



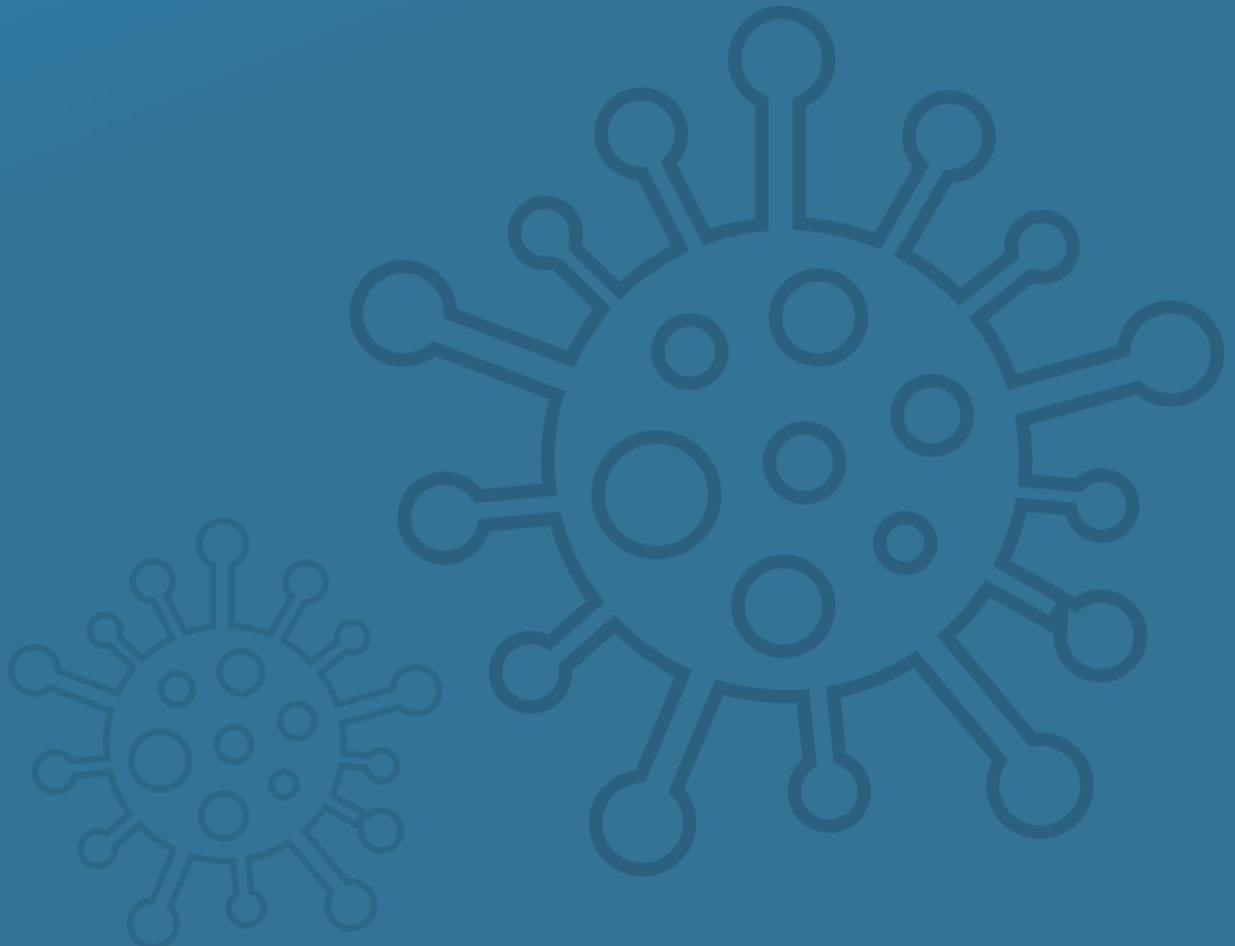
**Fáilte Ireland**

National Tourism Development Authority

## **GUIDANCE NOTE FOR HOSTELS**

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### **USING THE CAPACITY & COMMERCIAL IMPACT CALCULATOR**





It has never been more important to critically assess which aspects of your business can function profitably and where to drive efficiencies. To help you with this, Fáilte Ireland has developed a Capacity and Commercial Impact Calculator.

