

LO\$T OPPORTUNITY?

Leaving dollars on the (guestroom) table? Increase value through improved Housekeeping operations. Hotel operators leave valuable dollars on the table when they do not apply new technologies to their primary material processes. By focusing exclusively on marketing and revenue-generating programs, hoteliers miss the essential fact that improving the production process can contribute significant dollars.

The business of material distribution warrants serious consideration. Yet, the industry rarely participates in any encompassing dialogue on their fundamental processes. It is no small task to efficiently move the resources of employees, clean linen and terry, guest amenities and room supplies to the point of use and remove soiled linen, recyclables and trash away in a streamlined process. Those who understand that front-of-the-house technology needs to be harnessed with sound material processes are operationally astute. Utilizing the ProHost® System, a materials distribution solution for hotels, can have a positive impact on a hotel's financial bottom line.

Increasing Value:

The paradigm shift for ProHost® hotels is that housekeeping no longer has to be viewed solely as a cost center. Both hotel owners and management companies benefit by their ProHost® System investment.

Housekeeping departments utilizing the ProHost® System, focus on guestroom cleanliness, provide a consistent product to the guest, return rooms back to the front desk more efficiently, and retain trained employees. The battle to increase hotel revenue is fought by improving consistency in the quality in the guestroom and allowing the front desk a greater inventory of clean rooms earlier in the day which increases the overall guest satisfaction scores. A hotel running a "smart" operation increases the value of the business by improving their competitive edge.

Two identical hotels in the same neighborhood, with the same owner and hotel management company would show different values if only one

implemented the ProHost® System. The ProHost® hotel housekeeping department brings more dollars to the bottom line resulting in increased value.

Increase Productivity:

PKF Consulting found in a recent poll *"helping employees increase productivity was by far the most popular way of getting more value for the payroll-and-related costs that account for more than 40 percent of a hotel's operating expenses"*¹ For two decades, the ProHost® Housekeeping System has consistently shown its ability to improve operational efficiency while improving employee job satisfaction. Details on case studies completed in partnership with hoteliers to examine the effect of the ProHost® System on their hotel operation can be found by following the link to Hostar's website [Financial Case Studies of the ProHost® System](#).

Improve Savings:

The ProHost® System typically generates a 24 to 36 month payback depending on the luxury level of the property, constraints on labor, and the facility design. The investment analysis also shows that ProHost consistently exceeds the 15% hurdle rate for IRR and NPV calculations while generating an average operational savings of nearly \$1.00 per ORN.

Case Study:

The financial case study shown on the following page extrapolates the annual savings over the seventeen years of operating the ProHost® System while utilizing the same processes established in year one. Since implementation the System has generated over \$4,500,000 in savings. The property has reinvested \$32,870 in equipment refurbishment over the years, less than 1% of its accumulated savings, to maintain the integrity of the program.

¹ Hotels On-Line, Better, Faster, Smarter for Controlling Personnel Costs, Productivity has been Number One, by Robert Mandelbaum

ProHost® System Savings

Size: 630 Rooms

Type: Business / Convention

Year: ProHost System Installed – 1990

- 1. Labor & Benefit Savings:** Housekeeping generated annual wage and benefit savings of \$127,000
- 2. Expense Savings** The department achieved annual expense savings of \$108,000

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

Reinvestment in ProHost® System maintenance = \$32,870

Extrapolated Seventeen-Year Savings Projected - \$4,500,000

The financial benefit of the ProHost System can be viewed even more clearly when a leasing model is evaluated. With a lease, the ProHost System investment can be shifted to the operating line of the budget. The net affect is a reduction in the total operating expense for the housekeeping department. The monthly lease payment is less than the monthly savings generated, thus decreasing the bottom line and improving the net income of the hotel's operation.

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