

The hidden costs to Customer- Facing Service Business during Covid-19: a case study

In the hospitality industry some products can be delivered at home and we saw a lot of adaptations, but this is only a fraction of the revenues that keep these businesses alive. I spoke to colleagues who run businesses with usual revenues of between £45-65 million per annum, about the challenges they faced during the pandemic, and changes for the future.

A 330-room central London hotel with 550 employees had to close for an indefinite period. It had to dispose or give away food, and a skeleton staff was assigned to keep the closed property secure and functioning. The hotel has over 400 toilets that need to be flushed, and bath and basin taps run at least once per week to ensure no legionella growth or air locks formed. There is engineering plant and equipment to keep commissioned and fire safety and security for an empty building. But what of the 550 employees? Many of the retrenched furloughed employees returned to their home countries in Europe and an unintended consequence was that some neglected to apply for their settlement status and therefore cannot return. A key HR function was to stay connected with furloughed and retrenched employees as well as those still working. Being available to help employees was critical to maintaining employee wellbeing. The mothballed business was still costing £600,000 per month to run.

In 2021 a phased reopening of services was planned in combination with a phased return of employees. Some in Europe did not wish to return or could not return. Others had found other more secure work e.g. Amazon or NHS. Employees that did return needed retraining and it took them a certain amount of time to get up to previous productivity levels. This picture has affected all aspects of hospitality with over 1 million current UK vacancies.

What is happening now – Demand is exceeding the ability of the industry to supply, hence why you may be told your favourite restaurant is full, or the rates in hotels seem high. With the Omicron variant all are on tenterhooks waiting to hear what's next. Due to supply chain limitations all items needed are in short supply, food and labour costs have risen exponentially.

The Future and Learnings – Technology advances made to allow the guest and employees to operate contactless and remotely have taken the industry forward and saved 5 years of development. Covid safe protocols have led to higher standards of cleanliness and the removal of clutter from spaces.

The social contract is undergoing change. The industry is trying to change the perspective that it is a low skill, low pay, shift work environment and governments and the public need to stop considering it as such. Employers are looking at how they can make a more hybrid environment sustainable– working from home is not an option for many positions but a 4-day week can be achieved. Other multi-site hotel chains are creating flexi working allowing employees to work across multiple sites or in multiple roles.

The industry would ask that you mask up and get out there to support all the small and medium customer services businesses in your area and if you cannot be out and about, please support online. Please appreciate that people in these businesses have skills and value those skills that enhance the enjoyment of your life. They have worked hard to survive for the past 18 months, lets help them thrive in the future.

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