This guide will explain how to input into the calculator and what outcomes to expect from this.



## **Use of the Calculator will help you determine:**

- The effect of reduced capacity in the various areas of your business (e.g. room/dorm rental, F&B, activities)
- If your business risks trading at a loss due to reduced capacity or if it can function profitably
- The feasibility of new services you introduce (e.g. room/space hire, takeaway food options, etc.)
- Maximise the trading performance of each element in your business, reducing the potential for losses during the difficult transition period
- The estimate of additional sales required to at least break-even
- Where you might need to relook at costs and revenue generation
- Expected performance by day and week for all areas, allowing a high level comparison of expected year on year performance

## Before you start to use the Calculator

Physical distancing will require major changes in how you operate your hostel. The first step is to calculate likely throughput and examine whether opportunities exist to reorganise layouts to maximise capacity while complying with physical distancing directives. For suggested Guidelines please refer to Fáilte Ireland Support Hub on [covid19.failteireland.ie](https://covid19.failteireland.ie).

For example, hostel operators may find that physical distancing measures mean that the number of guests using the facilities at any one time could be reduced considerably. In such a case, either you need to think about other ways of meeting your customer's needs or you may have to cap the number of beds/dorms that you offer for sale each night.

Each business will be different in terms of size, the mix of indoor and outdoor areas, visitor flows, pinch points and so on. Therefore you will need to work out your revised capacity as this calculator requires you to input estimates of your visitor numbers.



## The Calculator

The calculator is presented over three tabs in the Excel Template. Over the following pages, an explanation of the inputs (the information you need to use the Templates) and the outputs (what the template will tell you based on the information you provide) are presented as follows

1. Standard (where the business has limited historical sales and costs data available and/or where hostel is selling rooms only, i.e. not dorm beds)
2. Detailed (where the business has detailed historical sales and costs data available and/or where hostel is selling mixture of private rooms and dorms)
3. Options (additional activities or services that businesses offer or may be contemplating)

You do not need to complete all the tabs – only those relevant to your business.



## Data needed for Standard vs Detailed Calculator

Some businesses gather, and have access, to detailed historic information on sales, booking patterns, costs and so on. For others, access to such detailed information may not be possible. The Excel template caters for both scenarios. Depending on the quality of historic information you have, input details in **either** Standard Calculator **or** Detailed Calculator.

Standard Calculator Input Summary	Detailed Calculator Input Summary
Number of rooms available	Number of rooms and number of dorm style spaces available
Forecasted occupancy and sleepers	Forecasted occupancy and sleepers
Expected average letting rate (net of VAT)	Expected average letting rate (net of VAT)
Any other daily income (net of VAT)	Any other daily income (net of VAT)
Total expected payroll costs for the week (incl PRSI and 8% holiday pay)	For each day, expected number of hours worked, rates of pay and the appropriate PRSI % by staff category e.g. cleaning, housekeeping, reception, management and admin staff. There is no need to enter each different job category. The model will calculate the daily wage costs by area of operations.
Expected variable cost of sales in € e.g. cleaning materials, commissions to booking sites etc.	Accommodation related expenses which can be entered as a % of turnover or as an amount per week  Cost of sales and other variable costs (as a %) of other income (inc. activities etc.)
Annual amount per other business-related costs e.g. rates, insurance, maintenance costs etc.	Individual inputs for weekly general business-related costs e.g. rent, rates, insurance, repairs etc. entered as separate amounts.
Annual business-related loan repayments including interest	Annual business-related loan repayments including interest
	Any food and beverage sales expected each day – the number of customers and the spend per head on food and on beverage (net of VAT) OR Enter the expected total food income and beverage income each day (net of VAT)  If food and beverage offer is rented to a 3 <sup>rd</sup> party, expected weekly income (net of VAT)  Options for income from activities and retail

## INPUTTING DATA

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### PLEASE NOTE:

When using the Excel Template only input your data into the pink coloured cells.

