



Industry Spotlight Leisure & Hospitality



Introduction

The COVID-19 pandemic's devastation of the leisure and hospitality industry cannot be overstated. By late 2020, U.S. hotel profits had fallen by nearly 85%,¹ while Europe saw occupancies drop by 90% from the previous year, and hotels in the Asia-Pacific region saw a decline of 40% in average daily room rates.² Meanwhile, one-sixth of all restaurants had closed indefinitely while many more endured staffing reductions, leaving three million unemployed.³

Even before the pandemic, however, profitability was stunted by talent management problems. In 2019, more than half of restaurateurs said hiring was a top challenge they faced in running their businesses.⁴ And employee retention? Restaurants saw an average of just 25%⁵ and hotels 26%.⁶ The Center for Hospitality Research at Cornell University puts the average cost of replacing a single hospitality employee at \$5,684, although roles requiring more complex tasks can

cost upwards of \$10,000 to refill.⁷ This is not to mention the nonmonetary prices of turnover, such as low employee morale and disappointing guest experiences.

Given the additional financial losses the pandemic has caused, many working in leisure and hospitality might be wondering how (or even if) their organizations will remain afloat. But for an industry so heavily focused on service, it should be no surprise that a people-first approach to solving organizational problems is one of the most reliable ways businesses can improve their cost savings. A sound talent acquisition and development strategy is the key to outlasting this crisis.

As an international authority in the science of personality, Hogan helps organizations maximize the fit between applicant skills and job roles, reduce turnover, increase productivity, eliminate bias in hiring, ensure new hires are aligned with organizational culture, and inspire employees to do their best.

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Grounded in more than 40 years of research, Hogan's comprehensive suite of talent acquisition and development solutions are based on three core personality assessments:

▶ **Hogan Personality Inventory (HPI)**

A measure of personality characteristics needed for everyday job success, building effective teams, and developing future leaders.

▶ **Hogan Development Survey (HDS)**

A measure of counterproductive personality characteristics that have the potential to derail otherwise successful and long-lasting employees.

▶ **Motives, Values, Preferences Inventory (MVPI)**

A measure of core values and motivators that reflect job satisfaction, alignment with organizational culture, and future success within the organization.

Our personality assessments are the industry standard for predicting future job performance among working adults across industries and around the world, and the insights they provide have helped countless human resources professionals and industrial-organizational psychologists ensure that the right people are in the right roles. Check out the following five case studies to learn more about how our solutions have helped organizations in the leisure and hospitality industry resolve the challenges they face and achieve their objectives.

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Job Family: **Managers**



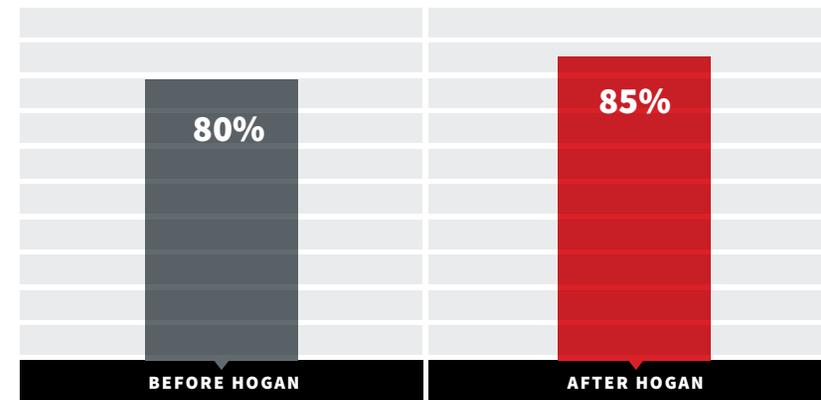
Retaining More Restaurant Managers

A global fast-food restaurant chain sought Hogan's help to enhance its store manager selection process.

To improve retention of restaurant managers and grow store revenue, Hogan built a selection profile to help the restaurant chain identify managerial candidates who would be likely to perform well.

Two years later, the organization had achieved a 7% average gain in restaurant manager performance and a 5% improvement in annual manager retention, **saving an estimated \$1.4 million** in employee replacement costs.

► Improved Retention





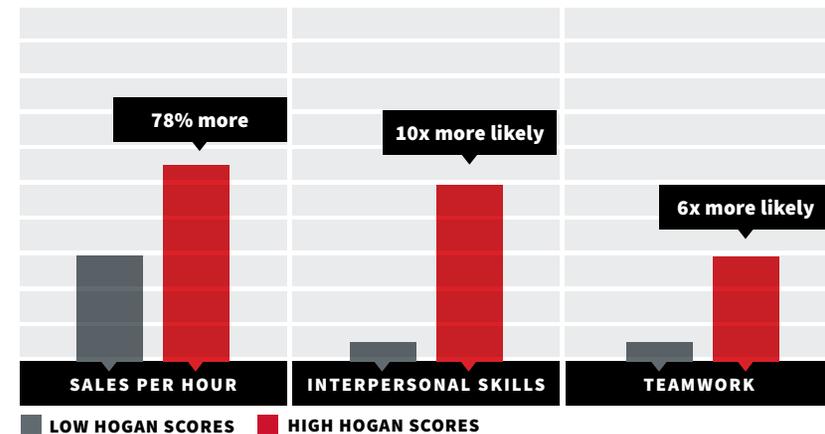
Hiring Stronger Telephone Sales Representatives

A vacation resort and community company wanted to improve its selection procedures for hiring telephone sales representatives.

