

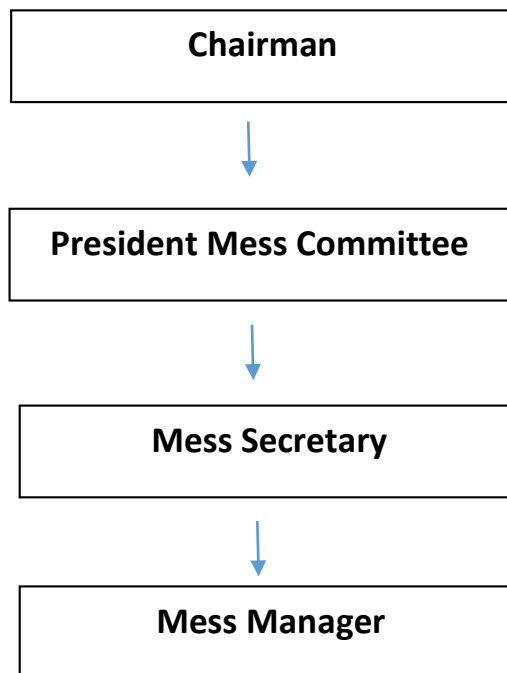
Final Submission: BDM Project

1. Executive Summary and Title

(a) **Title:** Analysis of Business of Officers Mess Air Force Station Pune

(b) **Executive Summary:** Officers Mess of Air Force Station Pune is a club for Air Force Officers posted at Air Force Station Pune. It caters facilities for approximate 250 permanent members and 500 officers transiting through the city. It offers the facilities of transit rooms for accommodation, restaurants for dining, bar, gymnasium, sports facilities, library, party rooms and other facilities. This Officers Mess works on a business model akin to clubs and resorts with income generated from monthly contributions by the members and charges from various facilities like rooms, restaurants, bar, sports facilities etc. Expenditure involves mainly towards payment of wages of employees and maintenance of all facilities in the Officers' Mess. Idea behind the research is to study the financial model of the mess analysing income and expenditure statements of various ledgers for the period 01 January 2019 - 31 December 2022. During this period, whole world suffered from Covid-19 waves and the study also included to analyse the mess functioning during those Covid-19 periods and effect of Covid-19, if any. This project is undertaken to analyse the business model of this club and study effects of Covid-19 on the growth of the club. The project also studied the steps taken by the club to mitigate the effects of the pandemic. The project involved study and analysis of data comprising of monthly trial balances and yearly audit reports to derive the insights. The project involved use of tools like Microsoft Excel along with its charts facilities to compare and analyse various financial variables available in these financial statements.

- (c) Following is the Organisation chart of the Officers' Mess Air Force Station Pune:-



2. Following were the steps involved in '**Analysis Process and Methods Involved**' :-

- (a) **Collection of Data.** Day to day management of the mess is carried out by the Mess Secretary and he is assisted by the Mess Manager for micro management of the Mess. Presently, Mess Secretary appointment is held by Squadron Leader Prabhjot Singh. He was requested to provide financial data of the mess for the research work towards 'Business Data Management' project of IIT Madras. Once all approvals taken, data was received through email in digital form on 10 January 2023. The data was provided through email and data spans from 01 January 2019 to 31 December 2022. The data was provided in form of excel sheets for each month. These excel sheets contained income and expenditure statements for that particular month. Few pictures of the meeting and letter of the mess agreeing to share the data are as follows: -



Meeting with Mess Secretary



**Squadron Leader Prabhjot Singh
Mess Secretary**

**Officers' Mess
Air Force Station
Pune – 411032**

To,


JIT Madras

CERTIFICATE

It is certified that monthly income expenditure details of 'Officers' Mess' Air Force Station Pune from 01 January 2019 to 31 December 2022 have been given to Wing Commander Lalit Kumar in digital form through email.

Unit: Air Force Station Pune

Date: 26 February 2023


(Prabhjot Singh)
Mess Secretary
Officers' Mess, Pune

Letter from Mess

(b) Before analysing the data, I gathered information about the basic role and functioning of the Officers Mess and following was revealed by the Mess Secretary during the discussion: -

- i. **Role.** The Officers' Mess Air Force Station Pune provides club services to the officers and their families posted at Air Force Station, Pune. It also caters for the visiting officers and families. In compact, the mess can be compared with a club with restaurants, bar, party rooms and guest rooms.
- ii. As the mess caters for more than 250 officers and families in terms of recreational facilities, the mess suffered during the Covid-19 period, as all the recreational facilities were closed down. However, the mess had to pay for wages and maintenance activities.
- iii. **Food.** The mess provides food facilities to around 100 living-in officers (These are the officers who dine in the mess. It is similar to the hostel dining set up). Additionally, this service is also provided to the officers who come on temporary duty to the base. The dining members are charged fixed amount every month for regular services and are charged extra for extra messing items. Visiting officers are charged fixed amount per day.
- iv. **Bar.** Bar facility is provided to all the officers and their families of the base. Additionally, this facility is also utilised by retired officers and officers coming on temporary duty to the base.
- v. **Guest Rooms.** There are 50 guest rooms in the mess and they are occupied by the officers who have come on posting but yet not allotted accommodation. Additionally, these rooms are given to the officers coming on temporary duty to the base. The charges for these rooms vary from Rupees 600 to Rupees 900 per day depending upon the type of rooms.

vi. **Party Halls.** There are two party halls in the mess and they are booked by the officers to celebrate anniversaries and birthdays. These party halls booking charges are Rupees 1000 and Rupees 1500.

vii. **Mess Subscription Charges.** All the posted officers of Air Force Station are mandatorily the members of the mess and they have to pay minimum subscription charges every month. An amount of Rupees 800 is charged from every member of the mess. Various maintenance charges like electricity bill, water charges, garden maintenance charges and miscellaneous charges are paid from this account.

viii. **Interest from Bank Deposit.** Over the years, mess has made a fixed deposit of Rupees 2 crores in State Bank of India. Interest on this is received by the mess on yearly basis.

(b) **Pre-processing of Data.** Data was provided in 48 excel sheets with each sheet containing data of one month for the period 01 January 2019 – 31 December 2022. Firstly, data was collated in a single excel sheet for various ledgers. Missing values were checked and it was found that there were no missing values. At some places, there were blank entries and these entries were converted to zero, as it was confirmed from the Mess office that they were actually no entry for them.

(c) **Addition of new Columns.** After collation of the data in a single sheet, additional columns were added and profit for each ledger was calculated by subtracting expenditure from income. Thereafter, the sum of these profits was used to find the total profit. This gave monthly profit for the mess.

(d) **Summary Statistics.** ‘Summary Statistics’ feature from Data Analysis add –in of Excel was used to find summary statistics of each ledger and total profit.

