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A KBS COMPANY



HOSPITALITY
STAFFING
SOLUTIONS

The Hospitality Guide to **Pandemic Recovery**

General managers of hotels, resorts, casinos, and other hospitality venues are faced with unprecedented challenges. COVID hit hospitality much harder than other sectors and the recovery has been difficult, to say the least. Labor shortages, new guest demands for cleanliness, and slow-to-recover business travel are just a few of the hurdles GMs face today as they fight to return to a new normal in the weeks, months, and even years, ahead.

To help address these challenges, HSS and its parent company, KBS Services, have taken the best practices from across the hospitality and other industries to create this guide for raising standards and lowering costs during this challenging economic recovery period. Leveraging these strategies – some of which may change how hospitality venues historically operated – can help position properties for success during the short-term recovery period and well into the future.

Based on 30 years of experience; a national presence; and collaborative work with owners, national brands, and management companies; this guide offers strategies on what works, what doesn't work, and how hotels can achieve success for themselves and for their properties.

Hotels can achieve success for themselves and for their properties.

Five Key

challenges

Challenges

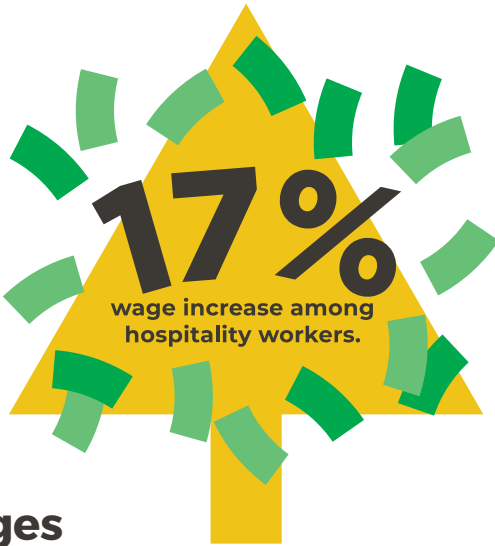
for Hotels and Resorts

1

Labor Challenges

During the pandemic, many hospitality workers left the industry altogether, often for jobs in the fast-growing warehouse and distribution sector. Many others have simply opted out of the workforce to care for children or the elderly, or simply have not felt comfortable returning to the workforce.

And while some have pointed to the end of state and federal emergency assistance programs, Q4 labor data show this is largely wishful thinking. For example, unemployment claims in Q1 of 2020 (pre-pandemic) were at 2.4 million while in Q4 of 2021 they were at 1.8 million – down from a peak of 25 million at the height of the pandemic (see chart B). This is coupled with a 17 percent wage increase among hospitality workers (see chart C). In other words, unemployment has reached pre-pandemic levels while wages have increased significantly. This challenge is likely to persist well into 2022.



2

Guests with Higher Expectations

How guests perceive and judge cleanliness and hygiene has been dramatically altered. What have always been high-expectation standards in hospitality have accelerated.

This heightened awareness, present across a range of industries and venues, is amplified in hospitality. The high “home away from home” cleanliness standard applies to individual guest rooms, lobbies, dining areas, fitness centers, swimming pools, hallways, parking lots and other external areas.

For example, one recent study showed that “of those planning to travel over the next 12 months, over 80% intend to look at health and safety protocols before choosing a hotel. Moreover, over 57% would pay more for a room that is certified clean.” The 2020 J.D. Power North America Hotel Guest Satisfaction Index Study ranked room cleanliness at the top of the list.

Addressing these higher expectations amid many of the other challenges listed here is a major concern for the industry. Elevating guest trust and satisfaction with elevated appearance will be paramount.

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3 A Slow Recovery from a Deep Impact

Occupancy rates have steadily increased during the recovery period, but Q4 of 2021 has seen levels tracking below pre-pandemic levels. For example, in Week 48, occupancy rates were at 53% – that's 17 points higher than 2020, but about 8 points lower than 2019 (see chart F).

Some of this is driven by the slow return of business travel. For example, daily TSA throughput still tracks around 20 points lower for weekday travel. Leisure travel, weddings, and social events have returned while business travel is still constricted (see chart G).

With meetings and events accounting for up to 40% of revenue for many properties, the return of regular business travel is necessary but remains a huge question mark. This added uncertainty is making it difficult for GMs to properly plan for the future and make needed investments.



