

SIREVIEW

S T A F F I N G I N D U S T R Y R E V I E W

Hospitality Front & Center

By Alex Yevelev & Doris Hisey



Mark Casaburi stepped out of his car at a posh party and found himself surrounded by Secret Service agents.

Casaburi is neither a wanted terrorist nor a traitorous double agent. He is president of New York-based At Your Service Staffing Inc., a high-end hospitality staffing firm that contracts with off-premise caterers, country clubs and private house parties in the Hamptons.

At Your Service was providing the waiters for a party attended by former President Bill Clinton at the home of actors Alec Baldwin and Kim Basinger, and Casaburi's staff had been rigorously screened by the President's security. Nevertheless, the Secret Service was taking no chances.

Casaburi's job may sound glamorous and enticing, but there are down-to-earth considerations that loom for anyone contemplating a move into the hospitality staffing niche.



AYS

(212) 535-3300 (631) 589-4174 Ext. 1

www.aysstaff.com

“Clients want people who are skilled, dependable, professional, punctual and trustworthy. Our industry is not simply about a skill focus; it’s about providing our clients with the complete package.”

Playing the Field

Joan Loken, director of operations at Denver CO-based Hospitality Personnel Services, advises staffing companies considering taking the leap into this niche to stop and think about the type of market they want to serve. She explains that there are two sides to the hospitality staffing coin. A firm can supply low-end employees such as busboys and dishwashers, or it can opt to play on the high-end side of the field, where the numbers are small and what really counts is the quality of the employees. High-end hospitality staffing firms place bartenders, waiters, event captains/coordinators, butlers and house managers. “From my experience,” Loken remarks, “it is much more rewarding to be a quality provider, but also much more difficult.”

How difficult? As in all highly specialized niches, the most acute problem these providers cite is the lack of quality applicants. Loken finds this a challenge and says that because her company is a quality provider it has to do extensive screening to find the best people. Recruiting really outstanding people, she says, is an uphill battle.

For that reason, many firms are finding it easier these days to concentrate on the low end of the market.

But Casaburi, who has been running his company for 16 years, strongly advocates taking the quality road. He explains that “unlike the big nationals, who simply turn out a high volume of people at low margins,” hospitality firms cannot play that game. “When competitors come into our market, many of them just don’t get it,”

Casaburi says. “You can’t just throw bodies out there.”

Casaburi believes that many hospitality staffing firms err by sending employees out without much screening; they don’t go beyond recruiting people with the minimum necessary skills. If a waiter can carry a tray, many companies will send that waiter to a client without hesitation. “From my experience,” Casaburi says, “clients don’t want robots – they want people who are skilled, dependable, professional, punctual and trustworthy. Our industry is not simply about a skill focus; it’s about providing our clients with the complete package.”

But the complete package is a rare bird.

Pat McGinley is president of Atlanta-based Hospitality Staffing Solutions, LLC, which serves hotels, resorts and casinos through offices in four states. He says he sees clients requesting higher-level candidates, even in lower-end hospitality staffing.

One of his biggest problems, he says, is that many Latin American applicants present false documentation. His company is I-9 compliant and receives a large number of Latin American applicants for many of the low-end staffing positions. Sometimes, even after thoroughly checking all the paperwork, his firm discovers later on that people are illegal aliens, McGinley says.

Downturn

According to the Bureau of Labor Statistics, by 2008, there will be approximately 3,850,000 hospitality jobs available in the United States.

That’s a big market. In 1999 and 2000, the hospitality staffing niche seemed wide open. In 1999, more than 313,000 jobs in the industry went unfilled. In 2000, that figure was estimated at 375,000 jobs.

But the recession mired many providers in this niche.

Loken’s Hospitality Personnel Services felt the crunch. In 2000, its revenues were roughly \$1.2 million – a 15% increase from 1999 figures. But in 2001 it did just slightly over \$1 million – 17% less. Loken says the company took quite a hit because her clients are mainly corporations (for corporate dining rooms), and as they experienced slowdowns and scaled back their staffs, demand for her personnel eroded. But she is philosophical about the slump. “Actually, the very rapid growth in 1999 had made me nervous,” she says. “I didn’t think it was sustainable.”

McGinley agrees that this niche saw the downturn coming. His firm suffered a significant slowdown in early 2001. “A year earlier, I could pick up the phone and get a deal – and I’m talking about \$2 million,” he says. “That’s how fast we could grow.” Sept. 11 was just the catalyst for the drop, he says. “When you’re in an industry that’s been getting 10% to 40% growth annually, there has to be an adjustment sometime.” When business plummeted by 50% in the 60 days just after Sept. 11, McGinley responded by marketing aggressively and taking a much more proactive approach to getting new business – and it worked. By February 2002, revenue was back to normal, and in June it was at 150%

“Having the right skill is one thing, but this field is really demanding. It takes special people to deal with a nervous bride at a wedding or to appease a finicky caterer who is running a multi-million dollar event.”

of Sept. 9, 2001, levels. “We’ve gone past it pretty quickly,” he says. “As far as [our part of] the staffing industry goes, it’s as good as it gets right now.”

Stephen DeLegal, co-founder of Port Charlotte FL-based HospitalityStaff, reports that his firm was hit by a double whammy last year, when Houston’s economy went south and Detroit automakers cut back on their corporate dining services, one of HospitalityStaff’s major lines of business. What kept the firm alive was closing two offices in those areas and being debt-free. Now, “The military bases [where the firm supplies food service personnel for contractors] are big,” he says. For example, his firm will supply 40 people, 40 hours a week for a year to a shipyard where an aircraft carrier will be coming in for overhaul, and hospitality staff will need to serve 60,000 people.

