



A CASE STUDY: THE HIGH COST OF HIRING HOUSEHOLD STAFF

Mr. Garfield, an Ultra High Net-Worth entrepreneur with 5 children and 7 grandchildren is a socially active philanthropist and art collector. For 30 years Mr. Garfield has hired, managed, and led aggressive “get-it-done” business development and management teams. His next project: hiring a Household Manager.



Are his hiring skills transferable or a hindrance when hiring household staff?

Summary:

In October 2018, Mr. Garfield hired his third disappointing household manager in 19 months. Two previous household managers had been hired and terminated. Mr. Garfield had spent an astounding \$409,635.94 on three poorly executed hires. He was angry and frustrated and still had not hired a capable Household Manager.

What did he do wrong?

The Household Managers were responsible for 3 Garfield Properties and domestic staff:

- Greenwich CT 11,000 sq.ft. formal home situated on 8 acres, large indoor/outdoor pool, putting green, large formal garden, 1 housekeeper, and 1 gardener
- Big Sky, MT, 9,500 sq.ft mountain lodge and two guest cabins, located on 25 acres with hiking and ski trails outside, with a caretaker couple
- Charleston, SC, 12,000 sq.ft the historic family home, 1 housekeeper, 1 gardener, and a cook also responsible for five family dogs and cats

The following is an excerpt from the Household Manager’s job description:

- Oversee on-going property renovations
- Provide monthly reports to employer
- Manage household systems and service vendors
- Communicate effectively with staff
- Write job evaluations on household staff
- Coordinate travel, events and guest services
- Manage projects as assigned
- Assume the duties of any employee who may be absent from the job for longer than 2 days

INSIGHT

Why was a highly successful business owner unable to hire an effective and competent Household Manager?

- The culture and work ethic of household staff has changed dramatically over the last few years. Jobs that were once performed by 1 person can require 2, with distinct job descriptions, skills, responsibilities and salary and benefit packages.
- The number of viable candidates willing to work for UHNW & HNW households has decreased. Employers are often unaware of the shift in perception of wealthy employers.
- The ratio of applicants to viable hires is 400-500 to 1
- Practical skill testing is required.

Speak With An Expert Advisor To Protect Your Clients From Costly Errors Contact: Teresa Leigh Household Risk Management

Garfield Household Managers	Days on the Job	Annual Salary Agreement	Employee Gross Salary	Gross day rate	Employer est.avg. tax 10 %	Benefit Package est. based @ 20%	Headhunter Fees @ 35% of gross annual salary	Cost to Employer
1. Tad	130	\$125,000.00	\$56,818.17	\$437.06	\$5681.00	\$11,363.34	\$43,750.00	
2. Elizabeth	111	\$140,000.00	\$54,335.66	\$489.50	\$5433.00	\$10,867.13	\$49,000.00	
3. Brody	128	\$185,000.00	\$82,797.20	\$646.85	\$8279.00	\$16,559.44	\$64,750.00	
	369		\$193,951.03		\$19,395.00	\$38,789.91	\$157,500.00	\$409,635.94

Calculating Employee Salary Cost: salary divided by 52 weeks divided by the number of days worked in a week: we calculated 5.5 days per week days worked = the gross daily rate x the number of days worked = Employee Salary Cost. The Client image, name, properties, including Household Manager names have been changed to protect confidentiality. Not Included costs: a sign on bonus, loss of confidential data, loss of project productivity and project data. And the Client's loss time and risk to liability.