(e) **Statistics Tools.** Statistics tools of Excel in form of formulas for correlation, average, standard deviation etc were used to find statistical data of all the ledgers for their income, expenditure and profit figures. Same were used for the total profit to find mean monthly profit and standard deviation.

(f) **Visualisation Tools.** Visualisation tools of Excel were used to visualise the data. Each ledger's profit was plotted month wise by using 'Line Chart'. This gave visual indication of the profit generated by each ledger from Jan 2019 to 31 December 2022.

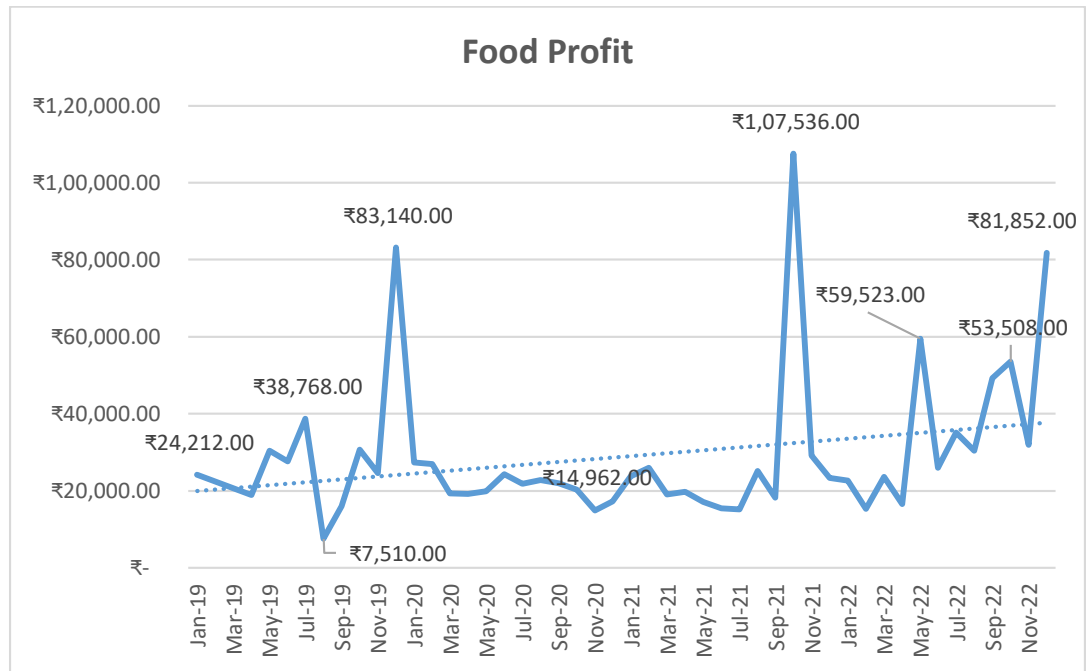
(g) **Using Excel Pivot Table.** 'Pivot Table' feature of the Excel was used to find year wise profit share of all the ledgers. Then this was plotted on 'Pie Chart' to find any variance of the profits from different ledgers for each year.

(h) Various other tools of Microsoft Excel were used during the analysis. Some of the tools used were COUNTBLANK, AVERAGE, MIN, MAX, AVERAGE.

3. **Results and Findings** Each ledger was analysed in detail with the help of tools available in Microsoft Excel. Following are the major findings: -

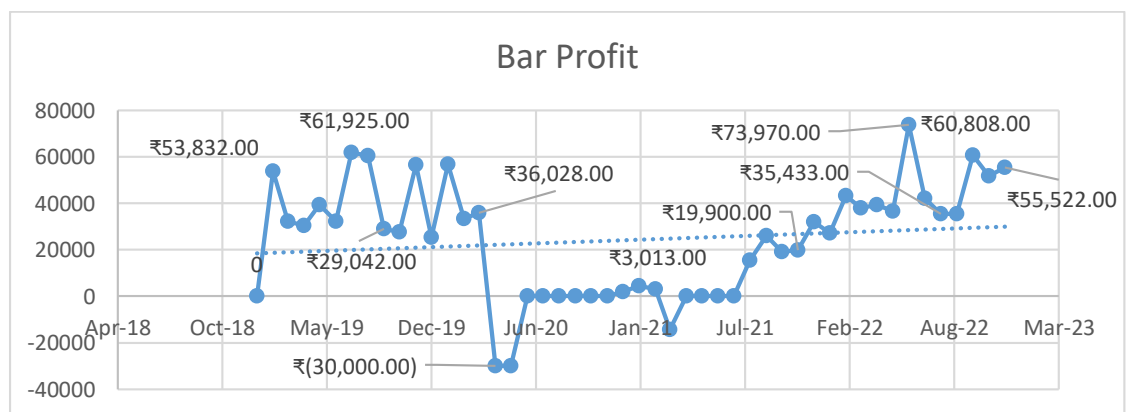
(a) **Food.** The food ledger contains monthly income and expenditure statements. Average monthly income and expenditure on food from 01 Jan 19 to 31 Dec 22 is Rupees 685608.00 and Rupees 656705.00 respectively. Average monthly profit is Rupees 28904.00. Standard deviation of profit is Rupees 19308.00. There is sharp increase in Food profit in January 2019 and October 2021. This means that there were some major events taking place in the Officers' Mess during these months. It was confirmed by the Mess that there was a big New Year Party celebrations on 31 December 2019, and there was Air Force Day party conducted on 08 October 2021. There were attendees in large number during these events and there was good food profit accrued from these events. Food profit remained nearly constant during Covid -19 periods, and this means that messing facility continued during the Covid-19 periods.

(b) Following is the trend for the profit from 01 Jan 19 to 31 Dec 22:



