

FRONT DESK

NEWS, IDEAS, AND INSIGHTS

SUCCESS STORY

Capitalizing on Disruption

ASSET MANAGER CHAD CRANDELL ON FORGING HIS OWN PLACE IN THE LODGING INDUSTRY **BY KATE HUGHES**

MORE THAN 20 YEARS AGO, on the Monday before Thanksgiving in 1990, Chad Crandell found himself unemployed, along with roughly 3,000 other employees who were let go as Laventhol & Horwath, the nation's seventh largest accounting firm, prepared for bankruptcy. While joblessness is never a welcome development, it was this moment that Crandell—now CEO and managing director of hospitality asset management firm CHMWarnick—credits as his inspiration to become an entrepreneur. “I never saw myself that way, but I felt like I had some talent, and I knew other good people with talent, so we got together and started a consulting firm out of the ashes of the old business,” he describes.

Crandell has a long history with the hospitality industry, including a Cornell hospitality school education and a stint with InterContinental Hotels before it acquired Holiday Inn. As such, Crandell's first consulting firm, called Hospitality Consulting Inc., catered to clients such

as banks that had foreclosed on hotels and government agencies or public entities that owned hospitality assets. “These businesses needed help,” Crandell explains. “And we soon realized that there was an opportunity to not only act as a hospitality consultant, but also an asset manager.”

In fortuitous timing, it was also during this period that the major hotel companies were divesting some of their owned hotel real estate, giving way to a new breed of hotels—private equity, foreign investors, pension funds, and REITs, among others. “These groups also needed the support that we could

“Our role back then was not always viewed positively by brands and operators... only once we established a track record was there mutual trust and respect.”

—**CHAD CRANDELL**, CEO AND MANAGING DIRECTOR, CHMWARNICK, LLC



PREDICTING THE FUTURE

Chad Crandell, CEO and managing director of CHMWarnick, was a trailblazer of asset management services in the lodging industry when he started his business.

provide them on an asset management basis,” he says.

This part of the business gained speed, and in 2000, Crandell, along with business partner Ken Wilson, launched Capital Hotel Management (CHM), making it one of, if not the first, U.S. hospitality companies dedicated to hotel asset management, providing services exclusively to hotel owners and investors on a third-party basis. Rather than getting involved in the day-to-day operations of the hotel, Crandell and his colleagues sought to represent ownership groups, monitor performance, and enhance investment returns through proactive asset management. According to Crandell, this was a disruptive move for the industry, and it wasn't initially welcome. “Our role back then was not always viewed positively by brands and operators, who heretofore were owners themselves. It took some time for the role of an asset manager to evolve, and only once we →



LONG-TERM COMMITMENT

The Detroit Marriott at the Renaissance Center is owned by General Motors, which has been a client of Crandell's for 20 years.

advisory services firm. "While objectively a huge industry, hospitality can also feel very small," Crandell muses. "I worked with Rich Warnick at Laventhal & Horwath, and after that collapsed, our paths crossed often. And we would frequently talk about combining our businesses. We probably talked about it for about eight years. And last year, we made that proposal a reality and formed CHMWarnick."

Since launching this newest iteration of the company, CHMWarnick has hit a massive growth spurt. The company now employs over 30 people and has more than 50 hotels in its asset management portfolio, representing roughly \$10 billion in client-owned assets, in addition to advising on close to \$2 billion in future hotel development projects. "We hope to add another 10 properties by the end of 2016," Crandell adds.

One of the latest hotels to join the CHM-Warnick portfolio is the Hilton Cleveland Downtown, which is connected to the Huntington Convention Center of Cleveland and was a publicly funded development by Cuyahoga County. "We're so excited to have that property in our portfolio," Crandell says. "It's really representative of the hotels we work on because it's a headquarter convention center owned by a public authority."

The Hilton Cleveland Downtown is in good company. CHMWarnick's portfolio also includes the Detroit Marriott at the Renaissance Center, which is owned by General Motors and has been a client of Crandell's for more than 20 years, and The Westin at Denver International Airport, which is asset managed on behalf of the Denver International Airport Authority.

Crandell credits the ever-growing staff of the firm for these leaps and bounds. "My success is not defined by me," he says. "It's defined by the work that our company does and the people who work with me. And they are the best in the industry."

→ established a track record was there mutual trust and respect," he says. CHM focused on creating a collaborative environment with its operating partners to achieve client investment objectives, not an asset manager who would only say what should be done without management's input.

This approach paid off in spades, and the company has grown immensely since 2000. The biggest bump to its portfolio occurred in June of 2015, when CHM joined forces with Phoenix-based Warnick + Company, another asset management and business

GOOD ADVICE

CHAD CRANDELL, CEO AND MANAGING DIRECTOR AT ASSET MANAGEMENT FIRM CHMWARNICK, HAS THE FOLLOWING TO SAY ABOUT STARTING A NEW, DISRUPTIVE BUSINESS IN THE HOSPITALITY SPACE.

- 1 BE COMFORTABLE IN THE SPACE YOU OCCUPY.** "We deal with institutional-grade assets, and our clients are predominantly that type of client. We are very comfortable with the niche and we've developed it. We know what we do and we ensure we do it well."
- 2 KEEP LINES OF COMMUNICATION OPEN.** "We knew early on that we had to be collaborators. We had to work together as a team, both internally and with the management teams responsible for operating the hotels, and I can look back and say that by and large, this approach has been very successful in achieving client investment objectives."
- 3 KNOW YOUR CLIENTS.** "A lot of our clients like to fly under the radar. They're private organizations and they really don't want any of their business being in the public eye. We have to respect that and keep their projects under-wraps."

TERRIFIC TRAINING

Employees may be a hotel's most valuable resource. Three lodging experts share their thoughts on the importance of proper training processes.



"As leaders and managers, we have a talent development responsibility to our companies to invest in our employees with the right training at the right time throughout their careers. This focus will ensure sustained satisfaction, loyalty, and profit."

MIREILLE COTTLE

Vice President, Talent Management Americas HR, Marriott International



"Culture is our cornerstone at Kimpton and it's a vital part of how we train new team members. The value of the time we spend with them is priceless; an investment that pays huge dividends when these employees interact with guests and colleagues."

ED VIRTUE

General Manager, Area Director of Operations SoCal Kimpton Palomar Los Angeles - Beverly Hills



"For performance to excel, training must continue over the course of a career. Training is not just a skill-based exercise, but also attitudinal, which can only be fully effective when an individual is comfortable with basic skills and knowledge."

MARK HEYMANN

Founding Partner, Chairman & CEO UniFocus