



# Risk Management

by Jim Stover

## Trends in hospitality loss control

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2009 is being heralded as an extremely difficult year for the hospitality industry with weakening occupancy figures and softening room rates. Added to this unsettling mix are a couple of rather adverse trends that are surfacing in the area of loss control.

### Beware of the disgruntled employee

As companies are aggressively searching for ways to control expenses, they may focus on methods to increase productivity and/or reduce headcount. This process may increase stress on line employees and perhaps even foster a disconnect between them and Management's basic philosophies.

It is not uncommon for a stressed employee to adopt a "me first" attitude coupled with the belief that they are being worked too hard and the company does not care about them. This toxic mix can easily lead to employee theft, malingering, and work-related injury fraud. Savvy managers will work to keep lines of communication between Management and associates open and strive to keep them informed about current and future plans. Those hotel companies that share information on their current and projected performance statistics, forecasted profitability, and expenses incurred (including employee benefits) with their associates usually have fewer negative incidents.

Fostering an attitude of shared hardship with a promise of future reward for loyalty and productivity is a very successful tactic. Misinformation, disinformation, or lack of information shared with employees may cause some to panic, blame Management for the current state of economic conditions, seek retribution, or perhaps even consider or perpetrate unthinkable acts towards their employer and its representatives and assets.

### Beware of the toxic guest

In the quest for revenue, beware the pitfalls of relaxing hotel standards to attract guests in a constrained market. Reducing room rates to increase occupancy may backfire if the hotel attracts the "wrong" kinds of guests. Upper scale properties that try to compete with middle market or even economy lodging may appeal to the type of clientele that may damage the property's reputation, not fit in with existing guests' expectations, or even commit illegal acts in guestrooms.

There has been an uptick in drug sales and methamphetamine manufacturing in mid- to upscale properties and even an increase in filming pornographic movies in hotel rooms. These undesirable guests, attracted by lower rates and upscale amenities, have become a major headache to several lodging companies. To prevent incidents such as these, hotels are reminded of the following:

- *Do not relax the hotel's policy on renting to minors, locals, etc.* If current policy is to not rent rooms to those under 18 and to restrict renting to locals, keep this policy in place. If the hotel does rent to young adults, consider publishing a "Rules of Conduct" outlining what is and is not allowed on property and the consequences for violating the rules (eviction, calling the police, etc.). These rules should address illegal activities, parties in guestrooms, minors with alcohol, overcrowding, etc.
- *Obtain and photocopy picture identification from all cash-paying guests.* All too often, guests misbehave in hotels and motels because they feel they are anonymous and there are no consequences for their bad behavior. A government issued ID will ensure they are no longer anonymous and can be held accountable for inappropriate behavior.
- *Hotel staff must be trained to respond when "something doesn't look right."* If a guest's attitude or behavior arouses the suspicion of an employee, train them to report it to Management or the police immediately. As veteran hoteliers, we can all attest to situations where we were able to predict that something undesirable would happen based upon our observations of people and conditions. These gut hunches are not paranormal predictions; they are

based on years of experience and knowing who the hotel's typical guests are and how they should act. Chances are that if something just doesn't seem right, it isn't. Act now or clean up the results afterwards.

The lodging industry has weathered other economic storms in the past and will come out the other side of the current one with a healthier bearing. Remember: "Act in haste, repent at leisure." ✧

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