



**20th Anniversary  
Conference**

# **Human Resource Trends And Their Implications For Profitability**

**October 31, 2008**



# About WageWatch

- Leading online industry wage, salary, and benefits survey company for vacation ownership, hospitality, spa, and gaming industries
- 200+ job titles with average and starting rates, incentive compensation, and pay practice and benefits data
- 24/7/365 access to data and user-defined peer groups for comparison; economical and efficient
- Survey methodology complies with U.S. Department of Justice guidelines

| Front Desk Agent          |           |         |         |         |
|---------------------------|-----------|---------|---------|---------|
| Question                  | Reporting | 25%ile  | Median  | 75%ile  |
| Current Average Rate      | 160       | \$9.35  | \$9.95  | \$10.68 |
| Starting Rate             | 130       | \$9.00  | \$9.50  | \$10.00 |
| Probationary Adjustment   | 78        | \$0.27  | \$0.50  | \$0.50  |
| Maximum Rate for Position | 94        | \$11.00 | \$12.00 | \$12.85 |
| Lowest Paid Incumbent     | 160       | \$9.00  | \$9.50  | \$10.10 |
| Highest Paid Incumbent    | 160       | \$10.00 | \$10.90 | \$12.00 |
| Number of Employees       | 160       | 6       | 8       | 10      |

# WageWatch Survey Market Map, October 2008

Anchorage



Over 2,600 properties have submitted compensation data

## Trend: Workforce Shortage

- Net loss of workers, with shortage escalating through next ten years
  - #1 of the “Top Ten” issues identified by ISHC in '07
- Impact on profitability: Mixed
  - Cost of turnover still high
  - Greater focus on creative ways to retain employees
  - Slower economy keeping workers in the workforce longer
  - Forward-thinking companies using technology to source and screen candidates



# Trend: Unionization

## ➤ Employee Free Choice Act (EFCA)

- Also known as the “card check” legislation
- A majority of employees simply sign a card in favor of union representation
- No secret ballot protection for the worker – increased risk of coercion
- Passed the House in 2007 by a 56 vote margin; failed to pass the Senate by 9 votes
- AH&LA, National Restaurant Association, Society for Human Resource Management, many others, oppose EFCA
- Need more information? Plenty of places to research:

**WHAT'S NEW**

**Lawmakers on Employee Free Choice Act**

**Guaranteeing Quality of Life**

Congressman Steve Kagen says the Employee Free Choice Act provides the opportunity for every working man and woman in America to form effective unions. (2:27) [YouTube](#)

**Workers on Employee Free Choice Act**

**Power for Working Families**

AFL-CIO Executive Vice President Arlene Holt Baker on the importance of the passage of the Employee Free Choice Act (1:32) [YouTube](#)

### Card Check

issues briefs and talking points

**The lodging industry is committed to protecting workers' rights, including the right to join unions and approve their labor contracts through a fair and federally-supervised private ballot election.**

**NEW! AH&LA "Card Check" VIDEO: [READY FOR DOWNLOAD TO YOUR COMPUTER](#)**

Download to your computer an easy to play educational video about the card check issue by clicking the above link. This 10-minute lodging industry-specific video is perfect to use to educate your managerial staff or your employees about the threat the "Employee Free Choice Act" (EFCA) presents to the U.S. hotel workplace.

[www.aflcio.org](http://www.aflcio.org)

[www.ahla.com](http://www.ahla.com)

# Trend: Lack of Immigration Reform

## ➤ Clamp-down on illegal immigration

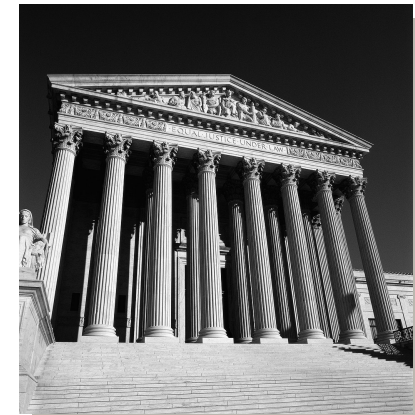
- E-Verify as a tool to confirm legal work status
- Different levels of enforcement by states
- Using visas for workers filling basic hotel jobs

