

The background of the entire page is a photograph of a car, likely a sedan, moving from left to right. The image is heavily stylized with a warm orange and yellow color palette. Diagonal lines of varying opacity and brightness sweep across the frame, creating a strong sense of speed and motion blur. The car itself is partially obscured by these lines, but its form is still recognizable. The overall effect is dynamic and energetic.

2022 LABOR GUIDE

CLEARING THE PATH FOR THE ROAD AHEAD

LABOR SUCCESS AHEAD

DEVELOPING A BUDGETING PLAN for 2022 will be like never before — uncharted territory. An unpredictable, volatile world means at least one thing: The way we develop budgets and plan for labor costs must be different from how we have done it in the past.

“Do it like last week,” or like you’ve done before, won’t work. Occupancy changes every week, and segments like group and corporate transient have not yet begun a predictable recovery curve. This results in a much more dynamic staffing environment, which requires flexibility and day-to-day adjustments in response to changing market conditions. Your 2022 plan must reflect this reality.

This guide will introduce you to four building blocks, and then help you develop a sample labor budget for specific time periods. Understanding and applying these concepts to your hotels can assist leaders at every level of your business to maximize GOP — for a single hotel or a full portfolio.

This kit includes tips from industry leaders including brands, owners and management companies. In partnership with **No Vacancy News Podcast by Glenn Haussman**, we captured perspectives from the people who shape our industry on how they’re addressing labor and the keys to planning for the future. As you review, we encourage you to challenge the status quo, consider these suggestions from experts and develop the plans that work best for you and your goals.

“**HUMAN CAPITAL IS THE MOST VALUABLE ASSET OF ANY COMPANY. WE HAVE TO GIVE A LOT MORE EMPHASIS TO IT.**”

— **Mehul Patel, CEO
NewcrestImage**

4 PILLARS OF LABOR PLANNING & BUDGET CALCULATING



ZERO-BASED BUDGETING



DYNAMIC SCHEDULING



**BENCHMARKING
THE BUSINESS**



**RETENTION MAXIMIZER
+ TURNOVER MINIMIZER**

**“FOCUS ON RETENTION. TRY
TO MAKE SURE CURRENT
EMPLOYEES ARE AS HAPPY AS
THEY CAN BE.**

**BE LENIENT AND EVEN
PROGRESSIVE IN STAFFING AND
HOURS PEOPLE ARE WORKING.”**

**— Mike Marshall
Owner, President & CEO
Marshall Hotels & Resorts, Inc.**



ZERO-BASED BUDGETING

ZERO-BASED BUDGETING

BACK TO THE BASICS

This super-helpful concept asks a simple question: What budget is required to “keep the lights on?” Start here:

- ✱ What are the minimum requirements of keeping a hotel open and operating?
- ✱ What was your staffing model in late spring 2020, or shortly after reopening from any pandemic closures?
- ✱ How did you use your salaried staff to perform line-level functions?

BASE STAFFING: SALARIED POSITIONS + LEAD HOUSEKEEPER

INCREMENTAL STAFFING:

Add staffing to support increased occupancy. This includes additional housekeeping, guest services and required F&B.

You can develop a simple model that looks at occupancy by period in increments of five percentage points (5%), with each 5% increase being a “checkpoint.” As you move through each checkpoint, you’ll add incremental hours to each department when needed. With each

new checkpoint, “labor hours needed” will increase, leading to adding more more full-time employees (FTE) and temporary staffing.

As you surpass each checkpoint, staffing levels will temporarily exceed your requirements, but this surplus labor will soon be gone, leading to perfectly matched labor supply and demand. This plan should be tied to your service quality standards — so hotels with more service or steps needed for certain tasks may require additional staff to complete them.

THE ALTERNATIVE?

Some hotels are attempting to adapt their 2019 labor plans. Others are using selected months from mid-2021 and applying them to the full year of 2022. Each of those approaches has challenges that can result in over or understaffing. Look, 2022 will bring a new mix of customer segments from markets that either did not exist in the past or have not yet recovered in 2021.

