

CONTRACT SERVICES

A number of outside contractors offer a variety of cleaning services of hotels. Outside contractors are available for nearly any cleaning task that needs to be done, including outside laundry and dry cleaning services, floor cleaning and care, outside window cleaning, overhead cleaning and masonry cleaning, descaling and scouring of restroom fixture. Hotels are increasingly opting for contract services and outsourcing to sustain cost-effective housekeeping operations and to ensure that the resources and assets of the property are utilized to the maximum.

“Outsourcing” is a conscious business decision to move internal work to an external provider. A “contract” can be defined as an agreement between two parties negotiating a business deal. Both these terms are used interchangeably. However, while all outsourcing involves a contract, all contracts are not necessarily related to outsourcing. For instance, you can have internal staff on contract as well.

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Points To Consider when choosing Outsourced and In-house services:

- Their cost
- The quality of the services Convenience
- 20-30% more productivity

Steps in Determining and Implementing Contract:

Evaluating costs

Setting Objectives

Appraising results

- The types of outsourcing contracts in housekeeping are:
- Complete cleaning programmes
- Regular, selected cleaning within an establishment to assist the existing housekeeping staff for example, public area cleaning in the night.
- Periodic cleaning services like window cleaning, cleaning of carpets.
- Hiring contracts for linen, equipment, conference utilities etc.
- Leasing contracts for equipments, furniture and furnishings.
- Consultancy services, where a housekeeping expert visits the hotel and guides the staff on achieving professional standards.

Areas of housekeeping that may be on contract basis:

- Cleaning – special cleaning, public area cleaning, carpet and floor cleaning.
- Linen hire – entire hotel or specialized linen like banqueting items
- Equipment and furniture hire
- Laundry
- Flower arrangements and decorations
- Pest control
- Horticulture and landscaping
- Eco-friendly garbage disposal
- Other services like shoe-polishing machines

Steps management must follow to outsource:

- Put out tenders to at least three contractors and compare quotes Check their existing market credibility and references.
- Visit their job sites.

Check their legal documents like registration no. etc.

Preferably select a contract provider with a local office.

- Check on the type of worker (trained or not)
- Check on the degree to which the contract provider undertakes supervision.

Prepare detailed specifications, indicating the exact no. of working hours, areas of operation and responsibilities, processes to be used, and frequency of service, timetable, and any special projects. After contracting out service it is essential to monitor the quality of the contractor's work. Routine inspection and regular meeting with contractor will enable the housekeeper to identify and discuss any problems. Assigned tasks and completion dates should discuss clearly and documented in writing. Invoices received from contractors should be check for accuracy before being submitted to the accounting department.

Contract Specifications should comprise of:

- The period or duration of the contract, date of signing the contract, and a provision for regular review of the specifications.
- The schedule of areas to be serviced and the frequency with which a job is to be done. A description of the method, equipment, and materials required, as well as the hotel's quality expectations, including appropriate penalty and cancellation clauses.
- A list of the security requirements.
- A provision for adequate supervision, listing the hotel's requirements specifically.

A provision for storage areas, lockers and perhaps accommodation for the contracted staff.

The time expectations for the job, covering sickness and annual leave.

A verification of the insurance coverage for workers, guests, hotel employees, and assets.

Specified frequencies of inspection agreed upon with the service provider. The remuneration for the job, the terms and conditions of payment, and a termination procedure. Both parties should sign the contract specifications.

Advantages of outsourcing:

1. There is no capital outlay for equipment, so that money is available for investment in other purposes.
2. There is no equipment lying idle.
3. Contracts alleviate the necessity of buying or hiring specialized equipment.
4. The difficulty of finding, training, organizing and supervising staff is passed on to the service provider.
5. Skilled labour, specialized workers available.
6. Extra work may be carried out at certain times without increasing the basic staff.
7. Accurate budgeting can be done for a fixed period.
8. Workers stay until the job is done.
9. Latest equipment and technology is used.
10. Expertise help is received by the contractors.
11. No union problem to be faced by organization.
12. Contract service can be terminated if they don't perform as per agreement.

Disadvantages of outsourcing:

1. Contracting weakens the authority of the management over quality and loyalty of the staff.
2. Workers bought in by correct providers are not representatives of the hotel and may not have the requisite skills for guest interaction.
3. Executive Housekeeper does not have control in the entire operation.

4. Contractors may use inferior quality product resulting in damage to the property.
5. Poor supervision may give poor result.
6. Discipline not maintained.
7. Security problem.
8. Problems regarding liaison and co-operation between departments.
9. May not meet hotel's performance standard.

Pricing of Contract Services:

The basis of payment for outsourced services may include one or more of the following:

Management Fee Consultancy Basis:

A customer provides his own labour, equipment, materials etc and the contractor provides the management expertise and possibly supervisory staff.

A Fixed Period Cost:

May be made, either as a total cost or cost per unit of work, based on the quality of the work or the frequency with which work is carried out. This is the most commonly used method and available in two forms:

- Uncontrolled Input: The contractor agrees to provide a service of a given nature for a specific cost. There is no indication of the number of worker, hours worked, or type of equipment and material used. Therefore it is essential that the specification is very detailed indeed.
- Controlled Input: The contractor also indicates the minimum number of worker-hours provided.

A cost plus percentage profit basis:

This has the advantage of providing a perfectly viable, flexible programme, as the customer is free to determine his own needs as things change (occupancy, weather conditions and production). This also provide incentives for the contractors to increase his basic costs in order to earn more profits.

A cost plus fixed fee basis: The contractor is reimbursed for all costs (equipment, Material and labour) and is also paid a fee for the management of the programme. This provides a flexible programme along with the elimination of any incentive to spend more money. The contractor is guaranteed a reasonable profit as long as he continues to perform a good service.

Unit rate Agreement:

Most contractors are agreed on a unit-rate basis. The Exe. HK provides details of the area to be covered and the frequency of the job, and ask the service provider for the costs. The contractor measures the area and calculates the cost thus:

Man Hours = areas x time x frequency

To the cost of wages (for the workers and supervisors), the firm adds cost of equipment, agents and supplies, plus overheads and profits, and then quotes a price.