

## INVESTING IN HOUSEKEEPING PROCESS AND A PROVEN ROI

Not all investments produce the expected return. ProHost® Systems do.

How did we prove our methods and equipment? Hostar International, Inc. documented housekeeping costs before and after implementation with several of our clients. Working in partnership with each hotel's financial department, nine case studies were conducted representing six major hotel chains.

These quantitative analyses support ProHost® Systems' return on system investment projections. Room attendants' efficiency levels improved resulting in labor savings for their hotels. Expenses were reduced and cleanliness scores increased. Good business practices outlive trends and continue to generate their planned benefits. Although the studies were conducted more than a decade ago, all of the hotels participating in the case studies still benefit today from their ProHost® Systems.

What was revolutionary fifteen years ago has become evolutionary to our clients. They are our best ambassadors for the ProHost® System. They have agreed to share the results of their ROI analyses with you. The ProHost® System's proven returns are presented on the following pages.

We look forward to discussing your specific goals and sharing with you how implementing a ProHost® System can positively impact your organization.

**FINANCIAL CASE STUDY #I**

Chain: MGM MIRAGE  
 Size: 2,034 Rooms  
 Type: Casino/Resort  
 Year: ProHost® Installed 1996

Chain: HARRAH'S  
 ENTERTAINMENT  
 Size: 2,665 Rooms  
 Type: Casino/Resort  
 Year: ProHost® Installed  
 1995 & 1997

The New York-New York Hotel & Casino and Caesars Palace, Las Vegas provided the following return-on-investment information. The comparative analyses were conducted by Hostar in partnership with their housekeeping and financial managers in 1998 and approved for release to the industry by hotel management. The information presented here is in the form of data ranges and/or averages.

**1. Labor & Benefit Savings**

Both properties achieved sustainable increases in room attendant productivity. The average for the two properties was a 1.01 increase in room attendant credits per housekeeper per shift. The result was an average annual 7.3% improvement in room attendant productivity versus the prior year's productivity. The savings in labor costs ranged from 5.5% to 7.5% per occupied room night.

**2. Expense Savings**

One property achieved savings of \$0.20 in guest supply expense per occupied room night. (A comparative analysis for the second property was not possible due to changes in the baseline product mix.)

**3. Reduction in Worker's Compensation**

ProHost® Systems in both properties are credited with greatly improving working conditions for housekeeping staff. Early evidence suggests the Power-Assist Mobiles are sharply reducing the number and dollar value of workers compensation claims.

**4. Total Savings**

Both properties met or exceeded their return-on-investment objectives.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	5.5-7.5%	n/a
Guest Supply Expenses	n/a	\$0.20

## CASE STUDY #2 AND #3

## FINANCIAL CASE STUDY #2

Chain: SHERATON  
 Size: 1,100 Rooms  
 Type: Business/Convention  
 Year: ProHost® Installed 1993  
 Data: Annual Financial Statements  
 1993-1994

**1. Labor & Benefit Savings**

Housekeeping generated a wage and benefit savings of \$0.24 per occupied room night or a 3% improvement over Year 1 wage and benefit costs. Housekeeping completions and productivity improved even though there was no change in the room cleaning assignment.

**2. Expense Savings**

Housekeeping achieved an improvement of 10% per occupied room night when compared to the base year. The department generated expense savings of \$0.49 per occupied room night since Year 1.

**3. Total Savings**

Annual savings projected at \$234,000 at \$0.73 per occupied room night.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	3%	\$0.24
Linen, Supply & Laundry	10%	\$0.49
Total Savings		\$0.73

## FINANCIAL CASE STUDY #3

Chain: SHERATON  
 Size: 850 Rooms  
 Type: Business/Convention  
 Year: ProHost® Installed 1991  
 Data: Annual Financial Statements  
 1991-1994

**1. Labor & Benefit Savings**

Housekeeping generated annual average wage and benefit savings of \$108,712 (\$0.48 per occupied room night) since Year 1.

**2. Expense Savings**

Housekeeping achieved an average improvement of 6.5% per occupied room night when compared to the base year. The department generated annual average expense savings of \$74,739 (\$0.33 per occupied room night) since Year 1.

**3. Total Savings**

Five year savings projected at \$917,254 or 106% of the projected ROI.  
*Average savings over three year period with the ProHost® System*

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	5%	\$0.48
Guest Supply Expenses	8%	\$0.18
Linen Expense	7%	\$0.03
Laundry Allocation	6%	\$0.12
Total Savings		\$0.81

**FINANCIAL CASE STUDY #4**

Chain: WESTIN  
 Size: 865 Rooms  
 Type: Business/Convention  
 Year: ProHost® Installed 1990  
 Data: Annual Financial Statements  
 1990-1992

**1. Labor & Benefit Savings**

Housekeeping generated annual wage and benefit savings of \$128,552 (\$0.55 per occupied room night). In negotiations with the union on the introduction of the ProHost® System, a room attendant self inspection system was introduced and travel credits in the high rise towers were eliminated. Lower labor costs were achieved, with no change in room cleaning assignment, through higher room attendant completions and reduced house attendant and supervisor labor.