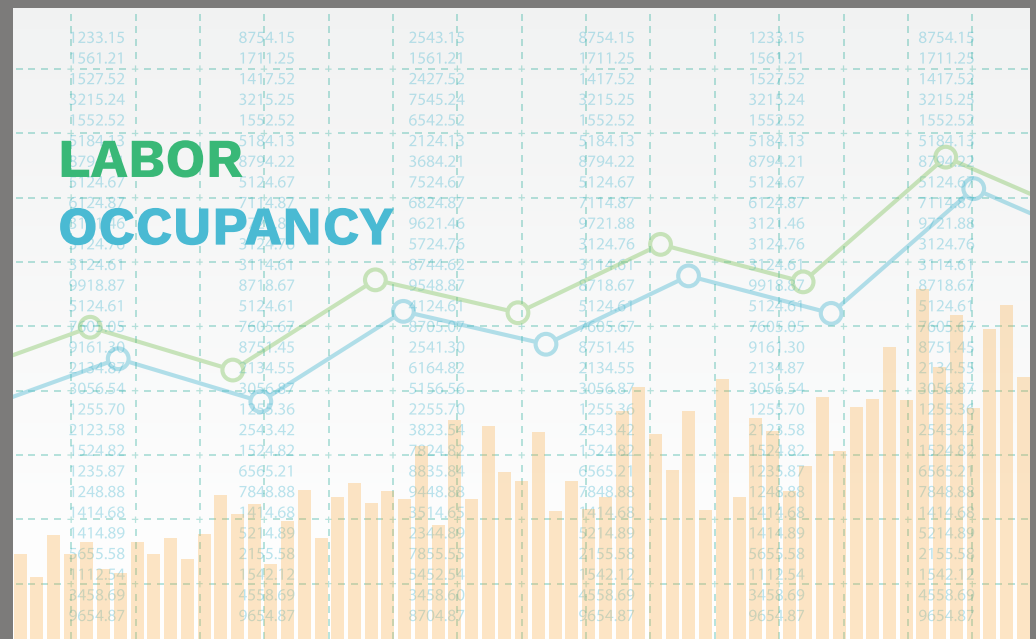
It’s safe to expect strong leisure demand starting next spring, but other occupancy drivers will be harder to predict. Basing a volatile, unpredictable year on any past experience leads to either avoidable excess or gross understaffing — either of which could be catastrophic in a recovering market.



“All hotels are dealing with staffing issues, and GMs are working overtime to keep their ships going in the right direction. ...Build an environment where people truly love to work for the organization — that comes down to culture.”

