



Risk Management

by Todd Seiders, CLSD

More money-saving risk management strategies for hotels in lean economic times

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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During this current slowdown in the economy, and with the possibility that it will continue for at least another year, now is a great time for each hotel to review its risk management and loss preventions strategies.

Here are some suggestions to help your hotel save money:

- 1. Re-energize your employee safety training program.** Review proper safety techniques when handling chemicals, blood borne pathogens, and the biggest threat to worker safety – safe lifting techniques. Show safety training videos and demonstrate proper safety techniques. Review employee work practices and correct any unsafe work habits or behavior. Preventing employee injury will save the hotel money on Workers Compensation insurance. Establish a Safety Committee in the hotel and get them working on employee safe work issues.
- 2. Investigate all Worker Compensation injuries.** Inevitably, when any employer starts cutting employee hours, or having lay offs, employees will file more Workers Compensation claims in an effort to save their job. Conduct thorough but impartial accident investigations and interviews of injured employees.
- 3. Do NOT give individual guests credit or allow them to pay in the “rears”.** Our firm is getting dozens of calls from hotels across the country who are in trouble because they allowed guests to stay without paying, and now are owed hundreds and/or thousands of dollars. If a guest falls behind on their payment just one day, lock them out and make them move out until they have payment. DO NOT wait for several days without payment with a promise to pay. This may sound draconian but a prudent hotelier must be realistic. Most of these non-paying guests are attempting to scam any willing hotel; they are purposely stringing you along with occasional payments and promises to pay. Therefore, it is imperative that a hotelier act quickly the first time a guest misses a payment. As the economy worsens, more individuals will be engaging in this type of behavior. Most states have laws that allow a hotelier to lock out non-paying guests, and/or hold their personal belongings until payment is rendered. DO NOT get fooled by non-paying guests with tragic stories. Appropriately punish hotel employees for extending credit to guests without a manager’s authorization as this could be indicative of collusion with the guest designed to defraud the hotel.
- 4. Time to review all of your vendor and supplier service contracts, and transfer risk away from you.** Get certificates of insurance from all of your vendors and service providers to ensure they are carrying liability and Workers Compensation insurance for their employees. Small independent service providers in a downward economy may not renew their insurance to save money, which leaves your hotel to have to pay for damage, injury, or negligence caused by contractors or vendors on your property. Have these contractors and vendors name your hotel as an “additional insured” on their insurance, so the hotel is covered for bad things that they do. Draw up a general indemnification “hold harmless” duty to defend agreement and have ALL of your vendors and service providers sign it. This agreement basically says that any negligence caused by them will be paid for by them, and any negligence by the hotel or hotel employees will be paid by the hotel. This is essentially free insurance for the hotel and will save it considerable money if something bad happens that you, your staff, your services, or your property did not cause.
- 5. Has your hotel complied with the Virginia Graeme Baker Pool and Spa Safety Act?** The deadline for compliance with this pool safety act is December 20, 2008 (yes, this month). If this is the first time you have heard of this safety act and your

hotel has a pool, spa or hot tubs for guests, you're in big trouble. **Review the accompanying insert** that summarizes each hotel's responsibility regarding this very important safety legislation.

From the TRC archives

The following related articles are available for download from *The Rooms Chronicle* website at www.roomschronicle.com:

- "Back injuries remain the nation's number one workplace safety problem." Vol. 13, Number 1.
- "Transfer your risk...Don't get stuck paying for something you didn't do!" Vol. 15, No. 4.
- "Preventing on-the-job theft: Tips for ducing employee theft and credit card fraud." Vol. 16, No. 1. ✧

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