

Volume 17 | Issue 1

# FOCUS**ED**

How labor management is evolving  
Lessons from hospitality leaders  
Getting managers engaged  
Understanding dynamic scheduling  
Training for optimization



## REDEFINING LABOR MANAGEMENT





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## CONTRIBUTORS



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FocusED is published by UniFocus and highlights topics of interest to labor-intensive, service-oriented businesses. For comments, suggestions for future articles, or additional copies of this publication, contact us at [info@unifocus.com](mailto:info@unifocus.com).

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# The EVOLUTION of Labor Management



*In this edition of FocusED, we look at the difference between Labor Management and Optimized Labor Performance. These two terms are frequently used interchangeably but are not actually synonymous. We will look to address their differences.*

Mark Heymann  
CEO, UniFocus



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*A friend once told me that “using a P&L to guide performance is like driving a car looking in the rear-view mirror”.*



**F**orty years ago, when I started in the productivity business, we built manual systems to manage labor more effectively. We didn’t simply accept the parameters managers used to determine their schedules, but instead set about to measure work content (how much work there was to do as volumes varied), build more accurate staffing guide lines, and develop planning and reporting tools that would apply the new guidelines. Documents were used to help schedule staff and assess productivity results in relation to the new labor requirements (standards). The result of this process was measurable improvement in staff productivity and an improved bottom line. At that time there were

no computers, so the real focus of the exercise was to improve staffing levels and therefore, zero based standards were the end-product.

In the 80’s, the first PCs became available and many of the manual calculations to determine staffing and scheduling needs started to be done in spreadsheet programs such as Excel. However, the focus for labor management did not change. Labor management was designed to improve productivity and reduce labor costs.

Additionally, quality assurance concepts came into vogue and organizations, while still focused on productivity improvement, began to look more closely at the quality of the guests’ experience. The staffing

guides that were built in the 70’s now had to account for a quality of service delivery aspect. Not only was there an evaluation of work content, but when the work got done, guest expectations needed to be part of the solution. As supply grew and competition increased, quality continued to become more important. And during these periods, labor management and workforce optimization were more closely aligned.

Fast forward to the 21st century with PCs in full use and many organizations using spreadsheets as their key labor management tool. Even with more advanced labor management programs having been developed, the focus shifted to using technology

> to determine staffing needs, in many cases to the exclusion of what the real work content was for the various jobs and tasks. Further, performance measurement was shifted to monthly reviews versus budgets, and the budgeted parameters became the driving force for labor management. Labor Management though, had now diverged from workforce optimization driven to a large extent by simplistic technology under the guise of labor management and productivity improvement. Management expected these PC based approaches to help control and improve labor management. The problem though, was that the guidelines just weren't accurate and historical performance became codified in the new technologies.

In order to effect labor optimization compared to just labor management, value engineering of guidelines must be part of the process. And the technology that is going to be most effective needs to support better defined work content-based parameters. Even housekeeping has changed from simply cleaning occupied rooms to the difference between the work required to clean a check-out versus a stayover. And the complexity of the food and beverage business dwarfs those of the rooms business. The number of key staffing drivers multiplies in F&B and therefore the technology must be able to handle these nuances coupled with more accurate assessments of the work impact of the various volume changes. This is a key step towards Workforce Optimization. Accurately understanding and applying better, more refined staffing guidelines to

the planning and scheduling process as well as the performance evaluation exercise. Automated scheduling is also part of the equation in today's environment. It helps managers do a better job by taking into consideration all of the availability issues coupled with the many work rules that need to be accounted for in schedule determination.

As the industry progresses into the second decade of the century, human resource management continues to play a broader role in operational management. Studies that have looked at different segments of the working population highlight the different requirements of the various segments. And as these segments became better defined, motivation and engagement of these staff groupings must be understood if one is to optimize labor performance. This information needs to be integrated into the management tools that are being used to determine staff schedules and overall performance. Staff feedback measures have expanded beyond the historic focus on turnover to the effect on customer retention and overall performance of the organization.

Work content analysis remains the key component of real labor requirements. Using budgeted parameters and assessing performance by focusing on the P&L statement is no longer going to drive best results. A friend once told me that "using a P&L to guide performance is like driving a car looking in the rear-view mirror". The challenges that managers face trying to develop a least-cost, quality service schedule are

too many to leave to a manual process. The demands of the various employment groups that directly impact engagement, and the flexibility that is expected of an organization, is difficult to keep in one's head.

Therefore, Labor Management needs to evolve from what it is today to Workforce Performance. One's workforce is a "partner" of the business. It is not just the classical definition of labor as an input to production, especially in the service business and the dynamic nature of customer demand which fluctuates throughout the day and week. Labor Management tools that don't address these issues are no longer sufficient. Ignoring team engagement, treating it as a step child or having it siloed outside operations won't work anymore. Technology that incorporates multi-indicator dynamic scheduling based on value engineered labor needs; clear, timely team communications; flexible shifts and real time performance evaluation is what the market demands today. Anything less will deliver less than optimal results and limit the value of the operating business.

Hope you enjoy this edition of FocusED. 



Mark

# OPTIMIZED

## Labor Performance

— *Lessons from hospitality leaders*



**R**egardless of market conditions, labor has always been a challenge for service-based businesses. This is especially true in tight labor markets. In sectors like retail and hospitality, there is the added burden of being perceived by many staff as a temporary stop on their way to a "real" career. Labor-intensive service businesses often find themselves in a perpetual state of being understaffed and struggling to adapt to the dynamic, real-time nature of customer demand in their businesses.

You would expect these companies to be at the forefront of labor management, but surprisingly, most are still very tactical in the ways they manage labor. While they track labor costs and variances closely, they have been slower to adopt advanced technologies and processes.

Early adopters of strategic labor management report measurable improvements in business and financial

performance. As market shifts and minimum wage increases bring more attention to labor issues, companies see labor management as a key to maintaining profitability.

FocusED sat down with leaders from three hospitality companies that have developed successful labor management strategies. They share the technology tools and management practices that have helped them achieve significant improvement in labor performance.