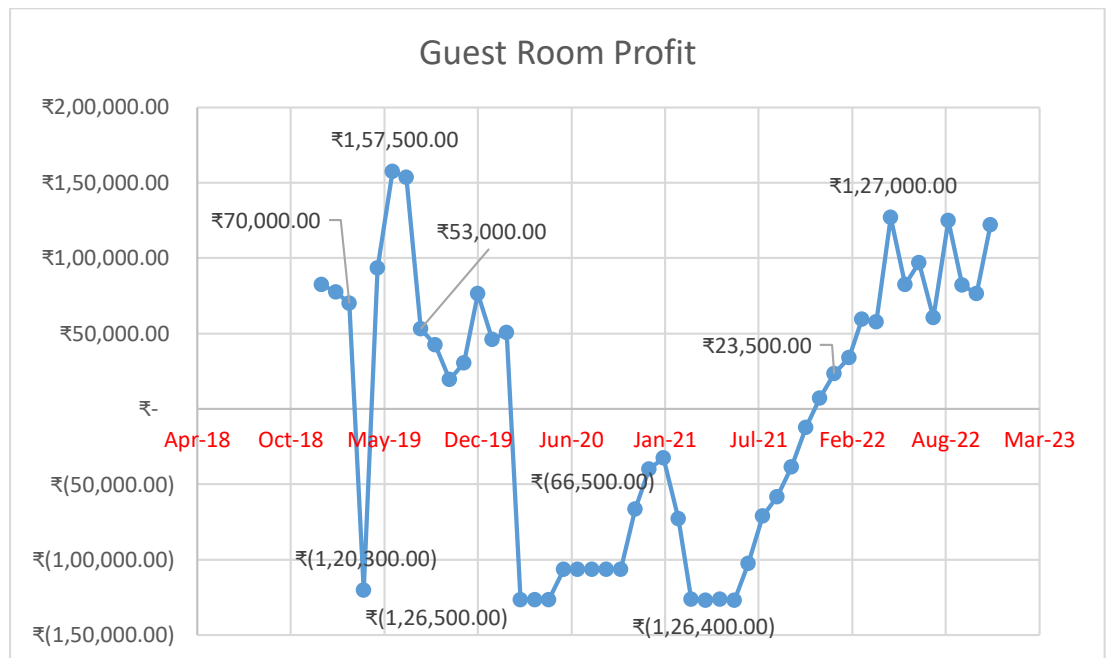
Food Profit

(c) **Bar.** Average monthly income and expenditure on Bar from 01 Jan 19 to 31 Dec 22 is Rupees 141944.00 and Rupees 115844.00 respectively. Average monthly profit is Rupees 26100.00. Standard deviation of profit is Rupees 26185.00. This is due to bar closure during Covid – 19 periods. Both from excel sheet and the line chart of Bar profit, it was found that the Bar remained closed during the Covid-19 periods. Following is the trend for the profit from bar from 01 Jan 19 to 31 Dec 22:



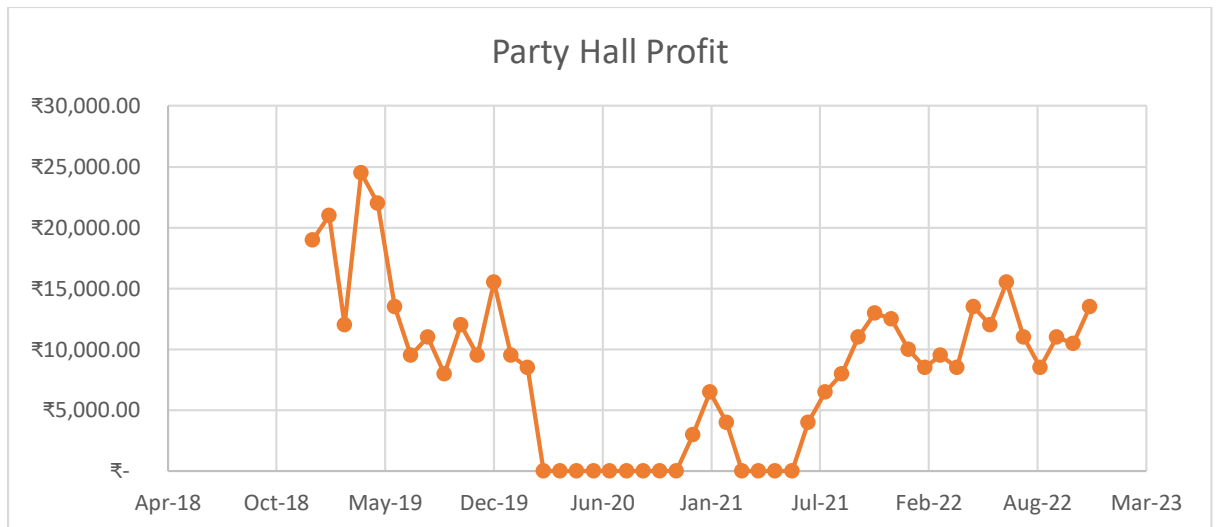
Bar Profit

- (d) **Guest Rooms.** Average monthly income and expenditure on Guest Rooms from 01 Jan 19 to 31 Dec 22 is Rupees 151598.00 and Rupees 15246.00 respectively. Average monthly profit is Rupees - 2648.00. Standard deviation of profit is Rupees 91680.00. This is due to effect on Guest Room bookings during Covid – 19 periods. Following is the trend for the profit from Guest Rooms from 01 Jan 19 to 31 Dec 22:



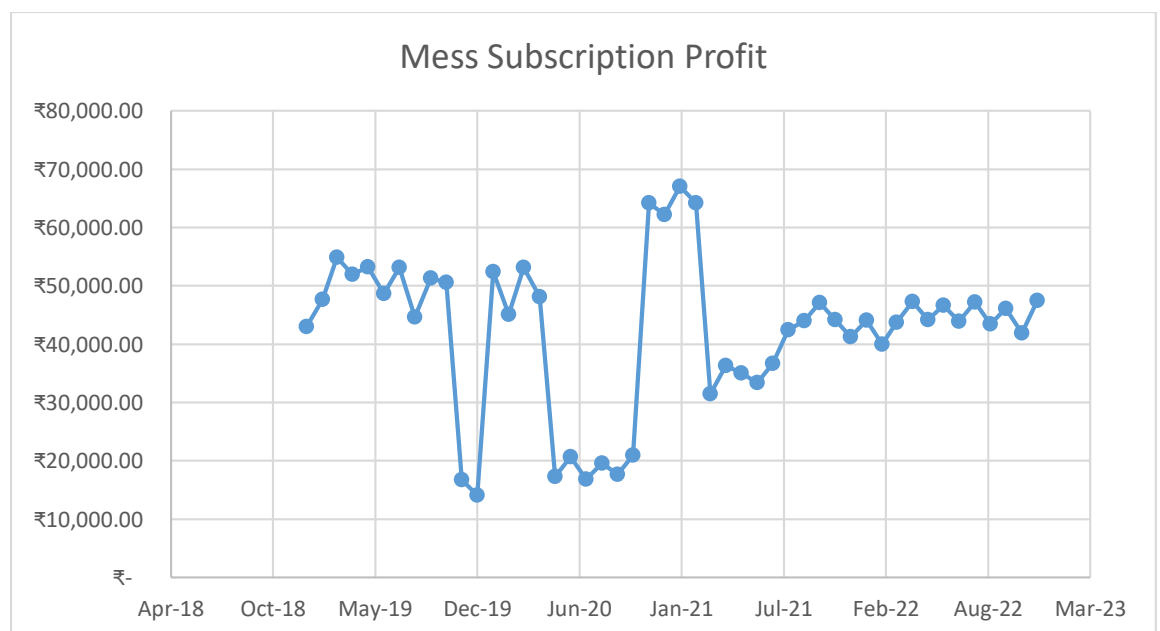
Guest Rooms

- (e) **Party Halls.** Average monthly income from Party Halls from 01 Jan 19 to 31 Dec 22 is Rupees 8250.00, whereas there has not been any expenditure on Party Halls from the ledger. Thus, average monthly profit is also Rupees 8250.00. Standard deviation of profit is Rupees 6526.00. This is due to effect on Party Hall bookings during Covid – 19 periods. Following is the trend for the profit from Party Halls from 01 Jan 19 to 31 Dec 22:



