

HSS
A KBS COMPANY

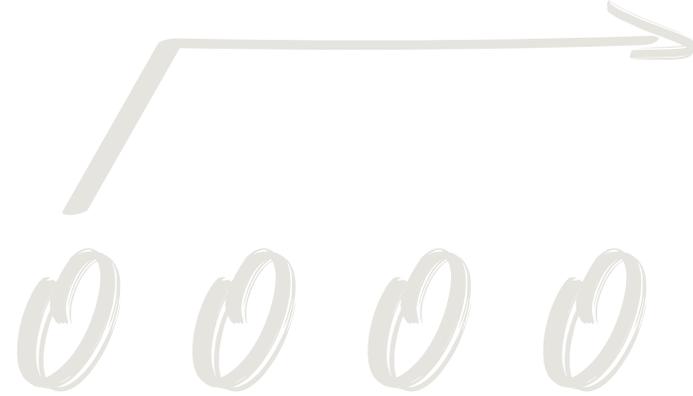


The
Hospitality Staffing

Playbook

A Guide To Maximizing Revenue & Minimizing Risk To Profits

Contract labor is an important tool for General Managers and other leaders in the hospitality industry. Supplemental staffing (sometimes called Temp Labor) can be an important tool to give hotels, resorts, and other hospitality venues an extra pool of talent to pull from. This resource is especially important as the industry recovers from the pandemic and faces a shortage of labor.



However, many in the industry shy away from contract labor because it is seen as an added expense or a costly short term tool used only in emergencies.



This playbook lays out strategies for leveraging the power of contingent labor to help hospitality properties maximize their revenue potential and minimize their risk to profits. Based on work with thousands of properties and decades of experience, these strategies are essential for any hospitality venue to grow and thrive today.



LET'S TALK ABOUT

Production

It's natural to focus on hourly wage rates, but this isn't the true measure of value that labor brings to a hospitality venue. The cost of production is your true measure of success. For housekeepers the production rate is what it costs to clean a room.

P X
0 3

There's a fairly easy formula for determining this. It's the number of rooms a housekeeper can clean in a day divided by the cost of labor for that day or 8 hours.

$$\left(\text{Labor Rate} \times \text{8 Hour Shift} \right) / \text{Average Number of Rooms Cleaned}$$

Sounds simple enough, right? There are two important question you need to answer first:

1 How many rooms can a housekeeper clean?

2 What is the actual hourly cost of labor?

How many rooms?

How many rooms can a housekeeper clean in a day? That really depends. **The average is widely cited at 13 rooms a day**, but it can sometimes be as high as 18 rooms a day. This figure can be impacted by factors like training and experience. It can also have very real-world impacts on increased turnover (which impacts recruiting costs) as well as guest satisfaction scores.

*Increased turnover, recruiting costs
and lower guest satisfaction*



13

Average Rooms Cleaned Daily



Decreased Productivity Levels

What does labor cost?

We all know that an hourly rate isn't what you are actually paying for in labor. The amount of money that an employee is paid per hour isn't the full price of employment. Many properties estimate this cost to be 25% or 30% on top of hourly wage rate. It's still important to walk through, line by line, the actual cost employing a worker because it is reflected later in determining the impact of labor on the cost to clean a room.

Taxes The first part of the calculator reflects the most obvious portion of employer costs when it comes to employment: taxes. Many taxes are fairly straightforward to calculate while workers comp can vary from state to state.

PTO and Benefits There is a cost to paid time off and benefits as well. The calculator allows you to see the actual cost of PTO based on number of hours worked and how much per an hour is actually impacted by PTO. Medical benefits also use a more complex formula to actually determine how much the employer is paying.

Recruiting Costs This is a factor that is often overlooked when calculating employer burden. But it's an important factor because the cost of actually recruiting can be impacted by high turnover and also by working with a staffing agency. This will have an impact on the labor cost per room.

\$13.00

Sample Hourly Payrate

+ Taxes: 14%

+ PTO: 4%

+ Benefits: 22%

+ Recruiting: 5%

TOTAL 45%

= \$18.87

Effective Labor Rate

P 0 5

[Need Help Calculating?](#)



[Download Our Workbook](#)

PUTTING IT

All Together

Now that you've determined your actual labor cost, you can determine the labor cost of cleaning a room. For example, a housekeeper making \$13 per hour or an effective labor rate of \$18.87:

$$\frac{\left(\frac{18.87}{\text{Effective Hourly Rate}} \times \frac{8}{\text{Hourly Shift}} \right)}{16 \text{ rooms cleaned}} = \$9.43 \text{ Labor Cost Per Room}$$

