

The Hotel Yearbook 2023
The Uncertainty New Normal



HYB



Here's why 2023 needs hotel employee wellness

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Synopsis

Every hotel company has some form of employee health or wellness program in place, but we argue that it won't be enough as cyclical and secular forces converge this year. While we start by stating these trends to paint a broad picture of the future of hospitality labor, the ironic yet obvious cure is ultimately a further deepening of your organization's commitment to your employees' wellbeing.

In the cyclical or near-term over the next 12 months, the hotel industry is still contending with the aftermath of the pandemic, which is acting to both shrink labor supply and spur wage increases, with many of these trends – directly or circuitously – affecting your team's overall health. These include:

1. *Permanent exits* and reskilling into other industries within the broader service sector, largely as a result of the uncertainty over the future of the industry in 2020-21 and fears over working in a high-contact environment, with both of these also affecting those who have remained by increasing workplace stress.
2. *Real price inflation* of household goods as well as greater media attention around inflation, both of which impact financial security, acting as another life stressor and compelling many to seek out higher paying jobs (as encapsulated by "The Great Resignation").
3. Greater awareness for the concept of *work-life balance* as the pandemic forced us all off the proverbial hamster wheel to reconsider our daily routines and our own mental health, altogether leading to more appreciation for employers who can accommodate this shift.

As the travel recovery period normalizes, it's easy to shrug the cyclical trends off with a 'this too shall pass'. But the long-term forces are what employee wellness a do-or-die initiative.

Notably, these are:

1. The combination of retiring baby boomers and low birth rates in advanced economies will mean a *shrinking working-age population* over the next decade, meaning fewer employees and no end in sight for inflationary wages as workers continue to seek out the highest compensation.
2. With the *aging of the boomer generation*, demand for home health services, long-term caregivers and nurse practitioners will all surge; many of these high-touch jobs are in direct competition with hospitality and offer better wages to thus incentivize more exits from the hotel industry labor pool.
3. The *geopolitical decoupling of East and West* already underway will add fuel to the fire by spurring yet more inflation of household goods, thereby compelling workers to secure their own financial security by shifting to higher-paying forms of employment.

All this is to say that every hotel should expect to bite the bullet by paying their teams more in order to prevent turnover. Individual actors are hardly that rational, though.

If you recall Maslow's Hierarchy of Needs, indeed financial security exists at the basal layers of Physiological Needs (ability to pay for food) and Safety Needs (ability to afford a place to live). But beyond meeting the threshold for these two, everyone also then seeks Belonging; in the realm of corporate culture, this is friendship and family.

And it is this sense of belonging where a sharper focus on employee wellness can work to counteract the forces at play that are leading to inflationary wages. As an example, a team member currently earning \$20 per hour but intrinsically doesn't feel valued will have no problem jumping ship to the competitor next door offering \$21 per hour. But if that \$20 per hour wage is buttressed by staff lunches, periodic team activities and continuing professional development, the case for quitting is hardly as convincing.

Thus, we see employee wellness – and mental health initiatives – as the best way to improve team retention by developing this sense of belonging through a meaningful non-wage incentive. Especially in the current state of the gig economy, it's all too easy to leave when you view yourself as a mercenary for hire, but family is life and this is what hotels need to continually address to combat the abovementioned macroeconomic trends.

Perhaps the biggest problem, though, is the ambiguity of the term 'wellness' which, by virtue of being all-encompassing, induces a sense of shopper's paralysis insofar as to where hotels should start or what they should focus their limited resources on next. The answer here is never everything because we must be highly programmatic with each new initiative to ensure it becomes a perpetually successful fixture of the corporate culture.

In this, we can leave you with four top choices for what to consider for employee wellness in 2023, with the execution of each dependent on the individual brand or hotel's unique situation. The commonality throughout is that doing more for your people will halo positively back onto service delivery and your ability to grow revenues for the decade ahead.

1. Those that eat together stay together. Just as your guests now want healthier food options in the restaurant, keeping your teams healthy with good staff meals – especially when combined with the familial bonding of eating together – will result in fewer sick days taken and better overall moods amongst individual employees to help combat turnover.

2. Teambuilding happens through group activities.

Beyond the bonds that team lunches or offsites help to form, you also have to now consider repetitive strain injuries and how these chronic physical stressors can lead to lower morale or even short-term paid leave. Weekly stretching, yoga or any other form of exercise classes for housekeepers check this box, but also think of your managers. Sitting is the new smoking, after all, so get your teams off of their chairs.

3. Automation lets employees be more guest-facing.

Very few choose a career in hospitality because they want to look at computer monitors all day. In fact, too much tech can become a job stressor, so the key is to integrate and automate as much as possible in order to minimize the interruptive busywork that all these systems may create. While many of you may not see the direct connection to wellness, a hotelier far wiser than the two of us put it this way: increase the 'no touch' of tech to enable the 'high touch' of real hospitality.

4. Succession planning, mentorship and continuing professional development. These three programs are kindred spirits in that they reinforce the feelings of belonging and hope. Whether young or mature, every employee wants to know that there are opportunities to move up the ladder, both for the sense of worth that comes from more responsibility as well as for the prospects of a bigger salary. Develop internal training and one-on-one mentor-mentee programs to guide career development, then make it abundantly evident that if an employee works hard they will be duly rewarded.

Much like how post-pandemic inflation has come to affect the cost of labor on an individual-property level, know that, like wages, wellness is now in an arms race. The best brands around the world are already heavily engaged on this front and they aren't letting up. Going back to our previous example, if the wellness incentives at both properties are apples-to-apples comparable, it then becomes easier for that \$20-per-hour employee to consider the \$21-per-hour position across the street.

That means that you can also not treat this topic as a one-and-done activity. You may be able to get ahead of the curve in 2023 but to stay in first place you need a roadmap with quarterly reviews to both benchmark where you stand and continually improve against that index.



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Larry is managing partner of a hotel consultancy that assists independent luxury hotels meet their goals and helps technology companies understand how their solutions work in the hospitality field. Together with his son, Adam, they are the world's most published author in the field of hospitality, with weekly columns in many leading industry publications, as well as seven, 400+ page books on hotel management. He has been recognized by Hotel Sales and Marketing International (HSMAI) as "One of the 25 Most Extraordinary Minds in Hospitality" and by TravelClick as "Worldwide e-Marketer of the Year." He is also much sought after as a public speaker.

Adam Mogelonsky — Partner at Hotel Mogel Consulting Ltd.

As one of two principals at Hotel Mogel Consulting Ltd., Adam Mogelonsky is a strategic advisor primarily for independent properties, small hotel groups and technology vendors for the industry, specializing in helping brands determine the best path to increased profitability whatever that direction requires. As a thought leader, he has coauthored seven books on hotel management and over 1,200 articles over the past decade across a variety of trade publications, in addition to regular podcast and conference panel appearances. Lately, the focus for Hotel Mogel has been on automation, tech stack auditing, labor efficiencies, employee retention programs, heightening managerial productivity and upselling practices to maximize total revenue per guest.

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