Party Hall Booking

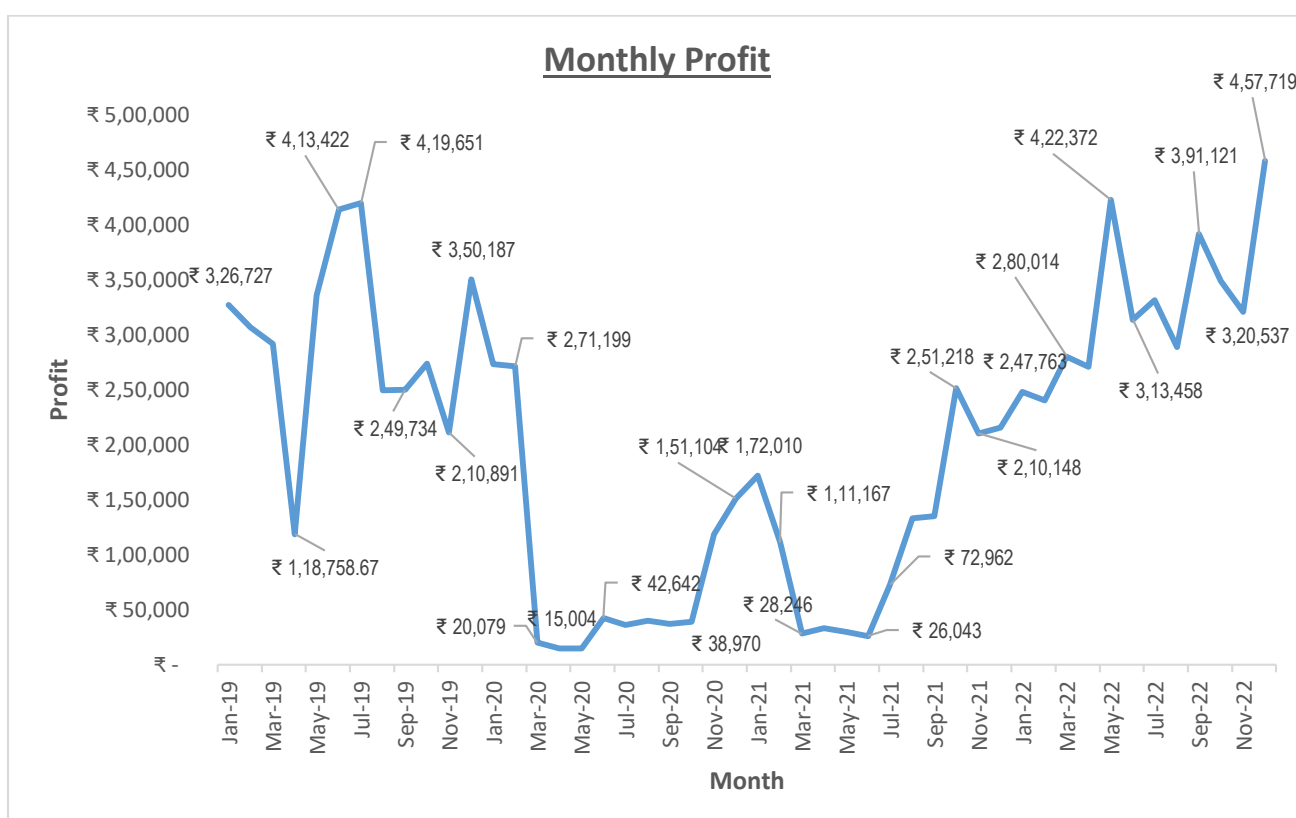
- (f) **Mess Subscription Charges.** Average monthly income and expenditure on Mess Subscription from 01 Jan 19 to 31 Dec 22 is Rupees 205324.00 and Rupees 164331.00 respectively. Average monthly profit is Rupees - 40993.00. Standard deviation of profit is Rupees 16788.00. This is due to effect expenditure incurred during Covid – 19 periods. Following is the trend for the profit from Mess Subscription from 01 Jan 19 to 31 Dec 22:



