

LODGING

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Back to the Basics

It's time to manage labor costs.

By Mark Heymann



Over the past few weeks I have visited some properties and discussed the basics of labor management, or more importantly, how an organization can improve its productivity. And I have been surprised to witness some of the same issues I saw after getting into the productivity management business some 30 years ago. There continues to be this perception that to improve productivity, staff has to work harder or measurably faster. In reality, it's smarter—not necessarily faster or harder.

Generally speaking, employees will complete a solid day's work given the following:

- Correct assignments
- Proper performance expectations
- Reduction and/or removal of hindrances that interfere with performance
- Fairness in work assignment

Let me give you a few examples of what we have seen. In one hotel, the linen rooms were stocked incorrectly and the shelves had been removed; although the few sitting on top of the units actually were labeled, the clean linen was just stacked in piles from the floor to wherever. Since linen was delivered throughout the day, the housekeeping staff had to wait for clean supplies to finish making up the rooms that had been assigned. It's no wonder why the operation wasn't even achieving the contractual standards.

I saw another property that wanted to raise the cleaning standard, but there were not enough linen closets. So, performance was hindered, not because of the staff, but because of a lack of easily accessible supplies to get the job done. That property wound up adding two linen closets and will also be increasing their staffing guideline to increase performance.

In both cases, a smarter structure would have improved productivity and reduced costs either with new linen rooms or a reorganization of the linen rooms and timing of delivery—in either case, without asking the staff to work harder.

The same examples are true in other areas of the operation. I watched two individuals just sort soiled linen when one person could have handled the task with a simple change in how the beds are stripped—a 50 percent reduction in cost. Again, in a stewarding department, we witnessed two stewards standing at the dish machine washing small amounts of soiled dishware after the peak period, instead of beginning to clean the floor and remove the trash. There is an old adage in productivity management that says “work expands to meet the time available.” This means that if management doesn't set the expectation to shut the dish machine at a certain time, complete other tasks and then return when dishes have stacked up a bit, people will look busy but not be very productive. A simple example may help clarify this point.

Assume that a dishwasher can wash 80 covers per hour (actually a reasonable standard). From 7:30 to 9, 120 covers of dishes come to the breakdown table and the staff is fully productive. Now, from 9 to 10, 30 covers trickle in during the period. Each time you look at the dish area, soiled dishes are being handled, but at the end of the hour the staff is only 37.5 percent productive or a loss of 37.5 minutes of performance—plus a waste of water and electricity, with the machine running under capacity. Now take this example times 365 days and you have lost about 230 hours. That may not seem like a lot, but this is just considering one hour of the day and it all stems from management not knowing when to shut the machine off, and have other tasks done.

In another discussion regarding standards, the property looked at its historical ratios and used those performance numbers to create their new staffing standards. But all this does is perpetuate the status quo! And because in most labor categories there is a combination of pure variable and semi-variable work, using a historical standard creates a situation where some days will be over-staffed and other days under-staffed. On average you may get to your ratio, but service will suffer. It's like the old story of putting one hand in boiling water and the other in ice cold water: on average you're okay, but each hand is more than uncomfortable.

We continue to witness underperformance in some cases because management has not been property "schooled" in the basics of cost management and productivity measurement. In speaking with an executive of another company, we discussed the fact that productivity management is not part of the basic training of new supervisors or managers. With labor being the largest expense, sometimes accounting for over 50% of all costs, it is surely puzzling that teaching and supporting the basic techniques and knowledge of labor management is not part of the managerial certification process.

I believe as an industry we need to better train supervisory and management staff in the basic skills of productivity control as well as establish cultures where an organization must show specific improvements over time. This should be a key metric for assessing performance. Having specialists at properties is fine, but performance improvement and task analysis must be enculturized at the department level. Acceptance of past union practices should, at a minimum, be challenged from a pure cost and fairness perspective. Past practice can be changed with better management and proper analysis of REAL work content, even if it takes a few months. In the long term, the organization will be better off and values can improve, even in challenging markets.

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