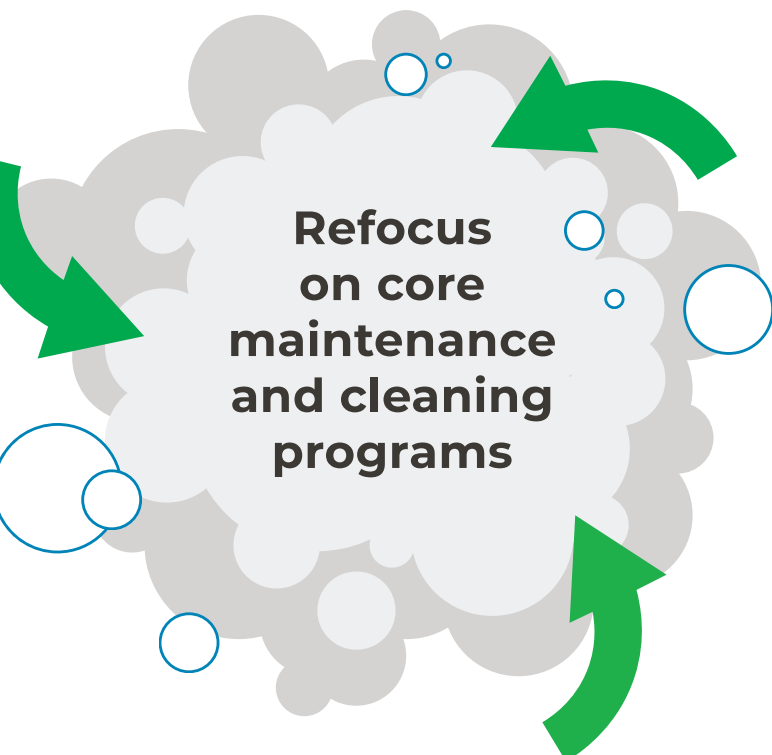
4 Delayed and Deferred Maintenance

During the height of the pandemic and the low-occupancy period that followed, many routine maintenance projects were put on hold. As guests return in greater numbers it's necessary to refocus on core maintenance and cleaning programs: carpet cleaning, floor care, window washing, parking-lot maintenance, and high dusting. In fact, many properties may need to consider deep cleaning of rooms and meeting spaces not used for many months as occupancy rates continue to climb.

5 Lack of Experienced Upper Management

GMs' staffing problems don't end at lack of critical front-of-house employees; experienced management personnel are in demand. Many HR, maintenance, and housekeeping positions were eliminated during the pandemic, with a large number of hospitality veterans departing the industry for good. Recent data from the Bureau of Labor Statistics shows that the hospitality industry has lost 3.1 million jobs during the pandemic that have yet to return, representing more than a third of all unemployed persons in the U.S. (see chart D).

A well-structured and well-managed workforce is required to bring properties back to profitability. The professionals who do this are in short supply.



Strategies for GM Success

1 Focus on Guests – Outsource the Rest

Delivering optimal guest satisfaction is the GM's ultimate and most important responsibility. As properties look to reestablish brand loyalty to safeguard future booking this is imperative.

The successful management of every department at a hotel has never been easy. Today's climate makes it more difficult than ever. The right partnership with an outside service provider delivers a huge benefit – it puts the focus to be on delivering the highest levels of guest satisfaction.

As the industry recovers, guest satisfaction surveys and scores have regained their primacy of place. Guest satisfaction is based on many factors: perceived value, quality, comfort, amenities, staffing, and cleanliness.

The central mission is guest satisfaction. Any activity that impedes it can and should be outsourced.



2 Address Tomorrow's Labor Challenges Today

Many GMs mistakenly view hiring full-time staff as the best and only solution to industry challenges. But given the host of challenges the industry faces today, this actually presents a host of problems in and of itself. Hiring qualified and trained staff is a major challenge with real costs – both in terms of money and time – time that could be better spent on activities core to the hotel's operation.

Contingent Labor, Direct Hire Recruiting, and Recruitment Process Outsourcing are three solutions that GMs can rely on, either as stand-alone services or in strategic combination to address tomorrow's labor challenges today.

Balancing out full time staff with Contingent Labor can help them to quickly ramp up when more leisure and business travelers return. It's a formula that's historically been proven to work; GMs can build from their core team and retain flexibility by using a Contingent Labor model.

Another solution is Direct Hire Recruiting, a fee-based service that has been aiding GMs in their quest for top-level talent to fill permanent positions. Partners with national scale and knowledge will help to make this vital process efficient and productive.

Recruitment Process Outsourcing provides an additional pathway. Given the drain of many hotels' HR professionals, this process allows GMs to off-board the entire process of finding, hiring, and onboarding new team members. This reduces recruiting costs and leads to more effective recruiting.