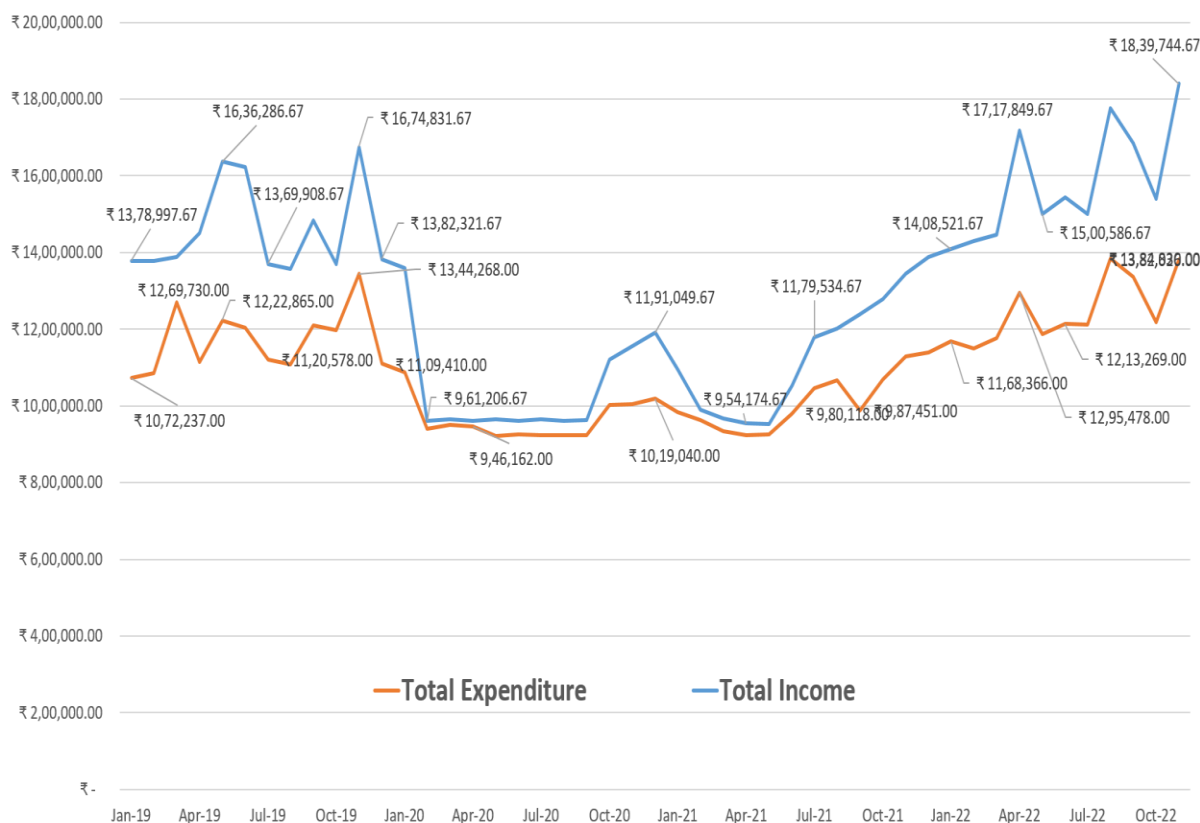
Mess Subscription Profit

(g) **Interest from Bank Deposit.** Average monthly interest from bank is 01 Jan 19 to 31 Dec 22 is Rupees 10467.00. There is no expenditure from this ledger and thus average monthly profit is also same. It has uniform distribution.

(h) **Total Monthly Profit.** Line chart was made for the Monthly Expenditure and Monthly Income to see the pattern in them. Line chart was also made for the Monthly Profit. From the line chart of the monthly profit, it emerges that the profit suffered heavily during Covid -19 periods of April 2020- October 2020 and April 2021 to June 2021. Same is evident from the following monthly income vs expenditure line charts:

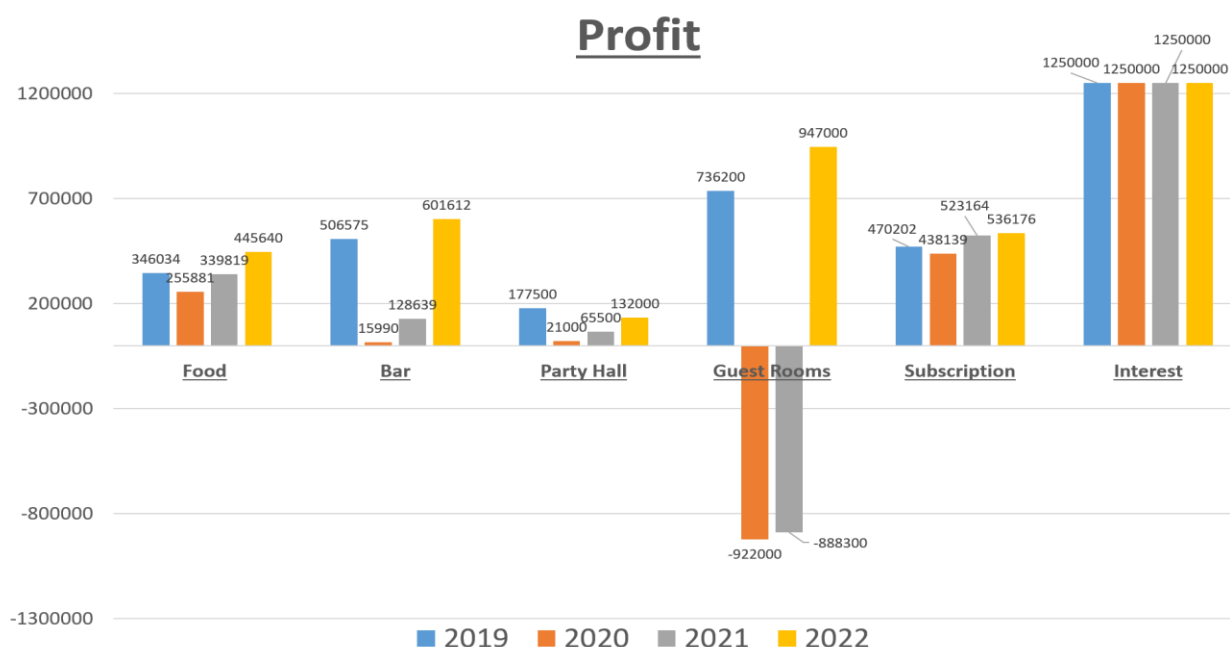


Monthly Profit Line Chart

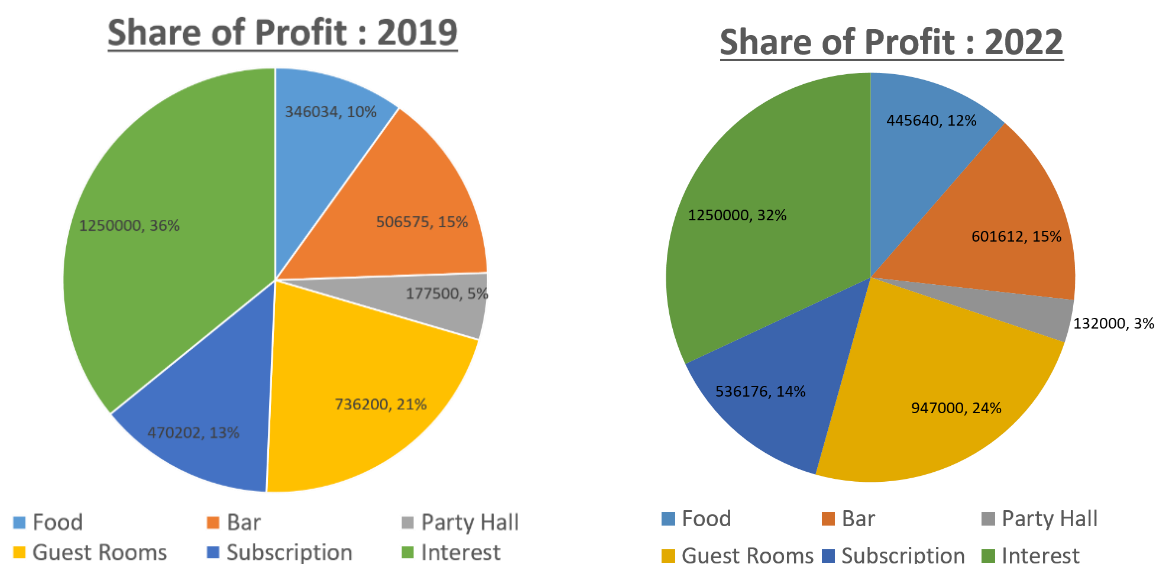


Monthly Expenditure and Monthly Income Line Chart

(i) **Year Wise Profit From Different Ledgers.** From year wise profit share of different ledgers, it emerges that 'Guest Room' ledger contributes maximum to the profit. However during Covid -19 periods , profit from this ledger suffered heavily and it ran in to loss during these periods due to maintenance charges incurred on these rooms, and very less income from these rooms. Following is the yearly share of different ledgers in total profit:-



