ZAZEN TAX

Surviving Seasonality

The quiet months are not a surprise, they are a timetable. Cash planning for a trade that earns unevenly and pays evenly.

Eight chapters and the 13-week discipline that names the low week before it arrives.

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The worked quarter is The Lantern House's, its takings scaled by a seasonality index from 0.86 in the quietest week to 1.12 in the loudest. The Hospitality 13 Week Cash Flow on zazentax.com carries the same index.

1 The shape of the year

Averages lie to seasonal businesses. A venue that averages 620 covers a week might never actually have a 620-cover week: it has 530s in February and 700s in August.

The honest tool is an index: each week's takings as a share of the base. The demo quarter runs from 0.86 to 1.12, and writing the year's index down, from last year's tills, is an afternoon that upgrades every forecast you make afterwards. Budgets built on the average are wrong twice a year in both directions.

2 The cash mismatch

The costs arrive evenly; the takings do not. The rent quarter and the VAT quarter do not read the index.

The demo quarter makes it concrete: the same venue, the same £11,150 weekly nut, clears it by £4,034 in the busiest week and by £509 in the quietest. And the low point of the whole quarter is week one, the rent landing on the quietest index, with the VAT from the previous, busier quarter falling due in week six. Quiet months pay busy months' taxes, which is the whole mismatch in one sentence.

3 The 13-week discipline

Thirteen weeks is one quarter of honesty: far enough to see the VAT and the rent, near enough to act.

- Takings by week, scaled by the index, not the average.
- Payroll, rent, VAT and utilities on their real dates.
- The actuals row filled in every Monday, variance read while it is a week old.
- The low week named in advance, with the buffer flag on it.

A named low week is a planning problem; an unnamed one is an overdraft conversation. The sheet rolls one week every Monday inside the Weekly Close, and the whole ritual is ten minutes.

4 Costs that flex and costs that do not

The index should reach the cost side too. Food and drink follow takings almost exactly; the rota follows it only if somebody makes it.

The demo venue breaks even at 510 covers a week, 42.5 a service. In a 0.86 week the same nut is a bigger share of a smaller room, which is why the rota must be priced against the FORECAST week, not the average one: the Rota Planner at loaded rates, the quiet Tuesday trimmed before it is worked, and the service standard held, because cutting past it cuts next month's covers and moves the break-even the wrong way.

5 Pricing the seasons

Seasonal pricing is capacity pricing: the good weeks are underpriced when the bad weeks set the menu.

- Troughs: set menus and events that buy covers without discounting the card, because a discount teaches regulars the real price.
- Peaks: hold the rate. The rooms make the point in miniature: £95 at 72 per cent occupancy beats £85 at 80, RevPAR £68.40 against £68.00, before the extra laundry.
- Events: deposits taken, and kept ones carry VAT, £8.33 recovered from a kept £10.

6 The reserve

The peak's job is to fund the trough, on purpose, with a number, in a separate account.

Size it from the index, honestly. The demo venue clears its nut even in the thin weeks, so its problem is not operating losses: it is the two lumps that fall due exactly when the margins are thinnest.

Sizing the demo reserve	Amount
Rent quarter, due in the quiet stretch	£14,000
VAT quarter, earned busy and due quiet	£16,800
What the five thin weeks clear above the nut	£6,071
The reserve the peak must bank	**£24,729**

Thirty-one thousand pounds of lumps against six thousand of thin-week margin: the peak banks the difference, monthly, on purpose. A reserve with a stated size stops being savings and starts being a plan, and the 13-week sheet says whether it is on track every Monday.

7 People through the trough

The rota flexes; the team should not have to guess how. Seasonality managed badly is just churn with a calendar.

— A stated core team, whose hours hold through the trough: the people who carry the standards carry them all year.

— Seasonal hires flagged as seasonal from day one, onboarded properly anyway: the checklist takes forty-five minutes and tribunals do not read calendars.

— Holiday steered into the trough, accrual watched in the peak, so December is not paying August's leave.

— The 18 to 20 floor priced honestly for seasonal crews: £10.85 headline is £13.45 loaded at twenty hours.

8 The January meeting

Once a year, in the quietest week, the venue meets its own numbers for two hours. The agenda never changes.

- Last year's index, actual against assumed: rewrite the twelve numbers.
- The matrix and the menu: the quarterly reprice, done with the whole year in view.
- The reserve: what it held, what it needs, what the peak must bank monthly.
- The break-even: covers per service after this year's rent and rota, so everyone knows the number the door has to beat.

Two hours, four decisions, written down. A seasonal venue that plans in January is running the year; one that plans in November is being run by it.

Where to go next

Download the Hospitality 13 Week Cash Flow and write your own index into it, then let the Break-Even Covers Calculator and the Rota Planner set the trough's targets.

Every calculator and workbook mentioned in this book is free on zazentax.com, with no email form. They use the same figures, the same conventions and the same worked venue as the chapters here.

Zazen Tax

Accountants for hospitality. If you would rather someone ran the numbers with you, that is what we are for.

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