

For better or worse

Asset manager, HAMA president on how to improve owner-operator relations.



With the cost of doing business in some cases rising faster than revenue, the asset manager is playing a more critical role for owners. Maxine Taylor advocates for owners as senior vice president out of the San Francisco office of asset management company CHMWarnick. In addition, this year she is president of the Hospitality Asset Managers Association (HAMA), which works to enhance asset values and promotes standards of conduct among members. *HOTELS' Investment Outlook* talked to Taylor about how owner-operator relations are evolving.

HOTELS' Investment Outlook: What has your focus right now?

MAXINE TAYLOR: In terms of industry trends, it's brand proliferation without differentiation. That's a pretty troubling area and I also feel like it is a way to allow management companies to circumvent the HMA (hotel management agreement) and AOP (area of protection) clauses, and that's troubling as well.

There are a lot of exciting technology developments but they often turn into additional costs that are in addition, instead of in lieu of, management fees. That's discouraging. We don't necessarily disagree with some of the third-party costs, but we can't continue to operate under a model where the costs continue to increase. And that leads to probably the other biggest industry issue, which is labor and union negotiations.

HIO: What are you doing differently as an asset manager?

MT: I'm spending a lot of time on revenue management – one of the areas that is moving so fast and furious that I don't even think the brands are keeping up – in terms of reports that you can generate about how competitors are operating on a daily basis, on setting rates, and better understanding the different distribution options... It takes a village.

HIO: What would you like to see change?

MT: Operators going back and zero-based cost structures... We need to look at what's really necessary, but operators are more motivated by the top line. Why haven't they zero-based yet? Why haven't they torn apart P&Ls to look at how we can operate more efficiently? They have to understand that in order to get unit growth, the owners of existing assets should be happy so they'll grow with you.

HIO: Where are brands doing a better job?

MT: I've seen more brands call and ask for owners' opinions. That's huge for us to be able to talk to each other in terms of how we're looking at new plans.

HIO: How would you grade management companies on care and feeding of owners?

MT: B, B+. Once they commit to getting paid based on EBITDA growth then I will happily give them an A.

HIO: What are you looking to accomplish as president of HAMA?

MT: Sharing more information with

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industry organizations like the Hospitality Sales & Marketing Association International. We're talking about how we can report to owners and asset managers to better understand the perspective of the sales and marketing manager. Explain to sales and marketing managers how owner-managers are looking at related costs to better understand each other's needs.

HIO: What, in general, are owners telling you and asking for more often?

MT: Owners would like brands to move faster. They would also like to see the brands be more analytical or data driven. It feels like a lot of times we get answers that are more by feel than analytics. Even as asset managers, we have to get the information from the brands to be able to report to the owners. So making that a little more seamless would probably be an area that owners would like us to focus on.

By Jeff Weinstein, editor in chief