



The Art of Labor Cost Management

The Company

Isrotel Hotel Chain, operating 14 hotels throughout Israel with over 3,000 employees, was established some 20 years ago and created the concept of the hotel as a total holiday destination, by providing in house, a wide range of restaurants, entertainments, sport facilities, shopping malls and variety of night life attractions.



The Isrotel Hotel Chain regards its employees as the company's main asset and is committed to investing in them both as individuals and as a team. Labor costs are amongst the most significant expenses in the Chain, as in the leisure and hospitality industry as a whole, representing between 15% to 30% of the gross income. On one hand, reducing labor expenses is one of the fastest ways to realize higher profit: on the other, reducing the number of employees results in lower-quality service, causes negative experiences for the customers and results in a low return rate.

Committed to providing its guests with service of the highest quality while ensuring optimal profitability for the owners, the Isrotel Hotel Chain seeks partners that can facilitate these goals.

The Challenge

Controlling Labor Costs and Providing Excellent Service

For Isrotel, the challenge was to maintain the high level of service for which Isrotel hotels are renowned without exceeding the planned workforce budget.

Firm control over labor costs is needed in order to prevent unnecessary payment of overtime due to unauthorized early arrivals and late departures, inaccuracy of data and to avoid penalties due to noncompliance with labor regulations.

Ensuring Enough Manpower While Minimizing Labor Costs

Labor demands are effected by seasonal demand, peak travel times and the parallel scheduling of events. In order to productively forecast and schedule the right amount of employees required at any one time, managers take into account the work demand and the labor cost associated with fulfilling anticipated service needs.



Our Reception desk is manned by as many employees as required, bearing in mind the worst case scenario. I would like to plan for optimal service while taking into account the cost for providing that service”.

David Blum, Group Human Resources,
Isrotel Hotels

Current and Forecasted Decision Making based on Hotel Chain Business Goals

With a reputation for long hours and low pay, the hotel industry suffers from an unappealing labor image, making it difficult to attract and retain qualified workers in the service professions, and contributing to a high turnover rate. Human Resource managers are required to handle a large amount of data, including multiple types of employment contracts, all of which they perform manually. With so much time invested in the daily work load, there is not enough time to review the overall picture. Limited access to information affects the ability of Human Resources and other managers to take action based on reliable data.

The Solution

Synerion Hospitality Suite – Workforce Management Solutions

Isrotel Hotels chose Synerion for their time and labor management solutions. Using the Synerion applications, Isrotel managers have full visibility into real time attendance reporting for accurate pay and award interpretation, all in one central database.

Recording accurate labor requirements and cost enables managers to minimize overtime due to unauthorized early arrivals and late departures, while recognizing opportunities to increase labor utilization and providing alerts for unplanned absences.

The Synerion workforce management solution enabled Isrotel Hotels to significantly lower the number of different agreements for each employee category by using a single contract structure; to maintain and improve the reliability of data for thousands of employees; to minimize the amount administrative work involved with HR management.

Using Business Intelligence tools including graphical presentation enables managers to better recognize and assess department or individual performance levels and employee attendance trends. Regulation compliance was achieved by using reports highlighting issues that might create risk such as visa renewals, compliance with employment laws, personnel contracts and union agreements, thereby avoiding penalties. All this contributes to achieving business goals with the click of a mouse!

Using Synerion's hospitality solution, managers are able to create daily forecast reports for actual occupancies. These can include planned events, such as conventions and weddings, which don't necessarily correspond to the occupancies forecasted. Forecast occupation is converted into workloads estimation by taking into account demand fluctuations over different days of the week, seasons, and peak times. Workload is then translated into staffing requirements and schedule employee shifts and tasks.



Since we started using the Synerion Hospitality Scheduler module from Synerion we have seen a consistent reduction in our labor costs. We were able to save 3% of our labor costs compared to last year and our expectations are that we will be able to save an additional 2% this year – and not at the expense of our great service!”

David Blum, Group HR, Isrotel Hotels

Meeting departmental budgets then becomes a reachable target. With a better understanding of where labor dollars are spent, managers are able to determine how many employees are needed to effectively operate the service, and therefore control the schedule compared to the actual plan as the day unfolds. This results in labor cost reduction as payment is calculated for the planned shift.

The Benefits

- Better overview and control
- Reduced labor costs – more accurate payment of attended hours
- Improved workforce productivity
- Improved Service Level
- Budgets met
- Compliance with regulations
- Better decision making

For more information on the Isrotel Hotel Chain, please visit www.isrotel.com

For more information on Synerion products, please visit www.synerionwfm.com