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CLEANING UP AFTER COVID: HOTEL STAFFING DURING THE GREAT RESIGNATION[1]

Why would I clean dirty rooms when I could make more working at Amazon?

- Anonymous former Housekeeper

Ben Hom sat at his desk at McKibbon Hospitality's Tampa corporate office waiting for his meeting with the Regional Vice President of Operations (RVPO), who oversaw the Tampa market to discuss the 2023 budget for his ten hotels. The RVPO feared that staffing shortages and labor costs would wreck his budgets again, as they had in 2022. Hom knew that labor costs were the second most significant variable in the budget, behind revenue, and getting anything close to accurate seemed impossible. Hom understood the RVPO's frustration. The labor force that the industry had relied upon for decades had evaporated. Hom contemplated his options for reliable and lower-cost housekeeping staff and the best solution to this problem.

Hom was Vice President of Human Resources at McKibbon Hospitality, a third-party hotel management company with one hundred hotels in eight states encompassing twenty-three brands and thirteen ownership groups (Exhibit 1). The term "Great Resignation" was coined as a systemic labor shortage resulting from resignations or not returning to a job that was discarded because of the lower demand during Covid-19 restrictions. After Covid-19, hourly labor costs escalated rapidly. There was an industry-wide labor shortage, especially for Housekeeping. Also, due to the "Great Resignation," recruiting and retaining quality hourly associates was extremely competitive. Hom realized he had to find a solution to the staffing challenges.

Raising starting salaries could have aided recruiting but with reduced profit margins. Utilizing H-2B visas could have provided foreign workers at the government-defined prevailing wage in each market, typically lower than the market wage. Staffing companies could have been utilized but included a thirty to fifty percent premium cost. Hom also wondered if there was a way to invest in analytics and technology to disrupt the historical labor model. While solving the staffing problem was necessary for his managers, Hom also had to satisfy the goals of McKibbon's client, the hotel owner, to deliver high-profit margins using data-driven solutions, as this was key to the company's continued growth.

Editor: Grandon Gill, Ph.D.

The U.S. Hotel Industry

The U.S. hotel industry was birthed in the late 1700s and experienced steady and substantial advancement over the last three centuries. One of the most formidable catalysts of this growth was the transportation revolution. The evolution from steamboats on the country's waterways to the American railroad system to the modernization of automobiles and air travel increased business trade and created a demand to accommodate the business traveler. The nation's economic growth and distribution of wealth made vacations attainable for the average American and facilitated a pivot in the hotel industry that enticed the leisure traveler. Business and commercial travel cemented hotels as public monuments and continued to galvanize the hotel industry over the years.

Hotel Industry Landscape

In 2018, the U.S. hotel industry represented six hundred fifty-nine billion dollars of U.S. gross domestic product (GDP) and two hundred seventy-one billion dollars in business sales (Oxford Economics, 2019). After over ten years of steady growth (Exhibit 2), sales had increased by fifty-two percent, and employment increased fourteen percent (Oxford Economics, 2019). This growth facilitated the demand for expansion and development across all hotel classes: Limited-service hotels, Select-service hotels, and Full-service hotels.

Limited-Service Hotels

Limited-service hotels offered modestly priced room rates and attracted budget-conscious leisure travelers and those seeking an extended stay. They offered basic amenities such as television, Wi-Fi, laundry facilities, a business center, and free parking. Limited-service hotels may also include in-room kitchenettes with microwaves and refrigerators as they did not offer food and beverage services. The lack of onsite restaurants and catering services allowed these hotels to forego dedicated staff for these amenities and lowered operational costs.

Select-Service Hotels

The select service hotel sector had seen rapidly increasing popularity driven by its hybrid model. Select-service hotels offered all the amenities of limited-service hotels as well as "select" services and amenities traditionally offered by full-service hotels. For example, a select-service hotel may have an onsite restaurant with limited operating hours, unlike its limited-service counterpart. Select-service hotels had also expanded their meeting and banquet facilities to meet the demand of business and convention travelers seeking a more cost-efficient option. By offering moderately priced rates and select services which kept overhead low, select-service hotels were more affordable to operate and generated higher profit margins (Anie, 2022). Most of the hotels in McKibbon's portfolio were in this category.

Full-Service Hotels

Full-service hotels were the most expensive of the hotel classes and historically were more popular among business and luxury leisure travelers. In addition to the amenities offered at limited-service and select-service hotels, full-service hotels may offer valet service, spas, boutiques, and concierge. These amenities drove higher operational costs and required this hotel type to have more staff to service guests utilizing the additional amenities. The most distinguishing function of full-service hotels was meal and beverage services. The availability of upscale dining and large meeting and banquet facilities allowed full-service hotels to maintain demand and capture higher rates to support their higher operational costs.

Impacts to Industry Trends

The Covid-19 pandemic caused a momentous shift in the landscape of the hotel industry and incited a precipitous decline in hotel demand. In 2019, the average annual hotel occupancy rate was sixty-six percent (Association & Accenture, 2022). Historically, much of this occupancy rate was attributed to business travelers. With the abrupt halt to business travel and implementation of social distancing ordinances, the annual hotel occupancy rate dipped to twenty-five percent in April 2020 (Association & Accenture, 2022). Although hotel occupancy rates were projected to recover to pre-pandemic levels by the end of 2022, hotels had been forced to restructure their business operating plans to align with the shift in industry demands.

Pre-pandemic Traveler Trends

In 2019, domestic business travel spending was two hundred seventy billion dollars (Exhibit 3). Business travelers frequented hotels to attend conferences, conventions, trainings, and client meetings. They were usually attracted to hotels with locations near their client or event, had desirable meeting spaces, and offered convenient amenities, such as onsite dining and room service. Hotels had become astute in predicting the needs and behavior of business travelers because of their general routines. They usually booked their accommodation well in advance of their visit, their stays were short, and they were away from the hotel most of the day conducting business. This predictability was an asset to hotels because they ensured they were staffed for these guests. When Covid-19 was declared a global pandemic in March 2020, business travel plummeted, millions of hotel jobs were lost, and the hotel industry was thrust into a drastic reconstruction.

