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The HR Perspective

How have hotel companies treated their talent pools during these difficult times?

Mass redundancies are now in the past and hiring will begin again 18 months from now. These are two of the findings of a recent roundtable discussion among industry leaders exploring how hotel companies have reacted to the economic crisis from a human resources perspective.

Hosted by HVS Executive Search and Ecole hôtelière de Lausanne, the panel confirmed that the past 12 months have common themes: RevPAR declines, cancelled projects, slowed development pipelines, cost containment and corporate redundancies. Martin Franck, senior vice president of human resources for Europe, Middle East, Africa at **Starwood Hotels & Resorts**, confirms that EMEA corporate headcount has been reduced by 10% and that cuts have been made in other areas, such as personnel development. For example, Franck says, a management development program “has been put on ice.”

While redundancies have been a necessity, companies are doing everything possible to keep staff, for example, by transferring them to other properties where demand may be stronger, in the belief that managing the upturn will be as important as managing the downturn.

The key findings of the discussion are:

- Large-scale job cuts are behind us;
- Companies are able to budget again;

- Hiring is to recommence 18 months from now;
- There is no negative impact on compensation levels;
- Executives are taking on increased responsibilities as a result of restructuring;
- Companies need to be careful to avoid overinflating job titles and pay in future;
- Greater need for inter-divisional collaboration;
- Opportunities exist for new brands to take advantage of current talent market.

There is consensus that most companies have now regained some visibility and are able to budget again. The drastic action of heavily reducing cost with job cuts is



now over, although there may be some smaller-scale cuts to follow as companies finalize their streamlining and use the opportunity to clear dead wood. While blanket hiring freezes are in place, Franck notes that there are some exceptions in select disciplines such as sales and revenue management where having the right talent in place to tackle the current market conditions is critical. He predicts that hiring in general will recommence across the board in 18 months.

Overall, compensation levels do not appear to have been impacted greatly, but the panelists did warn that in the future organizations need

to be careful of allowing overinflated job grades and pay levels to sneak in as they did during the past few years. Job offers will not be made at significantly lower salary levels than before; otherwise a company risks ending up with a two-tier society of the old ‘haves’ and the new ‘have-nots.’ Panelists also agree that to attract top talent, companies cannot expect executives to take an 80% pay cut.

Regional Perspective

In markets like Dubai, companies are saving on benefits such as housing allowances, which have taken



a tumble, as they are pegged to current market rent levels. Long-term incentives also are in need of constant review, as most options have been negated. However, employees should benefit from grants made now.

As a result of organizational restructuring, many executives are taking on greater responsibility. For example, some companies have reduced their geographic regions from five to three and amalgamated a brand-specific role into a multi-brand one. There will be a greater need in the future for a collaborative team approach with divisional executives being interdependent on one

another and having to trust colleagues across functions, rather than operating in specific silos.

There are benefactors, nonetheless, of the harsh economic times. Sary Arab, COO of **Nikki Beach Hotels & Resorts EMEA**, offered an interesting perspective from someone who is launching a new brand and has a number of new hotels in the pipeline. He sees the current environment as one to take advantage of, “provided the right partners are in place to bring the projects to fruition.” Setting up headquarters in Dubai, he is in a position to capitalize on cheaper office rents and to tap into a larger pool of available talent at a lower cost than was previously the case.

Job seekers are recommended to think out of the box. According to HVS President Steve Rushmore: “Opportunities are arising in non-traditional hotel-related companies such as banks, asset managers, private equity and consulting firms where there will be a strong demand for hotel expertise as this crisis works its way through.”

The hotel industry has proven to be cyclical, and things will improve in time. The hope is that the hotel industry will learn lessons from this recession and will come out of it leaner and meaner, but also stronger. ♦

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FAST FACTS: For the past four years, Brazilian RevPAR growth averaged 9% annually. (Jones Lang LaSalle Hotels)