## Hospitality leaders' insights on effective labor management

### Vincent Hubrich, Director of Productivity Improvement at White Lodging

Vincent Hubrich's passion for hospitality began as a student in Purdue University's school of Hospitality and Tourism Management. Upon graduating, he immediately entered the industry, working in operations roles at the property level where he demonstrated consistent strength in productivity. Today, he leads White Lodging's efforts for continuous productivity improvement and is a strong proponent of utilizing technology tools to help managers optimize labor performance in their departments.

### Mike Straube, CFO at Standard International

Mike Straube is a veteran finance and operations executive in the hotel industry who has worked with leading hotel operators, including Pyramid Hotel Group and Trump Hotel Collection. He currently serves as CFO of Standard International and has been a champion for taking a holistic approach to optimizing labor performance.

### Andre Zottoff, Vice President of Asset Management at Strategic Hotels & Resorts

Andre Zottoff started his career in hospitality as a culinary apprentice in Munich Germany and spent the next 35 years in management and operations for leading hotels in Europe and North America, including serving as Vice President and General Manager of Hotel del Coronado. He now serves as the Vice President of Asset Management for Strategic Hotels & Resorts where he provides executive leadership for optimizing labor performance.

## > FocusED: When did you first begin to implement disciplined labor management and what were your early expectations for those efforts?

### Mike Straube

My experience began in late 2003 – early 2004. Scheduling labor was very subjective and inconsistent in the company I was working with at the time, and we were trying to find something that would help us be more systematic. Our goal and expectation at that time was simple: "better than Excel". Excel wasn't doing what we needed. We were in the early stages of trying to build a digital toolbox to help our managers work smarter. Our ultimate goal was to find ways to save on labor costs, but at that time, we were most concerned about getting our arms around what was actually happening so we could evaluate effectively.

### Andre Zottoff

In 2007, while I was General Manager of the Fairmont Millennium Park in Chicago, we implemented a labor management system. Initially, our motivation was strictly financial – we were focused on reducing labor costs. We had good managers, so we wanted to give them better technology tools for scheduling. We knew that our managers were busy with their day-to-day workloads and didn't have a lot of time to look at ways to be more efficient, so we partnered with our solution provider on a full review of our standards and processes, to help us find ways to cut costs.

### Vincent Hubrich

I was the Housekeeping Director at the JW Marriott Austin in 2016, when corporate made the decision to implement a centralized labor management process and system. We had been using a homegrown solution that merged actual labor spend with financial budgets and provided basic labor standards benchmarking, and schedules were created in Excel. There was always a delay in reporting with the homegrown tools. The company wanted to give managers access to real-time labor data and reporting so decisions could be made in time to impact labor costs.

## > FocusED: Did you meet your early objectives? What factors contributed to your results?

### Andre Zottoff

We actually exceeded our objectives. As we went through the process of implementing the solution, we learned the importance of focusing on optimizing labor rather than cost cutting. Of course, we still wanted to reduce labor costs, but when we focused on staffing at the right levels for the business volumes throughout the day, staffing was more efficient and we did a better job of meeting guest needs. Satisfaction increased and costs decreased. We added millions to the bottom line.

There were two things that contributed to our early success. The first was that the system helped us significantly improve the accuracy of our forecasts. If you don't get forecasting right, staffing won't be either. The second was management buy-in. GMs worked closely with their department heads so they understood the value of the system – not just for the company, but for each of them in terms of saving time and giving them real-time reporting so they manage better.

### Mike Straube

For us, I would have to say yes and no. We definitely achieved the implementation of a tool that was better than Excel, but early on we were focused on mechanics and configuration. We had the mentality that we put in the application and boom, it's on autopilot. We lacked understanding that there needed to be a cultural change. We had to educate the organization – especially management – on the importance of the application and processes. Labor management isn't filling out a spreadsheet

- there's a holistic aspect to it in terms of evaluating results. We missed that piece. We saw some early administrative benefits, but the big impact to productivity took time.

### Vincent Hubrich

I had a very challenging experience. The initiative didn't work at all in the beginning. Consultants built labor standards around ones we already had, but we didn't see results immediately because managers resisted changing. Being forced to rewrite how you approach scheduling is difficult. Some managers adjusted more quickly, but we had a hard time getting most of them to let go of Excel. Change management had to come into play.

Obviously, we got through those hurdles and are now ahead of the curve in optimizing labor. What was the key? Sticking to it. Having a set of leaders who understood the value and were committed to getting the program established – then building on it to make it better. Sometimes it takes tough love. I went as far as deleting the Excel files from the shared drive and then went on vacation. There was some fallout, but after a few scheduling cycles, they became accustomed to it and that's when we started seeing results. People tend to revert back to what they know. We had to be determined to go forward.



## > FocusED: What advances in technology or other capabilities does your organization depend on most to help you optimize labor productivity?

### Andre Zottoff

The fact that the system can generate very accurate forecasts and automate scheduling is what we depend upon most, and that requires Artificial Intelligence and Machine Learning. Because AI is a background function, it isn't as obvious as other technology advances, like mobile, but it is the most valuable in terms of optimizing labor performance.

### Mike Straube

For us, having a real-time architecture that gives us immediate access to very detailed reporting has been critical. Most workforce management tools give access to at least some real-time data, but there are limits to the level of detail you can access. Because

we are focused on optimizing, we want to be able to access detail on demand and ensure that our managers have what they need to make decisions before something like overtime becomes an issue.

### Vincent Hubrich

Accurate forecasting and automated scheduling became table stakes for us very early in our efforts to improve labor productivity. More recently, we have begun to rely heavily on mobile as an extension of our scheduling. It streamlines a lot of paper-driven admin tasks. Staff can make all of their schedule requests or changes to availability digitally, which eliminates errors with lost pieces of paper. I sat down with a manager who was still using post-it notes and asked what happens when a note falls off – those things create a lot of frustration for associates and managers. Managers can also review and approve requests from their smartphones wherever they are, so staff get approvals much faster. It also just makes it easier for managers and staff to communicate, and that is really important when you are trying to fully engage your team.

