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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Hospitality and Tourism |
| **Course Name** | Travel and Tourism Management |
| **Lesson/Unit Title** | Crunching Numbers: Budgeting and Forecasting |
| **TEKS Student Expectations** | **130.258. (c) Knowledge and Skills**  (3) The student solves problems independently and in teams using critical-thinking skills. The student is expected to:  (C) Interpret and use industry standards for principles of budgeting and forecasting to maximize profit and growth |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Students will:**   * Understand the revenue management concept * Describe the responsibilities of the revenue manager * Identify principles of budgeting and forecasting to maximize profit * Understand the factors that influence revenue management * Calculate various numerical concepts to better understand forecasting and revenue management |
| **Rationale** | Today’s world is very competitive and most companies have to manage their business very closely in order to make it a success. Part of that management is predicting or forecasting the revenue and costs for the company. Today, we will examine the importance of maximizing profit by forecasting and managing revenue. We will prepare a simple revenue forecast for an imaginary company that will assist you in a career in travel and tourism. |
| **Duration of Lesson** | Three 45-minute lessons |
| **Word Wall/Key Vocabulary**  *(ELPS c1a, c, f; c2b; c3a, b, d; c4c; c5b) PDAS II (5)* | **AR or Average Rate:** The average of all the room rates together that have been sold for one night  **Budget:** A guideline for spending money  **Demand:** The total amount of a good or service consumers want to purchase at a given price  **Forecasting:** Prediction or estimation of a future event for a given time period  **Revenue:** The actual money a company receives during a specific period including discounts and deductions for returned products  **Supply:** The total amount of goods or services available for sale. For example, the number of rooms a hotel has available  **Occupancy rate:** A ratio of guest rooms/seats sold to those that are available. For example, an occupancy rate of 60% means that 60% of the flight’s available seats have been sold for the time period |
| **Materials/Specialized Equipment Needed** | **Equipment:**   * Computer with projector for PowerPoint presentation * Computers with Internet access (Be sure to follow district guidelines for internet access.) * Presenter remote * Light projector (Elmo)   **Materials:**   * Samples of:   + Balance sheets   + Budgets   + Forecasts   + Profit and loss statements   + Work schedules   **Supplies:**   * Calculators * Copies of handouts   **PowerPoint:**   * Crunching numbers: budgeting and forecasting   **Technology:**   * Free apps:   + Arrive Magazine Amtrak’s onboard magazine for business and leisure travelers who ride the rails along the Northeast Corridor.<https://itunes.apple.com/us/app/arrive-magazine/id544292444?mt=8>   + TripAdvisor: Hotels, Flights, Restaurants Plan and have a perfect trip.<https://itunes.apple.com/us/app/tripadvisor-hotels-flights/id284876795?mt=8>   + Cruise Finder – iCruise.com Vacation Cruises Travel Deals The most comprehensive cruise-vacation planning apps in the travel industry.<https://itunes.apple.com/us/app/cruise-finder-icruise.com/id381074627?mt=8> * Infographic:   + Difference between Budgeting & forecasting Forecasting is a tool that projects what you want to happen while Budgeting helps you manage what will happen! <http://visual.ly/difference-between-budgeting-forecasting> * TED Talks:   + Philip Evans: How data will transform business What does the future of business look like? In an informative talk, Philip Evans gives a quick primer on two long-standing theories in strategy â and explains why he thinks they are essentially invalid.<http://www.ted.com/talks/philip_evans_how_data_will_transform_business?language=en>   **Graphic Organizers**   * Crunching Numbers Notes * Crunching Numbers Notes (Key)   **Handouts**   * Anticipation Guide – Crunching Numbers: Budgeting and Forecasting * Anticipation Guide – Crunching Numbers: Budgeting and Forecasting (Key) * Crunching Numbers: Budgeting and Forecasting Quiz * Crunching Numbers: Budgeting and Forecasting Quiz (Key) * Flight Revenue Forecast * Flight Revenue Forecast (Key) * Fun Time Cruise Line Quarter Revenue Forecast * Fun Time Cruise Line Quarter Revenue Forecast (Key)   **Teacher Resource:**   * Instructions – Fun Time Cruise Line Revenue Forecast |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | **Before class begins:**  Become familiar with the teacher resource Fun Time Cruise Line Quarter Revenue Forecast Instructions so that you will understand the calculations in the Guided Practice section.  