- maintenance and repair costs attributed to the period considered;
- transport costs;
- non-specialized water costs;
- miscellaneous costs not allocated to specific departments.

This budget must also include the so-called common non-specialized fixed costs, which, by definition, cannot be allocated to particular company departments (e.g. building depreciation, etc.).

From a superficial analysis of the macro-aggregates that make up this budget, it can be understood how the analysis and in-depth analysis of the individual items can vary from hotel to hotel depending on the importance that this item has in the management of the reality considered. Think, for example, of the "energy" item. If the attention is focused on a hotel structure open all year round and located in a mountain area characterized by high altitude, the income impact of this value will be profoundly different from what it could have in a seasonal hotel located in a maritime area.

Similar considerations could be made, for example, for mail maintenance and repairs. Although this item is always present in a hotel accounting system, since maintenance is a strategic management element in every structure, even those of recent construction, there is no doubt that a post of this nature needs particular attention when the hotel business is located in old buildings where the need for repairs is particularly sensitive (e.g. hotels located in historical centres).

As far as Human Resources is concerned, it is also possible that the interest in an in-depth study may vary according to the organization concerned. If, in fact, there is a human resources manager within the company to which a specific organizational-management structure is linked to support the activity carried out by this centre, The attention to the accounting aggregate resulting from the sum of the costs incurred in this sector is certainly greater than that which could be found if in the reality considered the human resources management activity is carried out, inevitably in a generic manner, by the administration section.

Transport costs may also be of different interest if the focus shifts from a hotel located in the centre of a city or located near public transport stops (trams, subways, airports, railway stations, etc.) to a structure whose location requires the provision of transport services for guests (e.g. structures located in the suburbs, or in areas with particular transport problems, such as Venice).

From these short observations, it can be understood that the need for a detailed analysis of individual items cannot be generalized because this need is rooted in the particular characteristics of each hotel.

Proposing individual budgets for each macro-aggregate illustrated above can, therefore, lead to documentation that is oversized concerning the real needs of the hotel reality considered. Just as it can naturally happen that the drawing up of a single budget for administrative and other business costs gives rise to an undersized prospectus when the peculiarities of the hotel require an in-depth analysis not foreseen in the "standard" budget analyzed here. In order that such circumstances do not occur, the intervention of the budget committee is necessary, whose task, among other things, will be to identify the items that, due to their significant importance within the company, should be the subject of separate budgets. It is, therefore, possible to imagine drafting a human resources budget or an energy cost budget. Just as it is desirable that, in case of need for information, a specific budget should be drawn up for maintenance and repair costs**.**

As has already been pointed out, all this cannot be codified ex-ante, in a standard way, for every hotel reality, since such codification could lead to the circulation of information that is excessively analytical concerning the specific needs of individual hotel managers.

Therefore, a summary budget of administrative and general costs will be presented below, with the hope that should the need arise, the individual items on which attention is focused may be the subject of specific policy documents.

Before explaining the possible structure of the budget for administrative and other costs, it is considered appropriate to stress that only those costs which are economically attributable to the period in question should be included in this document. This observation may, apparently, seem trivial or at least superfluous as the whole doctrine agrees that only costs and revenues about the period under consideration should be included in the operating budgets. However, the business reality often does not take this principle into due consideration and "bends" the recognition of costs to distorted logic. In particular, we intend to refer to the practice, which is widespread in the hotel sector and legally structured as a group, of distinguishing maintenance and repair costs into ordinary (which can be recorded in operating budgets and then in the income statement) and extraordinary (which can be recorded in the investment budget and then in the balance sheet), not on the basis of their actual ordinary or extraordinary nature, but bearing in mind, for example, that the management consents to maintenance only as ordinary. According to this logic, costs are, therefore 'expensed' not because they are actual costs for the year but because the request for extraordinary maintenance, for example, because of temporary economic and financial difficulties of the company, would not be accepted by the competent bodies. Naturally, the consequences of this logic produce their effects well beyond the moment of the request for expenditure. If, in fact, at the moment of the request, the cost is made explicit as "ordinary", even at the moment of drawing up the budget it must be considered "expendable" in the profit and loss account. The recognition follows this in the budget of other costs of values that only formally fall within the period considered, while at a substantial level, they should be considered to all intents and purposes, capitalisable costs.