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*We have begun to rely heavily on mobile as an extension of our scheduling...Staff can make all of their schedule requests or changes to availability digitally, which eliminates errors with lost pieces of paper.*

~ Vincent Hubrich,  
Director of Productivity Improvement, White Lodging

## > FocusED: You've used the term “labor optimization” – how does that differ from labor management?

### Mike Straube

Labor management focuses on the tasks required to actually schedule and manage labor. Optimization integrates evaluation, which looks critically at the desired quality standards or service levels and identifies ways to creatively deliver that service to meet guest expectations. Those become your labor standards. In labor management, you're simply making sure you're following the structure of the standards you've established. With optimization, you're drilling down to make sure the labor standards are tight – evaluating whether those standards can be tweaked or improved.

### Andre Zottoff

Simple labor management is what most hotels do today. They set budget and margin targets by department and give them tools to help build schedules, but it is a fixed way of thinking and operating. If projections indicate it's going to

be busy, managers will schedule the maximum shifts. Optimization asks, “How can we staff in the most effective way to get the right amount of people for the right amount of time?” “When should shifts start and end so guests get great service and staff make better tips?” “Do we need to change the way we execute certain tasks?” Then you analyze results and use that information to improve. Labor management assumes managers are task-oriented operators, but labor optimization helps them become better business thinkers.

### Vincent Hubrich

Labor management focuses on cutting hours and meeting productivity targets. Making sure you meet your labor standard goal. Optimization goes back to putting the right person in the right place at the right time. You use more hours when you should be using more hours and less hours when don't need those hours, rather than taking a rote approach to scheduling. For example, just because we're sold out tonight, doesn't automatically mean I need six housemen. If I have 1000 stayovers, I may only need four housemen to effectively meet guests' expectations. This also helps maximize engagement by keeping staff busy without overworking them.







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*Labor management isn't filling out a spreadsheet - there's a holistic aspect to it.*

*~ Mike Straube, CFO, Standard International*

> **FocusED:** How are you integrating employee engagement into your current labor optimization strategy?

#### **Vincent Hubrich**

Employee engagement has become an integral part of our labor optimization strategy. Our system allows us to get very granular in terms of identifying when to use hours in the right place and right time, but that alone doesn't guarantee that our service standards will be met. We have to ensure that our staff are engaged so they are motivated to deliver great service and meet our standards. We also can't build a standard that meets every single thing that occurs throughout a hotel's year, but engaged staff who understand our goals, figure out how to get things done vs strictly managing to a specific service standard. We provide training

to help them understand what is expected and empower them to take ownership in doing their jobs. We also conduct full annual surveys and mid-year pulse surveys of team members so we are aware as issues arise that might affect engagement.

#### **Mike Straube**

Engagement is a requirement for making your labor optimization strategy work. We have integrated this by spending time with managers and associates before we bring in technology, and engaging them during the process so they have buy-in. Then we focus on management training and education so that our managers have the skills to manage and engage their staff.

#### **Andre Zottoff**

Engagement is a priority and having engaged managers is the key to getting staff engaged. We work with our GMs to ensure they are listening to and supporting their line managers, which is the most important step to engagement. We also look at issues like getting staffing levels right.

Understaffing creates a lot of stress, but overstaffing creates boredom and makes it harder for tipped employees to earn money.

> **FocusED:** If you were advising another hotelier on selecting and implementing a Workforce Management solution, what would you say are the most important features or issues to consider?

#### **Andre Zottoff**

I have already emphasized the importance of accurate forecasting and automated scheduling; this is central to optimizing labor and will save your managers a lot of time every week. We also find that integrated labor budgeting is a very powerful tool. We can take our forecast and run it against our standards to ensure it is in line with the P&L so there are no surprises at the end of the month.

Your managers also have to like the tool and find it easy to use. At the end of the day, it's like any other technology: garbage in/garbage out. If managers aren't using it, you won't get the value from it. This also means that you have to build buy-in and ensure that managers are trained in using the system.

If you are going to optimize labor, your GMs must lead the program and remain involved. The most important meeting in a hotel is the weekly labor review – this cannot be delegated. This is a meeting for the GM and department heads to sit together and have a meaningful business discussion about labor every week.

#### **Vincent Hubrich**

The most important aspect or feature is usability. Make sure that the tool you select can be used from the top down. The back

end can be very advanced, but the front-end must be simple. If it is overly complex, people who are technologically challenged may not commit to using it. Also, make certain your solution provider has a robust training program to help users get up to speed and build confidence. You should have support from an implementation and setup perspective, and your provider should be nimble when it comes to interfacing with third-party systems so you get full data from your other solutions. A sophisticated workforce system isn't one-size-fits-all plug-and-play. It's plug/play and define/engineer as you analyze and evolve, so invest in a solution that will evolve with you.

#### **Mike Straube**

The first step you have to do when implementing a workforce management solution is develop the culture at the property level – with the scheduling managers. This is the voice of experience talking. I didn't take into account the challenges we would face with our managers when implementing labor management. A culture of labor management is not intuitive in hospitality, you have to create an environment that assures your managers, "This isn't going to be as difficult as you think". Especially in Food & Beverage, where most managers will assume this means just cutting shifts. Find a solution provider that understands change management and cultural integration. At the corporate level, identify a labor champion, someone who can be dedicated to working with the properties to keep things on track.

Then make certain that the forecasting capabilities of the system are advanced and will help you produce accurate forecasts. Take the little bit of extra time to configure the system or integrate the data that is needed to ensure that accuracy. To trust the system, managers need to trust the forecast. You can have all the labor standards you like, but they won't mean anything if you don't have good forecasting and a culture that understands and values optimizing labor performance. 📈

# The Manager's PERSPECTIVE

Getting managers to embrace labor management

By Pamela Samaniego, Account Manager, UniFocus



I will never forget the look on my F&B Director's face when I walked into his office to discuss budget variance after a challenging month. The revenue forecast had shifted higher almost daily. Two associates left his department. It seemed like every business in the area needed last-minute catering orders. The poor guy had worked at least 80 hours every week himself, but with a limited staff and significantly higher demand, everyone went into overtime. His labor budget was off the rails, he was exhausted, and I still had a variance report to deliver to regional management.

I wasn't sure if he was going to scream or break down and cry. "I killed myself the whole month for this place," he said, "and all I get for the effort is trouble over my labor variance."