Cells with a small red triangle in the upper right hand corner provide a pop-up descriptive narrative.

Businesses can choose to complete either the Simplified Standard Calculator (see guidance note on Page 7), **or** the Detailed Calculator (see guidance note on Page 9).

For the differences in input data required for each, please refer to Page 4.

## Basic Assumptions

The quality and accuracy of information input to the spreadsheets will improve the value of the outputs.

Take the following into account when inputting information to the spreadsheets:

- Employee pay attracts PRSI contributions at either 8% or 11.05%.
- An additional 8% is added to payroll costs to account for holiday pay.
- Prices or average spend estimates can be changed by day, but if no change is required you need enter them once only. All prices, average spend estimates and cost information will be net of VAT.
- You can select the month that you want the calculations to apply to but the Excel template works only on the basis of trading weeks commencing on Monday. It will not allocate dates to each day. The assumption is that estimates for a full trading week are more important than the calculations commencing on the first day of the month. You need only populate the template with information for as many days in that month as you choose to. It will automatically provide estimates for the full month, if required.



### Helpful instructions

Within each spreadsheet helpful instructions and explanations are embedded within cells showing a small red triangle in the upper right hand corner. Roll the pointer onto the cell to automatically open the comment box.



## 1. Standard template (Tab: Standard temp)

### What this calculator will tell you

- Summary projected trading results (income and costs) by day and by week for the business.
- Whether to expect a surplus from guests to the business and whether any opportunities exist to reduce costs to improve overall performance.
- Year on year projected change in performance.

### What to enter

In advance of populating the spreadsheet, you should collate the following information that will be required (and entered in the respective spreadsheet cells or rows):

- the month for which you are loading information into the spreadsheet (click on cell C2 and choose your entry from the drop-down menu);
- the number of rooms in your hostel and the number available to let each day (if different from total room stock) – cell C6 and row 12;
- confirmed and expected room bookings (by day) for the next trading week and up to 4 weeks and the projected pitch rate each day (net of VAT) in rows 14 & 23;
- the expected average number of sleepers per room (a number must be entered for each day at row 18, but you can change the average)
- any other income you may have each day (net of VAT) at row 25;
- expected staff payroll costs for the week (including PRSI and holiday pay at 8%) as a lump sum – enter in Cell C28 (week 1), AC28 (week 2), BC28 (week 3) and CC28 (week 4);
- other cost of sales such as food for utilities, cleaning materials, room booking commissions and so on. You can name those costs in Cells B32 to B39 (week 1), AB32 to AB29 (week 2), BB32 to BB39 (week 3) and so on with the amounts entered in the adjacent cell under column C, AC, BC etc.;
- now, enter annual business costs by name (such as rates, subscriptions, insurance etc.) at Cells B43 to B53 (week 1) with the annual amount in the adjacent cell under column C. These will be carried forward to subsequent weeks, but you can change the narrative or amounts in cells AB43 to AB53, BB43 to BB53 and in cells AC43 to AC53, BC43 to BC53 and so on; and

- finally, if you have a business related loan, enter the annual amount to be repaid (including interest) in Cell C56 (week 1). This will be carried forward to subsequent weeks at Cell AC56 (week 2), BC56 (week 3) and CC56 (week 4).

### Outputs from standard calculator

- Trading results are shown by day and for each of a maximum of 4 weeks in the area highlighted in cream colour at rows 60 to 72. Daily key performance indicators are shown immediately below the coloured cells including the cost per occupied room. We suggest that you keep a close eye on that metric as it is probable that it will higher than was the case before COVID-19.
- A summary of the performance for all 4 weeks (or for those weeks that you have entered data) with an estimate for the full month is shown in the cells CO56 to DD73. If you enter your revenues, payroll costs and profit from the same month in the previous year (in cells DA61, DA63 and DA67), the calculator will provide a year on year comparison of the movement in those metrics in value and in % terms.