— Greg Friedman, CEO
Peachtree Hotel Group

ZERO-BASED BUDGETING HOTEL EXAMPLE

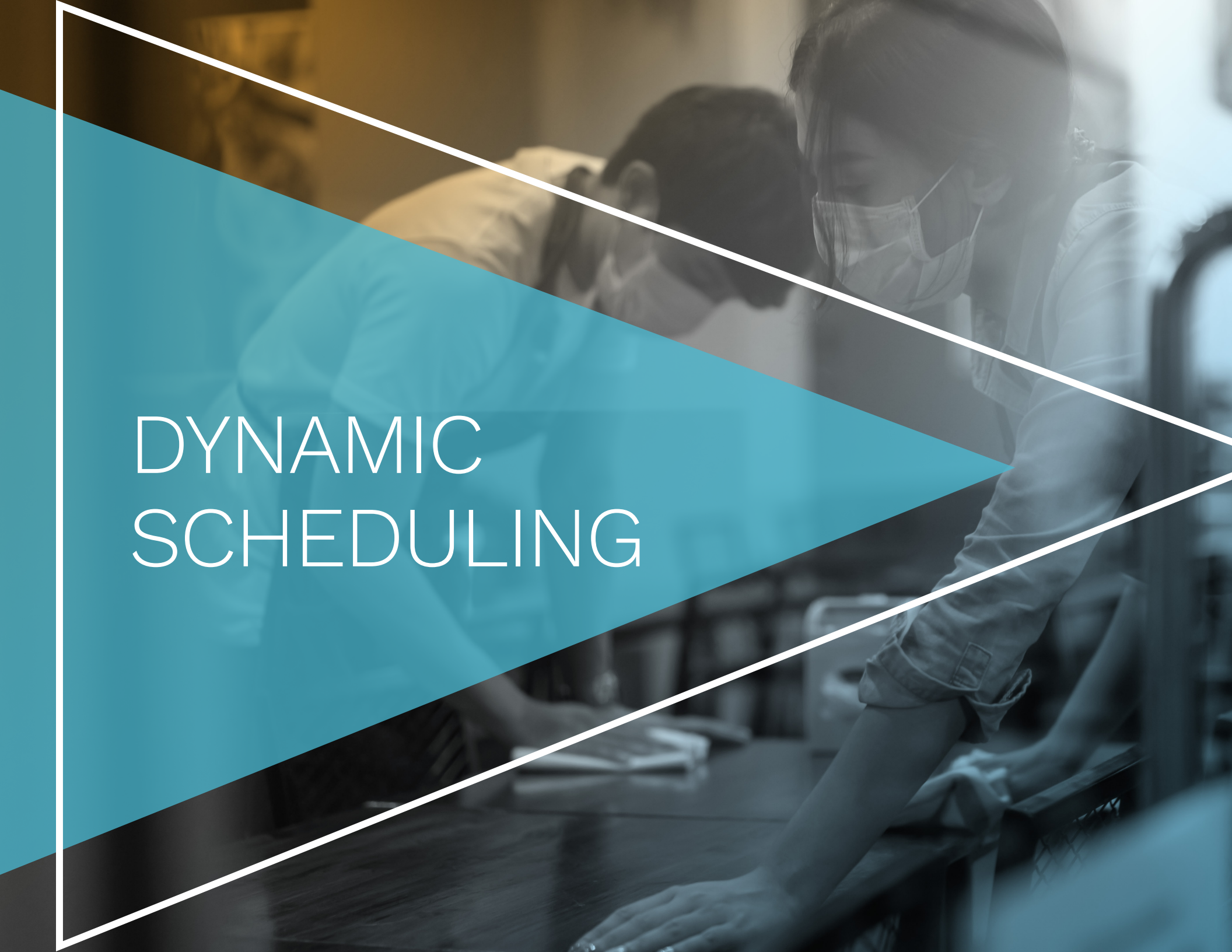


**LEVERAGE MARKET AND BRAND BENCHMARK
DATA TO ACHIEVE 100% PERFECT LABOR COSTS**

**“WE’VE GOT TO INNOVATE
FOR OUR TEAM MEMBERS,
AND WE CAN DO THAT WITH
SCHEDULING.**

**AND WE MUST LEARN FROM
THE ECONOMY — WHAT JOBS
DO PEOPLE WANT TO DO AND
WHEN DO THEY WANT TO DO
IT? PLUS, WE NEED TO HAVE
FLEXIBILITY AROUND PAY.”**

**— Danny Hughes
President, Americas
Hilton Hotels & Resorts**



DYNAMIC SCHEDULING

DYNAMIC SCHEDULING

SMART SCHEDULING

Dynamic scheduling is actually pretty simple. Here's the idea: Instead of scheduling based on day-of-week traditional patterns, schedule employees based on two primary drivers:

- ✱ When you need help based on demand-driven business needs day by day, hour by hour.
- ✱ When your employees are actually available to work.

EXAMPLE #1:

Don't: schedule a typical 1 morning and 1 afternoon shift for a select service hotel front desk.

Do: leverage managers to work the morning when demand is low and schedule a half-day employee to cover mid-day, while managers have other responsibilities.

