

Turning Turnover Around

A new HSMAI Foundation survey looks at the causes, costs and cures of turnover among hospitality sales and marketing professionals.

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The Foundation of the Hospitality Sales & Marketing Association International, through its corporate membership program, retained The Ron Volper Group — Building Better Sales Teams — to determine the extent of turnover¹ among sales and marketing staff in the hospitality industry, to analyze the cost of turnover, and to identify its causes and cures. This article is based on our study, “Turnover of Hospitality Sales and Marketing Professionals,” which we completed in 2001.

Taking a Closer Look

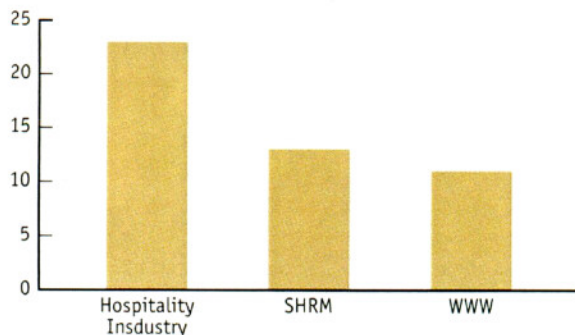
The members of the HSMAI Foundation corporate membership program, including nearly 30 of the top lodging brands, industry organizations and analysts, believed that turnover among sales and marketing professionals was much higher than in other industries, and that this turnover was costing the industry dearly. The objectives of our study were to identify the extent of turnover, the causes and costs of turnover; and how hospitality companies can reduce turnover.

¹ Turnover is defined as people leaving an organization for any reason — to join another, to leave the workforce, to retire — on a voluntary or involuntary basis, but excludes promotions within an organization.

TRACKING TURNOVER

A 25 percent rate of turnover among hospitality sales and marketing staff is significantly higher than the 15 percent benchmark rate of turnover for these functions in other industries, as compiled by the Society for Human Resources Management. And this rate of turnover is even higher than the 13 percent benchmark rate of turnover for other industries, according to human resources consulting firm Watson Wyatt Worldwide.

Hospitality Industry Turnover vs Benchmarks



SHRM – Society for Human Resource Management
WWW – Watson Wyatt Worldwide

The study methodology consisted of respondents completing an on-line questionnaire, supplemented by a limited number of interviews, face-to-face or over the phone. Roughly 40 percent of respondents were from hotel companies, roughly 30 percent from convention and visitors bureaus. The remainder was from various other segments of the hospitality industry. More than 90 percent of respondents were U.S. based. The study focused primarily on the following functional positions: sales manager, director of sales and director of marketing. The results are based on the responses of almost 100 corporations and 74 individual members in North America. Most of the individual respondents were sales managers. Most of the respondents answering for their organizations were heads of sales or human resources.

The extent of the problem

Overall turnover among sales and marketing staff in the hospitality industry is approximately 25 percent annually. Turnover of first-year staff is more than 35 percent. The rate of turnover, overall and among sub-segments of the population, is lower than hypothesized. However, these numbers suggest that hospitality compa-

nies cannot ignore this issue.

Our study enabled us to cut data in several other ways. For example, it indicates that turnover among males was almost twice as high as among females (although the data does not indicate why). It also indicates that there is no significant difference in turnover rates among individuals with smaller versus larger hospitality companies; or between the on-property versus regional sales office professionals. Finally, the data indicates that turnover is significantly higher among entry-level staff (those in their first year) versus mid-level or senior level staff.

There are four reasons for our conclusion that turnover needs to be reduced. First, a 25 percent rate of turnover among hospitality sales and marketing staff is significantly higher than the 15 percent benchmark rate of turnover for these functions in other industries, as compiled by the Society for Human Resources Management. And this rate of turnover is even higher than the 13 percent benchmark rate of turnover for other industries, according to human resources consulting firm Watson Wyatt Worldwide.

Second, approximately 6 percent of sales and marketing professionals are promoted into other functions annually. Therefore, at any given time, approximately 31 percent of a hospitality organization's sales and marketing positions are vacant. This places a burden on an organization in terms of lost productivity, lost business relationships, loss of continuity of projects, and the costs of recruiting and interviewing replacements—not to mention the loss of management time. And the indirect costs may be even more problematic than the direct ones. For example, the two most frequently cited costs of turnover were lost client relationships and lost business. Moreover, almost half of the respondents noted that when a colleague leaves there is often a negative impact on the morale of the team, and it may trigger their peers to review their external career options. In a more challenging business environment, such as the one hospitality companies are now facing, it becomes even more important that they retain their