This is a common scenario across the hotel industry. With few exceptions, monthly

variance reporting is almost entirely labor related. It's a big source of frustration for department managers who find themselves in the hot seat, feeling like they are being punished despite Herculean efforts to ensure that every guest received great service.

These managers have been hired because they are service-savvy professionals, capable of working minor miracles to diffuse tough situations and empower their teams to deliver the quality of service expected by hotel guests. They are fully aware that they have more control over service execution than the fluctuations in demand, so they do their best with staffing and hope that maintaining high guest satisfaction ratings will keep them out of trouble when labor costs are higher than projected. Unfortunately, we're talking about the single highest cost in any hotel. Keeping labor costs in line is key to profitability, and if you're missing the mark it will catch up to you.





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...most [managers] can identify a number of ways their teams could operate more efficiently by improving the way work gets done.

> In most hotels, labor forecasting and scheduling is pushed down to department managers, who have varying degrees of experience and a significant workload managing day-to-day operations. They are handed a monthly revenue forecast to work from, yet they typically generate schedules for a week – sometimes two, if needed for compliance with regulatory or union requirements. Most managers feel they cannot possibly schedule farther in advance with any accuracy because the revenue forecast fluctuates continuously throughout the month.

When schedules are done, unless they have a tool that helps them navigate and adjust in real time, managers are simply reacting to what happens as it occurs day-to-day. They attempt to work through the daily fluctuations to achieve the originally forecasted bottom line for the month because despite continuous changes to the revenue forecast, they remain accountable for delivering that margin.

The general expectation in the hotel industry is that department managers will just naturally master labor management over time in the course of their work – despite very little experience or training in labor standards, planning, and scheduling. They typically have only a small percentage of their time to give to the task, and very few tools and processes at their disposal.

Much of the time, the data needed is not available in time to proactively impact labor. To access the data that is available, managers often have to leave the floor and go to their desks to pull a report. If hotel guests are standing in front of them, those guests are their focus and labor metrics become a post-mortem story.

The problem is that the post-mortem is often painful, as in the scenario with my F&B Director.

It doesn't have to be this way.

The industry has taken a very different approach with revenue management. We've invested in talent, training and technology to generate and manage the monthly revenue forecasts, ensuring a well-understood and supported process at all levels of the organization.

Monthly revenue forecasts are managed by a designated Revenue Manager who has education and training in data analytics and is armed with a host of support tools. Yield management systems utilize historical and competitive data to generate the forecast that drives all other planning.

Revenue Managers have the opportunity to collaborate with the property team and get input

> from very experienced regional support team members before finalizing the forecast. The systems used for revenue management facilitate reviews and approvals, making approved budgets available to key stakeholders: GMs, department managers, regional managers, and corporate leadership.

Once approved, the forecast is monitored daily and adjustments are made up or down, allowing the hotel to react by changing offers or rates against demand. Updates regarding adjustments or reforecasts can be pushed by the system to the appropriate people across the organization.

Today's technologies can similarly support labor management. Systems can utilize AI to develop more precise forecasts, while automating accurate schedules directly related to projected service needs – which is especially useful to organizations with Food and Beverage operations. This process results in saving managers hours each week and helping them produce schedules that are much better aligned to the actual demand their teams will experience. They can access mobile applications that give them the data they need to know what's happening with labor and take action before overtime gets out of hand – without leaving the floor. They can receive alerts to ensure that they are compliant with meal and rest breaks. When someone calls out,

mobile applications let them see who is available and immediately make calls to specific people or broadcast the available shift to everyone who isn't working.

So why isn't labor management part of the vernacular of a hotel in the same manner as revenue management – with comparable processes, technologies, education, and training?

This can be partly attributed to the fact that management compensation has more to do with top-line results than bottom-line flow through, but the issue is primarily cultural. The bias that managers should inherently understand labor management extends beyond corporate and regional leadership to the managers themselves. Discussions regarding adopting labor management systems and processes often result in defensiveness on the parts of managers, who perceive it as an attack on their management skills or an effort to prove that they don't need to hire open positions.

Managers will assert that a labor management system is an unnecessary expense because their departments “are already operating at minimum or optimal staffing levels”. They raise concerns that implementing a system will translate to spending more time at their desks on administration and less on the floor with guests and staff. If they trust you enough to have a transparent






➤ discussion, you'll discover that many are fearful that a labor management system will make them appear less competent...and there will be negative consequences.

Your managers know that given enough time, they could develop more accurate labor forecasts and schedules. Catch them away from the property, when they don't feel vulnerable or under pressure, and most of them can identify a number of ways their teams could operate more efficiently by improving the way work gets done. These are the basics of disciplined labor management, which your managers will accept if they are approached positively rather than punitively.

As revenue slows and wages increase, disciplined labor management is an imperative. The key is enrolling department managers in the value of

expanding their knowledge and skills in labor management as part of their career development.

Telling busy managers who are already experiencing burnout that they need to reduce their labor costs without negatively affecting guest satisfaction or staff attitudes is a losing formula.

A winning formula starts with a cultural shift: acknowledgement that labor management is a critical management discipline the entire organization needs to develop at corporate, regional, and property levels. And demonstrated commitment by investment in the supporting training, processes and technologies that save managers time and make the process easier – just as the industry has done with revenue management. 



A Dynamic Industry

# REQUIRES

a Dynamic Scheduling Solution

By Ralph Varble  
VP of Operations, UniFocus



One of the keys to achieving success in hospitality hinges on your ability to place the right people in the right place at the right time to serve your guests. How to best schedule staff to comply with regulations and still meet customer expectations still challenges the industry. How can your business thrive when it must schedule employees without knowing demand? And demand in hospitality shifts constantly.

Between interacting with guests to enhance the brand and wrangling schedules to balance business needs with employee needs, managers have a million things on their plates every day. Automating how they handle scheduling frees significant time to focus on other tasks, building the business, enhancing guest experience and engaging staff.



> Automation requires an in-depth knowledge of hospitality’s ever-changing needs as well as a granular knowledge of employee work requirements. Merging those means the difference between unhappy guests and the intent to return and recommend. Choosing the right workforce management solution that handles every aspect of scheduling for the distinctive needs of hospitality is a key differentiator.

transactional data to predict how a consumer may act on a given day, a useful system generates a statistically created schedule. But that schedule has to be built for hospitality.