This approach may work well for a stay-at-home parent, for example, who must be home in the early morning and afternoons after school.

EXAMPLE #2:

Don't: bring in all housekeepers at the traditional time of 8:30 am for leisure-heavy hotels.

Do: schedule housekeepers or cleaning crews early to late, capitalizing on mid-day or late night times when outside cleaning services or your housekeepers have availability to work.

KEEP IN MIND

If rooms aren't going to be sold tomorrow, you may be able to "roll" cleaning of certain rooms, scheduling associates when they're available to clean them and still in time for future arrivals.

Dynamic labor planning also involves expanding your labor capacity from within:

- ✱ Cross-train employees, enabling them to work in multiple functions & departments
- ✱ Share team members across a multi-hotel portfolio

While those options aren't always possible, do it when you can — before using expensive 3rd-party contract companies or avoidable overtime.

Lastly, to begin the transition to dynamic labor planning, begin working on your **labor standards**. These staffing guidelines predict the amount of labor you require each day based on projected occupancy and other activities.



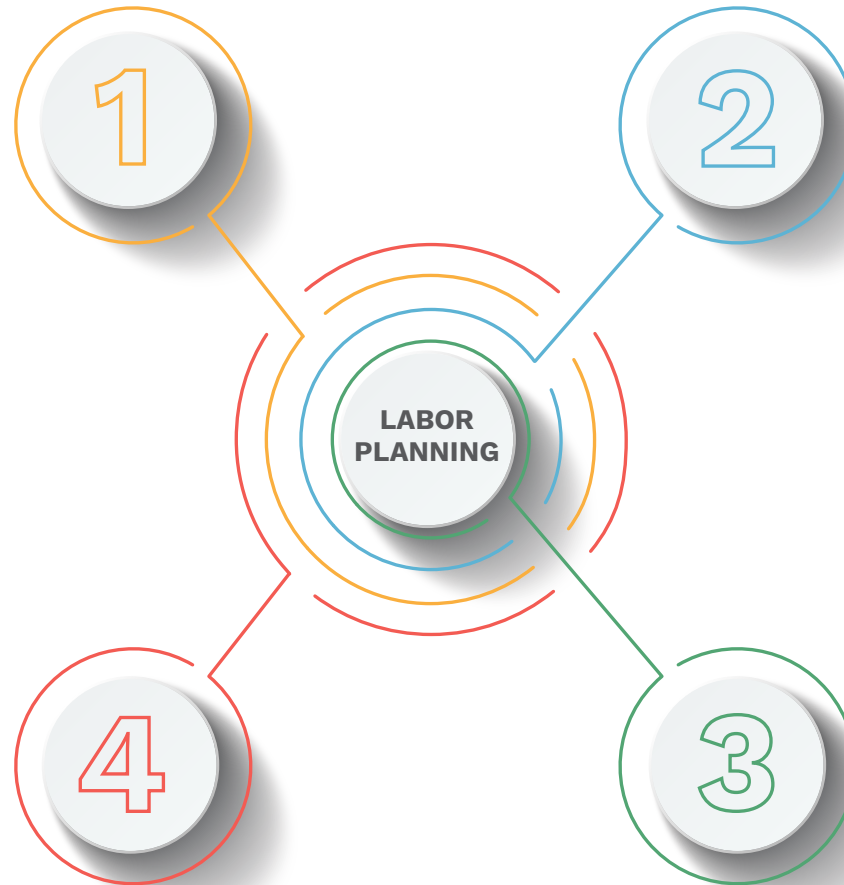
"We're thinking outside the box — every day is a new day for us. We're not going back to 2019. I'm taking a different approach: Let's not rewind the clock."

