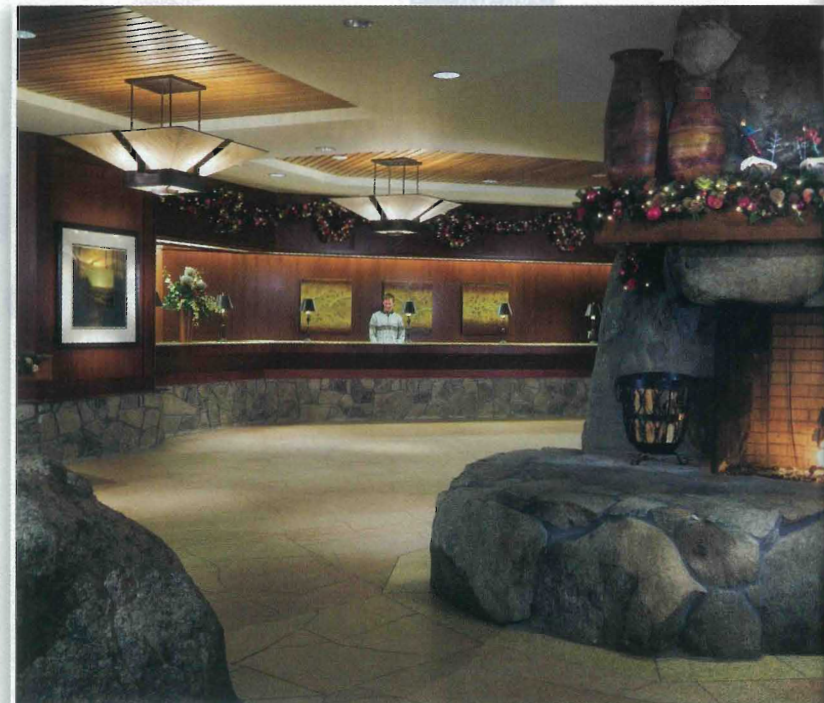


The Resort at Squaw Creek in Olympic Valley, CA, is realizing efficiencies across its many departments with the help of a labor management system.



Destination Hotels gains new efficiencies with latest labor management technology

BY CHRISTOPHER OSTROWSKI

OLYMPIC VALLEY, CA—In exploring the depths of hotel property management technologies, there are still apparently relatively untapped sources of efficiency and cost savings out there waiting to be deployed. Among them is the little discussed frontier of labor management systems, which can right-size staff operations on any given night a week ahead of time.

Emerging as a hotel operational trailblazer of sorts, Destination Hotels & Resorts has now discovered the potential of such labor management systems and is now in the process of deploying them across its management portfolio in order to identify business fluctuations and ensure its hotels have the right number of employees at all times. But it all began first with a single property here last year that showed Destination the way to this staffing system Shangri-La.

The aforementioned property in question is the Resort at Squaw Creek, a 405-unit, 195-acre ski resort set in the same valley that played host to the 1960 Winter Olympics. The resort offers four restaurants, three pools; the largest spa in the Lake Tahoe, CA, area; a children's program and video arcade; an on-site cross country skiing center; a shopping promenade; an ice rink; and 500 employees running it all. At the heart of the resort and, in actuality, Destination's

discovery of labor management technology is Richard McLennan, the resort's general manager, who said he brought the system to Squaw Creek after experiencing the value of the little-known system as GM of an undisclosed property in Southern California.

"In our industry, you don't hear a lot about labor management systems," McLennan remarked. "To a degree, the hospitality industry has been really in the

foresight and labor standards in place."

That is when Heath and Co., an Atlanta-based management consulting firm specializing in productivity solutions for the hospitality industry, entered the picture at Squaw Creek. The company came to the resort and focused first on how it could control labor costs while also improving service and guest satisfaction. As part of this process, Heath installed a suite of software modules called On-

Track, which are just one part of the company's overall labor management solution.

Before the technology could take hold, though, the real first step in the labor management process was defining the resort's service standards for each department. The labor standards would serve as guidelines for staffing every position in the hotel at every level of business volume imaginable.

"This type of system is most efficient for a large and complex property like the Resort at Squaw Creek as opposed to a more straight-forward property without all the amenities," McLennan noted. "For example, we had to forecast standards for golf, skiing, recreation, the use of the ice rink in the winter—every aspect the resort had to offer."

