

Hospitality Brief

A Quarterly Newsletter on the Hospitality Industry

Jan's Journal

A Jump Start on Your 2009 Loss Control Efforts

The holiday season is fast-approaching and we know how crazy it can get this time of year in the back of the house. Rushing around in order to meet the demanding needs of a full house can be a recipe for disaster if risk management is not part of your holiday plan. With that in mind and in order to assist our clients in their efforts to remain accident-free while also complying with the Occupational Safety and Health Administration (OSHA) required training programs, Marsh's Hospitality & Gaming Practice has developed OSHA driven "Train the Trainer" safety programs specifically designed for the hospitality & gaming industry.

As you may recall from our last newsletter, over the last five years, three of these programs, Hazard Communication, Bloodborne Pathogens Exposure Control, and Lockout/Tagout have accounted for as high as 60% of the fines assessed across all segments of the hospitality industry. Why is this happening? There are several reasons but the most common is simply not knowing which employees to train in each of the programs. So, for those of you who have not done this, or are still trying to identify your "at-risk" exposures...here are the answers.

Hazard Communication (HAZCOM) Training (29 CFR 1910.1200). All employers must develop a hazard communication program. They must: (a) tell employees about the Hazard Communication Standard, also known as their "Right to Know", (b) explain

how it's being put into effect in their workplace; and (c) provide information and training on hazardous chemicals in their workplace. This training includes information on recognizing and understanding Material Safety Data Sheets (MSDS) and safe procedures when working with hazardous substances. All employees with any substantive chemical exposure while on property should be trained in Hazard Communication.

Bloodborne Pathogens Exposure Control Training (29 CFR 1910.1030). This training should be completed on a very minimal "introduction only" level for all employees during the new hire orientation process. Beyond that, all Managers On Duty (MOD's), security personnel, laundry attendants, designated house-keeping "specialists", engineers, and fitness center/spa personnel should be trained in Bloodborne Pathogens exposure control, clean-up methods, and procedures.

Lockout/Tagout Training (29 CFR 1910.147). All employees are considered "affected" by the Standard due to their exposure to equipment and access to electrical panels. However, only the Property Engineers (referred to in the Standard as "authorized employees") who are expected to work on or around hard wired equipment, as defined in 29 CFR 1910.147, need to go through the full training program.

Please let us know if you would like samples of any of these programs or need general assistance with OSHA compliance. Otherwise, on behalf of Marsh's Hospitality & Gaming Practice and our extended Network...Happy Holidays!

Jan Schnabel, global leader for Marsh's Hospitality & Gaming Practice

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- Minimizing Hotel Fraud
- Upcoming Conferences

Hospitality Quiz

See if you know the answers to these hospitality quiz questions. (Answers are provided on the last page.)

1. What makes up approximately 80% of casinos direct operating costs?
2. Are guests likely to reuse towels if they know others do?
3. One of the five busiest days of the year for the pizza industry is.....
4. What is the estimated cost U.S. companies will face to comply with new food origin labeling rules?
5. What percentage of Americans would like to use self-service technology to make ordering faster?❖

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Food-Allergy Awareness

Scientists estimate that 4 percent of the population, or about 12 million Americans, suffer from food allergies.

With the growing awareness of food allergies and intolerances and their associated risks, an increasing number of restaurants are serving up strategies to avert allergic reactions to the foods being served. Serving guests with food allergies is an important issue and educating and communicating with staff is crucial to ensuring proper attention to guests with food allergies.

Serving Customers with Allergies

- Advise staff to pay close attention when a guest says he or she has a food allergy. If not certain what food items an allergy encompasses, ask.
- Servers should be able to describe a menu item and its ingredients upon request and staff should know what ingredients are in an item or where to find the information.
- If a server does not know whether a menu item is free of a potentially offending food substance, say so and refer the guest to a manager who has been designated to answer such questions.
- Designate a point person on staff during each shift that is prepared to answer questions about ingredients. If no one knows for certain whether an allergen is in an item, admit that and recommend ordering another item.