Post-pandemic Traveler Trends

The U.S. hotel industry slowly began to rebound when travel bans were lifted across the country. Most of the industry recovery was driven by domestic leisure travel which was projected to exceed pre-pandemic levels. Domestic business travel was not projected to return to its pre-pandemic levels. According to Morning Consult, forty percent of Americans that traveled for work prior to the pandemic would not return to business travel (Roeschke, 2022).

Unlike their business traveler counterparts, leisure travelers were very unpredictable. Leisure travelers no longer booked as early as they did prior to the pandemic due to the uncertainty instilled by flight cancellations and fluctuating travel restrictions. Twenty nine percent of leisure travelers booked hotel accommodations one month before their trip (Roeschke, 2022). Their number of guests usually exceeded that of a business traveler reservation. Other key differences were that leisure travelers spent more time on the hotel property and utilized more services. With the threat of a recession and rising inflation, leisure travelers also became very cost sensitive. Sixty-eight percent of U.S. adults cited cost as a primary factor when booking accommodations (Roeschke, 2022). These shifts in traveler trends and unpredictability made it difficult for hotels to forecast hotel capacity and schedule the appropriate staff. Hotels were forced to become more agile and innovative with their operating models to attract more hotel guests and fully recover from their financial losses during the pandemic.

McKibbon Hospitality

Named after its founders, John, Sr. (Jack) and Marvin McKibbon, McKibbon Hospitality was founded in 1926 in Gainesville, Georgia. The McKibbon's began their entrepreneurial journey by opening a small Piggly Wiggly franchise. By the 1960s the McKibbon Brothers had expanded to franchise several Holiday Inns across the state of Georgia.

From there, hotel development and management became McKibbon's core focus. By the early 1990s, John McKibbon III, started running the company. He continued the tradition of developing a top-notch team with proven records of service and innovation in the industry, which had been a major contributor to the expansion of the Company's footprint (McKibbon.com, n.d.).

Business Model

McKibbon had a strong service concentration, prided itself on its people first mentality, focused on building relationships with its clients and prioritizing their needs. This vision was shared by the company's executive team and resulted in McKibbon leading the industry in growth and awards.

McKibbon charged its clients a percentage of revenue for their expertise, allowing a hotel owner to fully outsource the management. As part of their service, they negotiated and established service level agreements with each hotel, that typically focused on quality, budget achievement, and other metrics that were measured by a "balanced score card," used for their reporting to the owners. McKibbon's competitive advantage was a proven track record of implementing best practices and data-driven solutions which provided a strong return to ownership groups. This proven ability provided high ROI (return on investment) to the hotel ownership groups contributed to McKibbon's growth, and ability to shift customers away from the competition. Their competition being other management companies, and management by the respective brands (Marriott, Hilton, Hyatt, etc.).

Starting in early 2020, with the start of the pandemic, this balanced scorecard became increasingly difficult to manage. The immediate impact of Covid-19 on the industry was near crippling, and as the world adapted to life during a pandemic, McKibbon had to keep up with the constantly changing trends. Planning for the unpredictability in demand, customer mix, the labor market, and the supply chain, amidst a global pandemic presented a whole new set of challenges.

Organizational structure

A balanced organizational structure was critical for McKibbon's hotels to perform its daily operations. McKibbon's structure varied slightly by location and brand, but was similar, starting at the top with multiple layers of management (a Regional Vice President of Operations, General Manager, Assistant General Manager, Director of Sales). Each department had a leader that reported to management (Food and Beverage, Housekeeping, Maintenance, Front Desk, etc.) Housekeeping made up fifty percent or more of the total labor in this organizational structure (Exhibit 4).

Other Ventures

In 2019, McKibbon strayed from its normal course of business and took a risk by starting a hotel development company, McKibbon Places. Based in Atlanta, Georgia, the Company offered third party hotel development and renovation services. Chairman John McKibbon saw a unique opportunity to provide additional value to his existing customer base of hotel owners and executed on it (Staff B. O., 2019).

Technology

As Hom focused on McKibbon's business model, his mind wandered into what technology he leveraged to increase efficiencies and mitigate labor difficulties. McKibbon had used the same software for multiple years, but he pondered if there were other opportunities?

McKibbon leveraged the Hotel Effectiveness software to monitor its hourly labor. Hom considered the possibility of leveraging McKibbon's current business model and software and expanding that to incorporate a more dynamic labor-management model. This model could be leveraged against, or even marketed to, other competing hotel management companies. As Hom thought more about the options for addressing these challenges, he had to ensure that the solution allowed McKibbon to forecast and supply housekeeping labor dynamically as the need arose.

What was a Labor Management System?

Labor Management Systems (LMS) aimed to provide tools to effectively reduce labor costs while maintaining brand policies and requirements for guest services. An LMS effectively used a property's workforce and incorporated and supported functions like labor standards creation, integrated labor forecasting, labor payroll, timekeeping, and labor wage integration. With these data points and management tools, companies could push labor and service action plans, recommendations, and daily management practices. The goal eliminated wasteful overstaffing and excessive overtime, optimized the use of outsourced contractors, and delivered exceptional service. Hotel Effectiveness LLC, McKibbon's current LMS, claimed to improve labor management practices and saved a typical hotel three to five percent of total labor costs annually, including reducing overtime.

Hotel Effectiveness History

Hotel Effectiveness Solutions LLC. was incorporated in 2013 by the confounders Mike Martin and Taylor Beauchamp. Hotel Effectiveness Solutions served over five thousand hotels from over seventy brands throughout the United States. The company offered labor, scheduling, time, and attendance monitoring platforms.

Hotel Effectiveness Services

As previously stated, Hotel Effectiveness claimed that it improved the net operating income of hotels by saving on average three to five percent of total labor costs through its proactive tools to address staffing issues. These tools incorporated four modules: PerfectLabor, PerfectEngage, PerfectWage, and PerfectTime. When purchased separately, these modules addressed the independent needs of each company.