## ➤ Impact on profitability: Negative

- Lack of consistent approach creates confusion across states, worker migration
- Worker instability
- But, some “forced” cross-cultural integration by workers on visas – a plus for trend to globalization

# Trend: Focus on Regulation/Risk Management

- Complexity of the HR role grows with each new law at the Federal, State, County, and Municipal level
  - Family Medical Leave Act (FMLA)
  - Mental Health Parity Expansion
  - COBRA
  - ERISA
  - Minimum wage
  - Department of Justice guidelines on conducting surveys
  - And so on . . .
  
- Impact on profitability: Negative
  - Administration costs
  - Higher cost of benefits, sometimes passed along to employees
  - Creates HR focus on compliance rather than business strategy and improvement



# Trend: Focus on Regulation/Risk Management

- Department of Justice and Federal Trade Enforcement Policy on Provider Participation in Exchanges of Price and Cost Information
  - Governs how the exchange of wage, salary, and benefit information among employers can be conducted
  - Unions have been behind the last four class action law suits, claiming collusion among employers in healthcare
  - The Anti-trust Safety Zone has several main components:
    - Survey is managed by a third-party (e.g., government agency, consultant, trade association, etc.)
    - Information provided by participants is based on data more than three months old
    - There are at least five organizations reporting data upon which each disseminated statistic is based
    - Any information disseminated is aggregated such that it would not allow recipients to identify the compensation paid by any particular organization