Food Preparation

- Train staff about potential allergens. Common allergens include eggs, fish, milk, peanuts, shellfish, tree nuts (including almonds, Brazil nuts, cashews, chestnuts, hazelnuts, hickory nuts, macadamia nuts, pecans, pine nuts, pistachios and walnuts) and wheat.

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Upcoming Conferences

As members of the American Hotel & Lodging Association, the National Restaurant Association, the International Franchise Association, the Asian American Hotel Owners Association, and the National Indian Gaming Association, Marsh's Hospitality & Gaming Practice wants you to know about upcoming conferences and meetings:

- NRA Risk & Safety Managers Study Group Meeting
January 12-14, 2009
Planet Hollywood Hotel
Las Vegas, NV
- ALIS - The America's Lodging Investment Summit
January 26-28, 2009
San Diego, CA
- International Franchise Association Annual Convention
February 14-17, 2009
San Diego, CA
- Hospitality Law Conference
February 9-11, 2009
Houston, TX
- Hotel Investment Conference
March 15-17, 2009
Atlanta, GA

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Food-Allergy Awareness, con't . . .

- Avoid cross-contaminating foods with potentially allergenic foods. Food for allergy sufferers should be prepared and served without any contact with allergens.
- Train chefs to prepare allergen-free versions of items upon request.
- Never include a possible allergenic food as a "mystery ingredient."
- Don't make casual product substitutions.
- Read labels carefully. Food manufacturers sometimes change ingredients.
- Complex foods such as sauces, dressings, and garnishes may cause an allergic reaction. Serve these items on the side to allergy sufferers.
- Be aware that even a minuscule amount of food can set off a severe allergic reaction.

Emergency Procedures

- Restaurant staff should know how to recognize the symptoms of an allergic reaction. Symptoms can include: itching in and around the mouth, a tightening of the throat, wheezing and hoarseness, shortness of breath, appearance of hives, swelling of the eyelids, lips, hands or feet, nausea, cramping or vomiting, a sense of impending doom, a drop in blood pressure, a loss of consciousness

- Symptoms may appear as soon as 1 to 15 minutes after consuming the food, but can also develop over a period of hours.
- Most cases of allergic reactions to food are relatively mild, but a small percentage of individuals with food allergies have severe reactions that can be life-threatening.
- Train staff members to call for emergency aid if they see a customer in distress. Post emergency numbers as well as the name, street address, and telephone number of the restaurant at each telephone to ensure rapid response by the emergency service.



For more information about food allergies, contact the National Restaurant Association or The Food Allergy & Anaphylaxis Network.

The Thunderstorm of Fraud Is On The Horizon

It has already started to sprinkle. The radar indicates the next few months will be like the afternoon summer rain showers in Florida for fraud. The frauds will appear quickly and often but be smaller in terms of dollar amount. This is in stark contrast to what happened in 2002 as a result of September 11. Back then the frauds were more like hurricanes. There were fewer of them, they took longer to organize but caused substantial more damage in terms of dollars loss.

The current climate suggests the main factors needed for these types of frauds to occur are already present. The hotels are now in cost containment mode. Furthermore, unlike in 2002, inflation has reared its ugly head. It costs us more to not only fill up our gas tank but also our shopping cart. Our associates need gas money. They need to pay their electricity bill. They need to put food on the table. So where are they going to be stealing from us? The answer is simple...wherever they can get the money quickly and easy such as petty cash.

Think about this scenario:

The bellman gets a petty cash slip for \$50 for gas for the hotel van. The bellman pre-pays the gas but the van only takes \$30. The bellman gets the change but does not get the revised receipt. He turns in the receipt for the \$50 pre-paid gas. He has just stolen \$20 from you. That's probably enough gas to get him to and from work for the next couple of days.

Better yet let's look at gift card or gas cards that are supposedly being bought for our associates? How do you know that the

associates are actually receiving them? Do you make them sign for the cards? Maybe it's time that we did.