PerfectLabor enabled hotel managers to prioritize scheduling during the greatest labor need, preventing taking rooms out of service and maintaining complete inventory for booking. This module automatically converted a hotel's labor plan into dynamic schedules for each manager based on actual business drivers. MyHotelTeam® was a comprehensive scheduling portal available to every hotel staff member, including contractors, to review their schedules, request time off, and swap shifts. Additional features such as the 5-Minute Daily Labor Check-In™ allowed managers to review labor costs in real-time to maximize minutes-per-room (MPR) efficiencies.

PerfectEngage™ was a built-in communications tool that allowed managers to message individuals or groups of associates easily. Hotels could share announcements or news company-wide or within a specific hotel in one secure system.

Benchmarking to compare hotels across the portfolio, including department and function-level benchmarks, was critical to establishing and expanding operational standards. PerfectWage™ offered competitive wage information by position from all Hotel Effectiveness users. With the actual market data, managers could choose the correct wage for every position at each hotel by comparing and optimizing hotels side-by-side, position-by-position within each market.

PerfectTime™ was explicitly designed for hotels to handle the unique aspects of hotel payroll, including employees who worked multiple positions, piece pay, and gratuity. Managers could import timecards directly into payroll and easily edit employee timecards.

How McKibbon Used Hotel Effectiveness

McKibbon used two modules of the Hotel Effectiveness application. PerfectWage was used to remain competitive with housekeeping pay ranges, but as the wages increased, the data lagged in accuracy for current market conditions. PerfectLabor was used for scheduling and forecasting (Exhibit 5) labor needs, but since the Covid-19 recovery, the labor pool and hotel demand had been exceptionally dynamic and was hard to predict. Metrics such as minutes per room cleaned, and rooms cleaned to room sold ratio were no longer accurate forecasting tools and were no longer effective.

Application Managed – High Cost

Expanded use of additional Hotel Effectiveness modules could have been a solution to address the labor shortage. A new component of PerfectLabor was CoverageFinder (Exhibit 6). This module assisted management to pool team members across properties to manage the labor shortage by quickly finding team members already in the portfolio to cover open shifts. This limited contract labor to scheduling gaps that could and could not be avoided and focused on using the labor in existing pools.

PerfectEngage™ was used to message individuals or groups of associates in the portfolio. It offered shift pickups to company-wide employees or a specific hotel ensures that CoverageFinder was utilized to maximize labor coverage.

Application Training – Low Cost

Hotel Effectiveness hosted numerous tutorials and supplemental training tools and improved the working knowledge of the application. If management improved its understanding of the application's distinct functions, it could discover additional methods to control housekeeping labor (Exhibit 7).

Self-managed – Low Cost

Microsoft Teams was a readily available tool that performed a comparable functionality of expanding to additional Hotel Effectiveness modules. Creating a Team channel for each hotel group in the portfolio granted the same communication effectiveness as PerfectEngage. Open shift announcements notified the employees participating in the work pool, and each employee could monitor and pick up shifts depending on their certified qualification (Exhibit 8). Additionally, a folder with each training certification could be housed within this group to verify that the employee understood the required procedures, requirements, and expectations for applicable brands requiring labor (Exhibit 8). Finally, a spreadsheet tracked employees' qualifications to clean hotels per their specific requirements (Exhibit 8). The shift supervisor used this spreadsheet to schedule and fill available shifts. This verification guaranteed that only qualified individuals could volunteer for an open shift they can support.

The Covid-19 Impact and the Post Covid Landscape

In March of 2020, all industries, all aspects of our lives, and society in general were turned upside down by the Covid-19 pandemic. No industry felt this more than the hospitality industry. On March 24th, 2020, the late Arne Sorenson, who was CEO (Chief Executive Officer) of Marriott International at the time stated that the coronavirus had hit Marriott International's business worse than 9/11 and the Great Recession combined. He referenced that in those two crises, the worst quarterly declines in global revenue Marriott experienced were around twenty five percent.

"We're now seeing revenue down seventy-five percent plus, probably I suspect nearing a ninety percent decline in the United States. And obviously at those levels there just isn't any business in hotels."

 –Arne Sorenson, CEO of Marriott International, March 24th, 2020 (Stankiewicz, 2020)

On April 23rd, 2020, Lodging magazine reported that seventy percent of hotel employees had been laid off or furloughed, and eight in ten hotel rooms across the nation remained empty (Exhibit 9) (Staff L. , 2020).

With all these empty rooms, the hardest hit employees were Housekeeping department, those that had been the hardest working and had the hardest job in what the industry had always affectionately (and accurately) labeled "The Heart of the House." Men and women who had given their blood, sweat, and tears to this industry for years, and had taken pride in performing this thankless job for near minimum wage, were laid off overnight and left to navigate the labyrinth of the various state and federal unemployment assistance programs. Unfortunately, for several reasons, many of them were some of the least capable or qualified to do so.

Most of the employees who had given their livelihoods to the industry were not racing to come back to work. The rise of e-commerce industries in 2020 provided employment opportunities elsewhere. Additionally, many former employees who were approaching retirement age, decided to go that route instead. In November 2021, there were three point six million more Americans who had left the labor force and said they did not want a job compared with November 2019. Ninety percent of them were over fifty-five years old (Morrow, 2021). The work force that the industry had relied on to provide the life blood of "The Heart of the House" had disappeared.

So, what was Hom going to do without this critical part of the workforce, as he was responsible for staffing one hundred hotels, with several more in the pipeline? Getting the answer to this question right was critical as it impacted all McKibbon's Key Performance Indicators (KPIs) and affected the company's future growth opportunities for several reasons.

Behind revenue, hourly labor costs were the largest variable determining the financial success of a hotel. The Housekeeping department contributed at least fifty percent of all hourly labor costs in a typical McKibbon hotel and had the most variable costs associated with it. A Front Desk needed to be staffed twenty-four hours per day, seven days per week regardless of whether you had ten check-ins or one hundred check-ins on any given day, and while there may have been a small variance in costs associated with that difference, it was fixed when compared to the cost of cleaning ten rooms as opposed to one hundred rooms.