# Trend: Focus on Regulation/Risk Management

Microsoft Excel - Dallas Results Set 2

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|    | A                                       | B         | C         | D         | E         | F         | G         | H        | I        | J        | K        | L        | M        | N        | O        |
|----|---|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1  |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 2  | <b>GEOGRAPHIC LOCATION</b>              |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 3  | <b>NUMBER OF PARTICIPANTS</b>           | <b>A2</b> | <b>A3</b> | <b>D1</b> | <b>A6</b> | <b>A3</b> | <b>I2</b> | <b>A</b> | <b>A</b> | <b>A</b> | <b>A</b> | <b>A</b> | <b>A</b> | <b>A</b> | <b>A</b> |
| 4  |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 5  | <b>Front Desk Agent:</b>                |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 6  | Minimum Starting Wage                   | \$ 8.00   | \$ 8.00   | \$ 7.25   | \$ 7.75   | \$ 8.50   | \$ 7.25   | \$ 7.25  | \$ 8.00  | \$ 7.15  | \$ 8.00  | \$ 8.50  | \$ 7.79  | \$ 7.50  | \$ 8.00  |
| 7  | Probationary Adjustment                 |           | \$ 8.25   | \$ 7.75   | \$ 8.00   | \$ 8.75   | \$ 7.50   |          |          | \$ 7.40  |          | \$ 8.78  | \$ 8.06  | \$ 8.00  | \$ 8.00  |
| 8  | Maximum Rate                            | \$ 10.49  | \$ 9.00   | \$ 11.00  | \$ 10.00  | \$ 9.50   | \$ 8.00   |          | \$ 10.40 |          | \$ 10.00 | \$ 9.60  | \$ 9.78  | \$ 8.25  | \$ 8.00  |
| 9  | Current Average Wage                    |           | \$ 8.40   | \$ 7.90   | \$ 8.00   | \$ 8.50   | \$ 6.95   | \$ 7.49  | \$ 8.11  | \$ 7.42  | \$ 8.08  |          | \$ 7.87  | \$ 8.00  | \$ 8.00  |
| 10 | Bonus/Commission/Tips                   |           |           |           |           |           | 1         |          |          |          |          |          |          | 1        |          |
| 11 | Number of Employees                     | 17        | 9         | 5         |           | 12        | 6         | 13       | 18       | 9        | 4        |          | 10.3     |          | 6        |
| 12 |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 13 | <b>Front Desk Supervisor:</b>           |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 14 | Minimum Starting Wage                   | \$ 9.00   | \$ 8.75   | \$ 8.25   | \$ 8.75   | \$ 9.50   | \$ 8.50   |          | \$ 8.75  | \$ 9.50  | \$ 9.00  | \$ 12.44 | \$ 9.24  | \$ 8.50  | \$ 9.00  |
| 15 | Probationary Adjustment                 |           | \$ 9.00   | \$ 8.50   | \$ 9.00   | \$ 9.75   | \$ 9.00   |          |          |          |          |          | \$ 9.05  | \$ 9.00  | \$ 10.00 |
| 16 | Maximum Rate                            | \$ 11.80  | \$ 9.70   | \$ 12.00  | \$ 10.00  | \$ 10.50  | \$ 9.50   |          | \$ 11.38 |          | \$ 11.25 |          | \$ 10.77 | \$ 9.50  | \$ 12.00 |
| 17 | Current Average Wage                    |           | \$ 9.25   | \$ 9.50   | \$ 9.00   | \$ 9.75   | \$ 8.63   |          | \$ 8.94  | \$ 9.50  | \$ 9.00  |          | \$ 9.20  |          | \$ 11.00 |
| 18 | Bonus/Commission/Tips                   |           |           |           | 1         |           |           |          |          |          |          |          | 2        |          |          |
| 19 | Number of Employees                     |           | 10        |           | 20        | 10        |           |          |          |          | 10       |          | 20       |          | 20       |
| 20 |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 21 | <b>Room Reservationist:</b>             |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 22 | Minimum Starting Wage                   |           | \$ 7.50   | \$ 7.00   | \$ 7.75   | \$ 8.50   | \$ 7.00   | \$ 5.00  | \$ 7.00  | \$ 7.00  | \$ 8.00  | \$ 8.50  | \$ 7.69  | \$ 7.50  | \$ 7.00  |
| 23 | Probationary Adjustment                 |           | \$ 7.75   | \$ 7.00   | \$ 8.00   | \$ 8.75   | \$ 7.00   |          | \$ 7.00  | \$ 7.00  | \$ 7.00  | \$ 8.78  | \$ 7.95  | \$ 8.00  | \$ 7.00  |
| 24 | Maximum Rate                            |           | \$ 10.00  | \$ 10.00  | \$ 10.00  | \$ 10.00  | \$ 10.00  |          | \$ 9.75  | \$ 9.75  | \$ 9.75  | \$ 9.60  | \$ 9.47  | \$ 8.25  | \$ 8.00  |
| 25 | Current Average Wage                    |           | \$ 8.13   | \$ 8.86   | \$ 8.00   | \$ 8.25   |           | \$ 7.87  | \$ 7.62  | \$ 8.33  | \$ 8.00  |          | \$ 8.21  |          | \$ 8.00  |
| 26 | Bonus/Commission/Tips                   |           |           |           | 1         |           | 1         |          |          |          |          |          |          | 1        |          |
| 27 | Number of Employees                     |           | 40        | 20        | 30        | 60        |           | 60       | 50       | 10       | 30       |          | 33       |          | 30       |
| 28 |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 29 | <b>Group Rooms Coordinator:</b>         |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 30 | Minimum Starting Wage                   | \$ 8.00   |           |           | \$ 8.75   |           |           |          |          |          | \$ 8.25  |          | \$ 8.33  |          | \$ 9.00  |
| 31 | Probationary Adjustment                 |           |           |           | \$ 9.00   |           |           |          |          |          |          |          | \$ 9.00  |          | \$ 10.00 |
| 32 | Maximum Rate                            | \$ 10.49  |           |           | \$ 11.25  |           |           |          |          |          | \$ 10.31 |          | \$ 10.68 |          | \$ 12.00 |
| 33 | Current Average Wage                    |           |           |           | \$ 9.00   |           |           |          |          |          | \$ 8.25  |          | \$ 8.63  |          | \$ 12.00 |
| 34 | Bonus/Commission/Tips                   |           |           |           | 1         |           |           |          |          |          |          |          | 1        |          |          |
| 35 | Number of Employees                     | 10        |           |           | 10        |           |           |          |          |          | 10       |          | 10       |          |          |
| 36 |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 37 | <b>Housekeeper/Maid/Room Attendant:</b> |           |           |           |           |           |           |          |          |          |          |          |          |          |          |
| 38 | Minimum Starting Wage                   | \$ 5.65   | \$ 6.00   | \$ 5.41   | \$ 5.50   | \$ 6.25   | \$ 6.00   | \$ 6.00  | \$ 6.00  | \$ 5.59  | \$ 5.90  |          | \$ 5.83  | \$ 5.25  | \$ 5.00  |
| 39 | Probationary Adjustment                 |           | \$ 6.20   | \$ 5.67   | \$ 5.75   | \$ 6.50   | \$ 6.25   |          |          | \$ 5.84  |          |          | \$ 6.04  | \$ 5.50  | \$ 5.00  |
| 40 | Maximum Rate                            | \$ 7.41   | \$ 6.70   | \$ 8.50   | \$ 7.37   | \$ 7.25   | \$ 6.75   |          | \$ 7.80  | \$ 7.37  |          |          | \$ 7.39  | \$ 5.75  | \$ 7.00  |
| 41 | Current Average Wage                    |           | \$ 6.80   | \$ 6.10   | \$ 5.75   | \$ 7.00   | \$ 6.24   | \$ 6.88  | \$ 6.87  | \$ 5.97  | \$ 6.05  |          | \$ 6.41  |          | \$ 6.00  |
| 42 | Paid per Rm. over Quota                 | \$ 2.00   | \$ 3.25   | \$ 5.00   |           | \$ 2.00   |           |          | \$ 2.75  | \$ 2.50  | \$ 3.00  |          | \$ 2.93  | \$ 2.00  |          |
| 43 | Rms. Cleaned per Day                    | 16.0      |           | 20.0      | 16.0      | 16.0      | 18.0      | 38.0     | 16.0     | 16.0     | 16.0     |          | 19.1     | 17.0     | 1.0      |
| 44 |   |           |           |           |           |           |           |          |          |          |          |          |          |          |          |

