

# Hospitality—Mid-Size Hotel

## Case Study



### BACKGROUND

A hotel management group engaged EmLogis to review the scheduling practices at one of their mid-size hotels in the Dallas / Fort Worth area.

### PROBLEM

The hotel was in turnaround mode having suffered several years of declining profits. Management was interested in quantifying cost savings and improving best practices for defining the scheduling process for hourly labor.

### EMLOGIS ENGAGEMENT

The EmLogis went on-site working with management and the scheduling leaders to define the staffing demand requirements for the respective departments, load employee information including departments, skill sets, pay rates, and evaluate scheduling procedures against best practices. Following this, the team worked at the EmLogis home office to exercise multiple scenarios based on best practices and quantify the value creation for the hotel. The EmLogis team was successful in its efforts and a report was delivered to the client with findings and recommendations to significantly improve scheduling practices.

### FINDINGS

**The EmLogis solution identified several areas (value levers) to improve how employees are deployed and managed.**

- The first value lever was to design a custom shift structure for the front-desk that better matched check-in and check-out traffic. Prior to this solution, the hotel had significant amounts of downtime during non-peak times, i.e., front desk staff members idle during afternoons. The EmLogis shift structure provided blocks of capacity in the mornings and evenings tailored during the weekdays to the business traveler and over the weekends to the leisure traveler.
- The second value lever was documenting and institutionalizing best practices around staffing logic and rules against demand drivers. Some departments were very precise on this issue while others were not, i.e., driven solely by interest and ability of group leader. The absence of an institutionalized approach in this area led to periods when departments were either overstaffed or understaffed for any given occupancy level.
- The third value lever was to provide more flexibility and preference input by the employees over their schedule. Many employees were part-time, i.e., students or free agents. Improving morale and individual empowerment lead to higher retention and performance at the hotel.

### Summary of Results

- **5% reduction** in payroll by reducing overstaffing.
- **100% of fulfillment** of customer service requirements by more effective utilization of team members.
- Delivery of occupancy-to-employee forecasting solution to document and capture critical business processes.
- Additional value in identifying resource sharing between departments and reduced team member turnover costs.
- Identified value delivers an aggregated ROI in excess of **7:1**.

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**www.emlogis.com**  
**713-785-0960**

EMLOGIS INCORPORATED  
9800 Richmond Avenue  
Houston, Texas 77042



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### DEVELOPMENT

Based on a series of ratios tied to occupancy rate, the hotel utilizes metrics defined to match labor costs to revenues to generate predictable profits. EmLogis worked with the hotel management to capture an understanding of the ratios and the levels of personnel impacted by these metrics. EmLogis then designed and created an occupancy-to-employee solution to generate the demand or forecast for labor based on the base metrics of occupancy rate.

### Solution

Bottom-line savings of 5% through reduction in payroll costs were identified for the hotel. These results were primarily driven by better shift structure for the front desk and more consistent staffing rules against the demand curve. In addition, the occupancy rate-to-employee demand generator delivered a powerful tool for capturing and preserving best practices. Prior to working with EmLogis, all the knowledge of staffing techniques and practices in many areas of the hotel were managed by the department heads with no repeatable or verifiable system. If the department were to leave, the techniques would leave with them. The management was very pleased to receive a systematic means of validating and retaining these processes independent of any single employee.

#### **Additional areas of value:**

- Resource sharing—opportunities exist across each respective group, specifically restaurant and banquet, which would deliver additional savings.
- Employee preference based work schedules—with turnover a major concern, providing employees with a voice on when they work would save costs and increase efficiency.
- As the employees became happier, the customer experience improved as well.

The broader impact of resource sharing and improved morale through preference based scheduling leads to higher performing employees and ultimately provide significant contribution to the profitability of the hotel.

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