



Less Cost, Less Error, More Value Add: Tip & Gratuity Management *Automated*

Introduction

While the act of tipping or adding gratuity inherently increases revenue for an organization, accounting for it can be a different scenario.

Each year, hotels and restaurants lose millions to manual tip and gratuity distribution error. In particular, as part of this traditional distribution process, the manual nature of managing spreadsheets increases the process' error rate.

However, auto-allocation and auto-calculation can alleviate much of this cost from error. As a result, automation adds precision to the tip and gratuity distribution process.



90% of spreadsheets contain errors from manual entry and management.

This significant error rate amongst spreadsheets translates directly to employee payroll.

Are you comfortable risking gratuity payroll errors through spreadsheets?

*Research from the University of Hawaii & PricewaterhouseCoopers





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Breaking Down the Spreadsheet

Manual Rate of Error

Manual Spreadsheet Error Impacted By:

- Data Entry Errors
- Formula Errors
- Lack of Security/Control
- Misunderstanding of How to Use Excel



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The Threats of Error

For Hotels, Manual Spreadsheet Error in a Tip and Gratuity Allocation Scenario Can Result in:

- Employee Underpayment
- Employee Overpayment
- Union or Legal Action
- Mistrust Amongst Staff

Money Lost from Manual Gratuity Payroll



Small Florida Hotel
> 300 Rooms

Medium Hawaiian Hotel
> 800 Rooms

Medium California Hotel
> 800 Rooms

Fined for a \$20,000 per year underpayment due to spreadsheet errors

\$17,000 overpayment to employees over the course of 4 months

Paid \$70,000 over contract in service charge distributions annually

A photograph of a large, modern hotel building with a teal-colored roof and many windows. The building is surrounded by several tall palm trees. The sky is a vibrant mix of orange, yellow, and blue, suggesting a sunset or sunrise. The hotel is situated on a beach, with a sandy foreground and some greenery in the immediate vicinity.

Hotel Gratuity Management

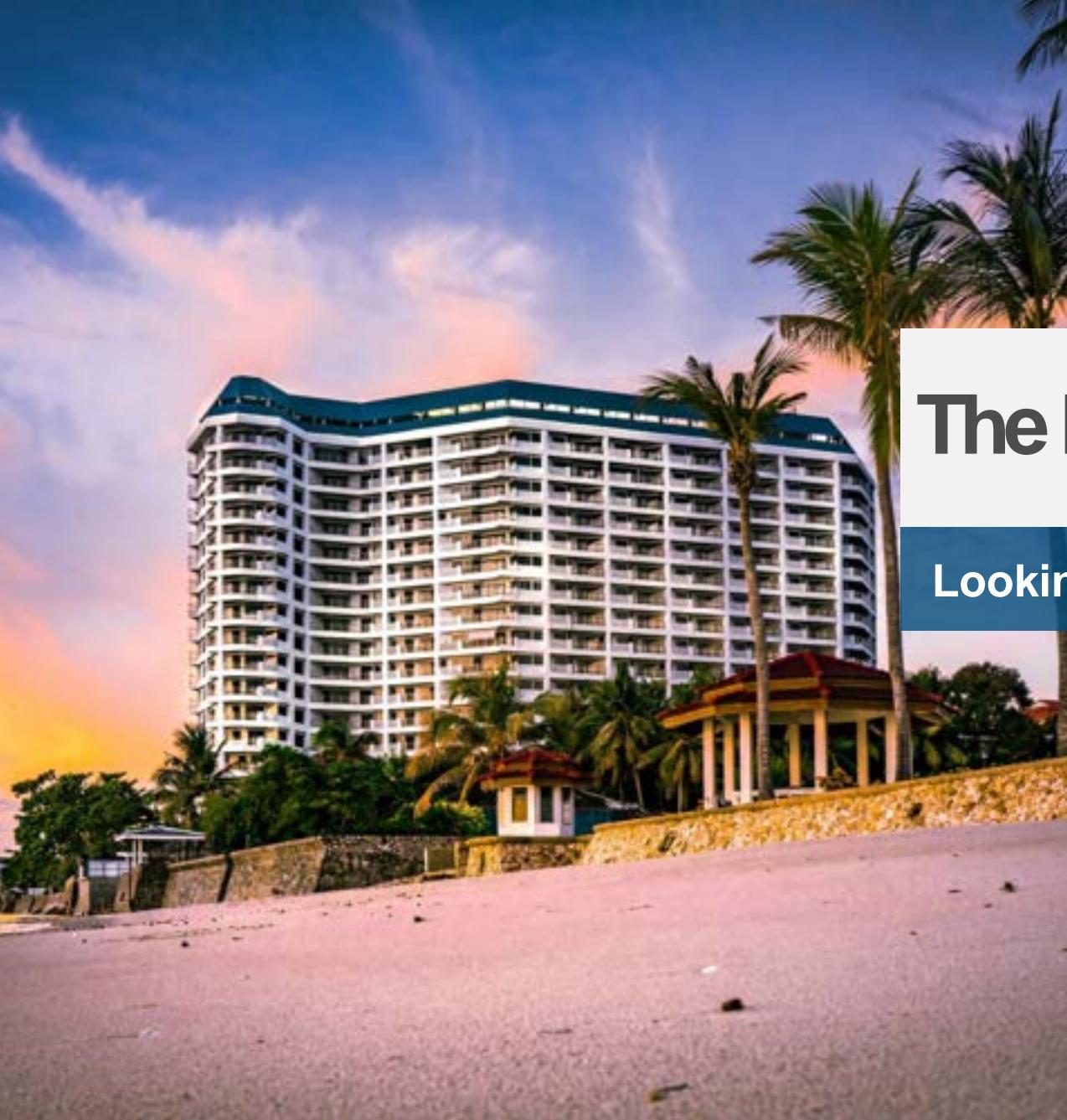
A Case Study on the Automated Difference



The Property

An Overview of Attributes

- *160-room hotel in California*
- *Union liabilities*
- *7 outlets*
- *Outlets paid out at different rates & in different allocations*



The Manual Environment

Looking Back Before Automation Implementation

- *8-10 hours a week to reconcile complex outlet revenue*
- *Increased vulnerability to union fees*
- *High tip & gratuity compliance error rate risk*



The Automated Environment

Automation's Impact on the Contemporary Setting

- *Minutes to reconcile thousands of dollars in complex outlet revenue*
- *Individual outlet management reconciles tips & gratuities with a click*
- *Measured & monitored adherence to union regulations*



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