Casaburi knocks on wood as he says that the economic slowdown hasn’t hit his business very hard. Demand stalled for about a month after Sept. 11, but At Your Service ended the year about the same as 2000. “We’re different from a lot of other firms because of the location we serve,” he says. “Economic slowdown or not, people are still throwing parties in the Hamptons.” And since At Your Service staffed the U.S. Open golf tournament and the Belmont Stakes this year in addition to private parties, Casaburi expects a fine 2002.

Recruiting and Screening are Crucial

Clients have to feel comfortable inviting someone into their homes. That means that recruiters have to find, test and trust the people they place.

DeLegal stresses the importance of responsibility in the hospitality niche. “If you’re placing a secretary, that person goes from you to the client,” he explains, “but when you place people in this niche, they go to your client’s client. If you send the wrong people, you can cost your client a \$100,000 contract.” He and others in the industry agree that hospitality is a niche that demands much more trust and more personal contact than staffing in general.

What does that spell for traditional recruiting venues?

Loken declares that although she does a lot of advertising, it doesn’t produce more than seven percent of her applicants. Her best recruiting venue is referrals from her recruits, she says.

Casaburi says he too finds many of his best people through referrals from employees. Other recruiting venues don’t even come close to the same results, he says. Newspaper advertising brings in a high volume of applicants, but because the number of people who match his criteria is very small, Casaburi ends up placing few of those applicants.

As for bringing in new business, referrals from existing clients seems to be the best way to do that, too. McGinley leans toward a grassroots approach: pounding the pavement, shaking a lot of hands, and relying on his reputation to get good referrals.

Weekend Warriors

Making a debut into the hospitality niche is not easy. McGinley warns that markups are a lot lower than firms could earn in industrial staffing. His gross margins, depending on the client, typically range from 20% to 30%.

According to HospitalityStaff’s DeLegal, many companies that try to enter the business don’t understand how different the hospitality niche is from other types of staffing. “We’re in a segment of the industry where you have to have people available every weekend, every holiday,” he explains. “But a lot of people who are unfamiliar with this business are used to going home on Friday afternoons. Try telling them that that’s the kind of commitment they have to make, and their reply is ‘Oh no, we don’t want to do that.’”

Others attest to how crucial weekends are in the hospitality niche. McGinley estimates that 75% of his business is done on weekends. Casaburi’s estimate is even higher, at 85%.

The Right Stuff

At Your Service runs a program to guide employees through all aspects of an event, from setup to serving to cleanup. Casaburi emphasizes client service and tries to ensure that all his personnel go out to clients with the right attitude.

“The people you place are going to end up directly in

“At Your Service runs a program to guide employees through all aspects of an event, from set-up to clean-up.”

the public eye,” Casaburi cautions, “and they can either build or break your reputation.” He believes that firms in this niche not only have to find the right people (people he describes as having a “service heart”), but that they also should spare no expense in performing thorough reference checks and being responsible for training the workers they send out. He advises every hospitality staffing firm to institute a training program.

DeLegal agrees. He feels that being honest with clients and doing your professional best is fundamental in this business, and that includes screening applicants, testing them, training them, and checking and rechecking that they can indeed do what you need them to do.

What’s the number one thing DeLegal looks for? “Experience? No. The most important thing in this business is attitude,” he asserts. “Go after people with the right attitude; then you can train them in the skills.”

Casaburi points out that employees also must have the confidence to handle difficult situations. “Having the right skills is one thing, but this field is really demanding. It takes special people to deal with a nervous bride at a wedding or to appease a finicky caterer who is running a multi-million dollar event.”

Jacqueline Conte, general manager of Culebra Puerto Rico-based RaJa Hospitality Services, acknowledges that when agencies are starting out, mistakes are inevitable. But, she says, they can be a lot less frequent and a lot less costly if you talk to other people in the industry. Communication is the key in staffing, she says; it’s crucial to talk to peers and find out what’s worked for them and what hasn’t. Even so, McGinley warns, “Be prepared to make a lot of mistakes.”

It all depends on choosing the right people, screening them carefully and training them to provide exquisite service. “Hospitable people is what we sell,” DeLegal says – “hos-

pitabile, happy people. In most markets, we stay away from circuit people and get fresh blood with a good attitude, then we train them while they still have a sparkle in their eye.”

The Rewards

The difficulties are plentiful. What are the perks? The consensus among the people *SI Review* spoke with is that the hospitality staffing niche is fulfilling precisely because the work is so people-oriented.

McGinley says his business is very rewarding for both himself and his employees. He offers good benefits and is very employee-oriented, he says.

DeLegal describes hospitality staffing as an exciting business. He particularly enjoys staffing special events. “When our clients call us, usually something really exciting is going on,” he says. “... races, concerts, football games, tournaments. We can get people really hyped up to work there.” HospitalityStaff has helped staff National League baseball championships, NASCAR and the Olympics.

In addition to contract work Casaburi’s At Your Service is involved in permanent placement of butlers and housekeepers in private homes (although that part of the business has been very slow for the last year). He explains that well-qualified applicants come to him after having worked for a very difficult family, and he finds it extremely rewarding to be able to place them with a family that is kind and treats them with respect. “We’ve had applicants call us back in tears and tell us that we’ve changed their lives,” he says proudly. “That’s a great feeling!”

Loken also enjoys playing matchmaker. She finds it very satisfying to create a perfect match. “When the client gives us positive feedback about the employee, and the employee really enjoys working for the client, we know we’ve succeeded.” *SI*