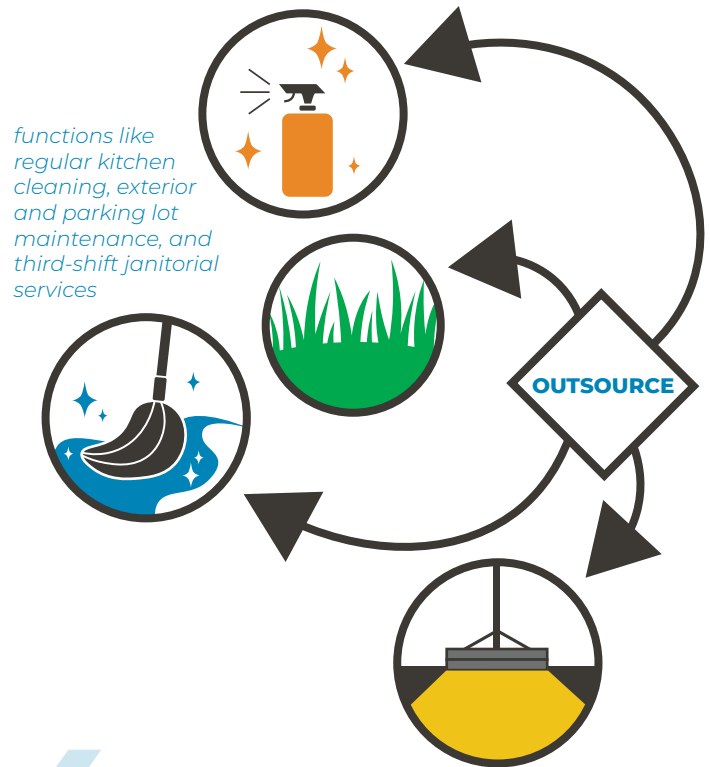
3

Outsource Beyond Housekeeping

Beyond core housekeeping functions, current and future challenges will require GMs to consider additional outsourcing to successfully handle other key operations.

By outsourcing functions like regular kitchen cleaning, exterior and parking lot maintenance, and third-shift janitorial services, GMs and their staff alike can focus on guest satisfaction. In addition, supplemental labor can relieve pressure off in-house labor and allow for long-term growth and development strategies.

HSS parent company, KBS Services, provides a full array of facility services. KBS is the largest privately-held provider of facility services in North America with more than 50 years of expertise in maintaining healthy operations for thousands of clients.



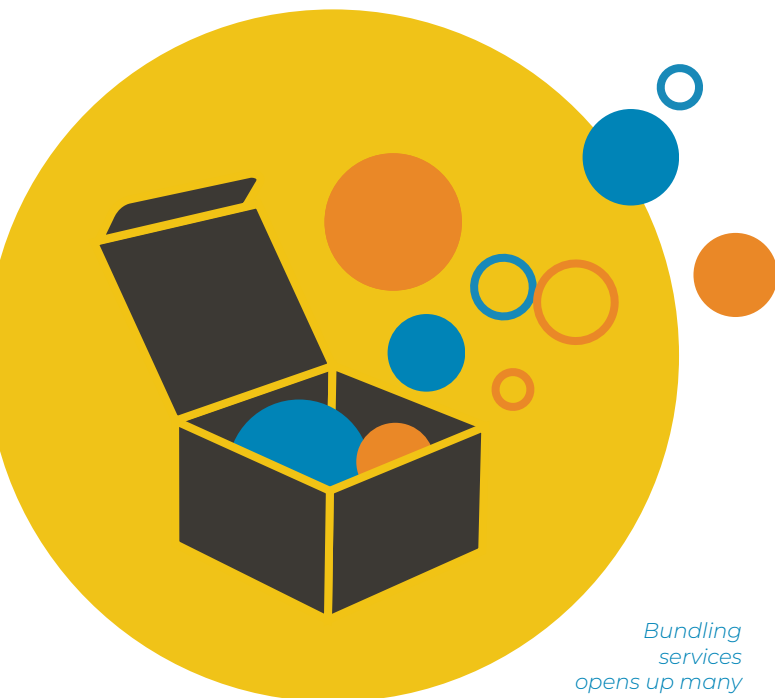
4

Bundle Services

Many hotels and hospitality venues approach facility services at a departmental level. One department may have handled floor care while another bid out for parking lot maintenance. This departmental siloing usually leads to a separation of vendors and higher prices.

Bundling services opens up many opportunities for GMs to reduce costs due to overall increases in efficiency. For instance, a property site that uses parking lot maintenance services and internal floor care can use the same team to audit both tasks. Management can also be shared between services, leading to more efficiency and accountability in a lower cost environment.

Regional and national chains will also benefit from the amplified purchasing power of chemicals and equipment across locations. This centralized approach isn't relegated to purchasing; centralized management, labor procurement, and billing likewise raise standards and lower costs.



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5 Invest in Asset Preservation

Many key areas of maintenance were removed during the pandemic and need to be addressed moving forward. This can have short and long term impacts – hotels need to be guest-ready now while preventing the long-term damage that can result from neglecting asset preservation. These programs include important cleaning programs essential to preserving valuable infrastructure investments in facilities, including floor care, carpet cleaning, and high dusting of exposed ductwork.

The main goal of asset preservation has traditionally been to extend their service lifespan and attractiveness. For example, carpets and floors that appear to be clean can quickly degrade without regular and professional maintenance. Similarly, regular floor maintenance keeps them looking better for longer. After assessing individual use instances, a regular protocol of quarterly, biannual, or annual stripping and buffing can extend their lifespan, prevent permanent damage, and improve their overall appearance.

High dusting of HVAC vents and air intakes is another important asset preservation measure that not only helps extend the life of expensive HVAC systems but promotes a healthier indoor environment.

6 Don't Skimp on Safety and Compliance

Safe operations were front and center on every GM's punch list during the height of the pandemic and the current recovery. Guest and staff safety will remain paramount moving forward.

Safety protocols have changed significantly as hotel staff return to work. New safety training protocols, such as those developed by HSS, protect hotel staff and guests alike. The protocols cover topics such as proper use of PPE (including masks), the use of chemical disinfectants, social distancing, guest room and public area cleaning protocols, and proper disposal of PPE.

These pandemic-specific solutions underscore the long-held focus on safety, protecting both the property's guests and employees.

