



LODGING HR

HUMAN RESOURCES FOR HOTELIERS

WASHINGTON, D.C.

OCTOBER 1999

VOLUME 1, ISSUE 7

EMPLOYMENT STRATEGIES

Are Your Employees in Need of CPR?

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In these times of increasingly tight labor supply, hotel operators and human resource managers are finding fewer and fewer qualified employees to meet their operating needs. In many cases, operators are even finding a shortage of the nefarious "warm bodies" to fill positions.

The response to the current labor shortage has been the usual set of ineffective and temporary solutions. The current labor shortage is not only the result of a booming economy and high employment, but an indication of a far deeper and potentially more threatening problem: We are not the "employer of choice" for potential workers. We are not even an "industry of choice" in the marketplace of today.

The image of the hotel industry to potential employees in the national workforce is nothing short of dismal: long hours, low pay, indifferent management, and slow promotion. We blame the dearth of "good" employees on the differing values of Generation Xers or an eroding work ethic, and lament that all the "good ones" are taken. But the truth is, prospective employees avoid our industry at all costs because we have failed to reinvent our workplace and reinvest in our employees. Good people are simply going elsewhere.

Consider Starbucks, the coffee chain. Part-time employees are offered

stock options in return for performance and loyalty. Better a barista at Starbucks than a front office assistant manager with any of the major lodging brands. While not a full-time employee, at least they own a piece of the action!

The looming issue for our industry is one of market competitiveness for new employees. The threat is not posed from within our industry, but from more adaptive, innovative, and creative companies outside our industry—like Starbucks.

The problem is so serious that a major resuscitation is needed to assist organizations in the way they do business. Change is no longer an option, but a necessity. Like a scene right out of the TV drama "ER," lodging owners, operators, and managers need to perform CPR—(Increased) Compensation, Participation, and Recognition—on the employment issue to truly create a new hospitality workplace. These key components can work together to transform lodging into the "industry of choice" and your hotel into the "employer of choice."

Compensation

Fair compensation includes competitive wages and/or salaries, comprehensive benefits, and performance-based incentives or rewards.

In the new hospitality workplace, employees will be paid at least a living wage, not minimum wage. The

notion that the current minimum wage is adequate or sufficient compensation today defies the realities of the world in which we live. No longer can we grouse about Washington's periodic increases in minimums and reluctantly follow along. We must be in the vanguard of creating a wage structure that attracts and retains top performers, generates loyalty, and perpetuates a system of economic fairness.

This proposal is not suggested from a social welfare perspective, but rather from the simple recognition that good people expect to be paid what they're worth in the market. Our competition for qualified employees is not with other hotels, but rather with other industries. This is a tough strategy for many to swallow, but to attract good employees it is inescapable.

Competitive living wages will only get employees in the door; they will not keep them. In the new hospitality workplace, benefits must be commensurate with market realities. Our reliance on part-time employees to lower costs has succeeded in lowering both the quality and quantity of prospective employees applying for positions with our properties. Other industries have created flexible and

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unique strategies to accommodate a safety net package of benefits that address the key concerns of employees: So, too, should we. Competitive benefits give employees peace of mind—a key issue in increasing productivity.

In the new hospitality workplace, we will have to generate more revenue and profit to pay for increased compensation packages and benefits. The answer lies in increasing profitability by creating a system of performance-based incentives.

Anecdotes abound regarding the increased levels of performance achieved when employees share in the profits of organizations. We need look no further than the phenomenal growth of the Outback Steakhouse chain to see the correlation between explosive growth and increased sales, and the fact that the managers of each unit are equity participants.

Performance-based incentives should not only apply to management, but to all individuals and teams within the organization. Since effective performance-based incentives motivate employees, they should be customized to the individual employee or team.

Participation

Participation includes two components: shared governance and employee empowerment.

Shared governance calls for participation of all employees in the operation of the business, with less emphasis placed on management responsibility. Instead, all employees are held accountable for the success of the business.

The evolution in the workplace of today centers on team-based systems of shared governance. The antiquated model, which hotels regularly adopt (with rigid hierarchies, slow response times, and the ever-present centralized decision-making) have been shown to substantially impede critical decision-making, alienate capable employees, and thwart creativity. Shared governance creates richer de-

isions, builds consensus, and reduces the response time needed to effectively meet customer needs. A system of shared governance demands that employees share in the development and establishment of their individual and team goals. These goals, when met, become the basis of the performance-driven incentive or reward system.

Shared governance without empowerment, however, is clearly an empty exercise. The need to acculturate hotel organizations to empowerment-designed systems is a linch pin to increasing productivity. Creating a workplace that respects the abilities and decision-making of individual employees by providing them with both the responsibility and authority to make decisions makes for a more productive employee. Then, and only then, can all employees be held accountable for results. Empowerment must be given to all employees in the workforce, not just employees in customer contact areas. The net result of these combined strategies is to create a workplace in which the employees control the resources most crucial to their success, are empowered to execute decisions based upon their abilities, and are accountable for the outcome. This powerful combination generates a belief for employees that they are in fact "impacting" the success of the operation, and are not just another powerless "cog" in the machine of operations.

Recognition

Recognition involves providing timely feedback, peer recognition, and performance-based rewards. Results, not managers, motivate employees. As a result, a system needs to be put in place to regularly monitor individual performance. Managers must then acknowledge the results achieved and provide the appropriate feedback. Daily or weekly feedback will inform the individual of what needs to be done to meet management expectations. In a nurturing environment, this strategy will optimize employee productivity.

Employees and teams that meet their individual expectations must be publicly recognized in front of their peers. This recognition must be incorporated into the hotel's standard operating procedures and become a part of the organization's culture.

While peer recognition is flattering, rewards encourage individuals to repeat the behavior that generated the result, and even work toward improving the result. Performance-based rewards should be distributed on a regular basis: Ideally, they should be distributed concurrent with the payroll. Rewards that are distributed annually minimize a sustained impact on performance.

Conclusion

If we agree that the current labor shortage is symptomatic of a much larger problem than a booming economic cycle, then the fundamental shift of prospective employees away from our industry creates a critical-care issue. The solution lies in treating the critical care problem with CPR:

- Responsive and realistic compensation, containing living wages, competitive benefits, and performance-based incentives.
- Participation, permitting empowered employees to share in the governance of the operation.
- Recognition, providing timely feedback, peer recognition, and performance-based rewards.

If adopted, CPR will create an industry culture that will attract the best and brightest available from the labor pool. CPR will make our industry responsive and competitive with other organizations that are currently stealing away qualified talent. CPR can make hospitality the industry of choice in the 21st century. ♦

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