



THE QUEENSLAND CLUBS AND HOSPITALITY INDUSTRY SALARY AND RECRUITMENT **REPORT 2020**



JOHN DICKSON
CHAIRMAN
DWS Hospitality Specialists



Having been involved in recruitment and conducting salary reviews since I was Executive Manager of the Power Hotel Group more than 35 years ago, it's astonishing to look back and see the significant increase in salaries in the hospitality industry over this time.

Looking back to my first club industry salary and recruitment report some 10 years ago, there has been significant movement in remunerations in the club industry, particularly in the higher end. Comparing the current report to only 5 years ago, shows the increases have been much less and I guess we'd all be naïve to suggest that we will see any significant increases in the immediate future.

In addition to the constant surveys, discussions and empirical evidence DWS frequently gathers, last year I had the fortune of conducting a skills and suitability assessment for all the senior managers in one of our larger venues, which included recommending remunerations and bonus systems to the Board.

This process required me to conduct a fair degree of research into the current status of management roles and responsibilities and remunerations in the Queensland hospitality industry. I have personally been involved in a significant number of senior recruitment assignments in the club

industry and am well aware what clubs are looking to pay and what quality staff expect to receive.

To say that it has softened in the last couple of years would be an understatement. Looking back at the five-year figures, management salaries have not kept pace with inflation, effectively meaning manager's salaries have been reduced in relative terms. However, with few exceptions, mainly in the IT and technology space, there have not been significant increases in the last five years in most industries. While we are at times advised of salary growth from governments, they are so broad in context they are of little value when establishing possible club benchmarks.

I mentioned in the editorial of our September 2020 email newsletter my concerns for the prosperity of the hospitality industry and particularly clubs, which I'm sure will have a further dampening of remuneration expectations. On the positive side, as many businesses have taken the opportunity to reengineer their employment strategies, particularly in cases of downsizing or outsourcing, this may create an opportunity for the club industry to attract some highly qualified recruits particularly in the HR, marketing and accounting areas.



In a recent recruitment project, I completed for one of our larger clubs, I was surprised at the number and the high-calibre of candidates I got from diverse industry backgrounds that could comfortably transition to the club industry.

These are the opportunities that CEOs and General Managers in hospitality should be looking out for. It may also present an opportunity to re-evaluate existing structures and personnel.

As we go into 2021 and beyond, regrettably many hospitality establishments will not survive and those that do, including clubs, will need to ensure they have a grand final team with the best people they can find, who are fairly and adequately rewarded.

As I got around the state recently it was amazing to see the number of senior and middle management staff in particular, who were filling a diverse range of roles to assist in reducing operational costs and filling labour gaps of some staff who weren't returning to work whilst on JobKeeper. There were marketing managers manning the front desk, accountants pouring beer, General Managers cleaning tables and office assistants helping in the kitchen. So many staff and managers were talking about how much fun it was to work in other areas and how much they learnt about other staff member's jobs. The concept of cross training and senior staff working at the coal

face to better understand their business, the clients, and their work colleagues, is an innovative process I'm sure many clubs will continue with. Who knows what magic chefs we might find lurking in the back office or the best customer service staff member washing pots? It's a reminder that great people work everywhere in our club and many of their talents are largely unknown; some of the best chefs on MasterChef have come from a whole range of career backgrounds.

As many commercial businesses have now discovered that staff can be equally if not more efficient working from home and reduce their stressful travel time in our larger suburbs and cities, so too maybe we can make work more exciting and interesting by giving people an opportunity to learn different skills and create a pool of flexible talent in our venues. How much more excited would our staff be in this environment? It would surely have benefits in the enjoyment and pleasure of spending time in a club.

In this report there are no new roles emerging in clubs. The newest positions created in recent times have been gaming analysts, gaming hosts, cultural managers, and I just noticed in the last couple of years a slight re-emergence of the food and beverage manager's position.



One relatively new position that has continued to increase in demand are Café Managers, while qualified Baristas in the club café environment continue to grow in number, size and significance.

The recent trend has certainly been set by Bribie Island's new café area and shortly to be added are the new significant café areas at Wynnum Manly Leagues Club, City Golf Club and Carina Leagues Club, adding to the perennial favourites of Easts Leagues Club, Arana Leagues Club and Nambour RSL.

There is also a continuing interest in outsourcing, particularly in contract catering. If the current reduced levels of food, and to some degree beverage sales continues, then many clubs are going to have to reassess the food and beverage management structure to meet a lower volume and possibly a lower spend.

It's also interesting to observe while many areas of commercial business and large hospitality organisations are outsourcing such things as accounting, database management, and marketing to Asian countries such as the Philippines, India and Indonesia to significantly reduce costs, it is not currently apparent in the club industry, but increasing overhead costs and regulatory impositions are making this more likely in the future against what may be the preferred option in the community club industry.