While safety protocols have changed, compliance has not and remains a major GM concern during the recovery. As we have seen during past economic rebounds, many new staffing agencies will form at the local level and aggressively market their services. But many of these firms trade low rates and the promise of quick solutions for shortcuts on compliance.



Historically, agencies such as ICE, the IRS, and OSHA hold both agencies and hotel properties responsible for violations. Agencies can quickly fold to avoid liability – leaving hotels to pick up the pieces.

Strict adherence to all local, state, and national laws on taxes, immigration, and safety should never be overlooked. HSS has maintained a strong pool of hospitality and cleaning staff during the crisis and will continue to put safety and compliance at the forefront during this recovery, protecting our workers, hotel staff, and guests. The decades-long existence of the HSS and KBS brands speaks to our ability to maintain the very highest standards in compliance. Choosing partners with these standards and a strong track record is essential.

By leveraging a wide array of outsourced solutions (some of which may be new), GMs can build back properties to their pre-pandemic levels and create resilience against future adversity.

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Leverage a wide array of outsourced solutions.

Tackling the significant challenges of the current recovery period might seem overwhelming. However, by leveraging a wide array of outsourced solutions (some of which may be new), GMs can build back properties to their pre-pandemic levels and create resilience against future adversity.

HSS, given its 30-year track record of supplying superior contingent labor across the U.S., has worked with hospitality leaders to custom-craft a progressive platform beyond housekeeping. Its parent company, KBS, amplifies new and more efficient outsourcing for a wide range of critical facility and maintenance tasks.

Today's current labor shortage, lack of experienced senior staff, pile up of deferred maintenance, and meeting the challenge of heightened guest awareness of cleanliness are real. Surmounting them and positioning their hotel for future success offers the opportunity to leverage solutions with real-world results. +

Hotel Renovation Cleaning: A Success Story

Amid the ongoing labor shortage, how can properties quickly staff up? The ability to nimbly respond to unexpected challenges is why GMs are embracing outsourced staffing models. Getting staff where they are needed and when they are needed requires a national partner. Hotel renovation and post-construction cleaning crews are a great example of how a partner like HSS can help quickly and efficiently get spaces and rooms guest-ready.

For example, HSS worked with a major hotel brand in Los Angeles on a post-renovation project that quickly expanded in scope. The project was coordinated with the property as well as their contracted renovation company and originally called for four staff to prepare the recently renovated property for guests.

Like many construction and renovation projects, this property renovation experienced last minute delays. To keep the project on track, HSS was able to provide an additional 17 cleaning staff in less than 24 hours. Working for ten days, the crew was able to clean the property with no delays or disruptions to guests' schedules.

By partnering with HSS, this property was able to address project delays without disrupting its internal staff, HR department, or recruiting process. The partnership went beyond simply providing people; it provided time, flexibility, and capacity to the property while eliminating a critical threat to guest satisfaction.



Five Must-Haves in Outsourced Staffing

Not all outsourcing agencies are created equal. With decades of experience, HSS and its parent company, KBS, have earned the trust of global brands, management companies, and independent resorts across North America. However, many staffing agencies offer their services at rates that are very often too good to be true.

☐ **Compliance**

Is the agency complying with all national, state, and local laws pertaining to tax status, immigration status, and fair-wage adherence?

☐ **Training**

Is the agency experienced in the specialized training of hospitality staff? Does the recruiting team possess knowledge of the industry to recruit for the industry?

☐ **Corporate Back Office Support**

Staffing can be a complex service to offer. Tracking payroll, adhering to local, state, and federal taxes, and implementing corporate software tools can be a challenge. Does the agency have the back-office team to support these challenges?

☐ **Safety**

Is the agency well-versed in safety training in accordance with state and federal OSHA regulations? Does it have a team dedicated to safety training available nationally?

☐ **Longevity**

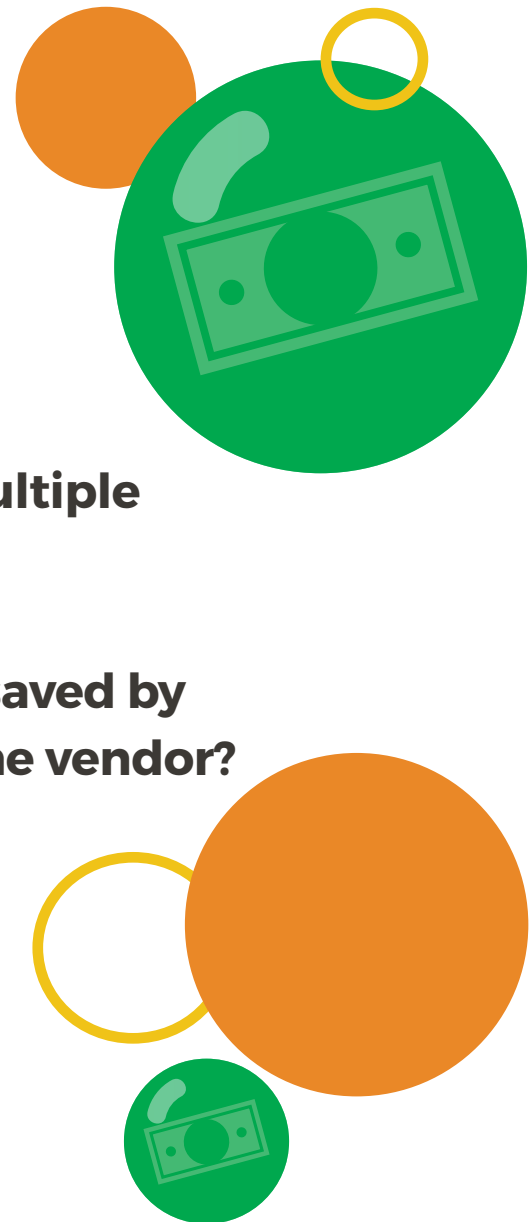
Some staffing agencies violate compliance regulations and simply close down only to reopen under a different name. How long has the agency been in business? Are they responsive and knowledgeable about local market conditions and labor pool?