P X
0 6

Now that you know the cost of cleaning a room using internal staff, you can determine what the cost of cleaning a room will be using contract labor. In the example below, there are 5 contract labor positions supplementing a team of 15:

$$\frac{\left(\frac{15}{\text{Internal Staff}} \times \frac{18.87}{\text{Effective Hourly Rate}} \right) + \left(\frac{5}{\text{Contract Staff}} \times \frac{22.00}{\text{Agency Rate}} \right)}{20 \text{ total staff}} = \$19.65 \text{ Average Hourly Rate}$$

[Need Help Calculating?](#)



[Download Our Workbook](#)

Comparison

Adding contract labor to the equation, we see that the labor cost to clean a room only increases by a small amount. **In fact, it only goes up by an average of .39 cents per room.**

\$9.82

labor cost per room
with Supplemental Staff

\$9.43

labor cost per room
with Internal Staff

≡ \$0.39

What do a few pennies buy? Quite a bit when you consider reduced turnover and overtime as well as greater capacity to sell more rooms and flexibility to expand staff when needed.

- Capacity To Sell
- Reduced Recruiting Costs
- Maximized Revenue
- Greater Flexibility
- Reduced Turnover

Need Help Calculating?



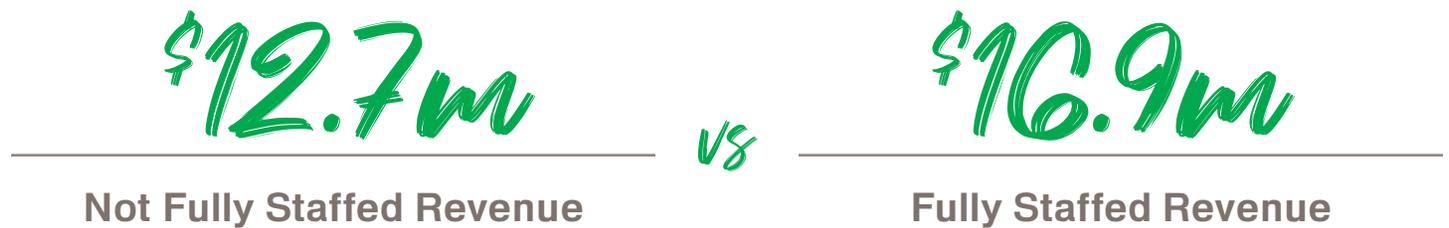
Download Our Workbook

Realizing Your Full Revenue Potential Aside from all of the benefits from including contract labor into an overall staffing strategy, there are some tangible results that can be realized. A strategy that includes contingent labor allows a GMs to maximize the RevPAR without adding to percent of revenue spent on labor. In fact, in many cases, the percent of RevPAR spent on staffing actually decreases.

<i>Sample Hotel</i>	Not Fully Staffed	Fully Staffed
Total Rooms	320	320
Max Rooms Staff Can Clean	240	320
Labor Percent of Revenue of Rooms Cleaned	6%	6%
RevPar 	\$116.25	\$155.00
Labor Percent of RevPar	8%	6%

P X
0 8

A Better Revenue Outlook Overall results can be dramatic in terms of revenue potential for a hotel, resort, casino or other hospitality venue. Rather than being a drag on revenue, contract labor can actually help a property realize dramatically higher revenue over the course of a year.



[Need Help Calculating?](#)



[Download Our Workbook](#)

Reducing Risk

Part of a sound staffing strategy is really about protecting your revenue and brand integrity. So that comes with looking at your staffing partner and knowing that they are complying with your standards of safety, insurance, employee classification and back-office support. It may be tempting to select a staffing provider with the lowest possible bill rate. However, if that staffing partner is cutting corners on key compliance and safety measures, the risk to profit rises. Remember, a solid contract labor strategy maximizes revenue and lowers risk to profits. **Here are some keys components to staffing programs that mitigate risk:**

Safety



- Safety protocols
- Dedicated teams and resources
- Background checks and drug tests

Support



- Centralized billing
- Transparency
- Expertise in billing and time tracking software