Display as many items from the Materials or Specialized Equipment Needed tab as you have available on a table in front of the room so that students may view as they enter.  Distribute the handout Anticipation Guide – Crunching Numbers: Budgeting and Forecasting and instruct students to read each statement and place a check mark to the right of each statement they THINK is true. At the conclusion of the lesson the students will reread each statement and place a check mark to the left of the statements they KNOW are true. They should also provide information that PROVES other statements which are not true.  Ask students the following questions:  Imagine yourself opening a cruise line.   * How would you know how many employees to hire? * How would you know how much food to order? * Would you know how much promotion and advertising to budget? * How many rooms will you be able to fill each cruise?   Allow time for discussion. |
| **Direct Instruction \*** | Introduce lesson objectives, terms, and definitions.  Introduce the PowerPoint Crunching Numbers: Budgeting and Forecasting and begin discussion with students.  Distribute graphic organizer Crunching Numbers Notes. Students will be expected to take notes during the slide presentation.  Announce to students that there will be a quiz at the end of the lesson.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * highlighted materials for emphasis * provide printed slide presentation for assistance with note-taking |
| **Guided Practice \*** | Distribute calculators and the handout Fun Time Cruise Line Quarter Revenue Forecast.  Display a copy of the handout on a light projector and explain how to forecast revenue for the Fun Times Cruise Line.  Refer to the teacher resource Instructions: Fun Time Cruise Line Quarter Revenue Forecast to figure the calculations.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * provide oral instructions * work with a peer tutor |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | Distribute the handout Flight Revenue Forecast. Students will work independently to complete the worksheet and answer the questions.  Remind students there will be a quiz at the end of the lesson.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * reducing the length of assignment * extended time for assignment * work with a peer tutor |
| **Lesson Closure** | Review lesson objectives, terms, and definitions.  Re-distribute the handout Anticipation Guide – Crunching Numbers: Budgeting and Forecasting and instruct students to reread each statement and place a check mark to the left of the statements they KNOW are true. Instruct them to provide information the PROVES other statements which are not true. |
| **Summative/End of Lesson Assessment \*** | Students will be assessed with the handout Crunching Numbers: Budgeting and Forecasting Quiz.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*   * oral responses * use of notes |
| **References/Resources/**  **Teacher Preparation** | **Images:**   * Microsoft Office Clip Art: Used with permission from Microsoft. * Shutterstock® images. Photos obtained with subscription.   **Textbooks:**   * Hayes, D. K., & Ninemeier, J. D. (2004). *Hotel operations management.* Upper Saddle River, NJ: Pearson/Prentice Hall. * Reynolds, J. S. (2010). *Hospitality services: Food & lodging.* Tinley Park, IL: The Goodheart-Willcox Company |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** | * Add terms and definitions to personal dictionary * Journal entries * Use “word wall” for vocabulary words * Work with a peer tutor * Peer to read materials * Highlighted materials for emphasis * Shortened simplified instructions |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** | Allow students to read these articles and websites to find out more about the travel and tourism industry technology.   * Eye for Travel – Look Long Term: Is Your Revenue Management Strategy Looking out Beyond its Nose? Planning revenue management in advance is something that we don’t often do and rightly so. However, taking a longer-term view can also reap benefits.<http://www.eyefortravel.com/revenue-and-data-management/look-long-term-your-revenue-management-strategy-looking-out-beyond-its-n> * Eye for Travel Revenue and Data Management – Airlines versus Hotels in the Battle for the Best Pricing Strategy Pricing it right is challenging at the best of times but do hotels have a smoother ride than the airlines when it comes to pinning a number on deal or fare?<http://www.eyefortravel.com/revenue-and-data-management/airlines-versus-hotels-battle-best-pricing-strategy> * Eye for Travel Revenue and Data Management – Getting Pricing Right is a Challenge but Unbundling is Here to Stay Pricing it right is challenging at the best of times but do hotels have a smoother ride than the airlines when it comes to pinning a number on deal or fare?<http://www.eyefortravel.com/revenue-and-data-management/getting-pricing-right-challenge-unbundling-here-stay>   **Reading strategy:**  Encourage students to “visualize” as they read. Many students are visual learners and will benefit from making sketches or diagrams on scratch paper as they read. Providing students with graphic organizers to help them organize their thoughts is also helpful. |