The Real Bottom Line:

Five Key Questions GMs Need to Answer

During this recovery period, it's important to look at existing ways of doing business with fresh eyes. Determining the true price of current operations often means uncovering hidden or overlooked costs. These hidden costs can often help fund outsourced programs allowing GMs to raise standards and lower costs. Here are five key questions that can begin to uncover hidden costs:

- ☐ **How much are we spending on management of programs?**
- ☐ **What is the cost of chemicals and consumables?**
- ☐ **How much time is lost managing multiple vendors?**
- ☐ **How much time and money can be saved by bundling services together under one vendor?**
- ☐ **Am I using technology for vendor management?**



The “Dos” and “Don’ts” of Outsourcing During Pandemic Recovery

DO

- ☐ **Rely on partners that can perform maintenance and cleaning**
- ☐ **Outsource recruiting of staff on a regular basis to establish a reliable pool of talent**
- ☐ **Rely on supplemental staff to create a buffer for full time employees**
- ☐ **Consolidate vendors to reduce management time**
- ☐ **Devote ample time to guest service as they return in greater numbers**

DON'T

- ☐ **Rely on new permanent hiring to cure short term challenges**
- ☐ **Create too many vendor relationships that all need to be managed**
- ☐ **Wait until a crisis point to address staffing shortage**
- ☐ **Rely on cheap labor solutions that will harm your brand in the long run**

Appendix

Chart A Unemployment Household Data (BLS)

HOUSEHOLD DATA

Table A-14. Unemployed persons by industry and class of worker, not seasonally adjusted

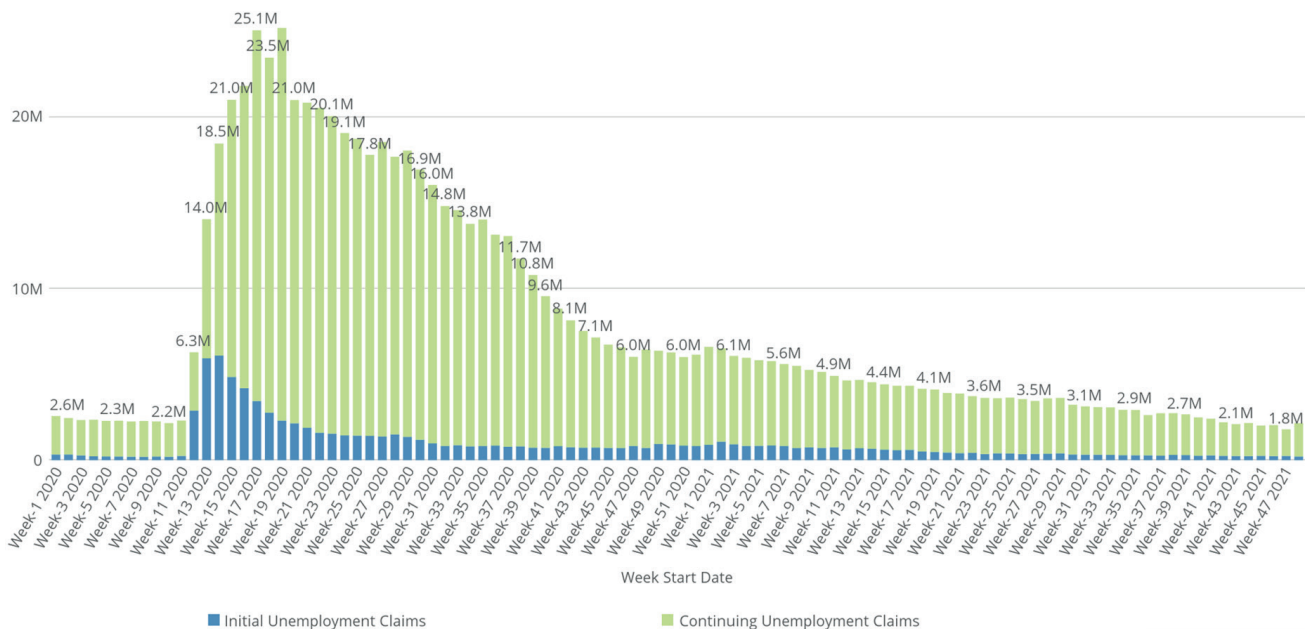
Industry and class of worker	Number of unemployed persons (in thousands)		Unemployment rates	
	Nov. 2020	Nov. 2021	Nov. 2020	Nov. 2021
Total, 16 years and over ⁽¹⁾	10,264	6,302	6.4	3.9
Nonagricultural private wage and salary workers	8,289	5,032	6.5	3.9
Mining, quarrying, and oil and gas extraction	137	50	19.2	8.6
Construction	732	469	7.3	4.7
Manufacturing	708	478	4.7	3.1
Durable goods	400	296	4.3	3.0
Nondurable goods	308	182	5.4	3.3
Wholesale and retail trade	1,252	833	6.0	4.2
Transportation and utilities	591	455	8.0	5.5
Information	196	99	8.2	4.1
Financial activities	343	196	3.5	2.0
Professional and business services	1,027	700	5.9	3.8
Education and health services	904	555	3.7	2.3
Leisure and hospitality	1,896	988	15.0	7.5
Other services	502	209	8.1	3.3
Agriculture and related private wage and salary workers	141	79	8.4	5.4
Government workers	722	415	3.4	1.9
Self-employed workers, unincorporated, and unpaid family workers	601	391	5.9	3.7