The foundation

The basis of manufacturing is raw materials and machines, and planning relies primarily on sourcing. If you have raw materials and machinery, you can estimate product output and schedule your people with confidence that you won’t have a sudden change in demand. Once the raw materials are consistent and the

flow is constant, manufacturing can then schedule the people and machines needed to ensure the production lines work well and that the through-put meets machine performance expectations.

Duong Truong, Director of Human Resources at Whitmore and Jet-Lube, notes that raw material availability contributes greatly to scheduling and can derail planned production if materials are unavailable. The demand, though, is a constant.

Hospitality’s foundation is service based on labor. The first concern in hospitality is understanding people –

Disclaimer: While the sophisticated algorithms involved in generating a schedule to consumer demand save time and prevent errors, nothing will completely replace an experienced eye or a manager engaged with their team.

> what the consumer expects to receive and how to meet that expectation in the most efficient, cost-effective manner. Labor in hospitality is the greatest expense and ensuring it’s available when and where your customers need it is tricky. When demand is fluid, dynamic/optimized workforce management becomes all the more important.

Demand dynamics

Customer demands for all products tend to follow a bell curve, waxing and waning depending on the needs of the market served. The curve, however, takes place over wildly differing time frames for manufacturing as compared to hospitality. Where manufacturing’s curve happens over weeks or months and with inventory acting as a buffer, hospitality’s curve varies by the time of day, the day of the week, and more. Thus, the impact of demand needs to be measured in small increments of

time throughout the day for scheduling to have maximum impact.

When asked what contributes to shifting schedules in manufacturing, our interviewees listed machinery breaking down, unavailable raw materials, and unplanned rush orders, all of which can affect hospitality, too. However, the shortest schedule change was for unplanned demand, but even that change gave employees at least 24 hours’ notice of the change, with most manufacturers we spoke to giving notice of a schedule change from two days to a week in advance.

In hospitality, the human is the “machine,” and optimizing a schedule for a human requires a much different approach than manufacturing. The factors involved are incredibly nuanced and can be difficult to predict, ranging from the day and time of day, time of year, weather patterns, seasons, customer expectations, and more.





> Customer expectations, in particular, drive demand and change in the blink of an eye. Predicting what can happen one Monday to the next or even one lunch rush to the next ensures your staff is available when and where your customer wants service. To succeed, managers need to be able to accurately forecast demand that changes from minute to minute throughout the day. And this is a key component of an optimizing labor performance system.

The crystal ball

Forecasting is the key to ensuring demand is met. The trick is forecasting how many people will come in and when to meet demand.

Manufacturing forecasts months in advance with little variation in employee schedules because the business model simply doesn't need to. It has inventory, in general to meet short term variations. When

variations do occur, manufacturers have time to plan for changes and can make up for any lost time or increased demand by simply adding another shift or more machinery. This adds a level of leniency in scheduling that hospitality simply doesn't have.

Hospitality does long-term forecasts weeks in advance for budgeting and some revenue optimization purposes, but typically projects volumes and schedules employees one or two weeks in advance that are influenced by daily fluctuations. Thus, forecasting needs to be as accurate as possible, to develop accurate schedules. In addition, schedules must account for all employee requirements as well as what demand may come in that very moment, as discussed above. The sheer number of factors that go into building a weekly schedule for a busy hotel is dizzying.

Workforce management solutions

Traditionally, hospitality has been forced to adapt workforce management solutions that are optimized not for the human factor but for machines with a steady input and output. A workforce management solution that only optimizes for machines cannot optimize effectively for humans or the



*Labor in hospitality is the greatest expense and ensuring it's available when and where your customers need it is tricky.*



*The right workforce management solution takes this huge amount of data and applies it to scheduling, placing employees in the right place at the right time to handle any consumer need.*

> demands of other humans. It doesn't understand consumer or employee needs and expectations or give managers enough feedback to better manage their human workforce.

The alternative in hospitality has been spreadsheets, which aren't sophisticated enough to consider scheduling conflicts, work rules, PTO requests, preferred shifts, and more. They are also unable to account for extreme swings in demand that exist in the day-to-day life of a hotel employee. Hospitality requires all these subtleties and more to be factored into every moment of every day.

Advanced technologies can do more than a simple spreadsheet ever could and faster than a human brain. A properly configured, optimized, workforce management system frees significant time in schedule generation alone just by

staffing to a typical customer's ideal service level. It can also identify and predict consumer behavior based on a "typical" day, week, month, etc., and consider the nuances of your customer and business.

The right workforce management solution takes this huge amount of data and applies it to scheduling, placing employees in the right place at the right time to handle any consumer need. And it clears manager time by automating the cumbersome task of scheduling.

Understanding your needs

In hospitality, customer experience is the final product, delivered on demand by humans when, where, and how the customer wants it. Quality service is the goal while recognizing that costs must also be taken into

account. Service industries represent the epitome of the "just-in-time" concept, but quality is entirely subjective, driven by customer desires in the moment. That moment can be affected by a myriad of other factors, too, such as weather conditions, disruptions in traffic patterns, local events, and more. The key to meeting customer expectations and creating the desired experience is performance management.

A system for hospitality needs to be built from the ground up to accommodate the unique factors that create a quality product for the service industry. The dynamic nature of the business demands equally dynamic staffing and a workforce management system that can keep up with both. Anything less does a disservice to your business, your employees, and your guests.



