

Asset management tips to implement today

April 16 2015

Asset managers shared strategies for keeping efficient operations and positive returns top of mind at the HELP Conference in Boston.

By **Stephanie Ricca**

Editor-in-Chief

sricca@hotelnewsnow.com

BOSTON—Whether it's during a downturn or an upturn, asset management is a critical component of operations on the property level and returns on the corporate level. Three asset managers shared real-world tips for keeping operations running as efficiently as possible at the Hotel Equity and Lenders Perspective Conferencethis week:

1. Understand disruptors—even if you can't control them

"You absolutely have to understand these new initiatives in the market—understand the cost," said Maxine Taylor, executive VP of asset management for Chartres Lodging Group. "We've lost control over a lot of our content, by giving away last room availability and so on, so we have to work at how to get this back and understand it."

Rich Warnick, president and founder of Warnick + Company, now CHMWarnick, said it's important to stay on top of what travel intermediaries are doing that affect hotel room pricing, particularly when it comes to group business.

"We have talked a lot about (online travel agencies), but mostly on the leisure side. We haven't talked a lot about OTA impact on group business and that's a big thing for us," he said. "A lot of big brands have handed lots of business on the group side to (these intermediaries), and we should be doing something to push back on brands to take that group business back."

2. Keep communication open with the brands

Marc Dober, VP of asset management for the Lightstone Group, said he gets involved with the brands as early and often as possible. The Lightstone Group [recently committed \\$1 billion](#) to jump-start Marriott International's Moxy brand in the U.S. He said that before the hotels start development, he "has conversations about how Marriott is going to (promote) brand.com bookings for these hotels."

"It's a big concern and something we talk about constantly with [Marriott](#)," he said.

Warnick said the key to good communication is establishing early on that the asset manager is there to help.

"You can't beat a brand into submission; it has to be a collaborative effort," he said. "The GM, the property's executive committee, the regional team, they all have to believe you're not there for any sort of 'gotcha.' You're there to make them and your owner more successful."

3. Dig deep into revenue management

"It's all about revenue management. If we don't have the revenue going the right way, then we're sunk," Dober said.

Taylor said she prefers on-property revenue managers over those located in a regional cluster. Depending on the hotel, she often is in on regular meetings with the property teams, to go over day-to-day operations and more long-term strategies.

That kind of thinking is key, Warnick said.

"There's tactical revenue management, but strategic-level revenue management is equally important," he said. "It's helping to make sure brands are thinking through their segmentation, what it costs exactly to deliver a booking, what the bigger picture is of where they're getting business."

4. Everything comes down to details

Taylor, Warnick and Dober agreed that when measuring the success of asset management strategies, the little wins are just as important as the big ones.

"We have had fairly big wins, like an energy audit or (a food-and-beverage) audit, but in our business, really it's just many, many, many small wins," Warnick said. "We look at every line item in a financial statement and see if it can be done better."

"At my hotels, every little penny counts," Dober said. "It starts with me from the beginning when we buy a hotel. We set the strategy early then we implement it. All these little wins add up."

Taylor agreed. "The biggest wins you can have are in your management contract negotiations and making sure you have that buttoned up," she advised. "We go through every single line on every document."