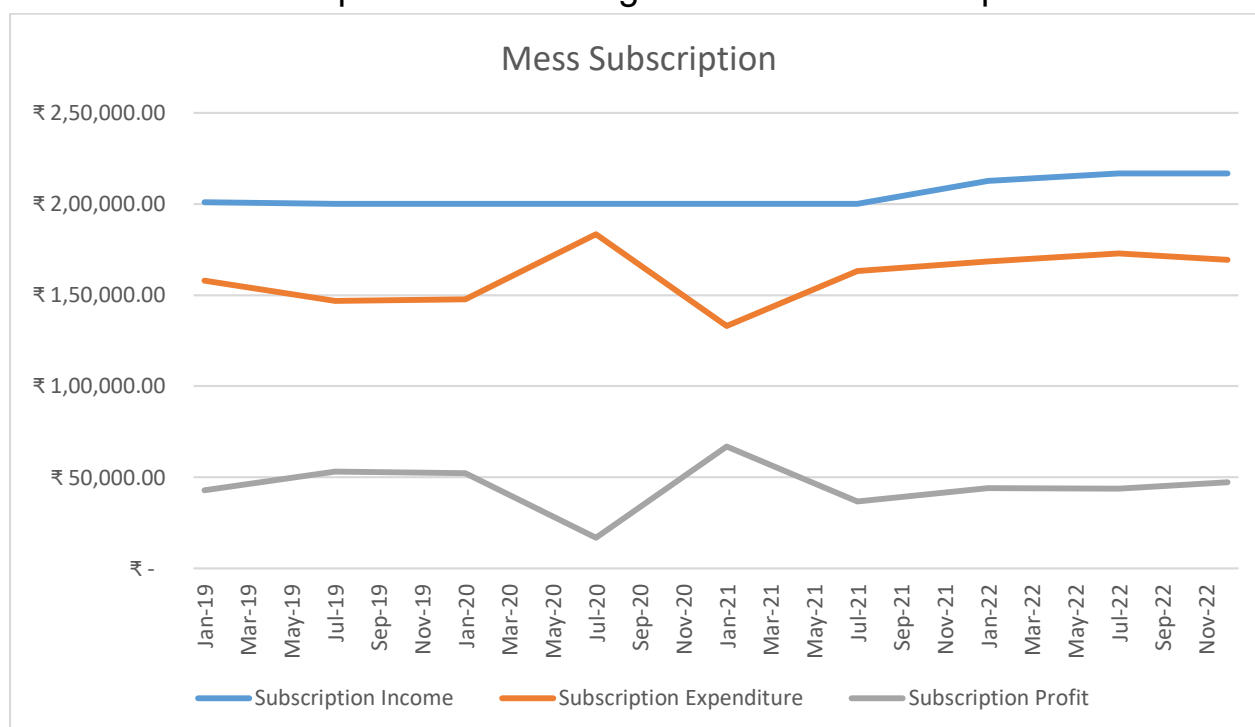
Yearly Profit



Share of Profit : 2019 vs 2022

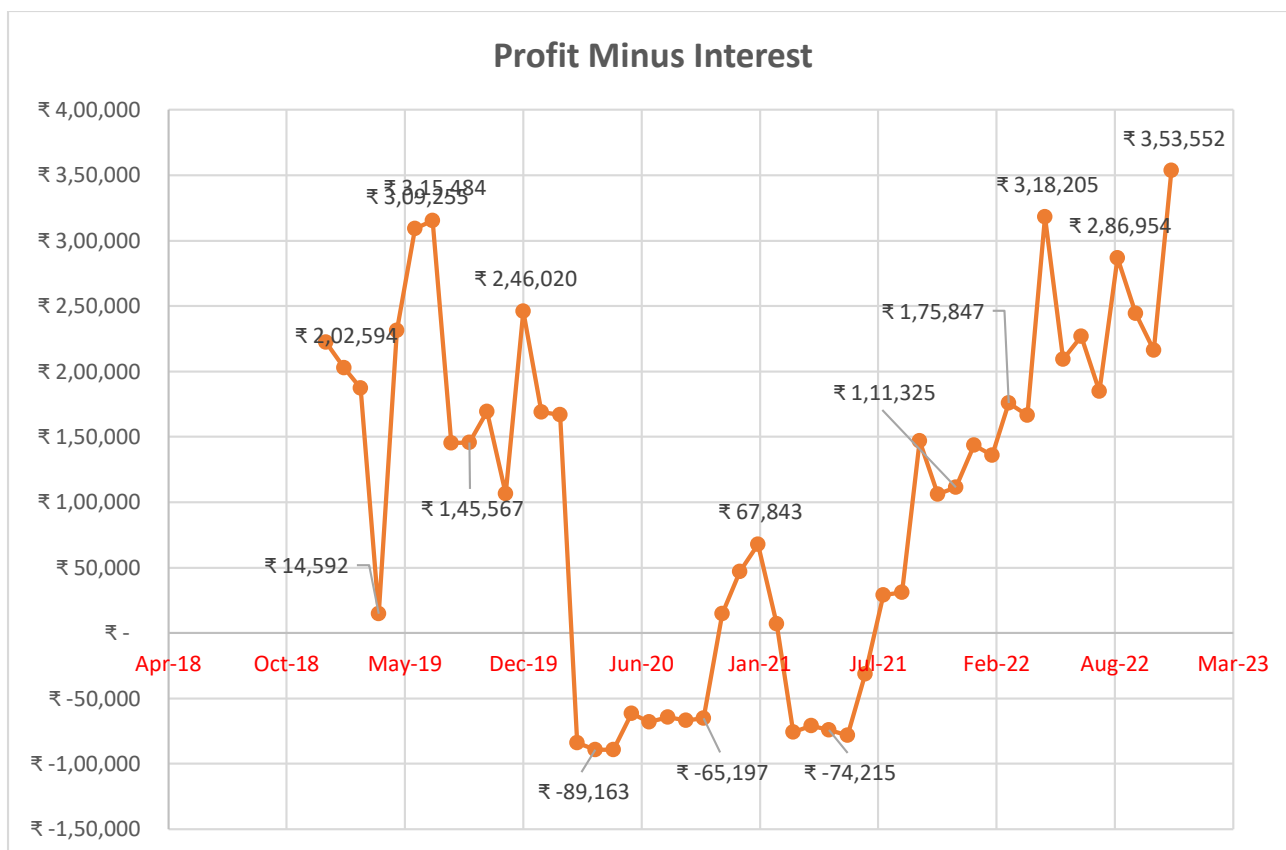
(j) **Role of Mess Subscription.** Mandatory monthly mess subscription of all the members has shown consistent income and expenditure. Same is reflected in the monthly average profit of this ledger. After enquiring from the Mess office, it was found out that this ledger is used for payment of electricity and water charges, insurance premium and payment of wages of office staff. This ledger along with

