



CASE STUDY

The High Cost of Hiring “Poor” Household Staff

Geoffrey, a high-net-worth entrepreneur with five adult children and seven grandchildren, is a socially active philanthropist and art collector. For over 30 years, Geoffrey has hired and managed aggressive “get-it-done” business development teams. His next project is hiring a household manager for his personal properties.

In the fall of 2018, Geoffrey hired his third “disappointing” household manager in 19 months. The two preceding managers had been hired and quickly terminated. These three unsuccessful hires cost Geoffrey in excess of \$409,000. He was angry, frustrated, and feeling the pain of not having a capable manager on his property.

The description of Geoffrey’s properties:

- Greenwich, CT: 11,000 sq. ft. formal home situated on eight acres, large indoor/outdoor pool, putting green, large formal garden, one housekeeper, and one gardener
- Big Sky, MT: 9,500 sq. ft. mountain lodge and two guest cabins located on 25 acres with extensive hiking and ski trails, cared for by a caretaker couple
- Charleston, SC, 12,000 sq. ft. historic family home, one housekeeper, one 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 ongoing property renovations
- Provide monthly expense reports to employer
- Manage household systems and service vendors
- Solicit and review project bids
- Proactively manage staff and service schedules
- Perform 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



THE HIGH COST OF HIRING THE WRONG HOUSEHOLD MANAGER

Garfield Household Managers	Days on the Job	Annual Salary Agreement	Employee Gross Salary	Gross day rate	Employer est. avg. tax 10 %	Benefit Packages 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

How could Geoffrey’s experience as a successful business owner be a deficit when hiring household staff?

1. Hiring based on “likability”
2. Poor interviewing skills for this niche industry
3. Lack of documented job responsibilities agreed upon by both parties
4. Unrealistic expectations for the first 90 days
5. Unclear and inconsistent communications
6. Lack of organization, established systems, and chain of command

Insight

Understanding the culture of domestic hires:

- The domestic staffing industry has changed dramatically over the last few years. Jobs that were once performed by one person now may require two employees--each with specific job descriptions, skills, responsibilities, and compensation.
- Salary and benefits vary widely depending on experience and geographic regions within the United States.
- Geoffrey’s job description is vague and overreaching for a typical household manager.
- The number of viable applicants that match work culture and expectations is at an all-time low.
- Problem-solving aptitude and skills testing are necessary.
- Professional work-life background investigations are required before hiring household staff.
- Clear goals and objectives need to be set for the first 90 days.
- To retain top talent, offer employees benefits and HR support.

Contact Teresa Leigh Household Risk Management for best in class professional household and property staff:

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