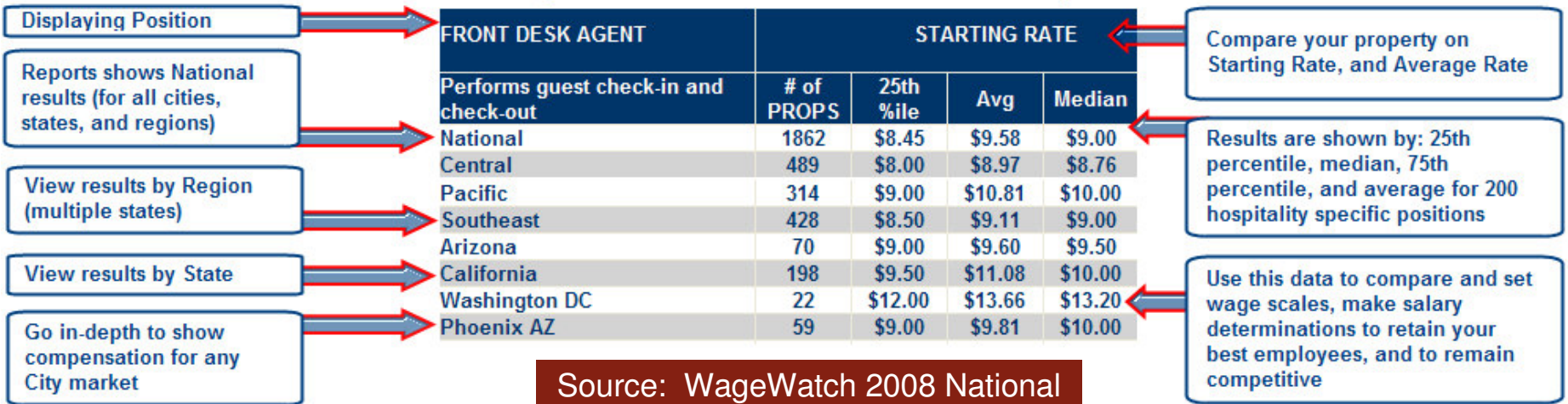
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# Trend: Focus on Regulation/Risk Management