'Interest from Bank' effectively sustained the mess operations during the Covid -19 periods. Following is the 'Mess Subscription' line chart:



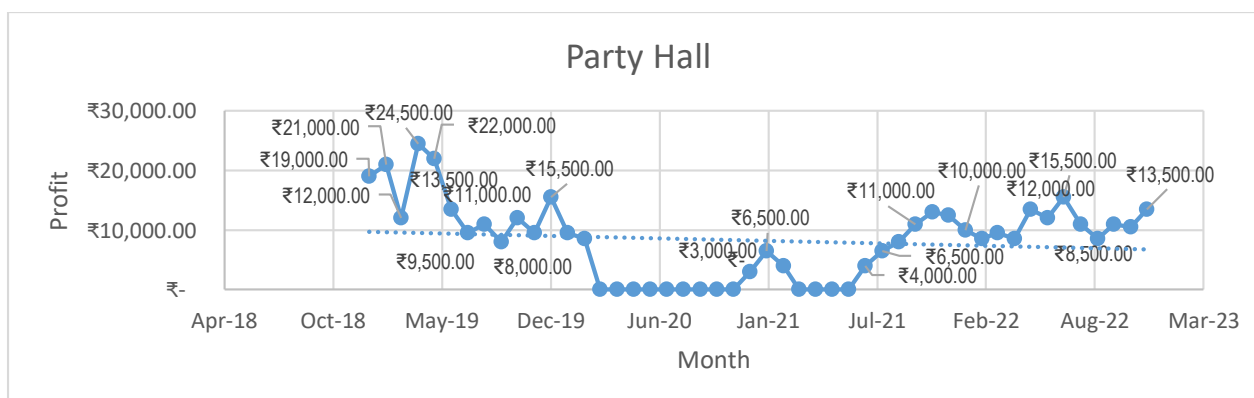
Mess Subscription

(k) Role of 'Interest from Bank'. 'Interest from Bank' is paid on yearly basis on Fixed Deposit of Rupees 2 crores in bank. Monthly share of the yearly interest was taken into the account. Total profit of the mess was calculated deducting this amount and it emerged that mess ran in loss in absence of this amount during Covid-19 periods. Therefore, this ledger played a very important role in sustenance of mess operations during Covid -19 periods. Following is the visual representation of the aforesaid analysis:



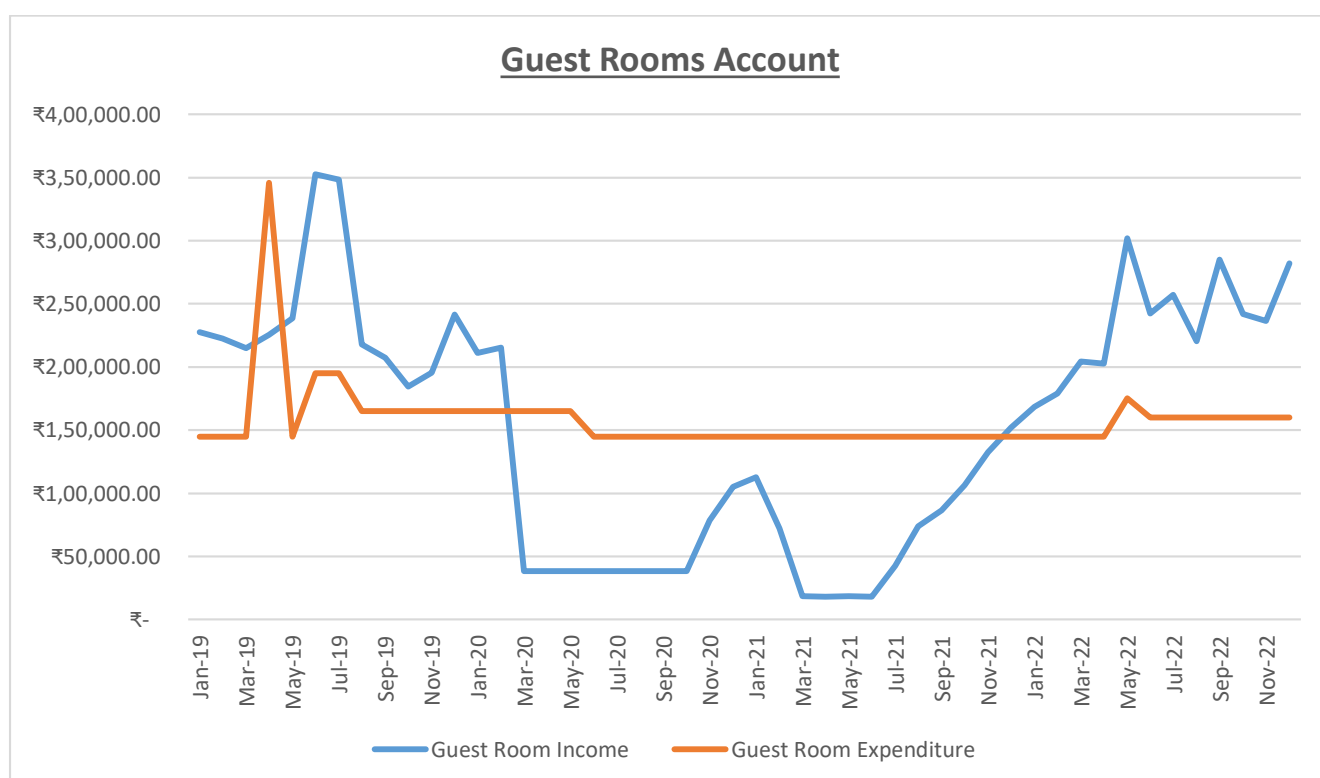
Profit Minus Interest

(I) **Partying Habit.** If we compare the profit generated from booking of 'Party Halls', it emerges that it has decreased in 2022 in comparison to 2019. During Covid-19 periods, it had become zero, means that these party halls were closed down, and there was no party allowed in the Mess. This is also corroborated by the same pattern in the Bar expenditure. From reduction in party halls profit from 209 to 2022, it can be deduced that partying habit of individuals has declined. Following is the chart for party profit:-

