

# H--E--S--I--T--A--T--I--O--N --TO--HIRE

**THOSE LOOKING FOR CAREER OPPORTUNITIES, OR JUST JOBS, HAVE HAD A UNIQUELY DIFFICULT PROBLEM FOR THE LAST 12 MONTHS. NO REGION OF THE WORLD HAS HAD A CONSISTENT REQUIREMENT FOR HOSPITALITY PROFESSIONALS.**

There has been a "window of opportunity" which has opened up and closed quickly in Dubai, Prague, Morocco and Cancun and other areas.

There has been a rejection of historically "in demand" positions such as Pastry Chefs and others in the culinary field. This fact combined with the fewer chefs now entering or staying in our industry, will result in a much greater scarcity of these professionals when the industry recovers in 2 to 5 years.

Many management level professionals don't enter or leave the hospitality industry due to the recession of the early '90s. We foresee that when this worldwide "hesitation to hire" is over, there will be an urgent need for management executives. Unfortunately, they will either not be available, or not wish to return.

As in the '90s, those who were not able to find opportunities or could foresee a lack of future growth have either not entered the industry or have left to move on to more secure opportunities. They may never return. For the novices of the industry, it is easier to say NO to returning than it is to those who have spent a great period of their career in hospitality and yearn to return. The question is whether companies in urgent need of senior management are prepared to hire RMs and GMs between the ages of 40 and 50 years old. Owners will generally not be satisfied since their reason for hiring a management company is to acquire that company's character, specialized expertise and systems, which these executives do not possess.

The last 12 months of uncertainty has lowered the bar of quality. Lower business levels equate to lower average rate and revpar which computes into, fewer staff required. With a generally reduced level of staff, service suffers terribly. This of course is not 100% consistent since there are still certain hotels who have maintained the expectation of quality, which was known everywhere in the early '90s.

There has been no outcry from most guests regarding



this lower level of service as they read the newspapers and are aware of the dire straits of many airlines and hotel companies. Most General Managers polled hoped that when business improves, ownership and management companies would loosen the purse strings and allow them to hire more expatriates and increase the level of staffing. Unfortunately,

if owners and management companies see hotels which are now running productively with low-staff-to guest ratio, you can forget the higher ratios since "once the horses have left the barn you will never get them back"!

The only bright spot worldwide has been the continued requirement for sales and marketing directors. This is a direct result of so many empty beds. Why hire a F&B Director or new Chef when there is no one to eat the food anyways?

In the past, there has been a need for a *multi-talented sales & marketing directors*. In the last 12 months we have observed that there has been an apparent break-up of the position. Clients who would normally ask for a sales & marketing director to handle both marketing and sales have specifically stated they require a *sales-driven director* who recognizes the local market, as much of their business is generated locally. The marketing aspect therefore, is not as important to them as personal contacts.

Asia and the USA have been more inclined to look for sales people as in the last 12 months, their business has been locally driven. In the region of S.E. Asia where there is a captive market of about two billion people and in the USA where people are not travelling as much outside of the country, local sales contacts are very important.

On the other hand, some clients have specifically stated that they want *tertiary educated marketing directors* to create new strategies and seek new areas of untapped business. The salaries for both sales or marketing oriented directors have increased some cases over 20% especially in the Middle East and Mexico.

**Our over-all prognosis for the first 6 months of**



# SALARY SURVEY



## NOTES

The 2003 Salary Review is compiled from many different sources including the thousands of resumes received monthly by Renard's worldwide offices. All of these executives confirm in writing, his/her current salary and desired salary, as well as preferred location and position.

We also take into consideration the salary information given to us by clients like yourself when you retain us on job searches. From September 2001 to September 2002 Renard Hospitality Search Consultants worked on assignments in over 52 countries from the culinary level to the President of hotel and restaurant companies.

Another source of information is our Salary Survey which this year we sent to almost 10,000 hotel and food service senior executives worldwide. This is the largest polling of hospitality executives for this type of survey ever done. The information includes their company's current salary programs, as well as what they believe the fair income should be and is compiled and reflected in our study.

Our Salary Guide is produced in either a median or average format. Median salaries are mid-ranged. The average salary is the midpoint between extremes.

This salary review which we produce for the industry is meant to be informative only!

We believe that the extensive research we do before the figures are formulated is one of the largest studies, if not the largest, by any company in our industry.

We hope that is 2003 Salary Review will provide you with the vital information required to recruit the "super star" and candidates reviewing their own current job seeking situations will be apprised of the ranges of income being paid worldwide. As the employer you will know what salaries are being paid by your competitor which gives you an "edge" in hiring experienced professionals.

Remember replacement costs are always higher than current salaries.

"THIS IS A GUIDE ONLY AND IT SHOULD BE TREATED AS SUCH."

The highest rate of activity of any management category in the last 12 months has been Director of Sales & Marketing. Everyone seems to have woken up and realized that, if the beds are empty, you make no revenue, so who needs Chefs and F&B Managers.

Worldwide, the most requested management category is academically-trained Sales & Marketing Executives, especially those who have a Degree in Sales & Marketing and are bi-lingual.

For the first time we have highlighted management categories where there has been no change or where salaries have dropped. We have reported drops and stark increases in the salaries paid from the previous 12 months. This is not to say that the employer is paying less for the same person. The employer is actually paying more since taxes, housing, insurance and all other benefits have increased form a minimum of 8% up to 28%, depending on location.

## HESITATION TO HIRE (continued)

**2003 is:** With such daunting worldwide uncertainty and economic and political disarray, we do not believe that there will be any location which will have consistent hiring needs, nor will there be any sharp increases in demand. This will simply lead to a "hesitation to hire".

**In the second-half of 2003:** If there is an easing of tensions due to political, economic and security issues in North America and elsewhere, we foresee a turn to "a hiring mode" which will reveal how severe the shortages of executives in the hospitality industry are at this time . . . In the last 5 years Renard has hired more executives over the age of 50 years old than in the previous 2 decades . . . a statement to be considered.

As Barry Sternlicht profoundly stated at the Investment Conference in Hong Kong in late 2002 "**if only hope were a business strategy, . . . we would have a full-house and a good job.**"