# Engaged MANAGEMENT

## The key to employee engagement & productivity

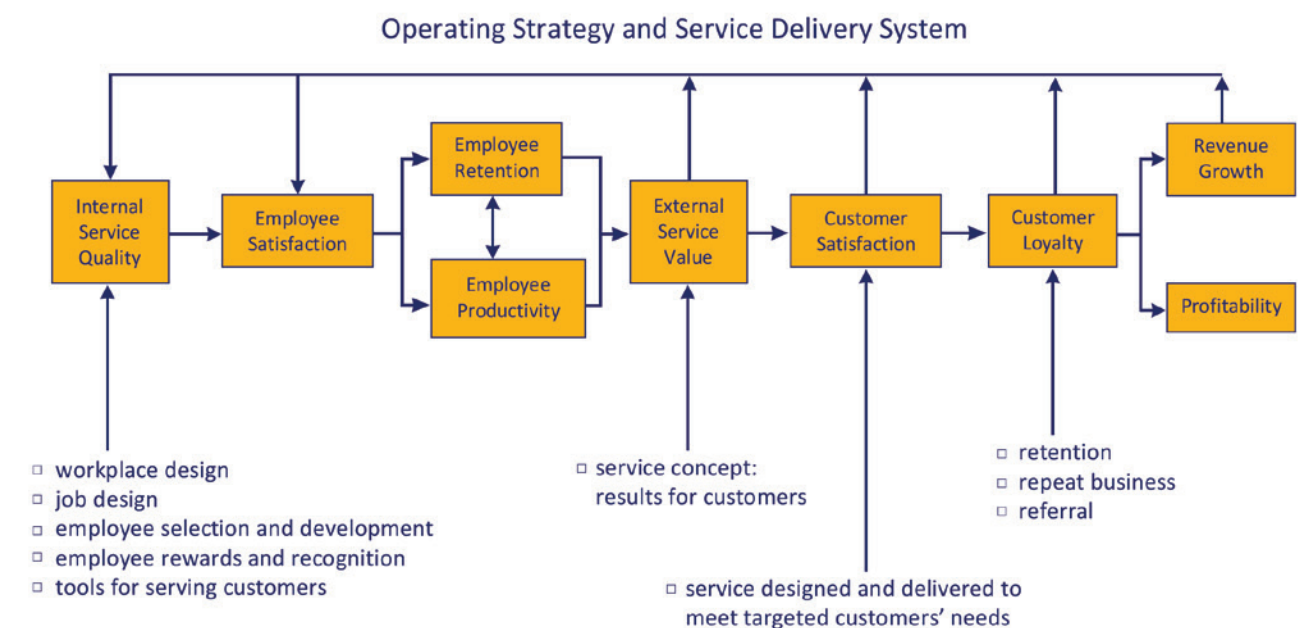
By Shana Schlabach, Engagement Product Manager, MBA, SHRM-SCP



Service businesses are about people serving people, making labor the top issue across service industries. In our tight labor market, hiring has been a considerable challenge and turnover has reached crisis levels in many sectors. With replacement costs as high as an additional 21% of an employee's annual salary,<sup>1</sup> it's no surprise that there has been a significant focus on engaging employees to drive loyalty and retention.

The benefits of an engaged workforce go beyond reducing turnover. If you're in hospitality, retail, healthcare, or any other labor-intensive service industry, your business is responsive to the service-chain profit model (Figure 1), which suggests that employee satisfaction ultimately leads to profitability – not only because retention reduces costs associated with turnover, but also because engaged employees are more productive and deliver higher quality service. If you want to optimize the productivity of your workforce, engagement is a requirement.

Figure 1 – The Service-Profit Chain<sup>2</sup>

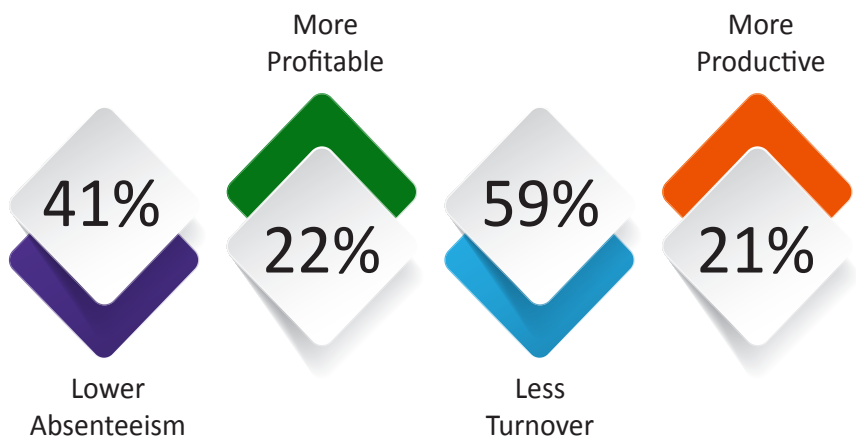


<sup>1</sup> Rigoni, B., & Nelson, B. (August 9, 2016). Many millennials are job-hoppers—but not all are. Gallup: Workplace.

<sup>2</sup> Heskett, Jones, Loveman, Sasser, Schlesinger. (July/August 2008). Putting the Service Profit Chain to Work. Harvard Business Review. Retrieved from <https://hbr.org/2008/07/putting-the-service-profit-chain-to-work>



HIGHLY ENGAGED TEAMS



> This model has proven out in a number of recent studies on employee engagement. Gallup found that companies with highly-engaged teams are 22% more profitable<sup>3</sup>. Teams that score in the top 20% in engagement are 21% more productive, with 41% lower rates of absenteeism, and 59% less turnover<sup>4</sup>. It goes without saying that understanding how to drive employee engagement is clearly good business.

affecting staff members’ work values, with emphasis on what millennials want and expect from the workplace. Recommended activities range from corporate social responsibility initiatives to gamification that rewards desired behavior. The problem is, there is very little addressing the most critical issue for engagement: management.

The role of managers in employee engagement

You’ve no doubt heard the saying, “people don’t leave jobs, they

leave bosses.” Well, it’s true. The biggest determining factor affecting staff retention and engagement is employees’ relationships with their managers and perceptions of those managers’ leadership. According to Gallup’s chief scientist for workplace management, James K. Harter, Ph.D., at least 75% of the reasons for voluntary turnover can be influenced by managers<sup>5</sup> and managers account for as much as 70% of variance in employee engagement<sup>6</sup>.

The converse is also true. Staff who are satisfied with their managers show higher levels of engagement. A recent study reported in the Journal of Human Resources in Hospitality & Tourism<sup>7</sup> found that as satisfaction increases with their direct leader, employee engagement increases. A one-point increase in leadership satisfaction results in a 36% increase in engagement.