McKibbon had always been an innovative industry disrupter, and their key competitive advantage had always been delivering high profit margins using data driven solutions. This advantage had contributed to McKibbon's thirty percent growth in the past two years and was key to the company's continued growth. As Housekeeping labor costs had such a substantial impact on the profitability of each hotel, getting the right answer to this question was necessary.

The demand and mix of business patterns had continually evolved since 2020. Business travel, which was previously the bread and butter for McKibbon's hotels in most markets, remained twenty-five to thirty percent below 2019 levels, and the Global Business Travel Association predicted mid 2026 before seeing a full recovery (Koenig, 2022). The impact on this for McKibbon was two-fold. Firstly, the company did not know what to expect as far as demand. While previously, they consistently forecast demand based on historical data, they were now learning on the fly, and this impacted hiring and scheduling. Many markets, including Tampa, saw demand above 2019 levels in 2022; however much of it was pent up leisure demand and industry analysts projected this to decrease in 2023. Secondly, the increase in the mix of leisure travel meant that hotel rooms were more heavily used and by more guests in each room. This especially impacted on the housekeeping department because it increased average clean times significantly, and costs as a result. This was not to mention that this change made the job even tougher than it previously was. Hom had to ensure that whatever model he developed had enough flexibility built in to consider this.

At the time this case was written, all McKibbon GMs were writing their 2023 budgets. Every GM in the company looked to Hom to provide guidance for the biggest unknown in their budgets- housekeeping labor costs-which also happened to have the biggest impact on profit margin. As with everything else, writing budgets in the pre-Covid era was a cut and dried process that remained intact for years with minimal changes. Also, as with everything else, McKibbon had a tried-and-true data driven system for accurately projecting revenues and expenses. Getting an accurate, concrete, and consistent budgeting model to the field was particularly important. Ownership groups relied heavily on budgets as they used them to report to their investors. They also benchmarked profit margins off the industry and expected McKibbon to over-achieve. They were not going to simply accept lower budgeted profit margins without some serious data to back them up.

Providing a model for housekeeping labor costs had another important impact. The incentive program for McKibbon's leadership team was driven by a set of KPI (Key Performance Indicators) goals based on a balanced scorecard-financial metrics (consisting of achieving both top line and profit margin to budget), market share, guest satisfaction, brand standards, associate satisfaction, and hourly labor goals. Prior to Covid-19, McKibbon had well-established standards for hourly labor, based on hours per room sold and, for the housekeeping department, minutes per clean. In 2022, McKibbon operated on a CPOR (cost per occupied room) to budget basis for their quarterly benchmark. There were a couple of problems with this structure. Firstly, budgets were written in late 2021 and since that point labor costs had escalated dramatically. Secondly, it was exceedingly difficult for even the most financially savvy managers to accurately track this as the quarter progressed, so some adopted the thought that "we will just see where it lands." This also meant that if the CPOR budget was unattainable, some managers may not have even attempted to manage it. The prior model allowed managers to track progress day by day. Hom had to ensure that the model he settled on provided clear and attainable goals for the hotel leadership teams.

Revenue was generated by selling hotel rooms. If you did not have clean rooms, you could not sell them. In 2021 when hotels filled up with all the pent-up leisure demand, the industry struggled as whole to keep pace due to staffing challenges. In many cases, this meant that hotels had to reduce their inventory simply because they did not have the staff to clean rooms. This was a devastating blow to an industry that had

been decimated the prior year and looked to take advantage of the rebound. If nothing else, Hom had to ensure that this was not going to be the case moving forward-no matter what the cost.

Another major component of the balanced scorecard that hotel managers and management companies had to maintain and navigate was Lodging Quality Assurance (LQA). This was measured by both Guest Satisfaction Surveys (GSS) and Brand Standard Audits (BSA). Even if a hotel succeeded in turning inventory to keep up with demand, if they were not maintaining quality by ensuring rooms were thoroughly cleaned, their guests would call them out on it when they received a survey; and if they did not, it would be discovered during the unannounced audit. While not necessarily impacting revenue, if a hotel failed here, it would be at risk of losing its brand flag. Even if that were near a question for any one hotel in McKibbon's portfolio, it would be very tough to recover from. The rise of social media created another more organic check and balance on the industry.

Simply finding staff to clean rooms while controlling costs was not the only objective. It was important to find the right people for this job. Given the nature of the work and the increased workload because of a higher mix of leisure travel, the job required a certain skill set and could not simply be handed out to anyone. Recruiting and retaining good team members who took pride in their work while contributing to McKibbon's culture of service was another objective. At the end of the day, Hom knew that for any of McKibbon's hotels to enjoy sustained success, culture and associate satisfaction had to be factored in.

The Decision

Hom recognized that recruiting and retaining the best hourly associates required competitive pay rates. Still, there were other factors to consider, including the working environment, benefits, work hours, and job stability. He knew that reducing turnover would help to manage costs and improve profit margins as there was a significant expense with recruiting and training new employees. He also knew that he had to issue direction to the field on how to budget for their biggest expense and provide measurable and attainable targets for managers. He had several potential options but also realized that he would have to select among the choices as budgets and logistics would not allow use of all options. Potential options included:

Aggressively investing in recruitment, retention, and culture. Utilizing market wage data, increasing pay, improving benefits, and engaging with the hotel teams to ensure processes such as onboarding, training, and recognition were being properly and thoroughly completed. These undertakings could assist with recruiting but would reduce profit margins for ownership groups. Additionally, they would not necessarily solve the problem if the workforce were no longer available, no matter how much McKibbon raised salaries, and Hom would still need to create a model built around this option for budgeting. Despite this, the McKibbon HR (Human Resources) and Communications teams had already placed an aggressive campaign for rehiring former associates and retaining current ones (Exhibit 10).

