

Chris Mumford, managing director of HVS Executive Search, directs this year's crop of graduates in search of money towards sales and marketing jobs in the luxury hotel sector

A level playing field for salaries?

A-Level results in the UK hit another record high this year with more than a quarter of exam takers scoring an A grade.

The result is a large number of highly contented, beaming 18-year olds heading to the pubs to celebrate and bask in the promise of a bright future comprising three licentious years of university followed by an enriching professional career. Joining them at the bar will most probably be the very university professors who will end up responsible for their next formative step. For the University and College Employers Association recently reported that salaries of university staff rose 4% between 2006 and 2007. Salary levels in Higher Education are rising higher and quicker than in any other public sector and certainly puts salary increases of 2.5% for nurses, 2.2% for doctors, and 2.5% for teachers in the shade. So those celebrating their A-Level results may wish to bear this in mind when choosing their future career and decide to pursue a longer-term life in academia.

Rises in Higher Education pay also compare favourably with the hotel sector where London salaries rose this year by 3.5% from 2006. The London Hotel Salary Report 2007 published by HVS analysed salary data from line level to senior management at 62 five, four and three star hotels in the capital and puts the average London hotel employee salary at £21,016. This is however just below the general UK average annual salary of approximately £22,000 as per the Office for National Statistics.

Should any of this year's A-Level whizzes decide upon a future career in the hotel industry, where should they aim their sights? If we look at salaries on a general departmental basis, it is clear that sales and marketing is the winning department with a gain in average base salary of 7.6%. Second to them was the human resources department while the biggest downturn was experienced by those in engineering.

The salary increases in the sales and marketing department however have been most keenly felt by those at the lower and middle seniority levels than at the top. As the figures illustrate, the department head director of sales and marketing only reported an increase in average salary of 0.9%. This is perhaps evidence of the high level of competition between hotels for sales staff and the resulting pressure on hotels to raise pay to help keep their talented employees in this area.

Average departmental base salary			
	2007	2006	% change
Food & Beverage	£19,493	£19,667	-0.9%
Rooms	£17,841	£17,782	0.3%
Sales & Marketing	£32,212	£29,930	7.6%
Finance	£22,457	£22,403	0.2%
Engineering	£21,713	£22,666	-4.2%
Human Resources	£27,443	£26,453	3.7%



The profile of general managers is changing to allow entrants from a number of backgrounds

Executive committee 2006/2007	
Increase in Average Base Salary	
General Manager/Managing Director	5.1%
Director of Finance	3.0%
Director of Human Resources	4.6%
Director of Rooms/Rooms Division Mgr	2.3%
Director of Sales & Marketing	0.9%
Director of Food & Beverage	2.4%
Chief Engineer	5.3%

In terms of financial reward, salaries in the five star sector are a third higher than those in four and three star categories

We were surprised however that bonus levels in 2007 were not higher for sales and marketing directors given the healthy current performance of London hotels. Perhaps coming off a buoyant 2006 hotels set overly ambitious targets for their sales staff in 2007. The average bonus as a percentage of base salary for director of sales and marketing across all hotels was 14% of base salary. This is a lower bonus as percentage of base salary than enjoyed by chief engineers (16%), directors of finance (18%), HR directors (20%), and general managers (25%).

In terms of which market segment is most financially rewarding to work in, salaries in the five star sector are a third higher than those in the four and three star categories. The greatest difference between these market segments is felt by executive chefs who earn over 50% more at the luxury end of the market than their cousins in the first class and mid-scale properties. The lowest differences between market segments are experienced by

rooms division managers and front office managers, each recording a 13% and 9% difference respectively.

Some may think that the larger the hotel, the greater the complexity of operation, the greater the responsibility, and the greater the pay. Our findings reveal however that the bigger hotels, while paying better than smaller hotels, are nonetheless not at the top of the salary pack. That honour falls to those hotels of between 200 and 400 rooms. The average management salary at hotels in this size category are 16% higher than at hotels of less than 200 rooms and 4% higher than at hotels of more than 400 rooms.

Those A-Level students dreaming of a hotel management career may therefore wish to set their sights on attaining a position at a luxury London hotel of between 200 and 400 rooms for this is where their best earning potential will be. In terms of specific position, the biggest reward in the earning stakes at property level of course is reserved for the general manager. Second to that is director of sales and marketing followed by finance director, executive chef, F&B director, HR director, chief engineer, and director rooms. It used to be an unspoken law that general managers had to come out of a food and beverage or rooms background and that the sacrifice of a lower salary was compensated by ultimately achieving the top spot. This is less true today with more and more general managers coming from sales and marketing and finance backgrounds and, if money is the main motivator, perhaps today's A-Level stars should be focusing on those disciplines as future career routes.

Average management base salary		
<200 rooms	200-400 rooms	>400 rooms
£49,064	£56,913	£54,775
	200-400 vs. <200	200-400 vs. >400
Difference	16%	4%