| FRONT DESK AGENT                      | STARTING RATE |           |         |         |           | AVERAGE WAGE OR SALARY RATE |          |           |         |         |           | INCENTIVES, OTHER COMP REC'D |        |
|---------------------------------------|---------------|-----------|---------|---------|-----------|-----------------------------|----------|-----------|---------|---------|-----------|------------------------------|--------|
|                                       | # of PROPS    | 25th %ile | Avg     | Median  | 75th %ile | # of PROPS                  | # of EES | 25th %ile | Avg     | Median  | 75th %ile | # of PROPS                   | Avg    |
| Performs guest check-in and check-out |               |           |         |         |           |                             |          |           |         |         |           |                              |        |
| National                              | 1862          | \$8.45    | \$9.58  | \$9.00  | \$10.00   | 1920                        | 12570    | \$9.00    | \$10.28 | \$9.88  | \$10.89   | 88                           | 5.23%  |
| Central                               | 489           | \$8.00    | \$8.97  | \$8.76  | \$10.00   | 501                         | 2940     | \$8.52    | \$9.66  | \$9.48  | \$10.48   | 20                           | 4.12%  |
| Mountain                              | 204           | \$8.00    | \$9.03  | \$9.00  | \$10.00   | 210                         | 1288     | \$8.63    | \$9.67  | \$9.55  | \$10.50   | 8                            | 6%     |
| Northeast                             | 425           | \$8.65    | \$10.11 | \$9.50  | \$10.90   | 447                         | 2733     | \$9.19    | \$10.81 | \$10.10 | \$11.50   | 29                           | 2.85%  |
| Pacific                               | 314           | \$9.00    | \$10.81 | \$10.00 | \$11.50   | 323                         | 2653     | \$9.79    | \$11.75 | \$10.73 | \$12.77   | 20                           | 4.81%  |
| Southeast                             | 428           | \$8.50    | \$9.11  | \$9.00  | \$9.75    | 437                         | 2945     | \$9.00    | \$9.68  | \$9.60  | \$10.28   | 11                           | 13.68% |
| Arizona                               | 70            | \$9.00    | \$9.60  | \$9.50  | \$10.00   | 70                          | 466      | \$9.28    | \$10.12 | \$10.01 | \$11.00   | 3                            |        |
| California                            | 198           | \$9.50    | \$11.08 | \$10.00 | \$11.76   | 205                         | 1761     | \$10.03   | \$11.95 | \$11.01 | \$12.91   | 11                           | 3.81%  |
| Florida                               | 211           | \$8.50    | \$9.33  | \$9.00  | \$9.83    | 216                         | 1595     | \$9.00    | \$9.84  | \$9.74  | \$10.33   | 6                            | 12.46% |
| Texas                                 | 265           | \$7.75    | \$8.56  | \$8.50  | \$9.25    | 268                         | 1498     | \$8.17    | \$9.12  | \$9.10  | \$10.06   | 15                           | 4.15%  |
| Washington DC                         | 22            | \$12.00   | \$13.66 | \$13.20 | \$15.10   | 23                          | 158      | \$12.81   | \$14.27 | \$14.42 | \$16.14   | 6                            |        |
| Phoenix AZ                            | 59            | \$9.00    | \$9.81  | \$10.00 | \$10.50   | 59                          | 391      | \$9.39    | \$10.35 | \$10.23 | \$11.31   | 3                            |        |
| Orange County CA                      | 42            | \$9.50    | \$10.20 | \$10.00 | \$10.56   | 42                          | 398      | \$10.00   | \$10.82 | \$10.83 | \$11.42   | 8                            |        |