Due to COVID-19 many of us have forgotten about or put on the back burner the continuing ongoing competitive threat of the casino, which at my last observation had 10 cranes on-site and is fast rising from the ground – it is now potentially only two years away. Three years ago we were planning for the potential staff drainage that could occur. This may not have gone away; in fact it may be worse if there is still a restriction on overseas workers. Irrespective of the economic environment in two years' time, the casino will make an enormous dint in the club and hospitality industry in the south-east corner so now is the time to rationalise staffing structures and get a grand final winning team in place ready to take on the casino.

This may be getting a bit monotonous as I have written in my last two reports the difference between a CEO and the General Manager, however it is still one of the most frequent questions I get relative to position descriptions and roles and responsibilities so I thought it was worth repeating what I said last year. CEO generally refers to the executive of a large complex organisation. For example, a club with several other clubs in its group, or a club with significant diverse interests such as managing a football club or managing other properties.



It is generally because of the size and complexity of these organisations that the committee or board delegate a significant proportion of their roles to a senior executive – being the CEO. The CEO role generally requires an increased level of knowledge and expertise in business and more often than not would hold formal qualifications.

In smaller and less complex clubs, where the committee or board retain significant operational oversight, the manager would rightly be referred to as a General Manager.

Nothing has changed either from recent years in Duty Managers being the most difficult position to fill, followed again by Chefs. In fact, the message I'm getting is that this situation is getting worse with solutions difficult to find. It's not uncommon to many other Australian businesses where management (even middle management) are not required to work outside conventional Monday to Friday hours unless they are being very significantly rewarded, as in the mining industry.

From our past research, Duty Managers regularly expressed their dissatisfaction with their remuneration. This indicates that their wage does not compensate them for the unsociable hours they are expected to constantly work and the unrecognised responsibility of overseeing the club, quite often when senior management

have all gone home in the evening and on weekends. Will we ever get senior management to share the burden of late-night trading and weekend work?

Chefs and duty managers have families as well.

One of the other consistent complaints from Duty Managers is the lack of training for their responsibilities and conversely, complaints by General Managers of the lack of skilled Duty Managers. The consequences of these findings for the club industry is that we are not attracting skilled Duty Managers to manage our venues in the busiest times. This of course has a significant impact on efficiency, customer service and staff satisfaction, which can all have an impact on the club's popularity and profitability.

Again, no surprise that the second most difficult position to fill continues to be Chefs and it is clear it is only going to continue to get worse. Three years ago, CTA would have had over 150 apprentice chefs in the club and hotel industry. Today we have just less than 100 and I understand that apprentice chef numbers have fallen by 30% last year in Queensland alone, so this would indicate that the chef shortage, if we continue to conduct our food operations as we have in the past, will only get worse.



There was certainly an increasing presence in the last couple of years with overseas chefs coming into the Queensland Club market, which has stopped only due to COVID-19. I've said in the past that some clubs have been slow to realise the salaries needed to secure Executive and Head Chefs with a proven track record, have increased significantly. More clubs are employing Chefs from four and five-star hotels to get the quality experience and management skills they are looking for and paying what is required. The Chef scenario generally in Australia will continue to get worse until such time as employers and governments realise the responsibility of employing more apprentices. Having said that, the club industry, to a large extent, has been a leader in our industry employing Apprentice Chefs.

If you are seriously considering giving young people the opportunity of becoming a Chef, or for that matter older members of the community looking for a career change, why not give Aaron Bray, CTA Training Specialist's General Manager, a ring on 0447 464 333 or 07 3878 8977 to discuss the opportunities.

As I indicated in the last report, there is a continuing fall in the number of overall staff employed in the club industry. This is probably driven by necessity for greater efficiency, streamlining and automating operations. Despite longer trading hours, more modern clubs also have a more efficient staff

workflow. The significant improvement in the quality of standards and services in many of our more progressive clubs, is now requiring an increased level of management expertise in a range of areas, which is naturally flowing through to recruitment. However, as I've also said in the past, there is a significant increase in new entrants into the club industry who are hospitality specialists, but not from the club industry or with a club background.

I have recently met some incredible new young male and female managers who transitioned from the hotel industry into the club industry. These are exciting, energetic young people who struggle to understand some of the overhead costs and inefficiencies that we incur in the club industry compared to the hotel industry. COVID-19 has certainly shot down the dramatic growth numbers projected for hospitality staff in Australia and particularly Queensland. Only time will tell what extent the threefold impact of economic tightening in 2021, slow tourism uptake and opening of the new casino will have over the next three years.

As in previous years, DWS has continued to conduct an extensive number of senior hospitality recruitments, securing appointments for CEOs, Financial Controllers, Marketing Managers, Executive Chefs and Senior Duty Managers, which provides direct insight into individual employment needs and salaries.