Foreign workers with H-2B visas were a viable option as they were paid a government-defined prevailing wage in each market, typically lower than the market wage. This route, if successful, would guarantee a consistent and adequate pool of employees for nine months, which would relieve the staffing problems at the hotels for a lower cost, and make budgeting easier. Yet, it also had a few detractors:

Only thirty-three thousand visas were allowed each year leading to a race by companies to get them.

Foreigners could only work for nine months before they were required to return to their home country for three months, leaving a three-month gap for McKibbon to fill.

There were high fixed costs associated with this option including a guarantee of thirty-two hours per week, airfare, set up fees, and living subsidies (Exhibit 11).

This option could sever relationships with staffing companies, which could mean losing out when hotels needed them in their peak season, and during the three-month employment gap.

Embracing a few select staffing companies as true partners, negotiating lower premiums, standardizing pay rates and the companies used in each market. This option would provide much more flexibility for on-demand staffing with no associated fixed costs. However, even with an improved relationship, there would be continued higher turnover costs associated with this option; along with the premium cost on top of the base wage that would make it the highest cost option.

Utilizing existing data from Hotel Effectiveness across the portfolio to create budget and labor models based on wage data by market, and minutes per clean by brand. Further exploring data to create labor demand models by brand and market (rooms sold to rooms cleaned ratios by season, day of week, etc.), and investing in technology for labor forecasting and on-demand labor supply. This would be more of a long-term solution and require an investment from the corporate level. Although costly, an added benefit of this option was that it had the potential to be marketed to other hotel management companies.

Hom realized the importance of creating solutions to this problem for maximizing profitability for ownership groups, as this was key to the company's continued growth. He also knew that he had to produce the solution fast because he would soon have 100 General Managers looking to him for guidance on the biggest variable in their 2023 budgets, as well as thirteen ownership groups looking for the right answer.

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Biography
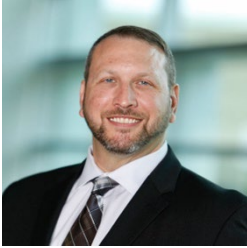
William Edward Brezina is a visionary leader with a background in the medical and pharmaceutical sectors. As the Founder and Director of Philosofarm Inc., he promotes sustainability in the Hillsborough County community through traditional farming, agriscience education, and resources. Adept at connecting with employees, Brezina excels in motivating and nurturing their abilities. He holds a Bachelor's degree in Philosophy from Florida Atlantic University and an Executive MBA from the University of South Florida Muma College of Business.

LaToya Lemons is the senior manager of business insights with Centene Corp. and oversees the implementation and expansions of enterprise-wide vendors and strategic initiatives across more than 20 states. She manages a team of four project managers and 200-plus vendor employees. She is a values-driven leader with a passion for transforming and coaching cross-functional teams in collaborative environments to deliver optimal performance. She has held that position since September 2020. Prior to that, Lemons served as project manager with WellCare Health Plans, where she implemented medium and large-scale projects from end-to-end and ensured project constraints were met creating business value. She managed multiple cross-functional teams in the delivery of complex business solutions. Lemons received a bachelor's degree in chemistry from Southern University and A&M College in Baton Rouge, Louisiana; a Lean Six Sigma Green Belt Certificate from USF and a Project Management Professional certification from the Project Management Institute. She received her Executive MBA from the University of South Florida Muma College of Business.

Robert Newton, with nearly two decades of experience in hotel management, has seen about everything. As a General Manager with McKibbon Hospitality, he oversees operations, sales, and financial results. He started out in the hotel business as a front desk associate in his first year of community college and now oversees his fourth hotel as General Manager. Among Newton's accomplishments are the opening of a brand-new hotel, taking over a distressed property that was not meeting standards, and managing through multiple ownership changes, renovations, and the recession of 2009-10. He persevered through the Covid-19 pandemic and takes pride in always delivering results with a positive impact. On the community side, Newton supervised a campaign to raise more than $65,000 for Moffitt Cancer Center. Newton received a bachelor's degree in applied science in hospitality administration from Southern New Hampshire University in 2004. He received his Executive MBA from the University of South Florida Muma College of Business.

Greg Pawlowski is the director of FP&A at Accolade, a large and growing middle-market health care technology company. As a leader with a publicly traded company, he leads the budget process and manages the business to meet aggressive budget targets. He began his current position in January 2021. He is the father of two daughters, an avid fisherman and a motivated hard worker. His broad background in various financial roles including corporate, audit and consulting, comes from previous work as senior manager at Greenway Health, where he was a key partner to functional leaders within business units, providing holistic and timely business performance analyses, insights, and recommendations. Before that, he was senior associate with Grant Thornton, a global public accounting firm headquartered in Chicago. Pawlowski, working out of the Atlanta office, oversaw the successful completion of several due diligence engagements spanning a broad range of industries. His job titles in the past have ranged from revenue accountant to financial analyst to audit senior associate. Pawlowski earned a bachelor's degree in finance from Auburn University in 2010. He received his Executive MBA from the University of South Florida Muma College of Business.

Martin Richman is a Urologist at Advanced Urology Institute, one of the largest urology group practices in the country. He has a special interest in laser, minimally invasive and laparoscopic surgery. He is a member of the executive board of directors and information technology committee for his practice. He also is the vice chair of surgery at Mease Countryside Hospital and chairs the Mease Urology Center of Excellence Committee. Richman has published several textbook chapters and research articles. He is a member of the American College of Surgeons, the Florida Urological Society, the Florida Medical Association, and the American Urological Association. He received a bachelor's degree in biology and chemistry from Indiana University and an MD from the Medical College of Ohio at the University of Toledo. He completed his surgical and urology training at Case Western Reserve University and University Hospitals of Cleveland. He received his Executive MBA from the University of South Florida Muma College of Business.

