

**THE HOTEL OWNER'S GUIDE TO**

# **CUTTING OPERATING COSTS**



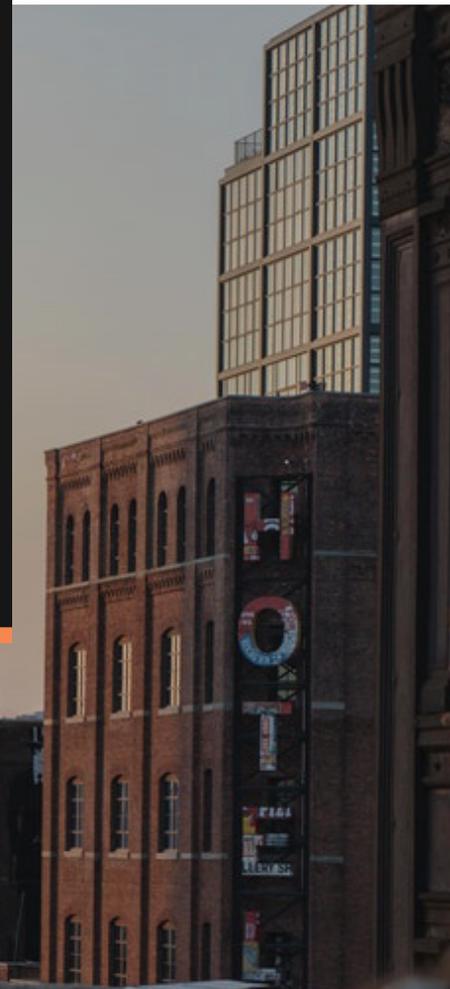
**ClubDisplay**



**openkey**



In almost every U.S. market, the number of available hotel rooms is growing, and due to easy online price comparisons and increasingly savvy consumers, margins are shrinking. That means today's hotel owners are likely taking a hard look – from the street to the front of house and back of house – to save money and reduce overall operating costs. Here are some areas we've identified based on discussions with our hotel clients.



# FRONT DESK LABOR

If you want to be more efficient with your front desk workforce and save money doing so, you should be taking advantage of smartphone technology. Mobile key, mobile check-in/out, and mobile communications have the capability to reduce front desk traffic and subsequently, the number of staff required to provide a high level of customer service. The leader in mobile key entry is **OpenKey** a keyless, cardless, and extremely secure solution.



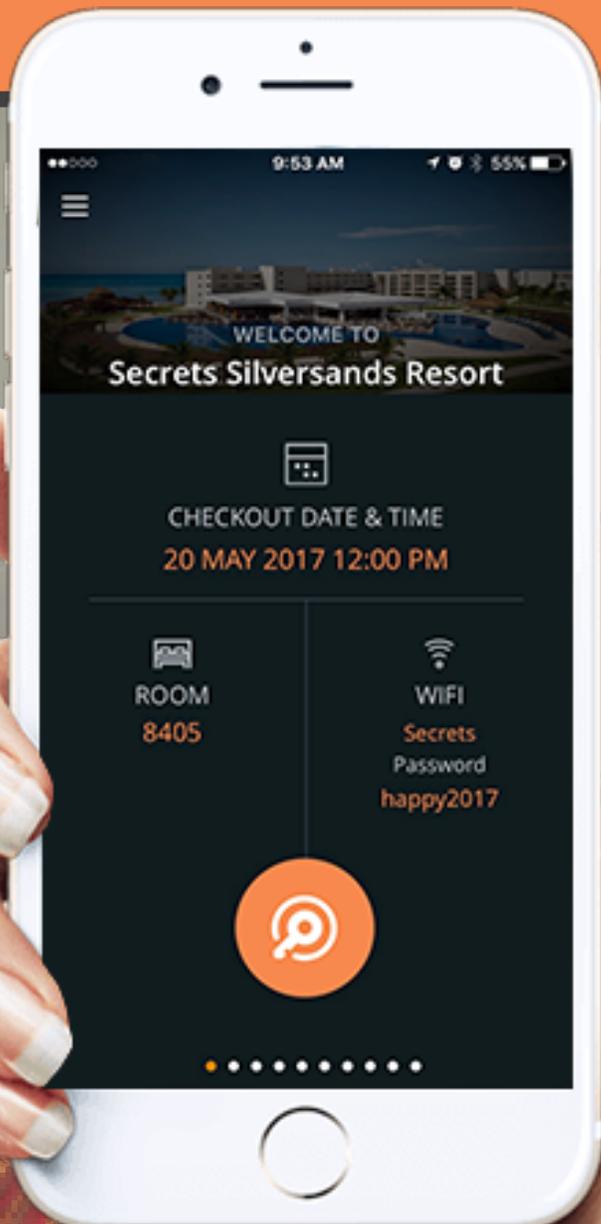
Another method to drive efficiency at the front desk is cross-training. Cross-training allows the hotel to leverage staff members to temporarily assist in other areas during peak check-in/out times, without adding more staff and overhead. If the entire housekeeping staff is busy, someone from another department can step in to assist with guest request fulfillment.