Those of you who are offering a rooms promotion in conjunction with a gas card, do you have procedures in place to reconcile the gas cards purchased to those redeemed?

Hopefully we have learned from our mistakes as a result of September 11. One mistake we made was that we over reacted. We reduced the amount of personnel in our hotels too much. We eliminated the separation of duties. We eliminated our mystery shoppers. The proof is reflected not only in the types of thefts but in our guest satisfaction scores. The average dollar of the thefts sky rocketed while our guest satisfaction scores plummeted.

When associates are over worked and feel under-appreciated it easier for them to rationalize the theft. Once they can rationalize the theft they then look for the easiest areas opportunity. These areas are wherever we are not closely monitoring their actions. The areas may seem small but in the long run they can cost you thousands of dollars. Think about the bartender who steals only \$20 from you each night. That's \$100 a week or \$5000 a year. Yet if your bartenders know they are being shopped periodically, it reduces the possibility that they will try to steal. If they are stealing the likelihood of them being caught increases significantly and therefore reduces your possible loss. Isn't it worth spending a couple of hundred dollars to save possibly thousands of dollars?

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Thunderstorm of Fraud, con't . . .

Contrary to the thinking of some individuals within our industry, you can't prevent or catch all thefts. But what you can do is reduce your exposure and / or minimize your loss. Here are some suggestions:

- Conduct fraud awareness training for your associates, managers and corporate staff. Studies have shown most frauds are uncovered through tips. According to the recent Report To The Nation 2008 by the Association of Certified Fraud Examiners 57% of all tips are from employees. If your employees don't know how to recognize the red flags, how effective can your hot lines be?
- When considering a cost cutting measure evaluate what the overall effect will be on your internal control program. Does the saving of having deposits go to the bank twice a week instead of daily outweigh the possible loss if 2 or 3 days of deposits come up missing?
- Re-evaluate your cash control policy. This includes the policies and procedures for petty cash. Do you have a dollar limit for petty cash purchases? Do you have a procedure in place to obtain personal banks back from the associates for when they go on vacation? Do you even need personal banks? Do you have strict policies for purchases made with manager checks?
- Constantly review the guest comment cards and the front desk log books. Is there an increase in the number of guests complaining about items being stolen from their room?
- Ensure proper documentation exists for all voids, adjustments and paid outs. Based on the documents you are currently reviewing does it show if the guest paid cash and when the adjustment/paid out occurred?
- Are there sufficient controls in place for the high ticket items like flat screen televisions? Can you and how often do you account for the extras?

Keep your staff motivated as best you can. Sympathize with them. Let them know you understand this is a difficult time for them.

Unfortunately only when the barometer of unemployment starts to increase do we want to openly admit that fraud exists. The good news is there are steps that the corporate staff and individual hotels can take to minimize and in many cases prevent fraud from occurring.

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Green Restaurant Resources

Green Restaurant Association
www.dinegreen.com

Oregon Tilth
www.tilth.org

Thimmakka Green Restaurant
www.thimmakka.org

Quiz Answers

1. Gaming tax, labor, and complimentary benefits to players make up the majority of the costs in most casino table-game operations. (Source: www.ggbmagazine.com)
2. Yes. Signs that focused on environmental benefits were less effective than signs that pointed out the level of participation of other guests. Cards that focused on the level of participation of other guests increased the percentage of participation from 35.1 percent to 44.1 percent. (Source: Journal of Consumer Research)
3. The day before Thanksgiving is one of the five busiest days of the year for the pizza industry. (Source: 2007 Pizza Expo)
4. The agricultural department says compliance with the new food origin labeling rules will cost U.S. companies \$2.5 billion next year. (Source: Agricultural Department)
5. 97% of Americans would like to use self-service technology for ordering. The use of technology such as self-service terminal, on-line or text message ordering is expected to grow in popularity and use. (Source: QSR Magazine)