

	RESOURCE LIBRARY - FRONT OFFICE Cashiering - Extending Credit	CODE: 03.03.050
		EDITION: 1
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INTRODUCTION:

To ensure that XYZ Hotels & Resorts have a strict policy on credit management and consequently have a minimum amount of bad debts.

The Front Office Manager must be fully conversant with his / her property's credit policy and ensure that the relevant contents therein are communicated and understood by all staff. The Front Office Manager should also read and understand the company's credit policy.

POLICY:

1. Pre-payment for rooms must always be obtained for walk-in's who can settle their account either by cash or with a valid credit card. The amount taken should be equal to the room rate multiplied by the number of nights plus 50% to cover incidentals.
2. Any customer or company requesting credit facilities must be first asked to complete a credit application form which will require the approval of the General Manager and Controller. Customers should be advised that a submitted application does not automatically guarantee credit.
3. Each hotel controller will set a "Credit Limit" for that particular property. The objective of this is to provide a yardstick for following up on the balances of in-house guests.
4. A credit limit code should be entered for each guest depending on the billing instructions or payment method.
5. The Night auditor should prepare a list of high balances on the Guest Ledger. This list must be checked by the Credit Manager should carry out the necessary follow – up.
6. If a stay is extended, payment instructions should be followed-up, including contacting the company for a walk-in.
7. Common sense and logic must be applied by the Front Office Manager when deciding which guests to follow –up regarding their high outstanding balance. This can be an extremely sensitive issue, and if not handled properly, can result in the loss of future business. For example, a guest who is staying for a week will probably have a high balance on day 5 or 6 and therefore may not be a good choice for follow-up.
8. The Front Office Manager is to attend the hotel's monthly credit meeting where Aged Trial Balance of Accounts receivable will be reviewed, particularly accounts exceeding 30 days.