## 2. Detailed template (Tab: Detailed temp)

### What this calculator will tell you

- Summary projected trading results (income and costs) by day and by week for the business
- A detailed breakdown of employee costs by job title/category
- A breakdown of accommodation related and other business related costs
- A detailed breakdown of performance of Food & Beverage sales, and income from any other activities
- Whether to expect a surplus from guests to the business and whether any opportunities exist to reduce costs to improve overall performance.
- Year on year projected change in performance.

### What to enter

In advance of populating the sheet, you should collate the following information that will be required (and entered in the respective cells or rows):

- the month for which you are loading information into the sheet (click on cell C2 and choose your entry from the drop-down menu);
- the number of private rooms and dorm-style bedspaces in your hostel in Cells C5 & C6 respectively;
- the number of private rooms and dorm-style bedspaces available to let each day (if different from total stock) at rows 13 & 23 respectively;
- confirmed and expected bookings (by day) for the next trading week and up to 4 weeks at rows 15 and 25 and the associated projected pitch rate (net of VAT) at rows 29 & 30;
- the expected average number of sleepers per room (a number must be entered for each day, but you can change the average), at row 19;
- the number expected to take breakfast each day (if provided) at row 43 and the expected average (net of VAT) spend at row 44;
- if you offer activities or some other services, provision is made within the sheet for two such revenue streams. You need to enter the expected number of guests by day and the average price paid per guest (net of VAT) at rows 33 & 34 and at rows 36 & 37;



## Sources of Revenue

- daily amount expected should be entered in row 39
- for those businesses with a food and beverage offer, enter the expected number of food customers (not including breakfast) and beverage customers per day at rows 46 & 47 with the related average spend in rows 48 & 49. You need enter average spend on the first day only as the sheet will automatically populate the following days, but you can override the average spend on any day;

### OR

- enter a lump sum each day for food and for beverage sales in rows 53 & 54; and
- finally on the income side, if you rent your food and beverage facility to a 3<sup>rd</sup> party you should not enter any of the above information for food and beverage sales. Instead, enter the amount you should be paid per week as rent or commission in cell C55.

## Operating costs

The following data for input to the sheet:

- expected employee hours for the week by hourly rates of pay and by area of activity (i.e. maintenance, reception, accommodation management, etc.), and the relevant PRSI rate. These should be entered in rows E110 to I151 – job descriptions/titles can be added in cells B110 to B151. Rates of pay (by hour), the associated PRSI rates and the job descriptions/titles will be copied to subsequent weeks starting at row AB110 (week 2), BB110 (week 3) and CB110 (week 4);
- accommodation letting related variable expenses either as a cost per week (at cells C157 to C168) or as a % of turnover (at cells E157 to E168). You can name each expense individually under Column B. These entries will be carried forward to subsequent weeks at the cells commencing AB157 (week 2), BB157 (week 3) and CB157 (week 4) but you can override those entries;
- food and beverage variable expenses – food costs of sales, beverage cost of sales and other food and beverage cost of sales at cells C172, C173 & C175 respectively. These will be carried forward to subsequent weeks at Cells AC172, AC173, AC175, BC172, BC173, BC175 etc. but they can be overridden by you;
- costs of your activities or other offers should be entered as a % at cells C179 and C181. These too will be carried forward to the following weeks in the corresponding cells but can also be overridden by you; and
- general business related costs should be entered as individual amounts per week at cells C185 to C200. A narrative can be placed in the adjacent cell under Column B. These will be carried forward to subsequent weeks (see cells B185 to B200 and C185 to C200 (week 2) and so on), but they can be overridden by you.