Exhibit 1: Ben Hom Biography

Ben Hom, SPHR

Vice President Of Human Resources

Ben Hom knows good talent when he sees it. He has been involved in recruiting, managing, and rewarding stellar employees for the past 10 years for companies like GE (General Electric) Healthcare, Motorola, and the Cancer Treatment Centers of America. As McKibbon's VP of Human Resources, he is constantly on the lookout for the right people to help the company grow. His secret recipe to finding the right colleague? Someone who uses their own talents to help others on the team succeed. For over two decades, Ben has been recognized with many awards including the 2018 Chief HR Officer of the Year and the class of 2016 Leadership Palm Beach County award. In 2003 he became a certified Six Sigma Green Belt and in 2001 he became a certified Six Sigma Black Belt. Ben was also SPHR (Senior Professional in Human Resources) certified in 2015 from the HR Certification Institute. He learned the value of good working relationships from his father, an emigrant from Hong Kong and successful restaurateur. As the first member of his family to get a bachelor's degree, Ben loves translating the knowledge he gained both in school and from his dad into real-life problem-solving. As often as possible, Ben buries his nose in a good book. Literacy, to him, is the most important tool for empowering a society. But it is more than just a philosophy. When he is not working, Ben serves as a member of the Hillsborough County Library Board.

Source: https://www.mckibbon.com/team/ben-hom

Exhibit 2: Hotel Industry Historical Summary

Hotel industry historical summary: United States
Amounts in billions of dollars, except where otherwise noted

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Industry metrics														
Business sales (output)	$178.1	$190.0	$196.9	$200.9	$185.8	$188.6	$200.2	$213.7	$223.0	$235.8	$247.1	$255.2	$262.4	$270.6
Wages, salaries and other compensation	$62.0	$63.7	$64.2	$64.2	$64.4	$65.6	$67.4	$71.0	$74.9	$79.2	$83.5	$87.9	$92.5	$97.2
Employment (millions)	2.01	2.02	2.02	2.01	1.99	1.99	1.99	2.01	2.04	2.08	2.12	2.17	2.23	2.29
GDP	$111.1	$115.5	$117.9	$118.4	$118.7	$120.1	$122.6	$128.7	$135.4	$142.6	$149.6	$156.7	$163.7	$170.7
Capital investment	$20.3	$25.7	$35.8	$43.9	$33.3	$19.2	$16.9	$19.3	$22.6	$26.4	$31.9	$37.5	$39.2	$42.4
Industry size and performance (STR)														
Properties (number of hotels, motels, B&Bs)	49,755	49,756	50,204	51,060	52,149	52,375	52,362	52,574	52,829	53,084	53,627	54,262	55,058	55,899
Guest rooms (thousands)	4,517	4,527	4,582	4,690	4,824	4,860	4,869	4,894	4,921	4,952	5,013	5,093	5,187	5,290
Room nights sold (demand, in millions)	1,020	1,024	1,031	1,005	943	1,012	1,058	1,087	1,108	1,152	1,180	1,198	1,227	1,257
Occupancy rate	63.0%	63.2%	62.8%	59.8%	54.6%	57.6%	60.0%	61.4%	62.3%	64.4%	65.4%	65.4%	65.9%	66.2%
Average daily rate (ADR)	$91.04	$97.84	$104.33	$107.40	$98.17	$98.04	$101.76	$106.06	$110.06	$115.20	$120.41	$124.06	$126.78	$129.88

Source: Bureau of Economic Analysis; STR; Oxford Economics

Exhibit 3: Hotel Room Occupancy by Year

Figure 1 – Hotel Room Occupancy by Year
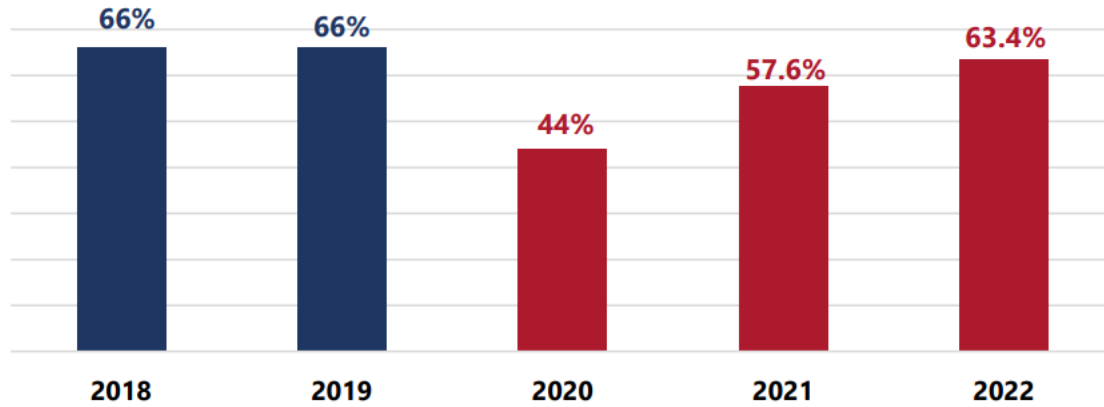
Source: Oxford Economics + STR, © 2022 CoStar Group