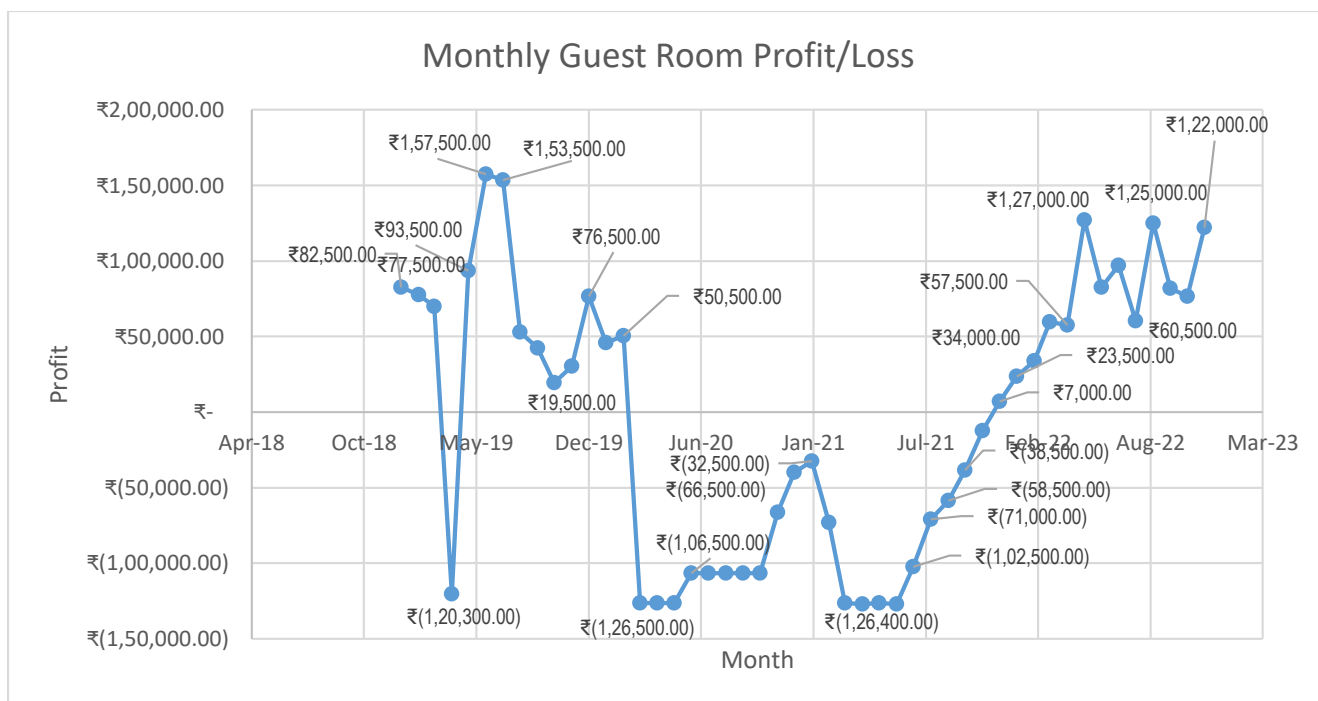


Party Hall Profit

(l) **Mess Operations.** Study of the income, expenditure and profit statements reveals that 'Bar', 'Guest Rooms' and 'Party Halls' suffered heavily during the Covid-19 period, however the expenditure on 'Guest Rooms' and 'Bar' continued. It was checked with the Mess office and it was found out that this expenditure was incurred on the wages of the people employed for maintenance of rooms and bar. It reveals that the Officers' Mess did not resort to firing of staff during Covid -19 periods and it reflects a very positive culture of the Officers' Mess. Following is the line chart for Income and Expenditure from Guest Rooms:-



Guest Rooms Income and Expenditure



Guest Rooms Monthly Profit/Loss

(I) **Findings and Recommendations.** Following are the major findings from the analysis of the financial statement of the Officers' Mess Air Force Station Pune from 01 January 2019 to 31 December 2022:-

- (i) **Role of Interests from Bank, Mess Subscription and Guest Rooms.** Interest from Bank, profit from Guest Rooms and the Mess Subscription are the major contributors towards the overall profit of the Officers Mess. Out of this, Interest from Bank and Mess Subscription are of constant nature, where as profit from Guest Rooms depend upon the occupancy of these rooms.
- (ii) **Guest Rooms Upkeep.** During non-Covid period, profit from Guest Rooms was fluctuating showing specific periods when these rooms were occupied. This demand of rooms during these periods can be attributed to some incoming detachment or people coming for admissions of their children, as Pune is major hub of academic institutions. This is corroborated by the Guest Room occupation in month of May to July in 2019, 2021 and 2022. The Mess

can forecast the requirement of manpower accordingly and can recalibrate strategy of man management towards the Guest Rooms.

- (iii) **Guest Rooms Profit.** From the Income and Expenditure of Guest Rooms, it is evident that the Officers Mess spent towards the upkeep of these rooms, despite the low occupancy of these rooms. **This is a major finding, which is applicable to all hotels and resorts that they have to maintain the rooms despite the demand of rooms. This expenditure is to be minimised by use of mechanised tools.**
- (iv) **Food Profit.** Profit from food did not get affected due to Covid-19 inferring that the messing facilities to the bachelor officers did not stop. However the expenditure towards food can be lowered by use of mechanised tools.
- (v) **Bar Profit.** Analysing the Bar data, it is evident that the Bar was closed down during Covid-19 period, and there was loss incurred due to that. It means that the people working in Bar were not fired and were kept on duty. This reflects the Organisation culture of looking after their employees.
- (vi) **Party Halls Profit.** There is a reduction in Party Hall bookings in 2022 in comparison to 2019. This infers that there is a reduction in partying culture. This might be due to the after effects of Covid -19 wherein people have become aware of good lifestyle and food habits.
- (vii) **Overall Mess Profit.** Despite Covid-19, monthly profit of the Mess remained positive, and this can be attributed to the Interest from Bank and the Mess Subscription. Therefore, for an entity in similar business, it is important to park some amount in fixed deposits which can sustain that entity in the times of crisis like Covid-19.

- (viii) **Mess Subscription.** Role of the Mess Subscription is also significant as it was of constant source of revenue for the mess. Therefore, for resorts, hotels, clubs etc facilities can be extended for people ready to subscribe for long durations while paying monthly charges. This amount will always be there with these entities and would come handy during times of crisis.
- (ix) Considering the role of 'Interest from Bank' during Covid - 19 periods towards sustenance of Mess operations, it is recommended that the Officers' Mess should increase the amount of "Fixed Deposit" in the bank. Every year, Mess should park some amount of yearly profit in the Fixed Deposits in the Bank. Over the years, this would become substantial and would be the major source of revenue for the Mess. This would support the mess during any lean periods like Covid -19 or any other contingency.