

Chapter 1

Contract Cleaning

4.1 Definition

A contract can be defined as ‘an agreement between two parties negotiating a business deal’.

Outsourcing is a ‘conscious business decision to move internal work to an external provider’.

Both these terms are now being used interchangeably. However, while all outsourcing involves a contract, all contracts are not necessarily related to outsourcing.

Concept:-

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.

4.2 Jobs given on contract by Housekeeping

Hotels may go in for the following types of outsourcing contracts.

- Complete cleaning programmes, with all the work and responsibility undertaken by the service provider.
- Regular, selected cleaning within an establishment to assist to existing housekeeping staff, for example, the cleaning of public areas at night.
- Periodic services to assist existing housekeeping operations such as window cleaning, cleaning of walls and ceilings, and cleaning of carpets.
- Hiring contracts with various rental firms for linen, equipment, conference utilities.
- Leasing contracts for equipment, furniture, and furnishings, which are drawn up for a given number of years? For furniture and upholstery, these are usually written for a 5-7 years lease period; for soft furnishings, the lease is generally for 3 years.
- The entire housekeeping operations of the property put out on contract by a hotel, with the whole gamut of housekeeping activities becoming the responsibility of the contractor.
- Consultancy services, where a housekeeping expert visits the hotel and guides the existing staff on achieving professional standards.

The following are some areas of housekeeping where services may be offered on contract basis;

- Cleaning- deep cleaning, public area cleaning, cleaning of hard to reach areas, polishing of different surfaces, carpet and floor cleaning or full cleaning services
- Linen hire – entire hotel linen or specialized linen like banqueting items
- Equipment and furniture hire.
- Laundry-complete or part.
- Flower arrangement and decorations.
- Pest control
- Horticulture and landscaping
- Eco-friendly garbage disposal
- Other services like shoe-polishing machines, guest amenities such as hangers etc.

4.3 Advantages & Disadvantages

Advantages:-

- There is no capital outlay for equipments, so that money is available for investment in other purposes. (In most cases, the contractor provides all supplies and equipment).
- There is no equipments lying idle (particularly specialized gadgets)
- Contracts alleviate the necessity of buying or hiring specialized equipment.
- The difficulty of finding, training, organizing, and supervising staff is passed on to the service provider.
- Good contract firms provide skilled laborers, well trained in their area of expertise. This is because they may be able to offer higher salaries than hotels employing labor directly and can therefore attract more highly qualified and competent staff.
- Extra work may be carried out at certain times without increasing the basic staff.
- Accurate budgeting can be done for a fixed period.
- Contractors provide uniformed workers and take responsibility for all their wages and benefits.
- The contractors are accountable for the results. Their workers stay on the job until it is done.
- The hotel receives the benefits of the service provider's up-to-date knowhow in their area of expertise and of the latest equipment and technology.
- Knowledgeable experts can provide sound advice and help reduce costs and legal risks. In addition, independent contractors are required to carry their own liability and workers' compensation insurance.

- Contract services alleviate many of the problems between the management and workers' unions.
- Contract services can generally be terminated faster and more easily than the services of regular employees, while reducing the likelihood of employment claims and lawsuits.

Disadvantages:-

- Contracting weakens the authority of the management over the quality and loyalty of the staff.
- Workers brought in by the contract providers are not representatives of the hotel and may not have the requisite skills for guest interactions, or the same pride in their work or job satisfaction.
- There is loss of flexibility in effecting changes, as the housekeeper no longer controls the entire operations.
- There is a natural tendency among contractors to use cheaper products which may be of poor quality and may damage the building and its contents in the long term.
- There may be poor supervision, with the standard of work falling below par as a result.
- Workers may not show up within the designated time frame.
- There may be problems regarding security.
- There may be problems regarding liaison and cooperation between departments.
- Contract cleaners may not meet the hotel's standards of quality. One of the reasons for this is the sudden growth of contract cleaning firms, resulting in cut-price tenders being offered and accepted (clients usually accept the lowest priced tender) , which do not enable the contractors to employ a sufficient number of employees of the right calibre to do the job properly.

4.4 Pricing a contract:-

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

- A management fee for consultancy services.
- A unit rate agreement.
- A fixed period cost.
- A cost for the job plus a percentage of profits.
- A cost for the job plus a fixed fee.

Unit rate agreements:-

Most contracts are agreed on a unit rate basis. The executive housekeeper provides details of the area to be covered and the frequency of the job, and asks the service provider for the costs. The contractor measures the area and calculates the cost thus

$$\text{Man-hours} = \text{areas} \times \text{time} \times \text{frequency}$$

For example, if a contracted firm has to clean five different areas, taking two hours each, twice a week, then man-hours will be calculated as:

$$\text{Man-hours} = 5 \times 2 \times 2 \text{ hours}$$

$$= 20 \text{ hours}$$

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

Cost plus fixed fee:-

Better than the above mode of pricing is one in which the contractor is paid for the costs of the job and given a fixed fee. In this case, there is no point in the contractor's cutting costs, as he has a guaranteed profit margin.

With the costs-plus-fixed fee type of contract, the executive housekeeper specifies the staff, equipment, and so on, to be employed. The specifications should be the same as for in-house labour and the housekeeper should compare the contractor's bid with her own in-house cleaning costs.