

When a Hotel Changes Management

How successful management companies navigate the critical first 90 days of a property takeover *By Joseph Smith, Executive Vice President, Chesapeake Hospitality*

It is a cliché to point out the fact that you only get one chance to make a first impression; but, as any successful hotel management professional can readily attest, that cliché has a firm basis in reality. The first 90 days of a property takeover is a critically important period: a vital window of opportunity to make important changes and set a new direction for the hotel, and an opportunity to set the tone and establish positive momentum. Any management change is a turbulent time and every management company does things a little bit differently and has their own “formula” for success. But while the details may differ, there are certain big-picture priorities, goals, tasks and strategic initiatives that are applied consistently across the industry; essential ingredients in a recipe for success that every experienced hotel management firm uses to great effect.

Before the Whistle Blows

The best hotel management companies understand that the 90 days before the first 90 days are equally important to building a foundation for success. The executive management team meeting with ownership prior to the property takeover date provides a valuable opportunity to gain an understanding of the owner’s expectations, priorities and financial goals. It also provides a forum to confirm all parties are in agreement on the vision for the property and that the hotel management company is confident that it can execute that vision. If they are not in agreement, issues need to be resolved ahead of time; establishing a clear understanding of common goals and objectives. Operational details need to be resolved, with mutually agreed upon parameters for success clearly defined.

Do Your Homework

Once a strategy has been agreed upon, the next phase is to conduct a range of research, including a Smith Travel Research competitive set analysis of market performance, on the unique contours of the individual market, the nature of existing revenue strategies and on virtually everything the hotel has done in the past. Compile and analyze that information to determine what has worked and what hasn’t and subsequently develop a plan to present to the owners

to get approval/buy-in. Some of the most successful hotel management companies have an established framework in place, with detailed checklists for each department to facilitate efficient progress and accountability. Comprehensive research is the best way to “plan your work and work your plan,” so when the actual takeover day comes, the team can hit the ground running.

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— JOSEPH SMITH
CHESAPEAKE HOSPITALITY



Rally the Team

The enthusiastic support of existing employees is always valuable, but it is particularly important during the first 90 days. Experienced management firms understand how to engage and win over employees, instill confidence, communicate a clear vision and enlist their support. Some firms conduct employee meetings in the weeks prior to a takeover, interviewing existing employees both to gather info and begin to communicate new expectations. Additionally, a first-day all-employee meeting can be a great way to introduce the new management team, provide information about the company, answer questions and, most importantly, ensure them that their professional contributions are important and their viewpoints are valuable.

Leadership Matters

An integral part of the takeover team is the General Manager. Particularly during the all-important first 90 days,

GMs have the opportunity and the responsibility to set the tone of the operation and instill a culture of success. Whether it is rewarding small victories or privately communicating any deficiencies, the GM builds the credibility of the company and the new leadership/management team.

Make It Work

The devil might be in the details, but the dollars are in the successful execution of a well-planned strategy. Perhaps the single most important goal in the first 90 days is to quickly and efficiently assess revenue management opportunities and implement targeted strategies for key revenue channels. This is the new management team's chance to ensure that group sales efforts are productive, accountable and focused on accounts from the most profitable targeted markets, and to establish a daily/weekly/monthly structure focused on revenue generation. Elite hotel management companies work closely with brand formats to maximize results and constantly evaluate market data to adjust to market conditions. They secure owner permission to examine the reservation system, analyze what rate categories are open (and when), and determine when and where improvements and restructuring can be implemented. These decisions/analyses are based on demand, a vector that should be examined daily, and sometimes hourly; not casually checked once a month.

Report Back

Once on site, it is imperative that management professionals quickly perform a critical assessment of the current property to enact change, identifying priorities and clearly defining the steps and strategies necessary to meet ownership goals. Typically, this will be presented to ownership in

the form of a property evaluation report that includes the entire hotel operation: service, operations, accounting, sales and marketing, budgets and capital expenditures. Beyond that initial roadmap, reporting should remain consistent and comprehensive to achieve optimum results. A detailed 30-day synopsis is a common tool, and ongoing reporting is equally important. Monthly financial statements, brand reports (including guest service scores and trends) and STAR Reports from Smith Travel Research are all valuable.

Build Momentum

The first 90 days of any takeover garners a lot of attention and enthusiasm. But beyond this timeframe, it is all too easy to lose a little steam. As a result, the best management companies use that 90-day window as an opportunity to introduce a model for sustained success; building momentum and establishing systems that will endure over time. Whatever the parameters of that success might be—from boosting service scores to achieving a more robust bottom line—the key differentiators for management companies remain the same: planning and execution. That planning and execution play a vital role in shaping success during the first 90 days...and beyond.

Joseph A. Smith is executive vice president of Chesapeake Hospitality, a mid-sized, third-party hotel management company with a proven track record in both full- and select-service hotels. Ranked in the top 50 largest independent operators, the company manages properties under the Hilton, Starwood and InterContinental Hotel Group brand families. For additional information, visit the company's website: www.chesapeakehospitality.com.