Footnotes

⁽¹⁾ Persons with no previous work experience and persons whose last job was in the U.S. Armed Forces are included in the unemployed total.

NOTE: Updated population controls are introduced annually with the release of January data. Effective with January 2020 data, industries reflect the introduction of the 2017 Census industry classification system into the Current Population Survey. This industry classification system is derived from the 2017 North American Industry Classification System (NAICS). No historical data have been revised.

Chart B Unemployment Claims By Week



Appendix

Chart C United States Wages and Salaries Growth

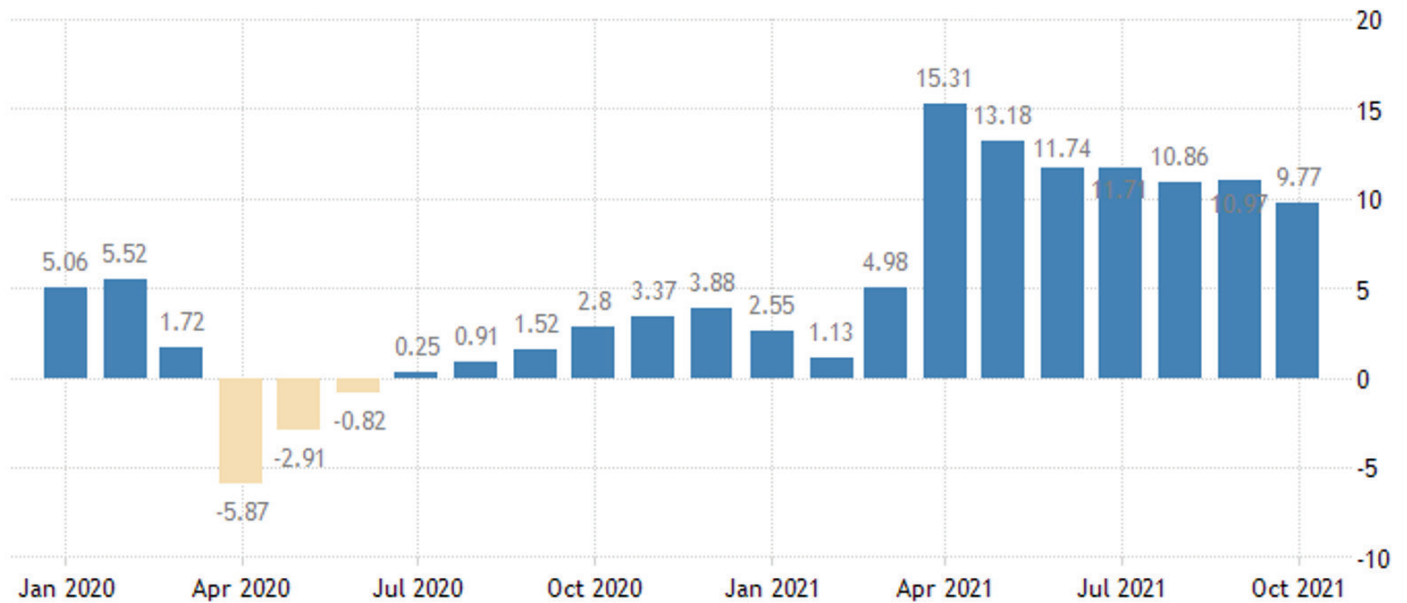
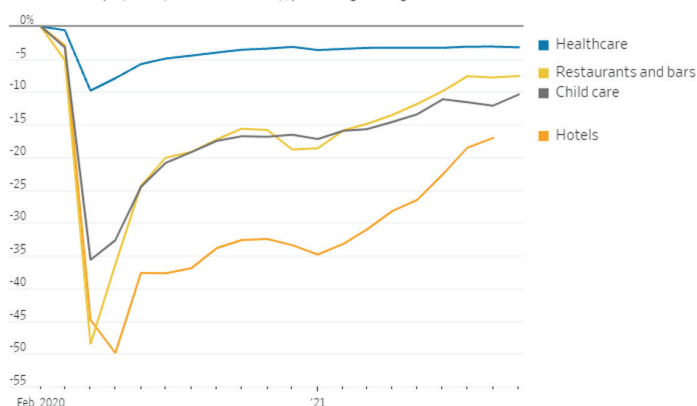
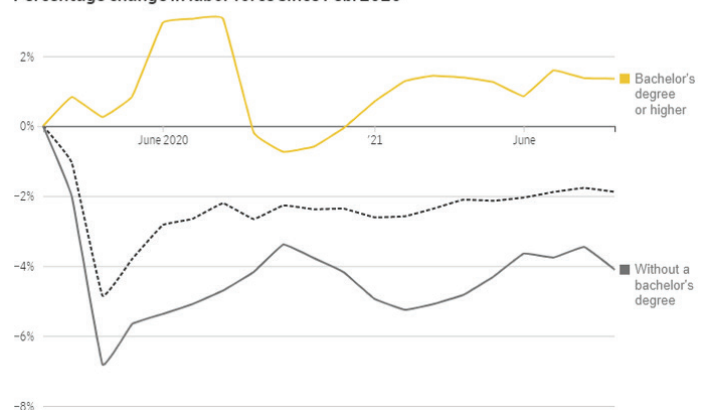


