



INCREASING THE RETURN ON STAFF INVESTMENT

Accor Hospitality

When the Partnership Resource Centre first started working with the Accor hotel group's Auckland hotels, staff turnover was bad by even hotel industry standards. One year later staff losses were down by a third. Getting staff retention right with the PRC's help also had significant flow-on benefits for Accor, including a more harmonious workplace, less management time spent on managing staff issues and improved service in hotels.

PRC partnership benefits for Accor Hospitality

- Overall staff turnover cut by a third
- A stable and engaged workforce provides more consistent service in hotels
- Managers able to spend more time managing the business
- Improved industrial relations environment

DRAMATIC IMPROVEMENT

Accor Hospitality New Zealand's Director of Human Resources, Graeme Ham, describes staff turnover at the hotel group during 2007 as "totally unacceptable".

To turn this situation around, Accor called in the Partnership Resource Centre. The processes the PRC put in place at Accor's Auckland hotels are credited with helping the hotel group slash its high attrition rate.

A year later, Ham says the situation was "improving dramatically" with staff departures down 33 percent in Accor's Auckland hotels and 5 percent across the group.

Back in 2007, 76 percent of staff in Accor hotels were leaving within 12 months. Thirty three percent of new staff were quitting within three months of signing on, the time it took Accor to complete its new employee induction programme.



These numbers, high even for an industry known for its staff attrition rate, were imposing a huge cost on the business, directly through constantly having to replace staff and indirectly through inconsistent service to guests.

“We were asking ourselves, ‘how in the hell are we going to get staff to stay,’” says Ham.

What they did, on the recommendation of the Unite union, was to call in the PRC to establish and support partnerships between management and staff. “We had exhausted other possibilities,” Ham says “so we needed workable solutions.”

The PRC project was Auckland focused, but has ramifications for the Accor group throughout New Zealand.

Unite represents Accor staff (mostly in Auckland)

THE PRC DIFFERENCE

The positive influence of the PRC, through the work of associates Philippa Branthwaite and Chris Elphick, extends beyond retaining staff.

PRC involvement at Accor focused on creating greater staff involvement in the business by setting up and facilitating meetings between management and staff. The aim was to provide ways to identify and solve issues, preferably at the level closest to the issue, and involving the front-line staff.

Nikki Amner, a Unite union delegate who has worked at Accor hotels since 2001, says “a lot of the problems were little niggles – ones that made our jobs that little bit harder; but now they are fixed quickly.

“Staff feel empowered. They don’t feel that they have to hand issues over to someone else.”

She says thanks to the PRC staff have learned new skills and are much more hands on. “They are more involved as a team and the hotels have become a lot happier workplaces.

“The process has opened up a chain of communication. Previously we were going around in circles.”

Ham says having the PRC involved helped overcome a “credibility issue because the PRC is seen as

who work in different hotel departments, but are mostly housekeepers.

A year after the project got underway overall staff turnover had dropped to 52 percent in the Auckland area, down from 76 percent.

Like in most hotels, the majority of Accor staff are new migrants, in between jobs or looking for a permanent place to live. The main reasons for them leaving are not pay and conditions, but family needs, relocation, the fact they have short-term visas or they move into study.

Ham acknowledges the recession also played a role in reducing staff turnover – “people had reasons to stay in their jobs longer” – but says the PRC also made a difference.

being neutral. When management says ‘we have this problem and we need to do this to fix it’, we are not likely to be believed. But if the union also says it, then it is more likely to be trusted”.

Getting to this point represented a “huge shift in culture”.

“Initially there was a lot of discussion between managers and staff, with the PRC associate facilitating, focusing on what the issues were and how they could be solved.

“We wanted to create an environment where issues could be brought up rather than avoided or ignored.”

He says Accor also wanted to give employees more responsibility for fixing problems, and at the same time, give them confidence to deal with issues on their own.

The investment in resolving issues early and as close to the source of the problem as possible, he says means managers now have more time to focus on managing the business.

“The cost to the business of management time spent on what’s going on in the workplace – dealing with small annoying issues is enormous.

“It takes us away from running the business.

“It’s the same for the unions.”



WAGE ROUND SMOOTHED

Improved staff-management relations also flowed through to wage negotiations, including a groundbreaking move to put more part-time staff on Accor's permanent payroll by creating a 30-hour permanent employment category to sit alongside its 40-hour one.

Amner says the driving force for the move to increase job security came from the large number of staff (more than half) who were classified as part timers, but at times worked close to, and sometimes more than, 40 hours a week.

"They often had trouble with things like hire purchase agreements because they weren't permanently employed."

TURNOVER COST SLASHED

It's hard to establish a consistent service with high staff turnover and Accor's hotels have many regular guests and they like to see familiar faces among the staff.

One frontline staff member who knows this first hand is Chris Van der Straaten, a porter at the Novotel in Ellerslie. He is also a Unite union delegate.

She says this greater job security, particularly among the hotel housekeepers, led to greater staff loyalty.

Another change was the introduction of a new wage scale based on competency, not length of service.

Amner says there was a marked contrast between 2007 and 2008 wage negotiations. "The collective agreement was signed after two meetings, mainly I think because of the trust we had built up with management and the fact that issues were not being escalated."

Van der Straaten, who has been with Accor since 2007, says guests like to be recognised by staff. "We see some of our guests here every week and they like to be on first name basis.

"You can't really have that if there's a different porter or person on the front desk every second week."

He says the happier and more contented atmosphere among hotel staff is also filtering through to guests.

High staff turnover represented a huge cost for the business, says Ham. Accor owns or manages 27 hotels in New Zealand, including the Sofitel, M Gallery, Grand Mercure, Novotel, Mercure, Ibis and All Seasons brands.

He says the estimated cost associated with employing frontline staff is \$3000 per employee,

including recruiting costs, induction, training time lost and getting replacement staff up to speed. In 2007 the group turned over 900 employees across New Zealand.

This level of staff churn also represents a big cost in terms of service to hotel guests.

The success in reducing staff turnover represented a huge return on Accor's investment in retention.



We wanted to create an environment where issues could be brought up rather than avoided or ignored.



BEFORE PARTNERSHIP	AFTER PARTNERSHIP
A "totally unacceptable" level of staff turnover	Attrition rate down 33 percent in Accor's Auckland hotels
High flow on costs from constantly changing staff, for example in uneven quality of service to guests and in hiring and training costs	Good return on investment in successfully improving staff turnover
Staff feeling disengaged from the business and its problems	Greater staff involvement in the business and in finding solutions
"Little niggles" in the workplace grow out of proportion	Niggles solved quickly and staff feel empowered, not handing issues over to someone else
Staff-management discussions "going around in circles"	Effective chains of communication opened up, helping reduce length of wage negotiations

PARTNERSHIP RESOURCE CENTRE

What is the PRC?

Workplace partnerships programmes increase productivity, innovation and efficiency by helping create constructive relationships between employers and workers.

The Partnership Resource Centre assists businesses and unions to identify long-term mutual interests and put in place programmes that ensure the businesses and their workers thrive.

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For more information

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