Exhibit 4: Sample Org Chart of a McKibbon Select-Service Hotel
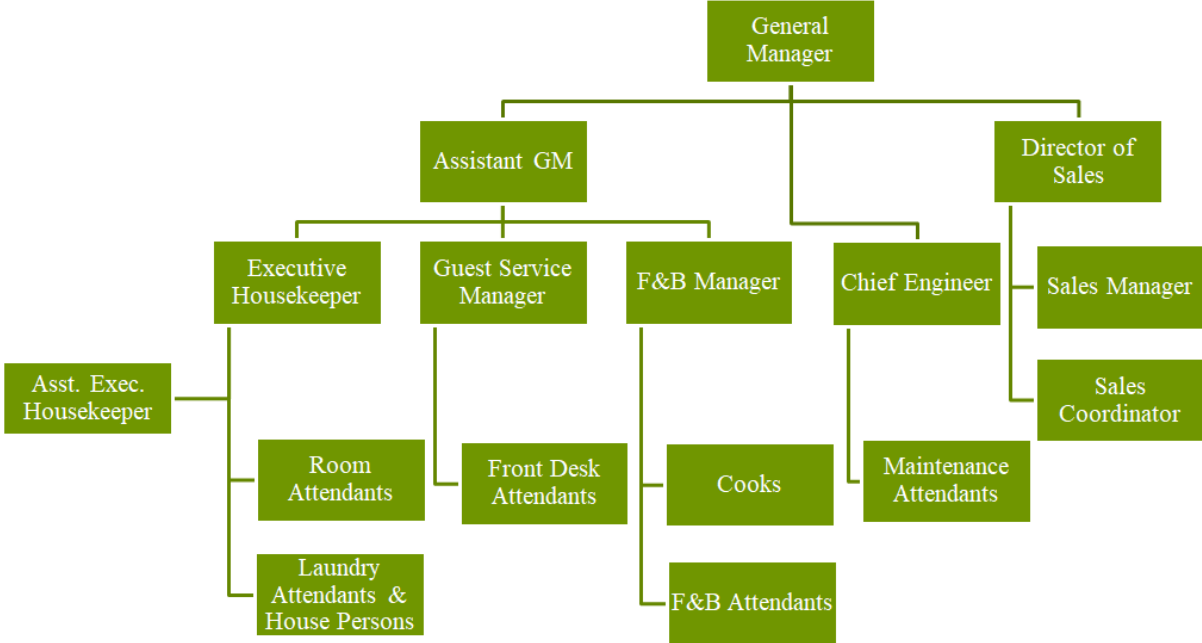
Source: McKibbon Hospitality

Exhibit 5: Sample Hotel Effectiveness Screenshots
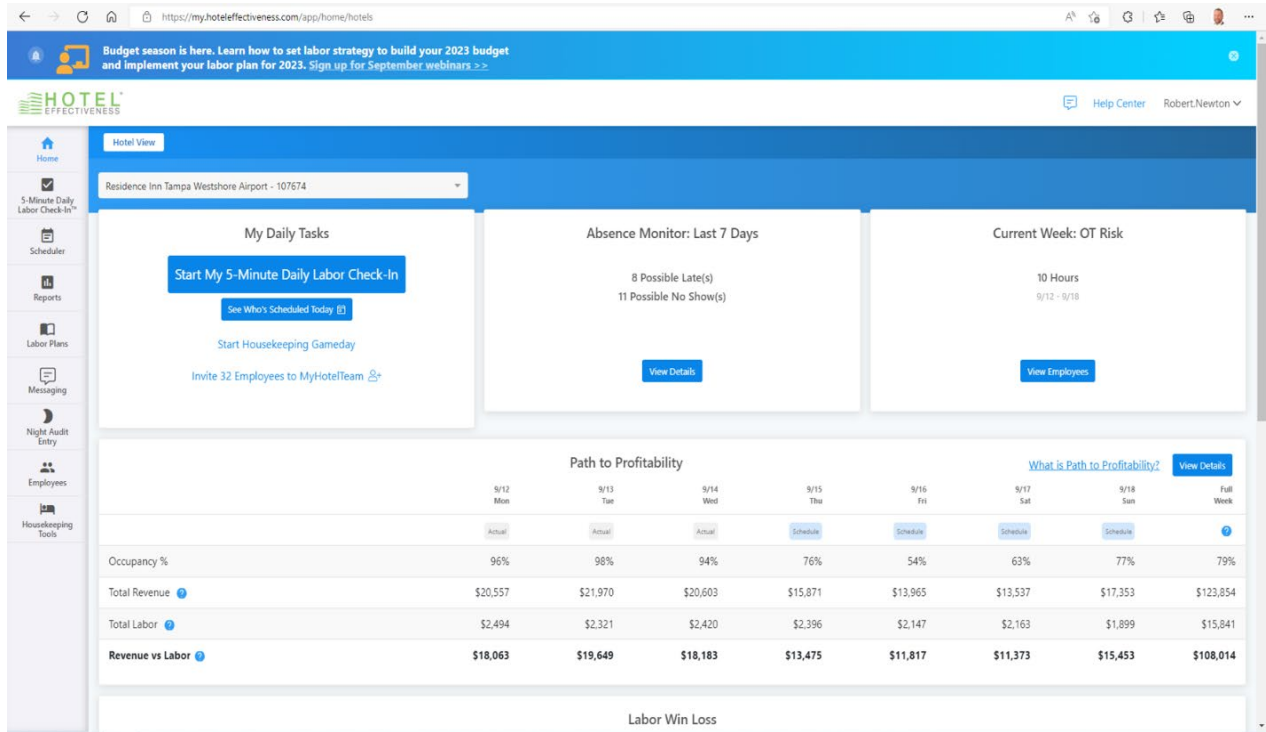
Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Minutes per Room Details What is on this page?   [PDF] [XLS]   Residence Inn Tampa Westshore Airport ▾

|◀ ◀ [1] of 1 ▶ ▶| ◆

MPR Summary for all Room Attendants (Only Those Who Clocked in on Room Attendant Position Code)

	9/12 Mon	9/13 Tue	9/14 Wed	9/15 Thu	9/16 Fri	9/17 Sat	9/18 Sun	Week to Date
Actual MPR	39.3	30.3	36.7					35.7
Plan MPR	22.3	24.3	26.9					24.7
MPR Variance	-16.9	-6.0	-9.8					-11.0
Rooms Cleaned	55	49	67					171
Actual Hours	36.00	24.75	41.00					101.75
Plan Hours	20.48	19.87	30.03					70.38
Hours Variance	-15.52	-4.88	-10.97					-31.37

Actual MPR for all Room Attendants

Click on the [+] to expand details	9/12 Mon	9/13 Tue	9/14 Wed	9/15 Thu	9/16 Fri	9/17 Sat	9/18 Sun	Week to Date
⊞ 881440335, Housekeeper (881440335)								
⊞ 881440336, Housekeeper (881440336)			39.2					39.2
⊞ Acosta Amalla, Idalmis (700359)	Hours No Cleans							Hours No Cleans
⊞ Burgos, Daisy (20859)		0.0						0.0
⊞ Caballero de Varona, Sandra (880074428)	32.0	38.1	33.0					34.2
⊞ ZZ 881440341, Housekeeper (881440341)	34.3		38.1					36.1
⊞ ZZ 881440343, Housekeeper (881440343)	40.0	30.9	43.6					37.3
⊞ ZZ SP 881440338, Housekeeper (881440338)		38.1	32.0					34.8
⊞ zz sp 881440339, Housekeeper (881440339)	34.3							34.3