**2. Expense Savings**

The department achieved annual expense savings of \$91,155 (\$0.39 per occupied room night). Housekeeping reduced guest supply expenses by 19% and laundry allocation costs by 8%.

**3. Total Savings**

Five year savings projected at \$1,098,535.

Expenses	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	6.3%	\$0.55
Linen Expenses*	(19%)	(\$0.10)
Guest Supply Expenses	19%	\$0.37
Laundry Allocation	8%	\$0.12
<b>Total Savings</b>		<b>\$0.94</b>

*\*Upgrades in linen program occurred during baseline study*

## CASE STUDY #5 AND #6

## FINANCIAL CASE STUDY #5

Chain: WESTIN  
 Size: 630 Rooms  
 Type: Business/Convention  
 Year: ProHost® Installed 1990  
 Data: Annual Financial Statements  
 1990-1992

**1. Labor & Benefit Savings**

Housekeeping generated annual average wage and benefit savings of \$126,932 (\$0.80 per occupied room night) since Year 1.

**2. Expense Savings**

The department achieved annual expense savings of \$107,893 (\$0.68 per occupied room night) since Year 1.

**3. Total Savings**

Five year savings projected at \$1,174,125.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	5%	\$0.80
Linen Expenses	30%	\$0.28
Guest Supply Expenses	19%	\$0.38
Laundry Allocation	1%	\$0.02
<b>Total Savings</b>		<b>\$1.48</b>

## FINANCIAL CASE STUDY #6

Chain: WESTIN  
 Size: 570 Rooms  
 Type: Business  
 Year: ProHost® Installed 1989  
 Data: Annual Financial Statements  
 1990-1992

**1. Labor & Benefit Savings**

Housekeeping generated average annual wage and benefit savings of \$70,959 (\$0.51 per occupied room night) since Year 1.

**2. Expense Savings**

The department achieved average annual expense savings of \$72,350 (\$0.52 per occupied room night) since Year 1.

**3. Total Savings**

Five year savings projected at \$716,545.

Expenses	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	8%	\$0.51
Linen Supply & Laundry	11%	\$0.52
<b>Total Savings</b>		<b>\$1.03</b>

**FINANCIAL CASE STUDY #7**

Chain: RENAISSANCE  
 Size: 500 Rooms  
 Type: Business / Convention  
 Year: ProHost® Installed 1994  
 Data: Annual Financial Statements  
 1993-1994

**1. Labor & Benefit Savings**

Housekeeping productivity increased by 0.83 credits per shift generating a savings of \$0.25 per occupied room night.

**2. Expense Savings**

Housekeeping achieved an average improvement in expense savings of 8% per occupied room night. The department generated expense savings of \$0.31 per occupied room night over the base year.

**3. Total Savings**

Projected annual savings of \$73,699 and 39 month payback period.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	6%	\$0.25
Linen Expenses*	n/a	n/a
Guest Supply Expenses	7.4%	\$0.17
Laundry Allocation	8.8%	\$0.14
<b>Total Savings</b>		<b>\$0.56</b>

*\*No baseline for linen expenses - upgraded linen program begun in year 2.*

**FINANCIAL CASE STUDY #8**

Chain: MARRIOTT  
 Size: 600 Rooms  
 Type: Airport/Convention  
 Year: ProHost® Installed 1995  
 Data: Monthly Financial Statements  
 1994-1995

**1. Labor & Benefit Savings**

Housekeeping generated a wage and benefit savings of \$0.57 per occupied room night equal to an 8.5% improvement over the base year.

**2. Expense Savings**

The department generated expense savings of \$0.13 per occupied room night compared to the base year. The improvement in linen expense savings was 13.8% and savings of guest supplies increased by 10%.

**3. Total Savings**

Reoccurring annual savings projected at \$124,370 with a 32 month payback.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	8.5%	\$0.57
Linen Expenses	13.8%	\$0.08
Guest Supply Expenses	10%	\$0.05
Total Savings		\$0.70

**FINANCIAL CASE STUDY #9**

Chain: MARRIOTT  
 Size: 500 Rooms  
 Type: Business  
 Year: ProHost® Installed 1993  
 Data: Monthly Financial Statements  
 1993

**1. Labor & Benefit Savings**

Housekeeper productivity increased by 1.3 rooms per shift. Housekeeping generated savings of 6% per occupied room night.

**2. Expense Savings**

Housekeeping achieved an average improvement of 34% in linen savings and 10% in guest supplies.

**3. Guest Ratings / Reduction in Worker's Compensation**

Room cleanliness scores improve by 4%. Guest perception of housekeeper friendliness improved 9%. Cart related injuries in housekeeping department down. Accident costs \$87,000 lower than previous year.

**4. Total Savings**

First year savings half of investment. On a 5 year basis, rate of return is 39%.

	Percentage Improvement	Savings per Occupied Room Night
Salary & Benefits	6%	\$0.38
Linen Expenses	34%	\$0.14
Guest Supply Expenses	10%	\$0.09
Laundry Allocation*		(\$0.09)
<b>Total Savings</b>		<b>\$0.52</b>

*\*ProHost® System distribution required changes in laundry program*