| **Quotes** | The budget is not just a collection of numbers, but an expression of our values and aspirations. **-Jacob Lew**  A budget tells us what we can’t afford, but it doesn’t keep us from buying it.  **-William Feather**  When you create a basic budget and stick to it, it will suddenly seem like you have more money. **-Dave Ramsey**  Unless you control your money, making more won’t help. You’ll just have bigger payments. **-Dave Ramsey** |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** | **Journal Entries:**   * It is important to forecast revenue and expenses for a business because … * Describe how you manage your own personal expenses. * Explain the reasoning behind forecasting both revenue and expenses and the pitfalls of forecasting one without the other.   **RAFT (Role/Audience/Format/Topic) writing strategy:**   * Role – revenue manager of a cruise line * Audience – employees * Topic – upselling * Format – email to all employees   Write an email to the employees listing the top five benefits of upselling. Provide an example of how it is done. |
| **Communication**  **90 Second Speech Topics** | * Seven to ten ways in which an airline can make money/revenue are … * If I owned a travel agency I would make additional income by … |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) | * Students can create quick response codes (QR codes look like a square with small black square dots) for travel related websites. * Students can describe a new smart phone application for travel in the future.   **Infographic:**  Infographics are graphic visual representations of information, data or knowledge intended to present complex information quickly and clearly.  The infographic below is related to this lesson. Allow students to view the image on a projector and lead a discussion concerning the information provided.   * Difference between Budgeting & forecasting Forecasting is a tool that projects what you want to happen while Budgeting helps you manage what will happen! <http://visual.ly/difference-between-budgeting-forecasting>   **TED Talk:**  TED is a nonprofit organization devoted to spreading ideas, usually in the form of short, powerful talks (18 minutes or less).  The video below is in-directly related to this lesson.  Philip Evans: How data will transform business What does the future of business look like? In an informative talk, Philip Evans gives a quick primer on two long-standing theories in strategy â and explains why he thinks they are essentially invalid.<http://www.ted.com/talks/philip_evans_how_data_will_transform_business?language=en> |
| **Family/Community Connection** | Students can invite a small business in their area, possibly a travel agency, to their class to speak about the importance to their business to forecast revenue and expenses and how it is done. They can also include strategies for maximizing revenues in the talk. |
| **CTSO connection(s)** | **Family, Career, Community Leaders of America (FCCLA)**  <http://www.texasfccla.org>   * Hospitality, Tourism, and Recreation An individual or team event – recognizes participants who demonstrate their knowledge of the hospitality, tourism and recreation industries and ability to translate their knowledge into a hypothetical or real business. Project must relate to culinary, lodging, recreation, tourism, or event coordination. * Interpersonal Communications An individual or team event – recognizes participants who use Family and Consumer Sciences and/or related occupations skills and apply communication techniques to develop a project designed to strengthen communication. |
| **Service Learning Projects** | Successful service learning project ideas originate from student concerns and needs. Allow students to brainstorm about service projects pertaining to this lesson.  [www.ysa.org](http://www.ysa.org)  Possible ideas: Students can research best practices for personal budgeting and put together a seminar for other students on how to live on a small budget. |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)