—Mehul Patel, CEO
NewcrestImage

DYNAMIC LABOR PLANNING IS EASIEST WHEN YOU HAVE 4 THINGS IN PLACE:

A simple-to-use communications tool (like a messaging app) that **easily allows managers and employees to have conversations** — so everyone can talk about availability transparently

A clear labor plan that **defines the labor you need** based on demand for a specific period



A culture where **team members are constantly learning secondary functions** — **cross-training** — within the business, so they can do more than one role

A frictionless scheduling approach — a platform, app or system — **showing all availability**, so managers have visibility, shifts get posted and gaps or open shifts can easily be presented directly to team members

**“THE AGE OF MANAGING PEOPLE
FROM 8:30 AM TO 5:30 PM IS GONE.**

**WE MANAGE PEOPLE ON THEIR
OUTPUTS — HOW SUCCESSFUL
THEY ARE AT DELIVERING THE
RESULTS THAT THEY’RE SUPPOSED
TO DELIVER IN THEIR JOBS.”**

—Liam Brown
Group President
Marriott International



BENCHMARKING THE BUSINESS

BENCHMARKS

BACK TO THE BASICS

Revenue forecasting is a strategic effort — we rely on STR, market insights and what we learn from peer groups of hotels within our management portfolio. Labor planning should be no different!

Now, more than ever, hotels must rely on benchmarks based on the aggregate performance of comparable hotels. Benchmarks provide insights about wage rates, productivity, efficiency and total costs. As a starting point for planning, a benchmark ensures that labor plans are reasonable and competitive.

Benchmarks also provide the basis for goal-setting, enabling competitive managers to achieve above-market performance in operations. Benchmarks define “good” when it comes to productivity, quality and total cost-efficiency. Combined with internal standards, operating procedures and quality expectations, benchmarks ensure that success is clearly defined and measurable.

EXAMPLE HOTEL #1

Imagine a 150-room full-service hotel in a busy office park, a mile from the interstate, with many small businesses and shipping

companies nearby. It's close to an upscale neighborhood, which drives lots of family visits and social group activity. Add to this some seasonal sports tournaments that provide occasional occupancy spikes. This hypothetical hotel could be outside of Atlanta, Chicago, Dallas — or anywhere across the country.

EXAMPLE HOTEL #2

Consider a 100-room select-service hotel in quiet suburbia near a regional medical complex. Lots of residential neighborhoods around, few shops, little traffic, not many office buildings. This imaginary hotel could be in the same macro-market as Hotel #1, but it has a much different business model and mix of guests. Comparing these two distinct hotels would not be helpful — but comparing each one to other similar hotels in different markets could be.

Simply put, the idea of benchmarking is taking insights from comparable hotels — and applying these insights to your hotel — to make sure you're doing everything you can to maximize performance and boost margins. This additional knowledge is powerful and can increase your success.



WHERE DO BENCHMARKS COME FROM?

OLD SCHOOL: THE ANALOG APPROACH

Manually gather data from neighboring hotels when possible. Analyze the data with a homegrown spreadsheet and make business decisions based on what you learn.

AGILE: GET DIGITAL

Leverage an expert 3rd-party system, like Hotel Effectiveness®, to provide real-time benchmarks from thousands of hotels, automate the analysis and recommend targeted actions for performance optimization.



TAKE ACTION!

GLEAN REAL-TIME INFORMATION FROM A CUSTOMIZED BENCHMARK REPORT


Interested in seeing a market or brand benchmark example? We're happy to share one with you! Just tell us what market you're in or what brands you manage, and we'll personalize a report just for you.

[CLICK HERE TO GET STARTED RIGHT NOW!](#)

**“PEOPLE ARE WORKING HARDER
THAN THEY EVER HAVE BEFORE.
IT’S A STRESSFUL TIME.**

**SPEND TIME ON COMMUNICATION
— BE AUTHENTIC, BE
VULNERABLE... BE CLEAR...
BE REAL. THIS IS SUCH AN
IMPORTANT PART OF RETENTION.”**

**— Heather McCrory
CEO, North & Central America
Accor Hotels**



RETENTION
MAXIMIZER
+
TURNOVER
MINIMIZER

RETENTION MAXIMIZER + TURNOVER MINIMIZER

Keeping labor has always been difficult, and more so now than ever. But here's good news: Turnover is predictable. And, with a good labor management solution, hotels can improve employee retention and avoid the 30% extra cost incurred each time a team member is replaced.

