

4: Contracts and Outsourcing in the Housekeeping Department

This chapter will help you to:

- Understand the term outsourcing and its uses in the housekeeping department
- Evaluate the commonly outsourced activities/tasks in the housekeeping department
- Review the advantages and disadvantages of outsourcing in the housekeeping operation.

What is outsourcing?

Outsourcing is a conscious business decision to move internal work to external specialist providers. Hiring skilled and reliable housekeeping personnel requires a detailed hiring function and related managing resources. Using a third party, who can cater to the staffing needs of the business, will save a hotel the time required for recruiting, training, and managing the other human resource related tasks. This will allow the hotel housekeeping management to focus on their core goals and objectives, which are maintaining cleanliness standards, ensuring utmost guest satisfaction by meeting and exceeding guest needs.

In outsourcing, a hotel enters into a contract with a supplier or a service provider in which, as per the terms of the contract, the supplier will provide the agreed services. Outsourcing few specialised services can turn out to be



cost effective for hotels as they do not have to spend money on recruitment and training. Additionally it allows hotels to focus on the guests, ensuring they have the best experience and engaging with them to make them loyal, which is a core purpose of hospitality. The money which is saved from outsourcing can be invested in carrying out research and development in services for the guests.

Types of outsourcing options for hotels

- **Complete outsourcing:** When the hotel decides to outsource the entire housekeeping or security department to an external company.
- **Partial outsourcing:** When specific activities are outsourced rather than outsourcing the entire department. For example, a hotel decides to outsource its laundry operations and keep the rest of the tasks in-house.

Outsourcing costs

Outsourcing costs are divided into direct, indirect and hidden costs.

Direct cost is the total cost of the outsourcing specific services and is easier to measure. Administrative fees and other supporting costs like legal fees for contract management, will be classified as **indirect costs** and are difficult to measure. Indirect costs also include the cost that has to be borne by the hotel in case of reassignment and termination of the contract. The **hidden costs** related to the outsourcing include the costs of transition from the previous supplier to the new, costs associated with managing change, costs involving the research, selection, and negotiation of a supplier during the initial stages.

Housekeeping services commonly outsourced by hotels:

The entire housekeeping department

There are pros and cons of outsourcing housekeeping employees and whether this is the best solution depends on the needs of the hotel and its location. For instance, for a resort or any of the seasonal properties where the staffing needs will considerably change over the year, outsourcing staffing may be a better option than having permanent employees.

Laundry

The decision to have an in-house laundry or to outsource depends on cost, quality, and space. To set up their own laundry, hotels would need the space, which can be a huge cost, plus it would need to procure expensive