Effective telephone sales representatives are calm, goal-driven, and interested in learning. To distinguish between high and low performers, Hogan used the General Employability solution, which assesses people skills, learning skills, and work ethic. Because of the interpersonal skills required for the sales representative role, Hogan focused specifically on people skills for this project.

High scorers made **78% more sales per hour**, were **10 times more likely to be rated as high performers during training**, and were **six times more likely to be rated as working well on teams**.

► Higher Sales Rankings





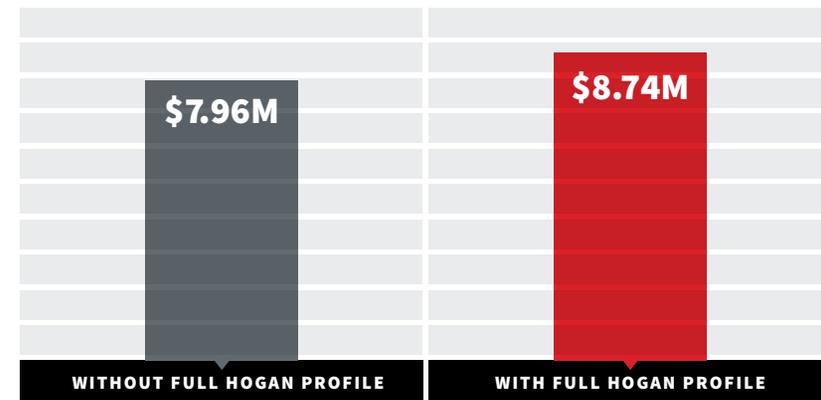
Selecting More Profitable General Managers

A global hotel and resort company collaborated with Hogan to improve its general manager selection process.

In collaboration with the client, Hogan measured general managers on multiple performance metrics, including daily hotel room rates and sales per room. Then Hogan created a custom selection profile to identify general managers who would be calm under stress, remain passionate about the property, and build strong relationships.

General managers who scored high on Hogan's comprehensive profile managed an average daily rate \$11 higher than those who met a more limited profile. Applied to a 200-room hotel, this leads to an **additional \$2,154 per day** — or **\$786,210 more per year**.

► Average Daily Rate (200 Rooms for One Year)





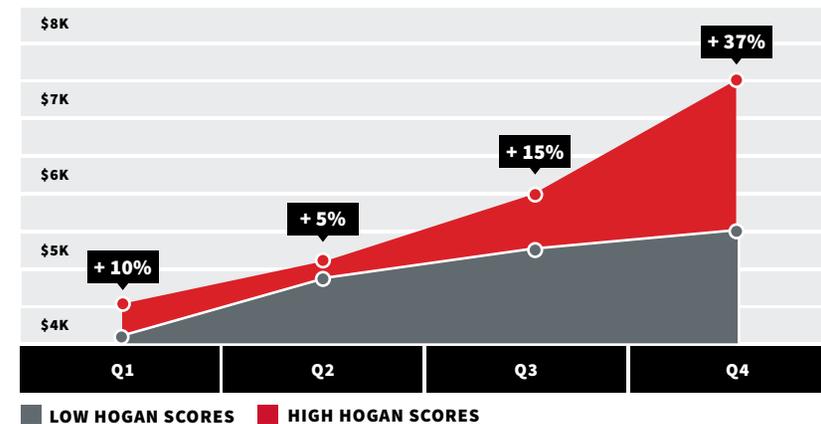
Improving Rental Agent Performance

A member of the world's largest automotive rental network wanted to improve its selection procedures for hiring rental agents.

Hogan measured rental agents on multiple performance metrics, including key behavioral competencies and quarterly sales revenues. Hogan's research showed that effective rental agents are calm under pressure, driven, socially skilled, and conscientious.

Using the Candidate Assessment Suite Consumer Service & Support algorithm, Hogan maximized prediction of overall performance. Rental agents who scored high on the Hogan profile consistently achieved **greater quarterly revenue** and **earned 17% more annually** when compared to low scorers on the Hogan algorithm.

▶ Quarterly Sales and Growth





Developing Leaders to Grow Profits

The Indian Hotels Company was in a state of financial crisis. An employer of 30,000, the company was experiencing low retention, low engagement, low guest satisfaction ratings, and \$80 million in annual losses.

To revive the business, the company worked with ThreeFish, a distributor of Hogan assessments in India, to identify strengths and capability gaps for the development of general managers.

ThreeFish used personality assessments and competency model mapping to find that general managers were altruistic and customer-centric but lacked business acumen and tended to be micromanagers.

The company implemented a leadership development program with coaching interventions based on these results. Four years after implementing Hogan's solution, retention, engagement, and guest satisfaction all improved, and the company increased profits by **nearly \$100 million**.

► Increased Profits



Let Us Help

These case studies demonstrate how scientifically valid personality assessments can transform talent acquisition and development strategies for various types of job roles throughout the industry. Whether your organization is dealing with a talent management problem such as high turnover or vacant positions, or if you simply want to improve employee performance and productivity, we can help. Hogan has been partnering with leisure and hospitality organizations for decades to help them solve problems and achieve their goals. Get in touch with us today to explore potential solutions.

To learn more about Hogan, visit peterberryconsultancy.com or call us at +61 2 8918 0888

References

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