

HOSPITALITY OPERATIONS
REFRIGERATION AND HVAC REPAIR ACCOUNTABILITY



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In examining restaurants, private clubs, and other hospitality operations I encounter many common procedures that reduce profits. For whatever reason, there are owners and operators that do not always realize when they have product or service billing discrepancies. Whether occurring on purpose or by error, the consistency in invoice inconsistency is prevalent in the industry. I especially want to point out my concerns with the focus of this article. I have worked in restaurants, city clubs, golf and pool clubs, and catering for over 40 years and my observations pertaining to maintenance and repair invoicing has revealed many owners and managers are not generally trained to understand facility management repair, especially in what to expect, and procedures that should be followed with repair orders, repair logs, vendors work orders, and through to the billing approval process. From the point of the initial concern that you have equipment failing, or failed, through to the completion of the repair there are steps that must be enforced to maintain a measure of accountability by all parties involved. While many managers tell me they can recognize billing concerns between work orders and invoices on maintenance and repairs, I have to say, perhaps not.

Imagine your refrigeration, heating, or air conditioning equipment has performance issues and you need someone to check and repair the system. If you are like any normal manager you call your favorite company because you rely upon them and you have been using them for years. There are many good outcomes to repair scenarios; however what if you are being serviced and invoiced inaccurately. Would you know? Ask yourself if you perform this very important first process prior to calling for repair service. Do you log the circumstance and write a repair order? If you said yes, you have the start of excellent procedures. If you said no, I can almost guarantee that you are not following the rest of the process as you should, thus reducing profits from poor accountability with excessive spending on maintenance and repairs.

Take for example; a technician shows up, works on the system and leaves, but you never saw them. Or, you did see the tech but they told you it was not necessary to sign the repair order. Really! Now did you just say to yourself that you always sign the repair order? Think about it. Why must you maintain a detail of the circumstances surrounding a repair? The answer to that is; in most cases the invoice for a repair is not provided the day of service, so your memory is called into question when it does arrive.

While there are numerous scenarios that lead up to what this all means, the result may be that you will pay for a repair not performed or additional labor that was not provided. There are many good commercial refrigeration and HVAC companies, but there is also the other kind. It would be great if the law penalized vendors for overbilling like in the Tom Cruise movie, *The Firm*. If you recall, accounting firms are fined \$10,000 per instance on over billing labor to their clients if a stamp is placed on the envelope and mailed. I have encountered many inconsistent scenarios with repair billing, and unfortunately if you do not know what to look for you could be directing unnecessary expenses to the repairs and maintenance line.

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In addition to the forgoing, imagine if coupled with the no signature required or the disappearing technician you are followed up with an invoice that takes forever to arrive. What if 2 months go by or you do not receive an invoice until you make multiple calls. I am not making this up. So you think, WOW, maybe this company does not need the money, or, because you are a good customer they go easy on you by not sending an invoice right away. Well, you can believe that if you want, but do not trust that instinct. Do not underestimate an irresponsible vendor that knows when the business they are serving is not paying attention.

You have to believe that the vendors you do business with are legitimate even if some of the situations outlined here are occurring, but you always have to consider the alternative. How do you know the difference? Many managers do not take the time to fill out a repair work order, log the instance, follow up on a service tech, or stand over their shoulder for two hours (or was it an hour?) to assure the accountability of the process. At \$75-\$125 per hour for the tech, do you want to take the chance? And, service labor cost and travel labor cost is in addition to the part cost. In reality, you should log, follow, and keep tabs on any company that is performing work for your business from the time they left their last account to the time they leave your building.

You are the manager responsible for the assets of the company, and you are busy. I get it. So to be reasonable, make sure someone is accounting for the time and work that is being performed. Now take for example you have a facility manager on staff. This of course means you have peace of mind, doesn't it? Your facility manager is performing their duties responsibly and in the best interest of the company by watching everything so that you know the repair accountability is there. Not so fast. Your facility manager may be as trusting as you are when it comes to a technician working on your property, and sets them free to do their work alone. Hopefully that is not the case. My point here is that having the facility manager in place does not necessarily mean they have specialized refrigeration and HVAC training. In fact, some facility manager's I encounter are only trained in preventative maintenance. So how does a company protect themselves? Training and procedures are imperative.

Now let me backtrack here for a moment. This message is not about a manager's poor performance. Hospitality managers as a whole are concerning and hardworking leaders. This is about proper repair procedures that may be lacking, and knowing how to avoid the consequences of dishonest maintenance and repair billing. This alert, I will call it, is to say that no matter how good you are as a manager, facilities or otherwise, if you are not logging maintenance and repair procedures and you are experiencing similar situations on what I am discussing here, it may be time to contact someone like me to review your invoicing. The over expense I generally uncover far outweighs the cost of a review.

Simply stated, if you and your team are not watching vendor invoicing with precision you have opened yourself up to unscrupulous vendors and unnecessary expenses.

About Jim Lopolito

Lopolito is an industry consultant and is available for consultation in the New York, Connecticut, and New Jersey Region. He is a former Certified Club Manager and Certified Executive Chef.

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