Chart D Labor Force Shortage 2021

Number of employees by selected industry, percentage change from Feb. 2020



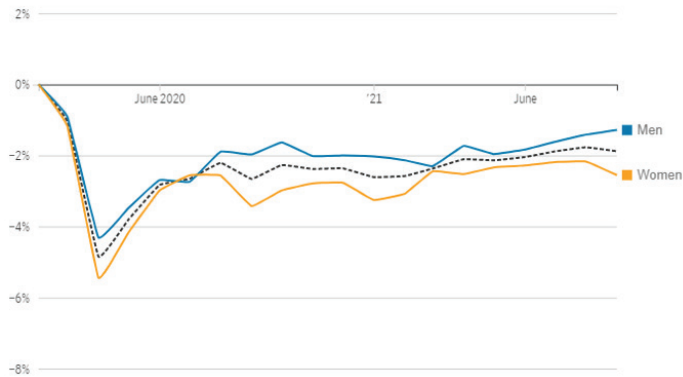
Percentage change in labor force since Feb. 2020



Appendix

Chart E Labor Force Shortage 2021 | Source: Labor Department

Percentage change in labor force since Feb. 2020



Percentage change in labor force since Feb. 2020

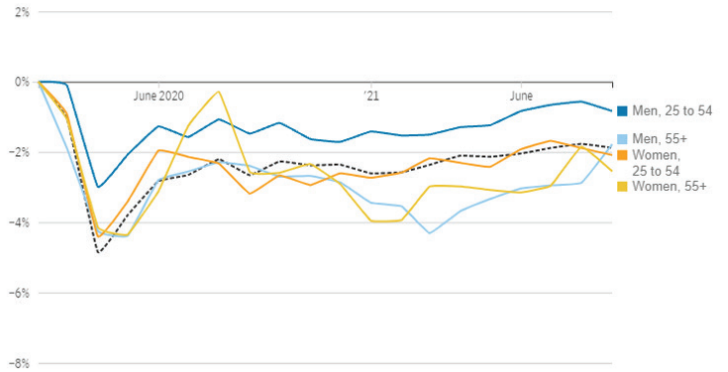
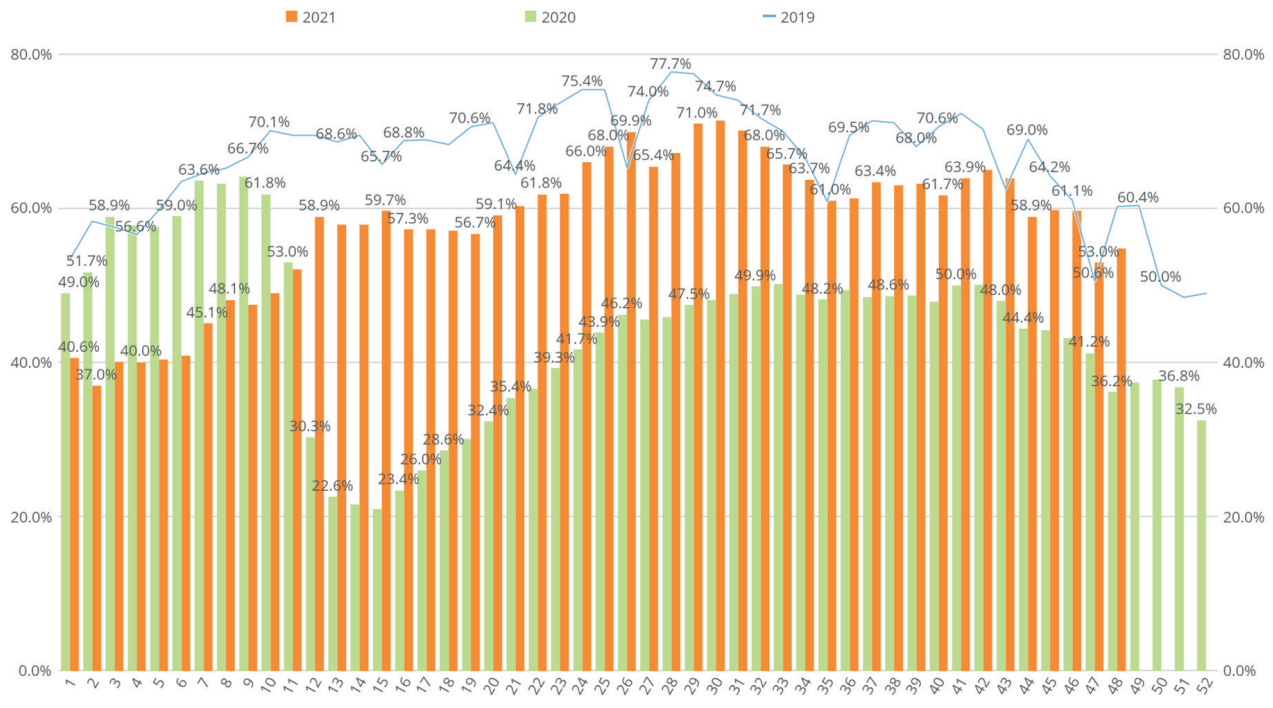
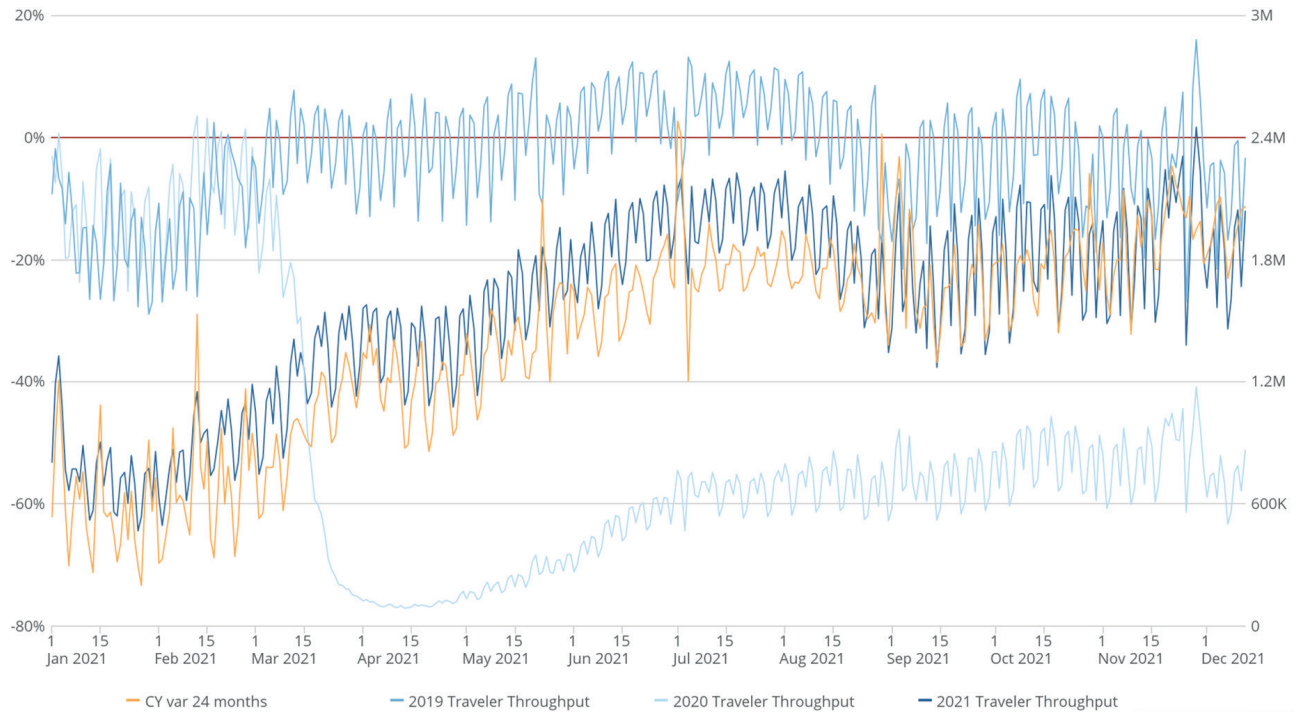


Chart F YOY US Weekly Absolute Occupancy Trend | Last 3 Years



Appendix

Chart G TSA Travelers Data | July 2020 – October 2021





Founded in 1990 in Atlanta, Hospitality Staffing Solutions, LLC ("HSS") proudly claims a leading market share at the world's leading hotel brands and management companies, and looks to continue its expansion into new geographies through organic expansion of its branch office network, strategic acquisitions, and further development of its service capabilities. Hospitality Staffing Solutions earned the 2019 & 2020 Best of Staffing Client Award for service excellence based on client ratings. HSS was acquired in 2020 by Kellermeyer Bergensons Services, LLC ("KBS") KBS is a trusted partner to leading operations and facility managers across 75,000 client locations throughout North America.

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