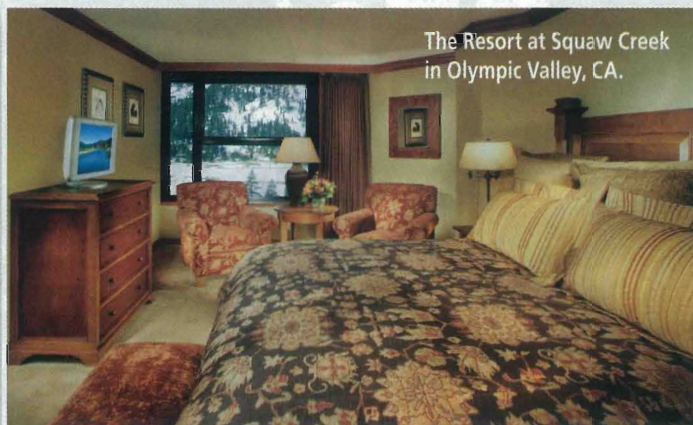
After determining standards, Heath installed the customized suite of web-based software tools that were designed to help the resort operators manage labor, maintain quality and improve profits for the

owner, the Hong Kong-based Ting Co. The software modules included GamePlan, a decision-making tool that helps predict daily business volume, especially in restaurants, bars, the spa and for the golf operations; PeakPerformance, which provides staffing guidelines for each job at every level of customer volume; TeamWork, an automated scheduling tool that ensures the maintenance of quality levels and the achievement of financial objectives; and InsideView, which presents the relationship between business volume and labor hours in a graphical format.

Consequently, with these tools, resort managers can now forecast revenue and room nights and use those standards to also forecast the payroll. More specifically, the resort's management now conducts a weekly forecasting exercise for the following week. So every Tuesday, managers from each resort department are provided information that is designed to enable them to generate an informed forecast for their respective areas. Such information as hotel occupancy, the number of total guests expected and banquet events is factored into the equation.

Furthermore, according to Destination Hotels & Resorts' vp of finance, Brad Hayden, he can also now examine each property running the labor management system and "track where they are from an overall perspective. It allows for both a high-level overview of the forecasting and productivity measurements as well as the ability to drill down to position-level details. It is very exciting to see how the properties are

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The Resort at Squaw Creek in Olympic Valley, CA.

dark ages as far as creating efficiencies and controls through a labor management system. There are so many properties out there still trying to manage their labor manually."

The manual method was exactly what the Resort at Squaw Creek was doing when McLennan arrived two years ago, but by May of 2008, the labor management system was deployed. "Prior to implementing the system it wasn't as if we were doing a poor job, but we didn't feel we had the tools to do all that was possible," he explained. "There were no



The Inverness Hotel and Conference Center in Denver is among the latest Destination Hotels & Resorts to deploy a labor management system.

Destination Hotels adds labor management tool

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maximizing the use of the tool.”

Other Destination Hotels using the system include the Inverness Hotel and Conference Center in Denver, the Estancia La Jolla Hotel and Spa in San Diego and the Sheraton Universal Hotel in Los Angeles. System deployments are also under way at other properties.

Back at the Resort at Squaw Creek, McLennan noted that the four-week deployment process—which included two weeks of labor standard establishment with Heath representatives—went surprisingly seamlessly. And now, the return on investment has been significant. “It’s a very large ROI at this point,” he said, noting that system paid for itself within four months. “I can’t really quote specific dollar numbers, but at this point I can tell you it’s been a substantial amount. And the system is very cost effective, although the price varies from property to property based on a negotiation with Heath and Co. The actual cost is very reasonable, though.”

As far as cost savings, McLennan began to see payroll savings within about a month of implementation and most prominently in the housekeeping, banquets and food service departments. Also, within the first year, the resort achieved savings of about 2% to 3% on total salaries and wages.

Of course, the timing of such savings and efficiencies couldn’t be better with the recession bearing down on resorts especially and dragging down Squaw Creek’s business 20% this year, according to McLennan. “From the management standpoint, the system has given our managers structure and a tool that makes their jobs easier. It has not affected so much the number of employees we have, but, no question, the timing of the implementation was very effective with the recession ongoing,” he said. “We’ve been able to control payroll in concert with the fluctuations of the volume of business. That wasn’t in effect before and the difference now is very noticeable.”