DWS 2020 Salary Averages Table

Prepared by John Dickson Chairman

CLUB SIZE	SMALL	MEDIUM	MEDIUM LARGE	LARGE	MAJOR
Machines	0 - 50	51- 150	151 - 200	201 - 250	251+
Members	0 - 10,000	10,000 - 20,000	20,000 - 30,000	30,000 - 40,000	40,000+
CEO			\$230,000	\$300,000	\$340,000
General Manager	\$90,000	\$165,000	\$195,000	\$240,000	\$290,000
Operations/Assistant Manager		\$85,000	\$100,000	\$110,000	\$125,000
Financial Controller	\$65,000	\$95,000	\$110,000	\$125,000	\$140,000
Executive/Head Chef	\$65,000	\$80,000	\$95,000	\$100,000	\$120,000
Catering Manager		\$65,000	\$85,000	\$95,000	\$105,000
Marketing Manager	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000
Gaming Manager		\$75,000	\$80,000	\$85,000	\$90,000
HR Manager		\$75,000	\$80,000	\$90,000	\$100,000
Gaming Host		\$70,000	\$70,000	\$75,000	\$80,000
Senior Duty Manager		\$60,000	\$60,000	\$62,000	\$72,000
Functions Manager		\$55,000	\$60,000	\$65,000	\$70,000
Duty Manager	\$55,000	\$55,000	\$60,000	\$65,000	\$65,000

*This survey endeavours to gross up the total value of salary packages including superannuation motor vehicle and other allowances as accurately as possible

*This table should be read in conjunction with the DWS 2020 recruitment and remuneration report Source © DWS Hospitality Specialists

The salary averages table is generated from industry surveys, salaries for new management recruited positions, numerous club salary reviews and management restructure over the last 24 months, as well as our own empirical evidence. It indicates the various salary averages paid in clubs of varying sizes. Whilst these averages should not be taken in isolation from a club's own situation, it does provide a general guide.

Facts relevant to individual clubs that should be considered are KPIs (Key Performance Indicators), strategic achievements, profitable performance, additional management (such as sporting teams, other venues or other commercial interests), qualification and experience of a candidate, and the needs of the club.

Many regional clubs are also finding that they must pay a premium, particularly to get highly skilled staff to relocate.

One of the key attributes going forward will be the ability of managers to innovate and drive the club's business in what could be a very difficult financial market running up to the opening of the new casino, which will create its own challenges for clubs to be innovative and competitive.

Tertiary qualifications are continuing to be an expectation for senior positions in the club and hospitality industry, as is the inclusion of set KPIs and bonus structures attached to the KPI criteria. This is largely due to the increased management responsibilities, increased Government regulations, skills and professionalism required in the club industry and in other areas of hospitality and tourism, particularly in today's larger progressive clubs.

With the increasing performance anticipation of progressive clubs, there is an expectation of increased accountability being placed on managers. This is being more readily assessed by performance reviews against job specification, budgets, KPIs and EBITDARD (Earnings Before Interest, Tax, Depreciation, Amortisation, Rent and Donations).

Many committees and boards are no longer satisfied with merely profit but are actively seeking improved performance against industry benchmarks. This is bringing the club industry in line with other commercial enterprises, where managers are expected to perform against agreed measures. In some cases, this increased expectation is putting pressure on managers who lack commercial experience and/or don't hold tertiary qualifications.

Club labour costs have traditionally been quite high compared to the overall hospitality industry benchmarks. As the progressive club's work to reduce their labour costs, this may mean they will be more selective in the quality and talent of new staff.

Selecting the right management is becoming increasingly complex and fraught with risk. We are still seeing the failure of clubs due to poor oversight by committees and boards of their selection process. The cost to a venue in employing the wrong management staff can have tragic consequences for several years. Unfortunately I have seen too many examples of this over the years. Committees and boards have a fiduciary responsibility to their members to ensure that they are attracting the best quality management staff and are paying the appropriate salaries to attract and retain competent personnel.

Given the responsibility and skills required of the senior manager role in today's club environment, boards and committees should consider independent expert advice with a positive track record when recruiting, conducting reference checks, or setting salary levels.

It pays to remember that good staff will choose to work for good employers and stay where they feel appreciated.

I'm also very keen to say that we should appreciate the length of time that good people choose to spend with us and thank them for the contribution they have made to our organisation. I also like to think that our organisation in turn has made a contribution to their career and development, a painful concept sometimes when good people choose to move on and in many cases for their own development. The right and fair remuneration will always play a significant part in any person's employment.

For further information in relation to this report please contact John Dickson, Chairman DWS Hospitality Service on 0417 721 942 or at john@dws.net.au