### Outputs from detailed calculator

- Trading results are shown by day and for each of a maximum of 4 weeks in the area highlighted in cream colour at rows 57 to 70. Key performance indicators for accommodation performance are shown immediately below the shaded area.
- Detailed performance of the hostel, food and beverage and activities/other income areas of your business are shown in rows 79 to 105.
- If any area or the business overall is expected to incur a loss in the week, the detailed analysis will help identify the problem area(s). In circumstances where profits do not meet expectations, you can re-assess your projected costs (and opportunities to increase accommodation sales and prices) to help improve prospects.
- A summary of trading performance for the full number of days that you have entered data, with a pro-rated full month estimate is shown at cells CO56 to DD69.
- You can also enter actual monthly revenues, payroll costs and profit from the corresponding month last year (cells DA61, 63 & 67) – the calculator will show the year on year projected change in performance in value and in % terms.



### 3. Other options calculator (tab: options temp)

#### What this calculator will tell you

- If you already offer or you are considering additional services (such as room/space hire, activities, etc.) this calculator summarises projected trading results (income and costs). You can name this option in Cell E2 (note: this will not change the name on the spreadsheet tab).
- Results by day and by week of retail offering, with weekly KPIs.
- The results table allows you to assess whether or not such a service is financially worthwhile by making a surplus, or at least, a contribution to the fixed costs of operating the business.

#### What to enter

Enter the information below to calculate the expected income, costs and surplus or loss from this service on a daily and a weekly basis for up to 4 weeks:

- if the facility is being rented out for private hire or some non-routine purpose, enter the income in Cells D9 to J9 (week 1), AD9 to AJ9 (week 2) etc.
- if catering is to be provided, enter the number of covers/guests at Cells D12 to J12 (week 1), AD12 to AJ12 (week 2) etc., with the average spend per cover on food and beverage at Cells C14 & C15 respectively. These will be copied to subsequent weeks (at Cells AC14 & AC15 etc.) unless overridden by you. Food and beverage cost of sales percentages should be entered at Cells C19 & C20.
- if any other services are to be provided, the number of visitors for week 1 should be placed in Cells D23 to J23 and D24 to J24 (thereby offering two additional income streams). Total income for each can be entered in Cells D27 to J27 and D32 to J32 respectively. Alternatively, an average spend per guest can be entered at Cells C29 and C34.
- now, enter the expected cost of sales % for Week 1 at Cell C36 and any other expected variable costs at Cell C39 (which will be applied to all revenues generated under this tab). Alternatively, you can enter a € amount for each day at Cells D40 to J40 – this will be replicated in subsequent weeks unless overridden by you.

***Continued on next page***

### 3. Other services calculator (Continued)

- Employee costs. You have two options to enter this information. Firstly, you can enter total employee hours each day by job category/rates of pay at Cells D64 to J69 in week 1, AD64 to AJ69 in week 2 etc. (you can name the different job titles/posts in Column C). You must then enter the corresponding hourly rates of pay at Cells L64 to L69 and the PRSI rate at Column M (the job titles you have entered, the hourly rates of pay and PRSI rates will automatically be carried forward to subsequent weeks, but these can be amended by you). The calculator will automatically adjust for PRSI and holiday pay accruals when calculating payroll costs.

**OR**

- Enter projected payroll costs (inc. PRSI and 8% holiday pay) for each day in Cells D73 to J73. However, if you need to reduce employee hours to improve departmental performance, using this option will make any decisions in this regard more difficult. Repeat these entries for subsequent weeks at row 73.

#### Outputs from Other Services Calculator

- Results by day and by week are shown at rows B43 to L57 (in the Cells highlighted in cream colour), with weekly KPIs for week 1 in column M and income per customer at column N (results for subsequent weeks are at rows AB43 to AL57 (week 2), BB43 to BL57 (week 3) and so on.
- The calculator automatically makes an allocation of management and non-customer facing employee costs and fixed attraction overheads to this income stream. The results table allows you to assess whether or not such a service is financially worthwhile.
- A summary of performance for the full number of days that you have entered data, with a pro-rated full month estimate is shown at cells CR44 to DA55.

