

## Asset managers: Time to focus on revenue

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At this point in the hotel cycle, operators need to be laser-focused on building revenue, HAMA members said during the association's spring meeting.

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SAN DIEGO—Three years ago, Ruby Huang was in full-on expense-cutting mode as hotel industry revenues dried up.

Things are a bit different now for the senior VP of asset management at Starwood Capital Group. Today, it's back to a focus on revenue.

"I am now spending more of my time on revenue management on a daily and weekly basis and working with my managers on how to benchmark best practices to improve operational efficiencies," she said during an interview with Hotel News Now earlier this month at the Hospitality Asset Managers Association's spring meeting.

Other HAMA members interviewed during the meeting agreed with Huang's assessment.

"As you expand, you want to expand the right way, and that's a challenge," said Dave Hogin, senior VP of asset management at Strategic Hotels & Resorts. "I think it's all about revenue. It's all about what are the most lucrative distribution streams."

HAMA members said that while the industry's recovery is continuing to chug along, threats remain. Hogin said the biggest threat is the potential dilution of distribution channels.

"It used to be you put the name on the marquee, and they'd call the voice number, and they'd book the reservation and everybody sort of had one number memorized," he said. "One brand had a sequential four digits that were always the same. And that distribution model has evolved into a host of third parties outside the brand.

"Making sense of that and making it work in the most efficient manner is probably the biggest challenge right now in our industry," Hogin said.

Huang added: "Every asset manager should be focused on revenue management and optimizing pricing for their hotels."

And while cost-cutting isn't the focus it was during the depths of the downturn, that's not to say expense management isn't being ignored by hotel operators. Michael Doyle, an executive VP with Capital Hotel Management, said many of the properties in the third-party asset manager's portfolio are undergoing renovation, so being mindful of renovation costs is an important concern.

For instance, Doyle said operators might question whether a hotel's conference area needs crown molding.

"If it's really not going to drive increased revenue, why would I want to waste money when this room without a molding is going to be perfectly fine and 98%, 99% of the public isn't going to think differently of the experience or allow us to charge higher fees?" he said.

Doyle said [CHM](#) isn't necessarily adjusting its budget to reflect the increased work going on with renovations. He said the expectation today is to be more efficient with the funds that are budgeted.

"We are spending more time in the planning process in order for us to be smarter and more efficient with the dollars we have rather than rush to decide on how we invest our capital funds as that might cause you to make a poor decision," he said.

Hogin said hoteliers do need to be focused on continuing to improve the overall guest experience.

"We want to get away from this a la carte list of what would make you happy and stay more focused on the guest's point of view," he said. "What is the benefit and what will add to the experience?"

Looking forward, Hogin said there is optimism that the hotel cycle still has a lot of life left in it.

"If it doesn't happen, we'll rewrite our forecasts. We'll button it down," he said.