Data Quality Check

	9/12 Mon	9/13 Tue	9/14 Wed	9/15 Thu	9/16 Fri	9/17 Sat	9/18 Sun	Week to Date
Rooms Cleaned	55	49	67					171
Yesterday's Rooms Sold	149	153	156					458
Cleans to Sold Ratio	37 %	32 %	43 %					37 %

Notes:

MPR equals Minutes Per Room, Only Room Attendant Hours have been included in this page. Laundry and Housekeeping Support positions have been exlcuded. Please look on the Housekeeping Productivity page for all Housekeeping positions.

MPR Variance Shading Legend:

Red = More than 3 Minutes Over Target   Yellow = Less than 3 Minutes Over Target   Blue = Cleans, but No Hours Booked for Room Attendant

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Exhibit 6: PerfectLabor CoverageFinder

PerfectLabor™ CoverageFinder™

Shift Sharing Made Easy!

Share team members across your portfolio of properties to manage the labor shortage easier. Built into PerfectLabor™ Scheduler, CoverageFinder limits contract labor, gives more scheduling flexibility to your most valued associates, and saves managers time.

POOL LABOR ACROSS YOUR HOTEL PORTFOLIO — POST & FILL OPEN SHIFTS QUICKLY

With just the click of a button, easily find team members already in your portfolio for open shifts — so you don't need expensive contract labor.

SUPPORT UNPREDICTABLE OCCUPANCY, REDUCE TEAM BURNOUT

Fill open shifts with less-busy employees or contractors to minimize work fatigue. Strategically pinpointing who to target for overtime means no more wasted time on associates who are already overcommitted.

GAIN VISIBILITY TO MAKE CHANGES FAST & BEST MANAGE YOUR OVERALL BUSINESS

A complete labor picture shows you where contractors are best used and scheduling gaps that can and can't be avoided, plus how to make smart labor tradeoffs. Managers can easily spot associates who aren't at 100% capacity to take shifts at higher-demand hotels.

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Exhibit 7: Hotel Effectiveness Functions

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Exhibit 8: Microsoft Teams Screenshots

Source: Microsoft Teams: https://teams.microsoft.com/

Source: Microsoft Teams: https://teams.microsoft.com/

Name	Employee Number	Mariott						Hilton						Hyatt			IHG			
		Aloft	Fairfield	Four Points	Courtyard	Springhill Suites	Townplace Suites	Hilton Garden Inn	Home2 Suites	Hampton	DoubleTree	Hilton	Homewood Suites	Hyatt Place	Hyatt House	Hyatt Regency	Holiday Inn	Holiday Inn Express	Avid	Staybridge Suites
Julie Sheppard	682351	X	X	X								X								
Rebecca Torres	139648				X	X		X	X	X	X	X		X	X		X	X		X
Eric Rodriguez	612055	X	X	X			X					X								
Jessica Gates	244850		X				X					X								
Amy Kramer	665129				X			X	X			X					X	X	X	
Ronnie Wyatt	187087	X	X		X	X			X				X							
Nathan Gregory	650597			X		X			X											
Charles Rowe	363449						X								X					
Patrick Green	414635		X			X	X	X				X								
Natasha Jones	408300	X					X		X	X										
Allison Lowery	401964																X	X		
Troy Ward	395628			X	X									X	X					
Kaitlin Davis	389293		X			X		X		X										
Brenda Murphy	382957	X									X	X								
Nicole Flores	376622					X						X								
Blake Patterson	370286		X			X								X	X					
Alex Arroyo	363950		X		X	X		X									X	X		
Megan Smith	357615	X							X	X	X									
Amy Turner	351279		X					X												
Brooke Randall	344943				X	X														
Michael Carey	338608			X	X									X	X					
Justin Roberson	332272		X						X											
Louis Bauer	325936	X																		
Rodney Houston	319601				X	X	X				X						X	X		X
Christopher Bell	313265	X		X	X															
Wendy Perkins	306929	X							X											
Jill Little	300594	X				X	X							X	X					
Stephanie Hernandez	294258	X	X	X	X	X					X	X								
Brianna Thompson	287923								X											
Robert Phillips	281587	X	X			X		X	X								X	X		

Source: Microsoft Teams: https://teams.microsoft.com/

Source: Microsoft Teams: https://teams.microsoft.com/

Exhibit 9: Hotel Staffing Level Change April 2020

Source: Hotel Effectiveness®: https://www.hoteleffectiveness.com

Exhibit 10: McKibbon Hospitality Recruiting Flyer

Source: McKibbon Hospitality

Exhibit 11: Sample Cost Worksheet-H2B Visas

One Time Related expenses	Amount	# of H-2Bs	Total cost to hit Oct/Nov
Visa costs	$400.00	6	$2,400.00
Recruitment	$300.00	6	$1,800.00
Airfare	$800.00	6	$4,800.00
Total Hotel	$1,500.00	6	**$9,000.00**

Monthly Related Expenses			Monthly cost	# of months	
Rent mthly Subsidy	$200.00	6	$1,200.00	9	$10,800.00

Wage Comparison	Per hour	Hrs./Week		# of weeks		# of Employees	
Current Staff Pro Wage	$18.00	40	$720.00	39	$28,080.00	6	$168,480.00
H-2b wage	$13.00	40	$520.00	39	$20,280.00	6	$121,680.00
							$46,800.00

Total cost for Staff pro	$168,480.00
Total cost for H-2b	$121,680.00
One-time expenses	$9,000.00
Monthly costs	$10,800.00
Savings over 9 months	**$27,000.00**

Source: McKibbon Hospitality