Insurance



- Proper transportation insurance
- Liability insurance and COIs

Classification



- 1099 general not properly classified
- Insist on W-2 employees



Getting There

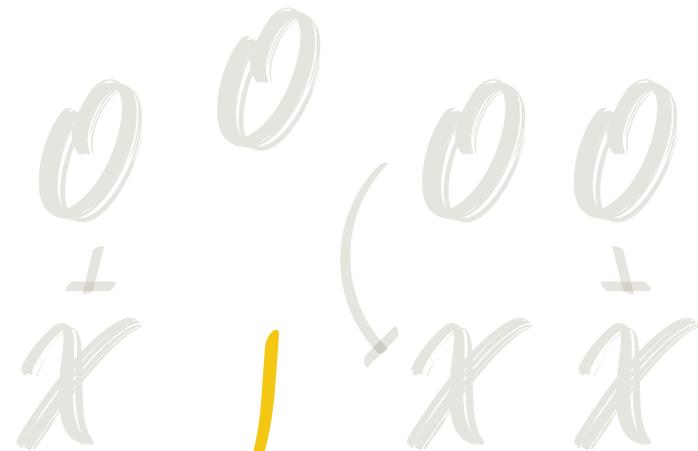
Determining the production output of hospitality staff both internally and externally and selecting a solid staffing partner is really only the first step. **Successful hospitality partners tend to leverage staffing partnerships strategically.**

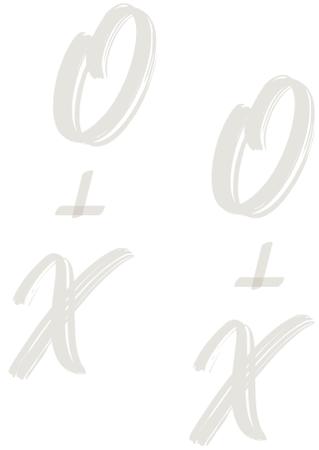
Establish a Base of Contract Labor

Many GMs make the mistake of looking at contract labor or temp staffing as being kind of a Band-Aid or a temporary solution, but successful properties establish a base of contract labor. That can be 10%, 20% or as high as 100%. This gives them the flexibility to react to anything unexpected ahead, plan for peaks in demand, and offers the flexibility to expand occupancy and grow without the risk to profitability—because they're working with a staffing partner on a long-term basis.

Talk with Partners about Seasonality

The second habit is working with partners in staffing on seasonality and occupancy. For example, HSS has local teams that are able to partner with you that know the local markets, know the seasonality and work with clients on planning for challenges ahead. They're able to share strategies from other clients in the area and partner with you on recruiting cycles that are particular for that market.





Don't Sacrifice Quality or Compliance

There's a myth out there that contract staff is meant to be cheap labor, and you need to sacrifice quality and compliance in order to get it. A solid staffing partner should be able to provide you with the quality of staff you need without sacrificing compliance. Compliance and quality are vital to hospitality and you shouldn't have to choose.

Examine Other Areas to Outsource

Consider other departments for staffing or other outsourced services. For example, kitchen cleaning is a service that HSS provides. Many of our clients are leveraging that service in order to reduce the load of work that's being carried by their current kitchen staff.

This reduces turnover and it reduces overall pressure on the staff in that department. There are other areas like communal area cleaning, floor care, and a wide range of other activities where you can leverage outsourced services to increase efficiency, improve quality and lower cost.

Avoid Last Minute Staffing

If you have a last-minute demand and you're calling a staffing provider that you haven't worked with before, it isn't an ideal situation. You'll make decisions that are going to cost you money and quality in the long term.

HSS works with partners all the time on last minute demands. But contracts are in place, relationships are established, and the GM can work with a partner that they know and trust. Last minute demands happen, but make sure you have a staffing partnership in place.

Next Steps

Putting together all of these pieces can help your property maximize revenue while reducing the risk to your profits. Whether it's called contract labor, temp staffing, or contingent workforce—it's best to look at this service sector as a resource for your property to grow even in the most challenging environments. **HSS is here to help you get started. Based on our experience over the past 30 years, HSS can help you plan and execute a staffing strategy that can help you realize the full potential of your property today and into the future.**

Resources



CASE STUDY

[Improve Hotel Brand Reputation](#)



DOWNLOAD

[HSS RevPar Excel Workbook](#)



CASE STUDY

[Why Teamwork is Important in the Hospitality Industry](#)



Hospitality Staffing Solutions is the leading provider of contingent staffing support to the Hotel and Resort industry in the USA, serving more than 1,000 clients and employing nearly 10,000 employees daily to these properties. HSS also provides a robust suite of outsourced services within the Housekeeping and Janitorial operations of its client's properties. With operations now in 37 states, HSS is poised to continue leading this sector through its' aggressive growth strategy, as well as supporting into new vertical markets such as Senior Living and Medical facilities, Health and Wellness Retreats, Colleges/Universities and Convention Centers.

HSS is now proudly a part of the Kellermeier Bergensons Services (KBS) family of companies.

www.hssstaffing.com