



# Combating Rising Operational Costs

Given the current rate of inflation and other economic factors, hoteliers are struggling to bear rising costs. This resource, developed with the guidance of AHLA's Management Company Committee and expert insights from AHLA's Premier Partners, is intended to help operators combat the increasing cost of conducting business.

These one-pagers provide recommendations on how to improve efficiencies in four core areas:

**Recruitment**

**Insurance**

**Utilities**

**Property Taxes**

THANKS TO AHLA PREMIER PARTNERS



# Recruitment with Retention in Mind

Hospitality has an annual turnover rate of 73% – more than 2x the national average. The below tips can help you retain your employees and decrease your turnover rate.

## WHAT YOU CAN DO



### AVOID UNDER-STAFFING

- An overworked team quickly becomes a burnt out one
- Hire additional support if you need it

- ▶ Leverage freelance or contract support
- ▶ Staff up for large events and busy seasons



### VALUE MORE THAN JUST PAY

- Candidates look at total compensation, including benefits - not just salary
- Popular benefits include schedule flexibility and paid vacation and sick time

- ▶ Revisit policies for flexible work and paid time off
- ▶ Market benefits on your career site, social media, and job descriptions
- ▶ Incentivize employees to recruit with an employee referral program



### CREATE A CULTURE OF CARE

- A healthy workplace starts with culture
- Involve your team in the process of creating company culture
- Lead by example to encourage open dialogue and use of paid time off

- ▶ Implement mandatory time off minimums
- ▶ Create space and time for feedback
- ▶ Provide mentorship opportunities for continued professional development



### MAKE TIME FOR RECOGNITION

- Recognition can go a long way in making people feel valued
- Recognize more than hours worked

- ▶ Recognize birthdays, inclusive holidays, and work anniversaries
- ▶ Create internal promotions or team events for new programs



### MAKE IT EASY TO APPLY

- Candidates may not complete long job applications
- Most new job seekers use smartphones to find jobs

- ▶ Offer applicants the option to apply via text message
- ▶ Build mobile-friendly applications with responsive design

# Lower Onsite Insurance Costs

## Utilize Technology to Reduce Liability & Help Prevent Future Claims

### WHAT YOU CAN DO



#### WATER DAMAGE

Plumbing and sprinkler leakage are costly issues resulting in property loss and business interruption

Install or retrofit water sensors; consider automating data collection to easily spot variances in use and volume



#### BOILER & MACHINERY

Routine jurisdictional inspections help prevent catastrophic loss

Consider getting infrared inspections on the electrical panels



#### ROOF & EQUIPMENT

Roof instability and large equipment such as chillers and AC units can cause leaks

Use a drone to regularly monitor the condition of your roof's surface and equipment

## Reminders to Help Keep Claims Down



#### WORKERS COMP

Carriers are seeing an uptick in strains and sprains claims from routine tasks

Increase training time and implement regular refresher trainings



#### GENERAL LIABILITY

"Slip/trip/fall" complaints are the main claim drivers for hospitality properties and their operators

Pay special attention to entry and exit points, particularly in public, high traffic areas like the lobby entrance, and wet areas like the pools and kitchens

# Reduce Utility Costs

Improving your sustainability efforts can help you combat the rising costs of doing business while appealing to consumers, who are increasingly becoming eco-conscious.

Regardless of where you are in your sustainability journey, **AHLA's Responsible Stay** focuses on four central principles:



**ENERGY  
EFFICIENCY**



**WATER  
CONSERVATION**



**WASTE  
REDUCTION**



**RESPONSIBLE  
SOURCING**

These efforts will help you keep costs down while reducing your Scope 2 and 3 emissions.

If you're getting ready to build, starting a renovation, or just repairing and replacing infrastructure, there are many [existing incentives](#) for converting to more sustainable utility options. Check out the below incentives, which can save you tens of thousands of dollars.



- Business Lighting Program
- Chiller Rebate Program
- Clean Energy Investment Program
- Direct Expansion Air Conditioning Rebate Program
- HVAC Demand Control Ventilation Rebate Program
- Solar Energy System Sales Tax Exemption



- Alternative Fuels Infrastructure Tax Credit
- Convection Ovens Rebate Program
- Electric Vehicle Charging Rebate
- Infrared Boiler Rebate Program
- Refrigeration Case Fan Motor
- Steam Cooker Rebate Program

# Appeal Your Property Tax Assessment

As property taxes climb, it's critical to appeal your property tax assessment to help improve your bottom line. If your assessed value does not decrease, you incur no additional cost.

**DID YOU KNOW**



- Property taxes are one of the largest components of a hotel's operation costs, ranging from about 8-12%
- Every dollar reduced in property taxes will increase the net operating profit by the same amount
- Producing higher net operating income boosts a hotel's market value
- The fastest way to improve a hotel's bottom line is to reduce its property taxes

## 4 MAJOR COMPONENTS OF A SUCCESSFUL APPEAL



**TAX CONSULTANT**  
Experienced in Hotels

Identify consultants (preferably local) who are licensed, trained, and specialized in hotels



**ATTORNEY**  
Experienced in Property Tax

Find a tax attorney in your state to help your business navigate tax related issues



**APPRAISER**  
Experienced in Intangibles

Work with a consultant who can separate non-taxable business value from taxable real property and improvements



**DATA RESOURCES**  
Sales, Values, REVPAR

Find a local consultant who can extensively research to get the data you need to challenge the Tax Assessors Value

**DID YOU KNOW**



Most people don't understand the difference between Market Value and Taxable Market Value. A sizeable portion of a hotel's value lies in its flag. The intangible value associated with a hotel's franchise is exempt from Ad Valorem Taxation - in every state. Hotel property taxes can sometimes be reduced by up to 50%.