**As stated in this [Forbes article](#), cross-training gives you (among other things):**

- *More staffing flexibility*
- *A trained sub in case you lose a key employee*
- *A way to prepare employees for an upward move in the organization*
- *Employees that have a better understanding of the big picture*

# HOTEL ROOM KEYS

Plastic key cards – whether they use magnetic or RFID technologies – have become an unnecessary expense in hotels today while also exacting a cost on the environment. Digital locks that offer mobile key capability also maintain plastic key card access, providing the best of both worlds. Offering guests a mobile key option first (with a keycard option as backup), via companies like the previously mentioned **OpenKey**, can provide both a cost reduction and an environmental credit for keeping thousands of discarded plastic key cards out of our landfills.



# RESOURCE CONSUMPTION/AUTOMATION TECHNOLOGY

There is an abundance of technology and plenty of automation solutions on the market, both hardware and software, that can help hotels operate more efficiently. This includes property management systems, channel management systems, mobile hospitality apps, digital door locks, and more; all of which are designed to reduce staff workload, save time, and/or save money. For example:

## Thermostats with occupancy sensors

These thermostats automatically increase or decrease the temperature in a vacant room by five degrees. The [California Statewide Utility Codes and Standards Program](#) says that these simple devices can save hotels between 12% and 24% in heating and cooling energy.

## Towel reuse signs

Many hotels have already adopted this smart practice. Simply placing small signs in the guest room bathrooms encouraging guests to reuse towels can go a long way. The American Hotel and Lodging Association estimates that the request reduces the number of loads of laundry washed – as well as the related water, sewer, energy and labor costs – by 17%. The association also notes that this initiative increases the lifespan of towels and linens, thus reducing replacement costs.

## A few additional items to consider

- Go paperless whenever possible - offer to email guest folios vs printing
- Install solar panels
- Replace old showerheads and toilets with modern water-saving fixtures
- Implement recycling programs
- Replace bulbs with energy-efficient LED lighting



## HOUSEKEEPING LABOR

Streamlining housekeeping is about scheduling based on facts and having a flexible workforce that adapts to the changing needs of your hotel.

**World Hotels** offers a few practical suggestions:

- General managers should set clear MPR (Minutes per Room) standards for both stayover rooms (requiring a light clean) and check-out rooms (requiring a full clean).
- Monitor how long each housekeeper spends cleaning each room and compare it to your standards.
- Depending on the size of your hotel, consider outsourcing this department by hiring a housekeeping service provider.

PLEASE  
**MAKE UP**  
THE ROOM

# OPERATIONS AND MAINTENANCE

Vendor/maintenance contracts and expenses can make or break your bottom line. The good news is, there are more vendor options for hoteliers than ever before, so the pricing leverage often favors the customer - make sure it favors you.

It's much easier (and cheaper) for your vendor to work out a better deal with you than to have to replace you with another customer. Use that leverage wisely, and you can save hundreds of dollars each month.

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*According to **Hotel Effectiveness**, it's imperative that your hotel stays on top of preventative maintenance. Did you know an air filter that hasn't been replaced in more than four months can reduce HVAC efficiency by 10%? For a large property, that reduction in efficiency can add up to big money out the window.*

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Choosing the right vendor to fix equipment shouldn't be based on lowest price (alone). Consider reputation, years in business, and current certifications. **Front Desk Anywhere** has put together a handy guide on the subject as well.

Finally, consider long-term agreements. They can both stabilize your expenses and give you more negotiating power.



# STAFFING STRATEGIES

*According to [Hotel Management.net](#), total labor costs are the largest single hotel operating expense. With salaries, wages, service charges, contract labor, bonuses, and other payroll-related expenses – in a 24/7/365 business – it's no surprise. What is a surprise is that more hoteliers don't use strategies like these:*

If you're willing to train people, hire inexperienced, intelligent, and ambitious people when appropriate. Compared to someone with a decade of experience, they could save you a lot of money.

A labor management system (LMS) like the one offered by [Hotel Effectiveness](#), offers tools to control labor costs, including real-time labor monitoring, scheduling, time and attendance, and more. Small hotels with 25 employees typically save over \$20,000 a year; larger hotels with 100 or more employees save over \$80,000 a year.

Offering more amenities and features – restaurants, spa services, gift shops, etc. – may be a great idea, but operating and maintaining them can be unnecessarily costly. [Bizfluent.com](#) suggests you consider contract concession operators to manage and run those extras. Your guests enjoy the extras, your hotel will be paid a monthly fee by the partner company, and you don't have the hassle or expense of running something besides a great hotel.