The challenge is that retention and engagement is not only an issue with operational staff. Managerial turnover in the US ranges between 35% - 47%, as compared to 8% - 15% in non-service industries, and costs of replacing and training a new manager run as high as 170% of his or her annual salary. So, the key to engaging your staff goes beyond improving your managers’ skills, you first have to retain them.

3 Sorenson, S. (June 20, 2013). How Employee Engagement Drives Growth. Gallup: Workplace. Retrieved from <https://www.gallup.com/workplace/236927/employee-engagement-drives-growth.aspx>

4 Clifton, J (2017). State of the American Workplace. Washington, DC: Gallup, Inc.

5 Robison, J. (May 8, 2008) Turning Around Employee Turnover. Gallup Business Journal. (Retrieved from <https://news.gallup.com/businessjournal/106912/turning-around-your-turnover-problem.aspx>)

6 Beck, R. & Harter, J. (April 21, 2015) Managers Account for 70% of All Variance in Employee Engagement. Gallup Business Journal. (Retrieved from <https://news.gallup.com/businessjournal/182792/managers-account-variance-employee-engagement.aspx>)

7 Book, L, Gatling, A & Kim, J (May 24, 2019) The effects of leadership satisfaction on employee engagement, loyalty, and retention in the hospitality industry, Journal of Human Resources in Hospitality & Tourism, 18:3, 368-393, DOI:10.1080/15332845.2019.1599787

> Unfortunately, very little attention has been given to understanding how best to engage and support managers, despite the fact that this should clearly be the first priority for every service business in their employee engagement efforts.

What your managers need

Managers’ workloads in service industries have increased as staff turnover and hiring challenges require them to not only manage, but often to do the actual work when they are short-staffed.

As big data and analytics have become a priority at the corporate

level, managers are required to spend more time on reporting. Even functions like forecasting, scheduling, and day-to-day timekeeping have become more time consuming as legislation drives increasingly cumbersome work rules and higher labor costs place additional pressure on managers to figure out how to improve productivity without negatively affecting customers. These managers joined a service business because they want to serve and interact with people, yet their workload grows with tasks that require them to spend more time at their desks.

At the same time, the burden of corporate employee engagement pro-

grams falls on managers’ shoulders. They understand that they need relationships with their staff based on open communication, trust, and confidence, but sometimes they aren’t sure how to get there. Most of their training has been focused on administrative and logistical functions of day-to-day management.

Lack of training and coaching in people management is compounded by the complexities of today’s multi-generational workforce. While most managers are capable of figuring out how to manage through these challenges, they simply don’t have enough time or the right resources.

Manager burnout has become a common issue across industry

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> sectors, with 73% of healthcare leaders<sup>8</sup> and more than 80% of hospitality managers<sup>9</sup> reporting that they are experiencing at least some degree of burnout. The primary reasons given for stress and burnout are workload and work content.

It isn't that managers don't want to work hard. In fact, according to a study focused on retaining management by Cornell University School of Hotel Administration<sup>10</sup>, a key factor for job satisfaction is "challenging work". They are willing to put in tremendous effort for work that is interesting, provides ongoing opportunities to learn new skills and develop professionally, and offers opportunity for job growth.

Investing in manager engagement

It's clear that investment in engaging management has very strong benefits – and that managers in

service industries are facing significant challenges. There are some key investments that will go a long way toward increasing engagement with managers, which may seem obvious, but are missing or inadequate in many service businesses.

Give them tools that give back their time

With today's technology, many administrative functions can be automated. More complex functions like demand forecasting can be executed in a fraction of the time, with a level of precision that would take hours do with a spreadsheet. Schedules that align with forecasted demand patterns can be generated and rostered in minutes, giving managers back time that might be spent behind a desk and putting them back on the floor with staff and customers.

Adopting more advanced workforce management systems is a significant investment, but they give managers back precious hours every week and empower them with real-time data, helping them make better decisions throughout the day. When they can see what is happening and take action before things like overtime become a problem, they aren't caught later dealing with time consuming issues like rearranging schedules.

Keep them – and their teams – mobile

The power of mobile technology to connect managers to their teams for easier communication is clear – and important – but that is only part of their power. When a manager can address schedule requests via their mobile devices, connect with ease to their available team members when someone calls out, and know exactly who is on the clock or late to clock in no matter

8 Lagasse, J. (July 3, 2018). Almost three-quarters of healthcare leaders feel some degree of burnout, survey finds. Healthcare Finance (Retrieved from <https://www.healthcarefinancenews.com/news/almost-three-quarters-healthcare-leaders-feel-some-degree-burnout-survey-finds>)  
9 Paychex. (February 25, 2019). Feeling the Burn(out): Exploring How Employees Overcome Burnout. (Retrieved from <https://www.paychex.com/articles/human-resources/impact-of-employee-burnout>)  
10 Taylor, M. S., & Walsh, K. (2005). Retaining management talent: What hospitality professionals want from their jobs [Electronicarticle]. Cornell Hospitality Report, 5(1), 6-29



> where they are, they have a greater sense of control and autonomy. They manage better. They eliminate lost paper requests and notes from staff, which can be a blow to trust.

And they are happier.

It is surprising to see how many labor-intensive service businesses have either failed to adopt mobile technologies entirely or are satisfied with simple messaging apps. Invest in mobile applications that give managers the ability to manage from anywhere and you will see their engagement and productivity improve rapidly.


Train them – continuously

Training is important to managers in any industry. It indicates a clear commitment on the part of the

company to not only help them do their jobs better, but also to help them grow professionally.

- Ensure that your training comprises four areas:
1. Training in logistics and administration of their area of responsibility
  2. Instruction in using technology and tools optimally
  3. Training that increases their expertise both in specific skillsets, such as planning, budgeting, or labor management
  4. Practical guidance in people management.

These are not insignificant commitments, but the facts show that engagement starts with managers and rolls downhill.

Companies that consider investments in tools and training as strategic will benefit from happier customers and more profitable operations. 



# TRAINING

## to Optimize Your Team's Performance

By Barry Kaplan, Sr. VP - HR/OD - SHRM-SCP



**A**t first glance, it should be a no-brainer as to how training relates to workforce optimization. You need to know “how” to optimize performance, and the only way to learn is to be trained. If it were that simple, however, this would be a very short article. Training must encompass more than the skills needed to meet each standard; it should also include the principles of labor management and optimization as well as the discipline to enforce and maintain those consistently.