## How to get the most out of the National Benchmark Report:



Source: WageWatch 2008 National Hospitality Benchmark Survey

## Trend: Minimum Wage Increases

- Federal minimum wage increased in 2007 and 2008
  - 2008 minimum wage is \$6.55
  - 2009 minimum wage will be \$7.25 (July 24<sup>th</sup>) – an increase of almost 11%
  - 26 states currently have higher minimum wage rates than required by the Federal government
  - 50+ living wage ordinances across the U.S.
  
- Effect on profitability: Mixed
  - Many hotels already paying higher than minimum wage
  - Automatic wage increases create compression as well as communication challenges
  - The increases provide an opportunity to evaluate staff and possibly replace the “deadwood” and restructure work for better efficiencies

## Trend: Outsourcing

- Using partners to perform certain HR functions
  - Marriott – outsourcing much of HR to Hewitt service-center type operation
  - InterContinental – outsourcing certain compensation functions to Hewitt
  - COBRA outsourcing, third-party administrators for benefits plans, etc.
  - Gathering competitive data, both wage and benefits data
  - Increasing the speed and coverage for communicating with employees
  
- Impact on profitability: Positive
  - Telephone or internet questionnaires to screen out unqualified job hunters
  - With the right vendor/partners, using HR in a true consulting/business partner role

## Trend: Globalization

- Large hotel companies are global, smaller ones tend to not be
- For those that operate in many countries, the challenges abound
  - HR systems and offerings balance between standardization and local customs
  - Staff who undertake ex-pat assignments typically have more stress in their lives than if they stayed in their home country
  - Larger companies have entire departments or divisions that specialize in multi-national issues – finding and investing in the right staff is time-consuming and expensive
- Opportunities also abound
  - Dubai, Asia Pacific, China, Mexico, and so on
- Impact on profitability: What do YOU think?

# Trend: Technology

## ➤ Employees' use of technology

- Personal e-mail at work, personal time browsing and/or shopping on the Web
- Job hunting using work time, work resources
- Cell phone calls and text messaging during work hours
- Cell-phone photos of co-workers for inappropriate reasons
- MySpace, FaceBook, etc.

## ➤ Impact on profitability: Mixed

- Most employers want tech-savvy employees
- Time and money being spent on managing certain behaviors, mitigating negative effects of employee actions



# Trend: Technology

## ➤ Employer's Use of Technology

- Recruiting and screening applicants
- Managing employee performance
- Increasing the speed of communicating with employees
- Obtaining associate satisfaction feedback
- Gathering competitive data, both wage and benefits data

## ➤ Impact on profitability: Positive

- Telephone or internet questionnaires to screen out unqualified job hunters
- Using associate feedback as a measure for manager's incentive plans and weeding out poor managers
- Consolidating wage and salary survey data into a single survey tool and distributing it to managers for decision making

# Trend: HR With a Seat at the Executive Table

- HR's Competencies have evolved over the years
  - No longer “personnel manager” with focus mainly on compliance and administration
  - New set of competencies required to ensure the workforce is a strategic advantage to the organization
    - Understanding the business, its strategies and goals
    - Solving business problems, not just “HR” problems
    - Projecting talent needs and acquiring/developing talent
    - Leveraging compensation for competitive advantage
    - Creating relevant HR metrics and tracking results against them
    - Selecting and managing vendors
    - Harnessing the benefits of technology





# Questions and Discussion

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