



# Human Resources

by Steve Wilson

## Hospitality outsourcing for your hotel: Frequently asked questions

*Another great article from The Rooms Chronicle®, the #1 journal for hotel rooms management! \*\*\*Important notice: This article may not be reproduced without permission of the publisher or the author.\*\*\* College of Hospitality and Tourism Management, Niagara University, P.O. Box 2036, Niagara University, NY 14109-2036. Phone: 866-Read TRC. E-mail: editor@roomschronicle.com*

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Due to a weak economy and high levels of unemployment, management teams at hotels, casinos and vacation ownership properties have faced increased pressure by their owners to cut costs and become more efficient, not just with managing resources but in staffing matters. It is no surprise to any veteran hotelier that staffing expenses are typically the greatest burden carried by a lodging property. Add to this the growing number of government-imposed hiring regulations emplaced upon employers and it is easy to see that many hotel managers are asked to deliver more with fewer resources available to them.

Because of these challenges, outsourcing in the hospitality industry has and continues to grow by leaps and bounds across the United States and in the Caribbean. Many hotels brands have sought out the benefits afforded by outsourcing at least some aspects of their labor operation.

Here is a list of the ten most frequently asked questions and answers about the benefits of outsourcing various labor functions within a hotel:



### 1. What are the benefits of outsourcing?

The greatest benefit is savings in time and money. Outsourcing can eliminate hotel management's role in recruiting, background employee checks, drug screening, and training expenses, all saving executive time which can then be focused on sales, marketing and customer service. For employees, it offers the opportunity for more job training and advancement possibilities. Plus, it can eliminate concerns and worries about the ever increasing government and workplace regulation. And finally, it can mean quality assurance. Some companies guarantee certain high levels of quality.

### 2. Can a hotel provide five-star service if it doesn't have its own employees?

Absolutely. Five-star hotel and resort companies and independent properties frequently outsource part or all of their service departments. It is critical that the outsourcing partner understands the culture and quality expectations for the brands and properties in which they serve. This should be made clear prior to retaining an outsourcing partner.

### 3. Are there benefits for employees?

Leading companies offer participation in everything from medical, dental and vision benefits, to short-term disability insurance, IRAs, credit unions and discount programs with select suppliers. Plus, there can be opportunities for advancement in this fast growing field as well as training.

#### **4. Can a hotel keep its existing employees?**

Most hotels retain existing staff at their same rate of pay; they just add to existing staff. This can occur in one of two ways. Outsourced staff can be used to augment existing personnel, especially during peak periods of occupancy, or outsourced staff can assume entire responsibility for roles and departments such as routine housekeeping, night cleaning, deep cleaning, valet parking, laundry, landscaping and more.

#### **5. What are cost savings that a hotel can anticipate?**

Depending on the number of services chosen, savings can be anywhere from several percentage points to up to 20%. Factors that will affect the level of savings include the number of outsourced personnel needed by the property and the number of hours that they work, the technical and interpersonal skills required for each position, benefits that a hotel wants provided to outsourced personnel, and any specific expectations required by Management to be met.

#### **6. What services can be outsourced?**

Turnkey housekeeping, night cleaning, stewarding, window and chandelier cleaning, floor care, kitchen cleaning, casino cleaning, security, landscaping, laundry management and valet parking services. Despite the weakened economy, it is often difficult for hotels and resorts to staff many of these positions, which are seen by many as undesirable and labor-intensive. Outsourcing companies typically specialize in staffing for these positions as they are able to recruit from pools of suitable applicants that gravitate to these types of positions.

#### **7. Who handles immigration and other governmental regulations? If, in the event of problems, who is liable?**

The outsourcing company handles all government and workplace checks for everything from drug testing and background checks for immigration and criminal records (e-verification) to payroll. Again, the premise is to free up hotel managers from routine paperwork responsibilities so they may focus on guest interaction, generating gross revenue, engaging in strategic planning, and meeting ownership's expectations.

#### **8. What services are not customarily handled by hospitality outsourcing companies?**

Front of the house operations such as front office, sales, marketing and accounting are typically not handled by outsourcing companies. Most hotels prefer to retain these functions internally.

#### **9. How can outsourcing companies achieve these often double digit savings?**

Lower vendor prices and economies and efficiencies of scale enable outsourcing companies to deliver these savings. Remember that outsourcing companies provide employees for multiple hospitality properties, yet these companies focus primarily on recruitment, training and staffing only for the positions with which they supply personnel. In other words, outsourcing companies are staffing specialists. By virtue of this narrow scope of responsibility, they enable hotel managers to focus on top-line revenues and realize bottom line savings by controlling employee-related expenses.

#### **10. How should a hotel choose an outsourcing company that is best for its needs?**

Ask colleagues in the industry for recommendations and then set up interviews with candidates. In addition to reviewing the answers to the above questions, ask about their longevity with existing clients and look at the credentials of the management team and, very importantly, ask a lot of questions about employee background checks and employment verification compliance. To achieve satisfaction, it is imperative that all your expectations be made clear up front. Expectations that are not conveyed to an outsourcing firm may go unrealized. Hence, clear and honest dialogue is imperative. ✧

#### **Did you know?**

- The travel and tourism industry in the United States paid \$188 billion in travel-related wages and salaries and employed 1.76 million hotel property workers in 2010.
- Tourism directly supported more than 7.4 million travel and tourism jobs in the United States in 2010.
- Total U.S. lodging industry revenue in 2010 was \$127.7 billion while it generated \$18.0 billion in pretax profits.

Source: 2011 Lodging Industry Profile prepared by AH&LA

*(Steve Wilson is the President and CEO of The Service Companies (TSC), a one-stop-shop for outsourcing in the hotel, casino and vacation ownership industries. The 24 year old TSC today serves nearly 375 properties in 38 states and the Caribbean with 4000 employees. Before joining TSC Wilson spent 20 years with Hyatt Hotels including general manager positions at several high-profile domestic properties. Website: [www.theservicecompanies.com](http://www.theservicecompanies.com))*