### The what

Workforce optimization in the hospitality industry starts by piecing together the answer to these four questions.

1. How much time should it take to serve our expected number of customers properly?
2. How much time did we schedule to serve those customers?
3. How long should it have taken us to serve the actual number of customers we had?
4. How much time did it take us?

By analyzing the answers to these questions, we can determine how well we are forecasting, scheduling, and executing in our organization; to put it simply, how well we are optimizing workforce performance.

Training people to understand this principle of labor management is easy. Every hospitality manager we train grasps this concept within a few short minutes.

### The how

Once they understand the concept, then it is a matter of teaching them the tools to be able to forecast well, schedule well, execute well, then how to evaluate well and make any necessary adjustments. But even more important than teaching them those things, the most important point to drive home in the “how” of workforce optimization is to be disciplined in the process. Workforce optimization doesn’t just happen through single events; it occurs through repeated discipline to the process of forecasting, scheduling, executing, reporting, and evaluating day after day, week after week, month after month. Quite candidly, the tools used to forecast, schedule, and report are secondary to the discipline in examining and responding to the data presented.



> The secret

So, if it is all this simple, why does it fail? Why do some places — understanding the same concept and using the same tools — achieve great success in optimizing workforce performance and some fail at it? The answer is as simple as the question. The purpose of training is NOT to train; the purpose of training is to change behavior.



Whether it is soft skills training or tools training, the purpose of training is to change the behavior from its current state to a desired state. Therefore, training isn’t true “training” unless you address the change management aspect of the behavior.

Changing behavior

Almost anything is easy to do once. However, because I stated that the most important point was to be disciplined to the process, it is on that track where the behavior change needs to focus and where it is easy to get derailed. If to optimize workforce performance means to make as perfect, effective, or functional as possible, then it must be true that the current performance is not deemed as optimal. So fine. We teach managers to understand the concept—check! We teach people how to use the tools—check! So how do we teach them to change their behavior? There are several change-management methodologies from which to choose. I subscribe to the method proposed by John Kotter in Leading Change. I’ll explain how his model fits into the hospitality industry.

Create a sense of urgency

Once you train on the concept, train on the tool, and establish the process by which you want to be disciplined, then create a deadline for implementing it. Make the deadline aggressive but realistic. If the deadline is too far out or even non-existent, the managers will set aside their newfound knowledge and skills for something they deem as more important. If you set an aggressive deadline, then the managers will feel that leadership deems this important. It is natural to feel that the further away the deadline is the less important it is.



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The purpose of training is NOT to train; the purpose of training is to change behavior.”

> Form a powerful coalition

Who’s driving the change? Do the people who are wanting and directing this change have any power in the organization? Or to put it bluntly, if you are driving the change, and the response you hear back is “who cares what you want,” then you don’t have the power to drive this. Make sure that the people who are striving for workforce optimization are powerful enough in the organization that people will listen.

Develop a vision

Can you articulate what the future looks like if you are truly optimizing performance? Will people see the benefits of that vision? If the answers to these two questions are yes, then you have a vision. Remember, a vision isn’t you saying, “I’m the boss, and they’ll just do what I tell them.”

Communicate the vision

Once you have a vision, don’t keep it to yourself! Spread the word. Tell them what the vision is, tell

them how they will benefit from it, and put some fanfare behind it. The communication needs to be as motivational as it is educational.

Identify and remove the obstacles

Don’t pretend there won’t be obstacles, and don’t think even for a minute that you can “direct” your way over these obstacles. Attack them head-on. Find out what would stop people from optimizing workforce performance. How entrenched are people in their old ways, and what are their concerns for implementing this new way of life? It is not just a matter of implementing the new way. It is also being honest about what bad policies, processes, and behaviors that are currently embedded in the company and must change to make this initiative successful.

Generate quick wins

If you truly understand where you are and where you want to be, you should be able to forecast where you



> will achieve early success. But even if you can't forecast, you at least should be able to spot success when it happens. Make sure you celebrate that success. Announce it; claim it as due to the new initiative. Success breeds success, and once you have evidence of success, it will be easier to have more successes. And with each success, it will become easier to overcome the obstacles you identified in the earlier phase.

Build on the change

After you have had success, it might be natural to tell yourself how hard it was, but now that you have had a few successes, it is time to relax. Don't! Be aware that resistance to change is always waiting to reassert itself.

While it would be great if those wins were organization wide, it is more likely that

those wins come through independent acts within specific parts of the organization's structure. To really consolidate and build on the change, start looking for ways to create wins within interdependent parts of the organization. This will obviously be harder to make happen, but once it happens, the power and the impact of it is more exponential than linear.

Anchor the change in the culture

With the first seven steps of the change process complete, it is time to anchor the change within the culture. How can all the training in workforce optimization, all the work, all the change in behavior remain through the months and years? First, remain disciplined to the process, and don't ever let up. Don't assume that success and improvement will still occur if you aren't



Communication needs to be as motivational as it is educational.



> monitoring, evaluating, and making the necessary adjustments along the way. Second, make sure that as people come and go, they see that proper behavior is rewarded and undesired behavior is sanctioned. You won't truly know if you have ingrained the change in the culture until you start turning over people and see if the change remains entrenched with those that weren't even there when the change process started.

Wrap-up

If you are looking to optimize workforce performance and you have tasked your training team to educate that workforce, then you must understand that the training consists of the following:

- 1. Teach the concepts of workforce optimization.
- 2. Teach the tools that you will implement that assist in this new way of doing business.
- 3. Address the items that will assist in changing people's behavior.
- 4. Be disciplined in optimizing workforce performance daily, weekly, monthly, and yearly until it is ingrained in the culture.

And if you want a surefire way to determine if workforce optimization has been ingrained in your culture, ask yourself what would happen if everyone with the hotel today left for other jobs. If everyone who was involved in implementing workforce performance optimization left the company and you are still disciplined and operating effectively, then you have ingrained the principles into your culture. Good luck. 🍀







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Optimizing Workforce Performance

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