There is no need to go into further detail to understand how this logic produces deleterious consequences on the information content of the budget. If in the budget - as in the financial statements - an inaccuracy or too high an aggregation of data is not acceptable, a hypothetical "slippage" of costs from the balance sheet to the income statement is even less acceptable.

It is therefore desirable that the results of the budget and, subsequently, of the financial statements, should reflect the reality of the company and should not be bent to internal management policies, whose task is to guide the company towards the set objectives and not to substantially oblige managers to hide or camouflage management events so that they can have the "placet" by the highest corporate bodies.

8) The investment budget

The investment budget, due to its peculiar content, represents a link between short-term programming and medium and long-term programming activity. The investment budget illustrates the multiannual costs, which, following a cost-benefit calculation combined with strategic evaluations, the management has decided to implement during the period in question.

It is possible that the budget, for each investment, may indicate - separately - the time of support and the period of authorization to spend by the competent corporate bodies. This double reference (incurring the cost and formal authorization) is rooted in the consideration that not always, the year in which an investment is made coincides with the year in which the authorization for execution occurred. If, in the corporate context under consideration, the possible discrepancy between the period of competence and the year of authorization is of considerable importance at an informative level (e.g. because, for example, the delay with which investments are made compared to the period in which the authorization is granted, etc.), the investment budget should highlight both values. If, on the other hand, in the hotel reality analyzed, this information is not relevant for information purposes, the double indication of the amounts authorized and the costs incurred during the period causes an oversizing of the reporting which, besides being useless, could become "dangerous". The managers' perception of being the subject of management-accounting communications without real usefulness could make it difficult to separate "useful" information from that considered "useless" with the implicit danger of focusing attention on superfluous information and not giving weight to information that is essential for efficient and effective business management.

The investment budget must contain an indication of all multi-year costs, tangible and intangible, whose planning affects the period under consideration.

Correctly, concerning multi-year intangible costs, it has already been pointed out that the decision whether or not to capitalize costs must be rooted in considerations regarding the economic competence of the values. The behaviour of those who make this decision depends on the company's internal policies based on which individual costs (e.g. costs about the financial year) tend to be authorized while others (e.g. multi-year costs) are subject to constant denial by the competent management bodies.

It is clear that the implementation of such an "accounting policy", in addition to having negative consequences at both strategic and managerial-operational level (not authorizing the incurring of multi-year costs for long periods - especially in a hotel where the quality of the physical environment in which the client is hosted represents, depending on the case, a strong or weak point of the company - can, in fact, make a negative situation worse), can cause deleterious distortions in the information content of the reporting. If the figures involved are significant, the failure to capitalize multi-year costs or, on the contrary, the postponement to the future of costs substantially "expendable" in the financial year, completely disrupts the planned income results, with the consequence that excellent action plans may not be convenient or, vice versa, bad strategies may show economically satisfactory results.

In order to maximize the transparency of article values, it is desirable that the depreciation charge attributable to the period under review is explicitly stated in the investment budget. The simultaneous indication of the type of capitalized cost and the depreciation charge for the period in question should help to understand the degree of correctness that distinguishes the accounting for costs.

In order to maximize the advisory capacity of this statement, it is also necessary to highlight the departments to which the multi-year costs under consideration refer. This indication makes it possible to identify the fixed amortization and depreciation costs that can be special or, in any case, specialized in the individual company sectors, which makes it possible to draw up the final operating budgets for the individual departments.

9) Conclusions

The budget in a hotel, until a few decades ago, could be considered an optional extra with respect to financial reporting and its analysis. The annual or multi-annual planning, nowadays, is, instead, an indispensable element for the management of the hotel structure to be carried out effectively and efficiently, maximizing profitability and keeping financial variables under control. The structure of the budget, in order to be usable by managers, must be complex and made up of several documents that go into the company's departments in detail. The absence of a multidocument structure makes the company budget totally devoid of any management utility.

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