3 KEYS TO PREDICTING AND PREVENTING TURNOVER:

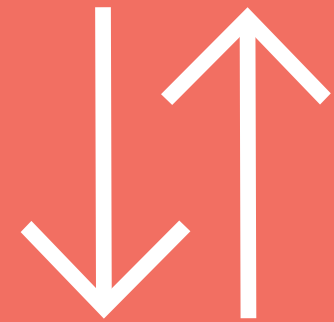
1. Tenure
2. Wages
3. Work Hours

Tenure is the length of time an associate has been on the job. People in specific jobs quit at predictable points in time. For roles like housekeeping, new hires tend to leave after three weeks, six weeks and 12 weeks — just when they start to be fully productive. Other roles follow similar patterns.

Managers need up-to-date, accurate information to compare associates' **wages** to their peers in the hotel and relative to the same job in the overall market and determine if there's a risk. Employees who are paid below-market wages or are underpaid relative to their co-workers have significant turnover risk.

Hotel turnover has always been high — and annualized turnover rates have doubled since pre-COVID. Data shows that 30% of full-time eligible associates in the hotel industry are not getting 40 hours of paid work per week.

With fewer hours, employees are earning less, making it impossible for even dedicated team members to stay onboard. On the other end, excessive **work hours** create burnout. Both situations cause high turnover.



CONSIDER THIS:

- ✿ **Housekeeper A:** A newer employee, on staff for 6 weeks. She has 3 “retention risk” flags: tardiness, not cleaning rooms fast enough, management has already had to speak with her about issues.
- ✿ **Housekeeper B:** On staff for just over a year. She has only 2 flags.
- ✿ The data tells us there's a much better chance the newer **Housekeeper A** will quit.
- ✿ Knowing the flags each housekeeper has, your managers can take action by focusing on engagement, scheduling and training efforts to minimize the change of each housekeeper quitting



EXPENSES — THE PRICE OF TURNOVER:

Here's the smart cost-effective solution: You could develop a manual process. Or better yet, use an automated tool to identify at-risk individual team members who are likely to quit before any issues arise and offer management actions to improve employee retention.

A tool like the Hotel Effectiveness PerfectWage™ Retention Risk Dashboard identifies at-risk associates and recommends immediate actions to increase retention.

Every lost associate adds 30% to the annualized cost of that position. Consider a housekeeper who makes \$25,000 a year. Replacing that housekeeper just once will cost the hotel an extra \$7,500 in recruitment, training and lost productivity. If you can keep that housekeeper from leaving, you'll save the same amount and free up your budget for revenue-driving efforts.

**“IT’S TIME FOR THE GREAT RESET.
THERE ARE A LOT OF HEADWINDS
OUT THERE, BUT THERE’S ALSO A
LOT OF OPPORTUNITY.**

**NOW IS THE CHANCE TO REINVENT
WHAT YOU’RE DOING IN YOUR
BUSINESS.”**

**— Glenn Haussman
Founder & Host
No Vacancy Family of Podcasts**

CHECK OUT OUR LABOR CALCULATOR!

RUN A LABOR PLAN AND BUDGET.

This first-ever labor calculator is a directional tool that can help you make a labor budget and cost forecast for key operational positions in 2022. It'll give you an accurate sense of a labor budget: hours needs & costs.

WHAT WILL YOU GAIN?

We'll calculate the hours a hotel needs for key positions, a pay rate and a total budget for a specific period.

Just a few minutes here now can help you achieve a 100% perfect labor costs in 2022.

100% PERFECT LABOR COSTS IN AN UNPREDICTABLE WORLD

DYNAMIC SCHEDULING FOR HOTELS OF TODAY, NOT 2019



IN PARTNERSHIP WITH

